

WILTSHIRE LEASING COMPANY LIMITED

Financial Statements

31 March 1999



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**Company Registered
Number: 3401057**

WILTSHIRE LEASING COMPANY LIMITED

FINANCIAL STATEMENTS

31 March 1999

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WILTSHIRE LEASING COMPANY LIMITED

DIRECTORS' REPORT

31 March 1999

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 1999.

Principal activities

The company was incorporated to purchase rolling stock and lease it to North Western Trains Company Limited and Great Western Trains Company Limited, both of which are subsidiaries of FirstGroup plc.

Review of the business

The company has entered into major contracts to purchase new rolling stock for delivery in early 2000. The first rolling stock lease was entered into in June 1998.

Financial Matters

The results for the year are given in the profit and loss account on page 5.

Creditors

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions. At 31 March 1999 the company had 28 days (1998: nil) purchases outstanding.

Directors

The directors who held office during the year together with those subsequently appointed are as follows:

Nick Chevis	(appointed 29.04.98)
Richard George	(appointed 29.04.98)
Moir Lockhead	
Tony Osbaldiston	
Brian Scott	(resigned 29.04.98)
John Sellers	(resigned 29.04.98)
Trevor Smallwood	

The directors who held office at the end of the year had the following interests in ordinary shares of FirstGroup plc:

Director	Share options under long term incentive plan	
	At end of year 5p shares	At beginning of year 5p shares
Nick Chevis	17,270	11,090

Information stated at the beginning of the year is the interest at the start of the financial year or the date of appointment, if later.

Information, including details of exercise prices, relating to the long term incentive plan are given in note 31 to the financial statements of FirstGroup plc.

WILTSHIRE LEASING COMPANY LIMITED

DIRECTORS' REPORT

31 March 1999

There is no contract or arrangements with the company or any of its fellow group undertakings, other than service contracts or loan notes mentioned above, in which any of the directors is materially interested and which is significant in relation to the business of the company or any of its fellow group undertakings taken as a whole.

The interests of Messrs George, Lockhead, Osbaldiston and Smallwood in the ordinary shares of FirstGroup plc are disclosed in the directors' report of FirstGroup plc.

Year 2000

An executive committee sponsored by the Group Finance Director was established with responsibility to ensure that all operating companies within the Group have identified the systems (including those using embedded chips) which require change and are associated with critical functions. The work to date has been reviewed by external consultants and formally reported to the Board.

The company has made appropriate plans to ensure that all changes required will be successfully implemented by mid 1999.

Most of the systems used by the company are provided by third parties contracted to provide similar systems to the whole rail industry. We have actively participated on all appropriate rail Year 2000 committees in order to ensure that the company's best interests are being served. All appropriate third parties have undertaken to achieve compliance of all their critical systems by mid 1999.

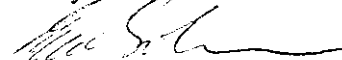
The costs of the programme do not have a material impact on the accounts.

Auditors

During the year Deloitte & Touche were appointed as auditors to fill the casual vacancy resulting from the resignation of KPMG Audit plc. In accordance with section 385 of the Companies Act 1985, a resolution concerning the re-appointment and remuneration of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Milford House
1 Milford Street
Swindon
SN1 1HL

By order of the Board



Edward Soloman
Company Secretary
21 July 1999

WILTSHIRE LEASING COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES

31 March 1999

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

WILTSHIRE LEASING COMPANY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF WILTSHIRE LEASING COMPANY LIMITED
31 March 1999

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 1999 and of the loss for the year ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors

21 July 1999

Hill House
1 Little New Street
London
EC4A 3TR

WILTSHIRE LEASING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1999

	Notes	Year to 31 March 1999 £'000	Period from 9 July 1997 to 31 March 1998 £'000
Turnover			
- continuing operations	2	2	-
Operating costs			
- External charges		<u>(203)</u>	<u>(938)</u>
Operating loss on ordinary activities before taxation			
- continuing operations		(201)	(938)
Tax credit on loss on ordinary activities	3	<u>13</u>	<u>-</u>
Retained loss for the financial year		<u>(188)</u>	<u>(938)</u>

No statement of total recognised gains and losses is given as all gains or losses for the current and preceding year passed through the profit and loss account.

WILTSHIRE LEASING COMPANY LIMITED

BALANCE SHEET
at 31 March 1999

	Notes	31 March 1999 £'000	31 March 1998 £'000
Assets employed:			
Fixed assets			
Tangible assets	4	25	-
Current assets			
Debtors	5	24,819	16
Cash at bank		<u>1</u>	<u>-</u>
		<u>24,820</u>	<u>16</u>
Creditors: amounts falling due within one year			
	6	<u>(25,545)</u>	<u>(954)</u>
Net current liabilities		<u>(725)</u>	<u>(938)</u>
Total Assets less Current Liabilities		(700)	(938)
Provisions for liabilities and charges	7	<u>(426)</u>	<u>-</u>
		<u>(1,126)</u>	<u>(938)</u>
Financed by:			
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	<u>(1,126)</u>	<u>(938)</u>
Equity shareholders' deficit		<u>(1,126)</u>	<u>(938)</u>

These financial statements were approved by the board of directors on 21 July 1999 and were signed on its behalf by:



Nick Chevis
Director

WILTSHIRE LEASING COMPANY LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 March 1999

	Year to 31 March 1999 £'000	Period from 9 July 1997 to 31 March 1998 £'000
Loss for the financial year	<u>(188)</u>	<u>(938)</u>
Net reduction to shareholders' funds	(188)	(938)
Shareholders' funds at beginning of year	<u>(938)</u>	—
Shareholders' funds at end of year	<u>(1,126)</u>	<u>(938)</u>

WILTSHIRE LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS

31 March 1999

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The ultimate holding company has included within its financial statements a consolidated Cash Flow Statement in accordance with FRS No.1 (revised). Therefore, the company is not required to give its own separate Cash Flow Statement.

The ultimate holding company has agreed to provide Wiltshire Leasing Company Limited with necessary working capital for at least one year from the date of signing these accounts and accordingly these accounts have been prepared on a going concern basis.

(b) Deferred Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax to the extent that it is probable that a liability or asset will crystallise.

2 Turnover and loss before taxation

Turnover represents the amounts receivable for services supplied to customers during the year.

The whole of the turnover and loss before taxation derives from the company's principal activities within the United Kingdom.

The company has no employees, and directors' and auditors' remuneration is borne by another group company.

3 Tax credit on loss on ordinary activities

	Year to 31 March 1999 £'000	Period from 9 July 1997 to 31 March 1998 £'000
Group relief receivable	(439)	-
Transfer to/(from) deferred tax		
- current year	<u>426</u>	<u>-</u>
	<u>(13)</u>	<u>-</u>

No charge for UK corporation tax arises for both the current and preceding year as the company made a taxable loss which is to be surrendered to group companies for which payment will be received.

WILTSHIRE LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

31 March 1999

4 Tangible fixed assets

	Other plant and equipment £'000
Cost	
At beginning of year	-
Additions	<u>28</u>
At end of year	<u><u>28</u></u>
Depreciation	
At beginning of year	-
Charge for the year	<u>3</u>
At end of year	<u><u>3</u></u>
Net book value	
At 31 March 1999	<u><u>25</u></u>
At 31 March 1998	<u><u>-</u></u>

5 Debtors

	31 March 1999 £'000	31 March 1998 £'000
Amounts due within one year		
Deposits for rolling stock	22,351	-
Other debtors	78	16
Other prepayments	<u>2,390</u>	<u>-</u>
	<u><u>24,819</u></u>	<u><u>16</u></u>

6 Creditors

	31 March 1999 £'000	31 March 1998 £'000
Amounts falling due within one year		
Trade creditors	99	-
Amounts owed to group undertakings	24,362	381
Accruals and deferred income	<u>1,084</u>	<u>573</u>
	<u><u>25,545</u></u>	<u><u>954</u></u>

WILTSHIRE LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

31 March 1999

7 Provisions for liabilities and charges

	Deferred Taxation £'000
At beginning of year	-
Transfer from/(to) profit and loss account	<u>426</u>
	<u>426</u>

8 Deferred taxation

The amounts provided for deferred taxation and the amounts not provided are set out below. The amounts unprovided represent contingent liabilities and are calculated using a tax rate of 30% (1998 - 31%).

	31 March 1999		31 March 1998	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	-	(132)	-	-
Other timing differences	<u>426</u>	<u>(113)</u>	-	-
	<u>426</u>	<u>(245)</u>	-	-

9 Called up share capital

	31 March 1999 £	31 March 1998 £
Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted called up and fully paid		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

10 Reserves

	Profit and loss account £'000
At beginning of year	(938)
Retained loss for the year	<u>(188)</u>
At end of year	<u>(1,126)</u>

11 Related party transactions

The company has taken advantage of the exemptions conferred in Financial Reporting Standard No. 8 not to disclose transactions with other group companies.

WILTSHIRE LEASING COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

31 March 1999

12 Ultimate parent company

The ultimate parent company and ultimate controlling party is FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. Copies of the accounts of FirstGroup plc can be obtained from the Corporate Headquarters of this company at 32a Weymouth Street, London W1N 3FA.