

**Stagecoach Devon Limited**

Financial statements for the year ended 30 April 2007

Registered number 3142135

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## **Directors' report**

For the year ended 30 April 2007

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 April 2007

### **Business review and principal activities**

Stagecoach Devon Limited operates a fleet of 337 buses and employs 837 people in Devon

The results of the Company for the year ended 30 April 2007 show a pre-tax profit of £39,000 (restated 2006 £1,482,000) and turnover of £30,068,000 (2006 £23,934,000) The company has net assets of £694,000 (restated 2006 £990,000)

### **Business Environment**

The Company operates predominantly local bus services, carrying around 60,000 passengers a day These services are mainly operated on a commercial basis in a largely deregulated market We also operate tendered services, including school contracts, on behalf of local authorities and other public bodies The Company benefits from being part of the UK Bus Division of Stagecoach Group plc, a nationwide public transport operator

The Company operates in a competitive environment and differentiates itself from it's competitors by

- Improving operational and engineering facilities
- Focusing on recruitment and retention of drivers
- Investment in new vehicles
- Strong focus on technology and innovation

### **Strategy**

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate

There are several elements to the Company's strategy for growth They are

- Continued focus on value-for-money ticket offerings
- Investment in new vehicles to maximise our customer's experience
- Commitment to excellent customer service
- Strong focus on the safety and security of passengers and staff
- Consistent excellent operational performance

## **Directors' report (continued)**

For the year ended 30 April 2007

### **Training and Development**

We have consistently sought to recruit and retain the best employees in the markets in which we operate

The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service. The Company, under guidance from central UK bus management, operates a National Vocational Qualification programme for all staff, as well as staff development, graduate trainee and apprentice engineer programmes.

### **Future Outlook**

The current financial year to 30 April 2008 has started well and trading is in line with our expectations.

We believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to improve on our current level of performance in the future.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The management and reporting of risk is undertaken at group level, rather than at an individual business unit level.

The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the group's 2007 annual report, which does not form part of this report.

### **Key performance indicators (KPI's)**

The directors of Stagecoach Group plc manage the group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPI's for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus Division of Stagecoach Group plc, which includes the Company, is discussed in the group's 2007 annual report which does not form part of this report.

### **Financial risk management**

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices. The effects of changes in interest rates and commodity prices are managed at a group level by a central group treasury function. The Company has implemented policies which require appropriate credit checks to be performed on potential customers before sales are made. All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company.

## Directors' report (continued)

For the year ended 30 April 2007

### Results and dividends

The loss on ordinary activities after taxation amounted to £305,000 (restated 2006 profit £1,446,000) It is recommended that this amount be appropriated as follows

	2007	2006
		Restated
	£000	£000
(Loss)/profit for the financial year	(305)	1,446
Dividend to parent company	Nil	(750)
Retained profit transferred to profit and loss account	<u>(305)</u>	<u>696</u>

### Directors

The directors who held office during the year under review and up to the date of approval of these accounts were

C Brown

C G Hilditch

L B Warneford

## **Directors' Report (continued)**

For the year ended 30 April 2007

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disabled persons**

The Company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

### **Employee involvement**

During the period under review, arrangements have been maintained whereby employees of the Company are systematically provided with information on matters of concern to them as employees. Such matters have included the financial and economic factors affecting the performance of the Company and likely future developments. Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests.

## **Directors' Report (continued)**

For the year ended 30 April 2007

### **Supplier payment policy**

It is the Company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them. Responsibility for the payment of suppliers lies with Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the year end represented Nil days' purchases (2006 Nil days)

### **Fixed assets**

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings

### **Auditors and Disclosure of Information to Auditors**

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company

### **By order of the Board**



A L Whitnall  
Company Secretary

Daw Bank  
Stockport  
Cheshire  
SK3 0DU

25 January 2008

## **Auditors' Report**

For the year ended 30 April 2007

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAGECOACH DEVON LIMITED**

We have audited the financial statements of Stagecoach Devon Limited for the year ended 30 April 2007 which comprise the profit and loss account, the balance sheet, the statement of total gains and losses, the reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Auditors' report (continued)

For the year ended 30 April 2007

### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Glasgow

30 January 2008



**Profit and loss account**  
For the year ended 30 April 2007

	Notes	2007 £000	2006 Restated £000
<b>Turnover – continuing operations</b>	2	30,068	23,934
Operating costs		(30,704)	(23,069)
Other operating income	4	846	741
<b>Operating profit – continuing operations</b>		210	1,606
Finance charges (net)	5	(171)	(124)
<b>Profit on ordinary activities before taxation</b>	6	39	1,482
Taxation	10	(344)	(36)
<b>(Loss)\Profit for the financial year</b>		(305)	1,446

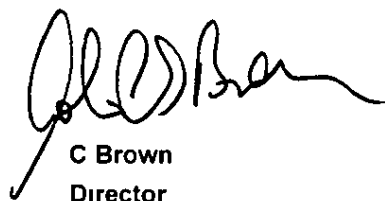
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and the historical cost equivalents

The accompanying notes form an integral part of this profit and loss account

**Balance sheet**  
As at 30 April 2007

	Notes	2007 £000	2006 Restated £000
<b>Fixed assets</b>			
Tangible assets	11(a)	14,823	13,989
Investments	11(b)	137	137
		<u>14,960</u>	<u>14,126</u>
<b>Current assets</b>			
Stocks	12	180	132
Debtors amounts falling due within one year	13	2,444	3,017
Cash at bank and in hand		2,432	571
		<u>5,056</u>	<u>3,720</u>
<b>Creditors</b> Amounts falling due within one year	14	(13,847)	(11,683)
<b>Net current liabilities</b>		<u>(8,791)</u>	<u>(7,963)</u>
<b>Total assets less current liabilities</b>		6,169	6,163
<b>Creditors</b> Amounts falling due after more than one year	14	(3,650)	(3,462)
<b>Provisions for liabilities and charges</b>	16	(1,825)	(1,711)
<b>Net assets</b>		<u>694</u>	<u>990</u>
<b>Capital and reserves</b>			
Share capital	17	150	150
Contribution reserve	18	24	15
Profit and loss account	18	520	825
<b>Shareholders' funds</b>		<u>694</u>	<u>990</u>

Signed on behalf of the Board

  
C Brown  
Director

25 January 2008

The accompanying notes form an integral part of this balance sheet

# Statement of total recognised gains and losses

As at 30 April 2007

	Notes	2007	2006
		£000	Re-stated £000
Total recognised gains and losses relating to the year		(305)	1,446
Prior year adjustment – FRS 20	3	4	
Total gains and losses recognised since last annual report		<u>(301)</u>	

## Reconciliation of movement in shareholders' funds

As at 30 April 2007

	2007	2006 Restated
	£000	£000
(Loss)/profit for the financial year	(305)	1,446
FRS 20 movement in contribution reserve	9	15
Dividends	Nil	(750)
Net increase in shareholder's funds	(296)	711
Opening shareholders' funds (as previously reported)	990	281
Prior year adjustment-FRS 20	Nil	(2)
Opening shareholders' funds as restated	990	279
Closing shareholders' funds	694	990

The accompanying notes form an integral part of this reconciliation

# Notes to the financial statements

For the year ended 30 April 2007

## 1 Accounting policies

### *Change in accounting policy*

The Company has adopted FRS 20 'Share-based payments' in the year. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly.

Details of prior year adjustments are given in note 3.

The other principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are:

#### *a) Basis of accounting*

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption from preparing consolidated financial statements and a cash flow statement because it is a wholly owned subsidiary of Stagecoach Group plc which prepares consolidated financial statements which are publicly available.

The validity of the going concern assumption depends on the continued support of Stagecoach Group plc. The company has received confirmation from Stagecoach Group plc that support will continue for the foreseeable future. In light of this support, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

#### *b) Tangible fixed assets*

Land and buildings and other fixed assets are shown at cost, net of depreciation and any provision for impairment as set out in note 11.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Freehold property	50 years
Public service vehicles (PSVs)	7 to 16 years
Plant and equipment	3 to 10 years
Motor cars and other vehicles	3 to 5 years
Furniture and fittings	3 to 10 years
Freehold land is not depreciated	

#### *c) Fixed asset investments*

Fixed asset investments are shown at cost less any provision for impairment.

## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 1 Accounting policies (continued)

#### *d) Stocks*

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items

#### *e) Taxation*

In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the pre tax item.

In accordance with FRS 19, full provision is made for deferred tax on a non-discounted basis.

Tax, current and deferred, is calculated using tax rate and laws enacted or substantively enacted at the balance sheet date.

#### *f) Hire purchase and lease obligations*

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals. Assets held under hire purchase arrangements are depreciated over their useful life.

Obligations from hire purchase contracts and finance leases within creditors represents the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included.

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease.

Rentals under operating leases are charged on a straight-line basis over the lease term.

#### *g) Turnover*

Turnover comprises gross revenue earned from bus and coach operations in the United Kingdom, and excludes future payments received on account. Amounts receivable for tendered services and concessionary fare schemes are included within turnover.

#### *h) Grants*

Bus service operators grant is credited to operating costs.

Capital grants in respect of fixed assets are credited to the balance sheet and released to the profit and loss account over the useful lives of the assets to which they relate.

## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 1 Accounting policies (continued)

#### *i) Revaluation of properties*

The Company has taken advantage of the transitional provisions of FRS 15 and has retained the book amounts of certain freehold properties which were revalued prior to the implementation of that standard. The properties were last revalued at 26 April 1996 and the valuations have not been subsequently updated.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

#### *j) Pension costs and other post retirement benefits*

The Stagecoach Group Pension Scheme is a defined benefit scheme. For the purposes of FRS 17, the contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme.

#### *k) Dividends*

Dividends on ordinary shares are recorded in the financial statements in the period in which they are approved by the shareholders, or in the case of interim dividends, in the period in which they are paid.

#### *l) Share based payments*

Certain of the company's employees are granted equity settled share based payments by the parent company. The company has applied the optional exemption contained within FRS 20, which allows it to apply the standard only to share options granted after the 7 November 2002 that have not vested by 1 May 2005.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognized as an expense over the vesting period. Fair value for equity-settled share based payments is estimated by use of the Black-Scholes pricing model.

At each balance sheet date, before vesting, the cumulative expense is calculated based on management's best estimate of the number of equity instruments that will ultimately vest taking into consideration the likelihood of achieving non-market based vesting conditions. The movement in the cumulative expense is recognized in the profit and loss account, with a corresponding entry in equity.

### 2 Segmental information

The turnover and profit on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom.

## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 3 Changes in accounting policy

The company's policy for accounting for share based payments was changed during the year to comply with FRS 20, "Share based payments". The comparative figures in the primary statements and notes have been restated to reflect the new policy.

FRS 20 requires the fair value of outstanding share options granted to employees to be recognised as a charge in the profit and loss account.

The effect of the changes is summarised below.

<b>Profit and loss account</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Increase in staff costs within operating costs	9	15
Decrease in deferred tax charge	(3)	(4)
Decrease in profit in the financial year	<u>6</u>	<u>11</u>

<b>Balance sheet</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Increase in deferred tax asset	<u>3</u>	<u>4</u>

<b>Reserves</b>	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Decrease in profit and loss account reserve	(6)	(11)
Increase in contribution reserve	9	15
	<u>3</u>	<u>4</u>

### 4 Other operating income

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Advertising income	187	172
Property rental income	25	26
Government grant income	287	223
Other miscellaneous revenue	347	320
	<u>846</u>	<u>741</u>



## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 5 Finance charges (net)

	2007	2006
	£000	£000
Bank interest receivable	23	42
Hire purchase and finance lease interest payable	(194)	(166)
	<u>(171)</u>	<u>(124)</u>

### 6 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the year is stated after charging -

	2007	2006
	£000	£000
Loss on sale of tangible fixed assets other than property	68	Nil
Depreciation		
- owned	1,037	1,164
- held under hire purchase and finance lease agreements	687	431
Operating Lease charges		
- land and buildings	178	114
- plant and machinery	16	25
	<u></u>	<u></u>

Auditors' remuneration is borne by the ultimate parent company

### 7 Dividends

	2007	2006
	£000	£000
Interim dividend paid to parent company £Nil per ordinary share (2006 £0 50 per ordinary share)	Nil	750
	<u></u>	<u></u>

## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 8 Staff costs

The average monthly number of persons employed by the Company (including executive directors) during the year was

	2007 Number	2006 Number
Operations	772	719
Administration and supervisory	65	58
	<u>837</u>	<u>777</u>

	2007 £000	2006 Restated £000
The aggregate remuneration comprised		
Wages and salaries	14,883	12,447
Social security costs	1,280	1,089
Other pension costs (see note 20b)	3,659	726
Redundancy payments	Nil	42
Share based payment expense	9	12
	<u>19,831</u>	<u>14,316</u>

### 9 Directors' remuneration

	2007 £000	2006 £000
Emoluments of directors (including pension contributions)	<u>121</u>	<u>111</u>

The above details of directors' emoluments include the emoluments of Les Warneford and Colin Brown, which are paid by a fellow subsidiary, Stagecoach Holdings Limited £24,868 of their total emoluments received (2006 £23,374) are apportioned to their services as directors of Stagecoach Devon Limited

The number of directors who were members of pension schemes at the year end was as follows

	2007 Number	2006 Number
Defined benefit scheme	<u>3</u>	<u>3</u>

## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 10 Taxation

	2007	2006 Restated
	£000	£000
<b>a) Charge for the year</b>		
Current tax		
UK corporation tax on profits of the period	220	Nil
Amount receivable from a fellow subsidiary in respect of tax saved by group relief	Nil	(74)
Adjustments in respect of prior years	10	(98)
Total current tax credit	<u>230</u>	<u>(172)</u>
Deferred tax		
Origination and reversal of timing differences	126	415
Adjustments in respect of prior years	(12)	(207)
Total deferred tax (note 16)	<u>114</u>	<u>208</u>
Tax on profit on ordinary activities	<u>344</u>	<u>36</u>

### b) Factors affecting the tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007	2006 Restated
	£000	£000
Profit on ordinary activities before tax	39	1,482
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	12	445
<i>Effect of</i>		
Non tax deductible expenditure and other permanent differences	483	7
Treatment of inter company transactions	(149)	(108)
Other timing differences	98	(156)
Share based payments (FRS20)	3	4
Capital allowances for period in excess of depreciation	(227)	(266)
Adjustments to tax charge in respect of previous years	10	(98)
Current tax credit for year	<u>230</u>	<u>(172)</u>

## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 10 Taxation (continued)

#### c) Factors that may affect future tax charges

In the 2007 budget the UK government announced it's intention to propose Parliament to reduce the UK Corporate Income tax rate from 30% to 28% As of 30 April 2007, the tax charge was not substantively enacted

Had the change of rate been substantively enacted as of the balance sheet date the estimated impact on the balance sheet would be a reduction in the deferred tax liability of £121,640

In the 2007 budget the UK government also announced its intention to propose Parliament to abolish Industrial Buildings Allowances (IBA's) As of 30 April 2007, this change was not substantively enacted Had the change been substantively enacted as of the balance sheet date the estimated impact on the balance sheet would be a reduction in the deferred tax liability of £(60,633)

# Notes to the financial statements (continued)

For the year ended 30 April 2007

## 11 Fixed assets

### a) Tangible assets

The movement in the year is summarised below

	Freehold land and buildings £000	Leasehold land and buildings £000	PSVs £000	Plant and equipment and furniture and fittings £000	Total £000
<b>Cost</b>					
Beginning of year	705	2,509	23,612	1,471	28,297
Additions	431	42	575	185	1,233
Disposals	Nil	Nil	(1,509)	(17)	(1,526)
Reclass	Nil	Nil	(351)	351	0
Transfers	Nil	Nil	3,995	178	4,173
End of year	<u>1,136</u>	<u>2,551</u>	<u>26,322</u>	<u>2,168</u>	<u>32,177</u>
<b>Depreciation</b>					
Beginning of year	(115)	(993)	(12,026)	(1,174)	(14,308)
Charge for year	(39)	(93)	(1,506)	(86)	(1,724)
Disposals	Nil	Nil	1,415	15	1,430
Reclass	Nil	Nil	314	(314)	0
Transfers	Nil	Nil	(2,618)	(134)	(2,752)
End of year	<u>(154)</u>	<u>(1,086)</u>	<u>(14,421)</u>	<u>(1,693)</u>	<u>(17,354)</u>
<b>Net book value</b>					
Beginning of year	<u>590</u>	<u>1,516</u>	<u>11,586</u>	<u>297</u>	<u>13,989</u>
End of year	<u>982</u>	<u>1,465</u>	<u>11,901</u>	<u>475</u>	<u>14,823</u>

The net book value of assets under hire purchase and finance lease agreements, which have been capitalised and included in the above, is £6,237,000 (2006 £4,591,231). Depreciation of £687,000 (2006 £431,000) has been charged in the year in respect of assets held under hire purchase or finance lease agreements.

Freehold land amounting to £155,000 has not been depreciated (2006 £155,000).

# Notes to the financial statements (continued)

For the year ended 30 April 2007

## 11 Fixed assets (continued)

### b) Investments

	2007	2006
	£000	£000
Subsidiary undertakings	137	137

The Company has investments in the following subsidiary undertakings

	Percentage Holding	Nature of Business
Devon General Limited	100%	Non Trading
Bayline Limited	100%	Non Trading

All the above holdings are of ordinary shares. Both companies are registered in England and Wales.

## 12 Stocks

	2007	2006
	£000	£000
Spares, consumables and fuel	180	132

In the opinion of the directors, the difference between the replacement cost of these stocks and their balance sheet value is not material.

## 13 Debtors

	2007	2006
	£000	£000
<i>Amounts falling due within one year</i>		
Prepayments and accrued income	1,320	2,009
Amounts owed by group undertakings	1,124	1,008
	2,444	3,017

Amounts due from fellow group undertakings within one year accrue no interest and are repayable on demand.

## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 14 Creditors

	2007 £000	2006 £000
<i>Amounts falling due within one year</i>		
Accruals and deferred income	1,419	1,155
Other taxes and social security costs	530	422
Hire purchase and finance lease obligations	956	832
Local authority grants	113	270
Corporation tax creditor	110	Nil
Other creditors	107	66
Amounts owed to group undertakings	10,612	8,938
	<u>13,847</u>	<u>11,683</u>
<i>Amounts falling due after more than one year</i>		
Hire purchase and finance lease obligations	3,570	2,859
Local authority grants	80	603
	<u>3,650</u>	<u>3,462</u>

Amounts due to fellow group undertakings within one year accrue no interest and are repayable on demand

### 15 Obligations under hire purchase and finance lease agreements

Amounts are repayable as follows

	2007 £000	2006 £000
Amounts payable		
- less than one year	956	832
- between one and two years	950	800
- between two and five years	2,620	2,059
	<u>4,526</u>	<u>3,691</u>

## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 16 Provisions for liabilities and charges

	2007	2006
		Restated
	£000	£000
Accelerated capital allowances	1,795	1,600
Other timing differences	30	111
Provision for deferred tax	<u>1,825</u>	<u>1,711</u>
Position at start of the year	1,711	1,508
Prior year Restatement for implementation of FRS20	Nil	(5)
Deferred tax charge in profit and loss account for year (note 10a)	<u>114</u>	<u>208</u>
Provision at end of year	<u>1,825</u>	<u>1,711</u>

### 17 Share capital

	2007	2006
	£000	£000
<i>Authorised</i>		
1,500,000 Ordinary shares of £0 10 each	<u>150</u>	<u>150</u>
<i>Allotted, called up and fully paid</i>		
1,500,000 Ordinary shares of £0 10 each	<u>150</u>	<u>150</u>

### 18 Reserves

The movement on reserves is summarised below

	Profit and loss account	Contribution reserve
	£000	£000
At start of year (as previously reported )	836	Nil
Prior year adjustment-FRS 20	<u>(11)</u>	<u>15</u>
At start of year as restated	825	15
Retained loss for year	(305)	-
FRS 20 movement in year	<u>Nil</u>	<u>9</u>
End of year	<u>520</u>	<u>24</u>



## Notes to the financial statements (continued)

For the year ended 30 April 2007

### 19 Capital Commitments

	2007 £000	2006 £000
Contracted for but not provided	55	80

### 20 Guarantees and other financial commitments

#### a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2007 Land & buildings £000	2007 Other £000	2006 Land & buildings £000	2006 Other £000
Expiry date				
- within one year	Nil	17	Nil	Nil
- between two and five years	78	6	Nil	20
- after five years	88	Nil	133	3
	<u>166</u>	<u>23</u>	<u>133</u>	<u>23</u>

#### b) Pensions

The Company accounts for pensions in accordance with FRS 17 "Retirement Benefits"

The Stagecoach Group Pension scheme is a defined benefit scheme. The Company, together with a number of companies within the Group headed by Stagecoach Group plc, makes contributions to the Scheme. For the purposes of FRS17, the contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. In the consolidated accounts of Stagecoach Group plc, the scheme as a whole is accounted for as a defined benefit scheme. The consolidated accounts of Stagecoach Group plc provide further details of the scheme.

The costs of contributions to the Group scheme amount to £836,000 (2006 £726,000), having risen from 9.25% to 14.6% of pensionable salary during the year, and are based on pension costs across the Group as a whole. An additional £2,823,000 of special contributions was also made to the scheme during the year. An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 5 April 2005 and a deficit of £72.0 million was identified.

#### c) Contingent liabilities

The Company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking.

## **Notes to the financial statements (continued)**

For the year ended 30 April 2007

### **21 Related party transactions**

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 13 and 14.

### **22 Ultimate parent company**

The company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the following address:

Stagecoach Group plc  
Group Headquarters  
10 Dunkeld Road  
Perth  
PH1 5TW