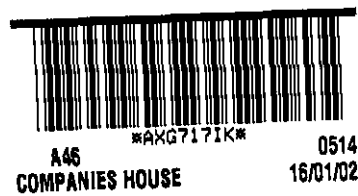


**TRAM OPERATIONS LIMITED**

**FINANCIAL STATEMENTS**

**31 MARCH 2001**



**Company Registered  
Number 3097532**

# **TRAM OPERATIONS LIMITED**

## **FINANCIAL STATEMENTS**

**31 March 2001**

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# **TRAM OPERATIONS LIMITED**

## **DIRECTORS' REPORT**

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The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 2001.

### **Principal activities**

The company is involved in providing tram operating services to the concessionaire Tramtrack Croydon Limited .

### **Future Prospects**

The principal undertaking of the company is operating satisfactory, continuing to invest in new techniques to provide a more efficient tram service.

### **Financial matters**

The results for the year are given in the profit and loss account on page 7.

No dividends have been paid during the year (2000 Nil).

### **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. The company makes infrequent purchases from third party suppliers and hence there are no applicable trade creditor days.

# TRAM OPERATIONS LIMITED

## DIRECTORS' REPORT (continued)

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### Directors

The directors who held office during the year are as follows:

|               |                             |
|---------------|-----------------------------|
| R A Duncan    |                             |
| P G Hendy     | (Resigned 31 December 2000) |
| N K Chevis    | (Appointed 23 January 2001) |
| A Depledge    |                             |
| J H Rymer     |                             |
| M G Steward   |                             |
| A Forster     | (Appointed 1 December 2000) |
| L Daniels     | (Appointed 1 December 2000) |
| M J Reeves    |                             |
| M A Wadsworth |                             |
| D L Quinn     |                             |
| A M Wlodarski |                             |

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

| Director    | Ordinary shares            |                                   | Share options under savings related share option scheme |                                   |
|-------------|----------------------------|-----------------------------------|---|-----------------------------------|
|             | At end of year<br>5p share | At beginning of year<br>5p shares | At end of year<br>5p shares                             | At beginning of year<br>5p shares |
| N K Chevis  |                            |                                   |   |                                   |
| J H Rymer   | 24,597                     | 24,410                            | 323   | 323                               |
| M G Steward | 11,194                     | 14,007                            |   |                                   |
| DL Quinn    | 85                         | 350                               |   |                                   |
| L Daniels   | 252,932                    | 252,932                           |   |                                   |
| M Wadsworth | 364                        | 177                               | 107   | 107                               |
| A Forster   | 12,419                     | 12,274                            | 323   | 323                               |

# TRAM OPERATIONS LIMITED

## DIRECTORS' REPORT (continued)

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| Director   | Share options under<br>Long term incentive<br>plan |                                     |   |                                      |
|------------|--|-------------------------------------|---|--------------------------------------|
|            | At end of<br>of year<br>5p shares                  | Granted during<br>year<br>5p shares | Lapsed/Waived<br>during year<br>5p shares | At beginning<br>of year<br>5p shares |
| N K Chevis | 42,983   | 21,186                              | (3,487)                                   | 25,284                               |
| J H Rymer  | 6,354  | 6,354                               | -   | -                                    |
| L Daniels  | 14,244   | 9,532                               | -   | 4,712                                |

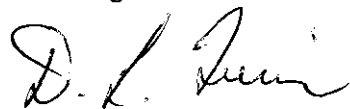
There is no contract or arrangements with the company or any of its fellow group undertakings, other than service contracts, in which any of the directors is materially interested and which is significant in relation to the business of the company or any of its fellow group undertakings taken as a whole.

The interests of Mr R A Duncan in the ordinary shares of FirstGroup plc are disclosed in the directors' report of FirstGroup plc.

### Auditors

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually; Deloitte & Touche have indicated their willingness to continue as auditors of the company and are therefore deemed to be reappointed for a further term.

Approved by the Board of Directors  
and Signed on behalf of the Board



David Quinn  
Secretary

Macmillan House  
Paddington Station  
London  
W2 1TY

5<sup>th</sup> October 2001

## **TRAM OPERATIONS LIMITED**

### **DIRECTORS' RESPONSIBILITIES**

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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.

## **TRAM OPERATIONS LIMITED**

### **REPORT OF THE AUDITORS TO THE MEMBERS OF TRAM OPERATIONS LIMITED**

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We have audited the financial statements on pages 7 to 18, which have been prepared under the accounting policies set out on pages 9 & 10.

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

As described on page 5 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 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.

#### **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 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche**  
Chartered Accountants and  
Registered Auditors

Hill House  
1 Little New Street  
London  
EC4A 3TR

17<sup>th</sup> October 2001

# TRAM OPERATIONS LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2001

|  | Notes | Year to<br>31 March 2001<br>£000 | Year to<br>31 March 2000<br>£000 |
|--|-------|----------------------------------|----------------------------------|
| <b>Turnover</b>                                      |       |                                  |                                  |
| - continuing operations                              | 2     | 6601                             | 3988                             |
| Operating costs                                      | 3     | (5901)                           | (3534)                           |
| <b>Profit on ordinary activities before taxation</b> | 2,6   | 700                              | 454                              |
| Tax on profit on ordinary activities                 | 7     | (220)                            | (133)                            |
| <b>Profit for the financial year</b>                 |       | 480                              | 321                              |
|  |       | <u>          </u>                | <u>          </u>                |

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

There are no movement in shareholders funds in either the current or preceding year other than the profit shown.



# TRAM OPERATIONS LIMITED

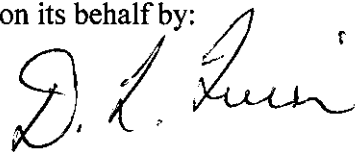
## BALANCE SHEET

At 31 March 2001

|   | Notes | 31 March 2001 |                   | 31 March 2000 |                   |
|---|-------|---------------|-------------------|---------------|-------------------|
|   |       | £000          | £000              | £000          | £000              |
| <b>Assets employed:</b>                               |       |               |                   |               |                   |
| <b>Fixed assets</b>                                   |       |               |                   |               |                   |
| Tangible assets                                       | 8     |               | 194               |               | 276               |
|   |       |               | <u>194</u>        |               | <u>276</u>        |
| <b>Current assets</b>                                 |       |               |                   |               |                   |
| Debtors   | 9     | 4814          |                   | 4456          |                   |
| Cash at bank and in hand                              |       | <u>1</u>      |                   | <u>1</u>      |                   |
|   |       | 4815          |                   | 4457          |                   |
| <b>Creditors: amounts falling due within one year</b> | 10    | <u>(4046)</u> |                   | <u>4250</u>   |                   |
| <b>Net current assets</b>                             |       |               | 769               |               | 207               |
| Total assets less current liabilities                 |       |               | <u>963</u>        |               | <u>483</u>        |
| <b>Total net assets</b>                               |       |               | 963               |               | 483               |
|   |       |               | <u><u>963</u></u> |               | <u><u>483</u></u> |
| <b>Financed by:</b>                                   |       |               |                   |               |                   |
| <b>Capital and reserves</b>                           |       |               |                   |               |                   |
| Called up share capital                               | 12    |               |                   |               |                   |
| Profit and loss account                               | 15    |               | 963               |               | 483               |
| <b>Equity shareholders' funds</b>                     |       |               | <u>963</u>        |               | <u>483</u>        |
|   |       |               | <u><u>963</u></u> |               | <u><u>483</u></u> |

These financial statements were approved by the board of directors on 5<sup>th</sup> October 2001 and were signed on its behalf by:

Director



# TRAM OPERATIONS LIMITED

## NOTES TO THE ACCOUNTS

31 March 2001

---

### 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.

#### (b) Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less residual value of tangible fixed assets over their estimated useful economic lives as follows:

Other plant and equipment                      -    3 to 8 years straight line

#### (c) Investments

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

#### (d) Leases and hire purchase

All leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

#### (e) 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.

# TRAM OPERATIONS LIMITED

## NOTES TO THE ACCOUNTS

31 March 2001

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**(f) Pension costs**

Retirement benefits are provided for most employees of the company by means of two defined benefit pension schemes. These are funded by contributions from the company and employees. The company's contributions are charged to the profit and loss account, based on recommendations by an independent actuary, in such a way as to provide for the liabilities evenly over the average remaining working lives of the employees. The difference between the charge to the profit and loss account and the contributions paid by the company is shown as an asset or liability in the balance sheet and the tax effect of this timing difference is included in deferred taxation.

**2 Turnover and profit before taxation**

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

The whole of the turnover and profit before taxation derives from the company's principal activities within the United Kingdom. The company has one principal class of business, namely the provision of passenger transport services.

**3 Operating costs**

|                      | Year to<br>31 March 2001<br>£000 | Year to<br>31 March 2000<br>£000 |
|----------------------|----------------------------------|----------------------------------|
| Staff costs( note 4) | 3611                             | 2095                             |
| External charges     | 2184                             | 1394                             |
| Depreciation         | 106                              | 45                               |
|                      | <u>5901</u>                      | <u>3534</u>                      |

# TRAM OPERATIONS LIMITED

## NOTES TO THE ACCOUNTS (continued)

31 March 2001

### 4 Employee numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

|                | Year to<br>31 March 2001 | Year to<br>31 March 2000 |
|----------------|--------------------------|--------------------------|
| Operations     | 123                      | 83                       |
| Maintenance    | 3                        | 1                        |
| Administration | 21                       | 16                       |
|                | <u>147</u>               | <u>100</u>               |

The aggregate payroll costs of these persons were as follows:

|                       | Year to<br>31 March 2001<br>£000 | Year to<br>31 March 2000<br>£000 |
|-----------------------|----------------------------------|----------------------------------|
| Wages and salaries    | 3223                             | 1891                             |
| Social security costs | 314                              | 175                              |
| Other pension costs   | 74                               | 29                               |
|                       | <u>3611</u>                      | <u>2095</u>                      |

# TRAM OPERATIONS LIMITED

## NOTES TO THE ACCOUNTS (continued)

31 March 2001

### 5 Directors' remuneration

The remuneration of the directors during the year was as follows:

|   | Year to<br>31 March 2001<br>£000 | Year to<br>31 March 2000<br>£000 |
|---|----------------------------------|----------------------------------|
| Aggregate emoluments (excluding<br>pension contributions) | 241                              | 153                              |
| Company pension contributions to Final Salary<br>schemes  | 17                               | 13                               |
|   | <u>258</u>                       | <u>166</u>                       |

Retirement benefits accrue to directors under a defined benefit scheme.

The emoluments of the highest paid director amounted to:

|   | Year to<br>31 March 2001<br>£000 | Year to<br>31 March 2000<br>£000 |
|---|----------------------------------|----------------------------------|
| Aggregate emoluments                                      | 63                               | 49                               |
| Company pension contributions to money<br>purchase scheme | 5                                | 3                                |
|   | <u>68</u>                        | <u>52</u>                        |

Details of directors' options are given in the Directors' report.

# TRAM OPERATIONS LIMITED

## NOTES TO THE ACCOUNTS (continued)

31 March 2001

### 6 Profit on ordinary activities before taxation

|  | Year to<br>31 March 2001<br>£000 | Year to<br>31 March 2000<br>£000 |
|--|----------------------------------|----------------------------------|
| Profit on ordinary activities before<br>taxation is stated after charging: |                                  |                                  |
| Auditors' remuneration   |                                  |                                  |
| - Deloitte & Touche audit fee  | 9                                | 9                                |
| Depreciation written<br>off owned fixed assets                             | 106                              | 45                               |
| Rentals payable under operating leases                                     |                                  |                                  |
| - plant and machinery  | 6                                | 3                                |
| - buildings  | 21                               | 21                               |
|  | <u>27</u>                        | <u>24</u>                        |

### 7 Tax on profit/(loss) on ordinary activities

|                                   | Year to<br>31 March 2001<br>£000 | Year to<br>31 March 2000<br>£000 |
|-----------------------------------|----------------------------------|----------------------------------|
| UK corporation tax at 30%         |                                  |                                  |
| Current year                      | -                                | -                                |
| Prior years                       | (4)                              | (1)                              |
| Group relief payable/(receivable) | 224                              | 111                              |
| Transfer to/(from) deferred tax   |                                  |                                  |
| Current year                      | -                                | 23                               |
|                                   | <u>220</u>                       | <u>133</u>                       |

The charge for UK corporation tax for both the current and preceding year has been reduced by the availability of group loss relief for which payment will be made.

# TRAM OPERATIONS LIMITED

## NOTES TO THE ACCOUNTS (continued)

31 March 2001

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### 8 Tangible fixed assets

|                       | Other<br>plant and<br>equipment<br>£000 |
|-----------------------|---|
| <b>Cost</b>           |   |
| At beginning of year  | 343                                     |
| Additions             | 24                                      |
| At end of year        | <u>367</u>                              |
| <b>Depreciation</b>   |   |
| At beginning of year  | 67                                      |
| Charge for year       | 106                                     |
| At end of year        | <u>173</u>                              |
| <b>Net book value</b> |   |
| At 31 March 2001      | <u>194</u>                              |
| At 31 March 2000      | <u>276</u>                              |

**TRAM OPERATIONS LIMITED****NOTES TO THE ACCOUNTS (continued)****31 March 2001****9 Debtors**

|   | 31 March 2001<br>£000 | 31 March 2000<br>£000 |
|---|-----------------------|-----------------------|
| <b>Amounts due within one year</b>          |                       |                       |
| Trade debtors                               | 2015                  | 1825                  |
| Amounts owed from group undertakings        | 2492                  | 2492                  |
| Other debtors                               | -                     | 58                    |
| Other prepayments and accrued income        | 25                    | 81                    |
|   | <u>4532</u>           | <u>4456</u>           |
| <b>Amounts due after more than one year</b> |                       |                       |
| Other prepayment and accrued income         | 282                   | 282                   |
|   | <u>4814</u>           | <u>4456</u>           |

**10 Creditors**

|  | 31 March 2001<br>£000 | 31 March 2000<br>£000 |
|--|-----------------------|-----------------------|
| <b>Amounts falling due within one year</b> |                       |                       |
| Bank overdraft                             | 189                   | 3684                  |
| Trade creditors                            | 472                   | 208                   |
| Amounts owed to group undertakings         | 2279                  | 188                   |
| Other creditors                            | 167                   | -                     |
| Accruals and deferred income               | 939                   | 17                    |
|  | <u>4046</u>           | <u>4250</u>           |



# TRAM OPERATIONS LIMITED

## NOTES TO THE ACCOUNTS (continued)

31 March 2001

### 11 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%.

|                                | 31 March 2001    |                    | 31 March 2000    |                    |
|--------------------------------|------------------|--------------------|------------------|--------------------|
|                                | Provided<br>£000 | Unprovided<br>£000 | Provided<br>£000 | Unprovided<br>£000 |
| Accelerated capital allowances | -                | 3                  | -                | 23                 |
| Other timing differences       |                  |                    |                  |                    |
|                                | <u>-</u>         | <u>3</u>           | <u>-</u>         | <u>23</u>          |
|                                | =====            | =====              | =====            | =====              |

### 12 Called up share capital

|   | 31 March 2001<br>£000 | 31 March 2000<br>£000 |
|---|-----------------------|-----------------------|
| <b>Authorised</b>                         |                       |                       |
| 1,000,000 Ordinary shares of £1 each      | <u>1,000</u>          | <u>1,000</u>          |
|   | =====                 | =====                 |
| <b>Allotted, called up and fully paid</b> |                       |                       |
| 2 Ordinary shares of £1 each              | <u>2</u>              | <u>2</u>              |
|   | =====                 | =====                 |

### 13 Reserves

|                              | Profit and<br>loss<br>account<br>£000 |
|------------------------------|---------------------------------------|
| At beginning of year         | 483                                   |
| Retained profit for the year | 480                                   |
|                              | <u>963</u>                            |
| At end of year               | =====                                 |

# TRAM OPERATIONS LIMITED

## NOTES TO THE ACCOUNTS (continued)

31 March 2001

---

### 14 Operating leases

Commitments for payments in the next year under operating leases are as follows:

|                                | 31 March 2001<br>Other | 31 March 2000<br>Other |
|--------------------------------|------------------------|------------------------|
|                                | £000                   | £000                   |
| Operating leases which expire: |                        |                        |
| Within one year                | 6                      | 6                      |
| From one to five years         | 6                      | 6                      |
|                                | <u>12</u>              | <u>12</u>              |

### 15 Contingent Liabilities

The company is a member of a VAT group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to H M Customs and Excise.

### 16 Pension scheme

The company is a member of a defined benefit pension scheme, which is funded. All eligible employees are offered membership of the relevant scheme. The benefit of the scheme is detailed in the accounts of CentreWest London Buses Limited.

### 17 Ultimate parent company

The ultimate parent company and ultimate controlling party is First Group plc, which is incorporated in Great Britain and registered in Scotland. Copies of the accounts of First Group plc can be obtained from the Corporate Headquarters of this company at 32a Weymouth Street, London, W1N 3FA. The company's immediate controlling party is CentreWest Limited. CentreWest Limited is wholly owned subsidiary of FirstGroup PLC and therefore does not prepare consolidated accounts.