

**WESSEX NATIONAL LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 1994**

COMPANY REGISTERED  
NUMBER: 169379



**WESSEX NATIONAL LIMITED**

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**31 DECEMBER 1994**

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## DIRECTORS' REPORT

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The directors have pleasure in submitting their annual report and financial statements for the year ended 31 December 1994.

### PRINCIPAL ACTIVITIES

The company principally operates inter-city coach services on behalf of National Express.

### CHANGE OF ULTIMATE HOLDING COMPANY

With effect from 16 June 1995, Badgerline Group plc and GRT Bus Group PLC merged under FirstBus plc, which was the ultimate holding company of Wessex National Limited on the date these accounts were signed.

### REVIEW OF THE BUSINESS

During the year the company rationalised its leisure operations which resulted in short term losses as well as redundancy costs. The directors are confident that as a result of this action margins will be improved and sustained profitability will be forthcoming in subsequent years.

### FINANCIAL MATTERS

The results for the year are given in the profit and loss account on page 6.

### FIXED ASSETS

Information relating to changes in fixed assets is given in note 8 to the financial statements.

In the opinion of the directors, there were no material differences between the market value of the properties of the company and their book value.

### DIRECTORS

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

GGT Varley	(Chairman)
A Chilcott	(appointed 17 July 1995)
D B Fowles	
J McLaughlin	(retired 27 February 1995)
M J Ogborne	
J A Osbaldiston	(appointed 28 February 1995)
R K Sugar	(appointed 17 July 1995)
V J Woolley	

**DIRECTORS' REPORT (continued)****DIRECTORS (continued)**

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

	Ordinary shares		Share options under Savings related share option scheme		Share options under Executive share option scheme	
	At end of year	At beginning of year	At end of year	At beginning of year	At end of year	At beginning of year
	5p shares	5p shares	5p shares	5p shares	5p shares	5p shares
D B Fowles	8,000	8,000	14,760	14,760	-	-
M J Ogborne	232,984	246,384	-	-	40,000	40,000

Information, including details of exercise and marketing prices, relating to the Savings related share option scheme and the Executive share option scheme are given in notes 24 and 25 to the financial statements of Badgerline Group plc.

There is no contract or arrangement 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 Messrs Varley, McLaughlin and Woolley in the ordinary shares of Badgerline Group plc are disclosed in the directors' report of Badgerline Group plc.

**EMPLOYEE INVOLVEMENT**

Communication with employees is effected mainly through regular briefing and negotiating meetings between the directors, the senior management and employee representatives on the depot negotiating committees. The briefing meetings enable senior management to consult employees and to ascertain their views on matters likely to affect their interests.

**DISABLED PERSONS**

The company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirement 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 full and fair opportunities for the career development of disabled people.

**DIRECTORS' REPORT (continued)**

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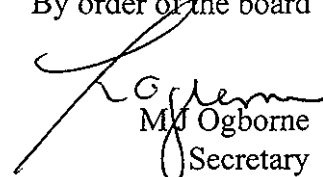
AUDITORS

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

In accordance with section 385 of the Companies Act 1985, a resolution concerning the reappointment and remuneration of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Premier House  
Sussex Street  
St Philips  
Bristol BS2 0RB

By order of the board



M.J. Ogborne  
Secretary

16 October 1995

**STATEMENT OF 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 year. In preparing those financial statements, the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgments 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;
- \* 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 a 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.

**TO THE MEMBERS OF WESSEX NATIONAL LIMITED**

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We have audited the financial statements on pages 6 to 18.

**Respective responsibilities of directors and auditors**

As described on page 4 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 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 the company's affairs as at 31 December 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

15 Pembroke Road  
Bristol  
BS8 3BG

  
KPMG  
Chartered Accountants  
Registered Auditors

16 October 1995

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1994

	<u>Note</u>	<u>1994</u> £	<u>1993</u> £
TURNOVER - continuing operations	2	4,582,398	3,518,703
Operating costs		(4,328,637)	(3,194,390)
		<hr/>	<hr/>
GROSS PROFIT		253,761	324,313
Administrative expenses		(147,417)	(143,223)
		<hr/>	<hr/>
OPERATING PROFIT - continuing operations		106,344	181,090
Net interest payable and similar charges	5	(90)	(19,178)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2,6	106,254	161,912
Tax on profit on ordinary activities	7	92,000	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	198,254	161,912
		<hr/>	<hr/>

No Statement of total recognised gains and losses is given due to there being no gains or losses not passing through the profit and loss account.



## BALANCE SHEET

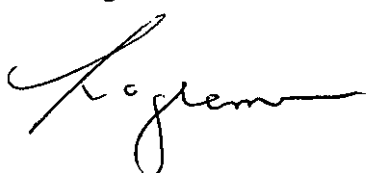
At 31 December 1994

	Note	1994	1993
		£	£
ASSETS EMPLOYED:			
FIXED ASSETS			
Tangible assets	8	74,340	144,427
CURRENT ASSETS			
Stocks	9	81,733	72,703
Debtors	10	855,023	587,628
Cash at bank and in hand		238,176	67,347
		<u>1,174,932</u>	<u>727,678</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(503,528)</u>	<u>(324,615)</u>
NET CURRENT ASSETS:			
Due within one year		489,195	324,306
Debtors due after more than one year		182,209	78,757
NET CURRENT ASSETS		671,404	403,063
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>745,744</u>	<u>547,490</u>
FINANCED BY:			
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	356,776	356,776
CAPITAL AND RESERVES			
Called up share capital	13	1,260,000	1,260,000
Profit and loss account	14	<u>(871,032)</u>	<u>(1,069,286)</u>
Equity shareholders' funds		388,968	190,714
		<u>745,744</u>	<u>547,490</u>

These financial statements were approved by the board of directors on 16 October 1995 and were signed on its behalf by:

M J Ogborne

Director



## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 1994

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	<u>1994</u>	<u>1993</u>
	£	£
Profit for the financial year	198,254	161,912
Shareholders' funds at beginning of year	190,714	28,802
	<hr/>	<hr/>
Shareholders' funds at end of year	<u>388,968</u>	<u>190,714</u>

## NOTES TO THE ACCOUNTS

31 December 1994

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## 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 accounting

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

The ultimate holding company as at 31 December 1994 has included within its financial statements a consolidated Cash Flow Statement in accordance with Financial Reporting Standard No. 1. Therefore, the company is not required to give its own separate Cash Flow Statement.

(b) Fixed assets and depreciation

Depreciation is provided by the company to fully write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Short leasehold properties	- period of lease
Conventional public service vehicles	- 15 years straight line
Coaches	- 12 years straight line
Other plant and equipment	- 3 to 5 years straight line

(c) Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligation for future instalments.

All other 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.

## NOTES TO THE ACCOUNTS (continued)

31 December 1994

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## 1 PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Government grants and subsidies

Rebates receivable in respect of duty paid on fuel are included against the cost of fuel in operating costs. Amounts receivable for tendered services and concessionary fare schemes are included in turnover.

(e) Stocks

Stocks are valued at the lower of cost and net realisable value.

(f) 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. Full provision is made for deferred tax except to the extent that it is probable that an actual liability will not crystallise.

(g) Pension costs

Retirement benefits are provided for most employees of the company by a defined benefit scheme, which is 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 to provide for the liabilities evenly over the average remaining working lives of the employees. The cumulative difference between the charge to the profit and loss account and the contributions paid by the company into the scheme is shown as an asset or liability in the balance sheet and the tax effect of this timing difference included within deferred taxation.

## 2. TURNOVER AND PROFIT BEFORE TAXATION

Turnover represents the amounts receivable for goods and 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.

## NOTES TO THE ACCOUNTS (continued)

31 December 1994

## 3 EMPLOYEE NUMBERS AND COSTS

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

	<u>1994</u>	<u>1993</u>
Drivers and hosts/hostesses	108	82
Maintenance and traffic	9	11
Administration	6	4
	<hr/>	<hr/>
	123	97
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	1,186,359	880,860
Social security costs	94,017	70,742
Other pension costs	14,817	15,801
	<hr/>	<hr/>
	1,295,193	967,403
	<hr/>	<hr/>

## 4 DIRECTORS' REMUNERATION

No directors' remuneration were paid in either this financial year or the preceding financial year.

## 5 NET INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1994</u>	<u>1993</u>
	£	£
On bank overdrafts	1,550	19,359
Income from short term deposits	(1,460)	(181)
	<hr/>	<hr/>
	90	19,178
	<hr/>	<hr/>

## NOTES TO THE ACCOUNTS (continued)

31 December 1994

## 6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1994</u>	<u>1993</u>
	£	£
The profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- audit	6,050	6,050
Depreciation and other amounts written off tangible fixed assets	18,126	48,562
Hire of plant and machinery		
- rentals payable under operating leases	825,061	606,904
Hire of other assets		
- operating leases	64,325	56,833
and after crediting:		
Net rents receivable from property	4,220	5,220

The total amount charged to profit and loss account for the hire of plant and machinery amounted to £825,061 (1993 - £627,964). This comprises rentals payable under operating leases as well as depreciation on the public service vehicle fleet held under finance leases and hire purchase contracts, together with their related finance charges.

## 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1994</u>	<u>1993</u>
	£	£
UK corporation tax at 33% (1993-33%)		
on the profit for the year	-	-
Transfer to deferred tax	92,000	-
	<u>92,000</u>	<u>-</u>

No UK corporation tax is provided due to the availability of surplus tax losses arising in previous years.

## NOTES TO THE ACCOUNTS (continued)

31 December 1994

## 8 TANGIBLE FIXED ASSETS

	Short leasehold land and <u>buildings</u> £	Public service vehicle <u>fleet</u> £	Other plant and <u>equipment</u> £	<u>Total</u> £
COST				
At beginning of year	107,763	222,372	61,855	391,990
Additions	7,678	-	960	8,638
Intra group transfers	-	94,517	5,798	100,315
Disposals	-	(202,411)	(10,264)	(212,675)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	115,441	114,478	58,349	288,268
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
DEPRECIATION				
At beginning of year	32,303	154,905	60,355	247,563
Charge for year	9,566	6,868	1,692	18,126
Intra group transfers	-	94,517	5,798	100,315
Disposals	-	(141,812)	(10,264)	(152,076)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	41,869	114,478	57,581	213,928
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
NET BOOK VALUE				
At 31 December 1994	73,572	-	768	74,340
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 1993	75,460	67,467	1,500	144,427
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in the company's total net book value of tangible fixed assets is £Nil (1993 - £40,000) in respect of the public service vehicle fleet acquired under finance leases and hire purchase contracts. The depreciation charges on these assets during the year was £Nil (1993 - £21,060).

## NOTES TO THE ACCOUNTS (continued)

31 December 1994

## 9 STOCKS

	<u>1994</u>	<u>1993</u>
	£	£
Spare parts and consumables	81,733	72,703
	<u>          </u>	<u>          </u>

## 10 DEBTORS

Amounts due within one year	<u>1994</u>	<u>1993</u>
	£	£
Trade debtors	407,596	360,034
Amounts owed by other group undertakings	148,235	70,272
Other debtors	71,437	46,357
Pension fund prepayments	6,469	-
Other prepayments and accrued income	39,077	32,208
	<u>          </u>	<u>          </u>
	672,814	508,871
Amounts after one year		
Other prepayments and accrued income	90,209	78,757
Deferred tax	92,000	-
	<u>          </u>	<u>          </u>
	182,209	78,757
	<u>          </u>	<u>          </u>
	855,023	587,628
	<u>          </u>	<u>          </u>

The deferred tax asset represents the taxation of certain timing differences which are expected to reverse without replacement in the foreseeable future.



## NOTES TO THE ACCOUNTS (continued)

31 December 1994

## 11 CREDITORS

Amounts falling due within one year

	<u>1994</u>	<u>1993</u>
	£	£
Trade creditors	259,585	164,926
Amounts owed to other group undertakings	63,982	12,685
Other tax and social security	42,011	30,319
Other creditors	107,878	98,016
Pension fund creditors	-	5,376
Accruals and deferred income	30,072	13,293
	<u>503,528</u>	<u>324,615</u>

Amounts falling due after more than one year

	<u>1994</u>	<u>1993</u>
	£	£
Amounts owed to other group undertakings	<u>356,776</u>	<u>356,776</u>

## 12 DEFERRED TAXATION

The amounts provided/(assets recognised) for deferred taxation and the amounts not provided are set out below. The amounts unprovided represent contingent liabilities are calculated using a tax rate of 33% (1993 - 33%).

	<u>1994</u>		<u>1993</u>	
	<u>Provided</u>	<u>Unprovided</u>	<u>Provided</u>	<u>Unprovided</u>
	£	£	£	£
Other timing differences	2,000	-	-	-
Trading losses	(94,000)	-	-	-
	<u>(92,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>

## NOTES TO THE ACCOUNTS (continued)

31 December 1994

## 13 CALLED UP SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	£	£
AUTHORISED		
Ordinary shares of £1 each	1,260,000	1,260,000
	<u>          </u>	<u>          </u>
ALLOTTED, CALLED UP AND FULLY PAID		
Ordinary shares of £1 each	1,260,000	1,260,000
	<u>          </u>	<u>          </u>

## 14 PROFIT AND LOSS ACCOUNT

	£
At beginning of year	(1,069,286)
Retained profit for the year	198,254
	<u>          </u>
At end of year	(871,032)
	<u>          </u>

## 15 CONTINGENT LIABILITIES

The company is a member of a VAT group covering the ultimate holding company and most 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.

Deferred tax provided and unprovided is shown in note 12.

## 16 COMMITMENTS

## CAPITAL EXPENDITURE

The company had no capital commitments at 31 December 1994 or at 31 December 1993.

## NOTES TO THE ACCOUNTS (continued)

31 December 1994

## 16 COMMITMENTS (continued)

## OPERATING LEASES

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

	<u>1994</u>		<u>1993</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£	£	£	£
Operating leases which expire:				
Within one year	-	190,445	-	66,619
From two to five years	-	722,326	-	-
Over five years	68,000	-	56,000	734,301
	<u>68,000</u>	<u>912,771</u>	<u>56,000</u>	<u>800,920</u>

## 17 PENSION SCHEME

The company is a member of a defined benefit pension scheme, which is funded. All eligible employees are offered membership of the scheme. The latest valuation of the scheme was carried out by independent actuaries at 6 April 1992. At the date of the actuarial valuation, the market value of the scheme's assets totalled £9.009m. The actuarial value of these assets was sufficient to cover 117% of the benefits which had accrued to the scheme's members. The surplus of £1.510m is being utilised by increasing the benefits offered to the members as well as a reduction in the company's contribution to the scheme. The reduction in the company's contributions is to be recognised over the average remaining working lives of members which is calculated by the actuary as being 13 years. This variation from the regular cost has reduced the charge to the profit and loss account by £12,216 (1993 - £7,476). A prepayment of £6,469 (1993 - net other creditor of £5,356) is included within the company's balance sheet in respect of the cumulative difference between the contributions paid by the company into the scheme and the charge within the profit and loss account.

Contributions are paid to the scheme at rates recommended by the actuaries and the assets of the scheme are held in a separately administered trust. The scheme's assets are held and managed independently of the company's finances by independent investment managers appointed by the trustees of the scheme.

## NOTES TO THE ACCOUNTS (continued)

31 December 1994

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## 17 PENSION SCHEME (continued)

The actuarial assumptions used in determining the costs used in these accounts were that the rate of return on investments will be 10.5% per annum; the rate of earnings increase will be 7.5% per annum; the rate of dividend growth will be 6.0% per annum after allowing for no increase in the first year; and the rate of inflation will be 5.5% per annum. The valuation was made using the projected unit method.

## 18 ULTIMATE HOLDING COMPANY

The ultimate holding company as at 31 December 1994 was Badgerline Group plc, which is incorporated in Great Britain and registered in England and Wales. Copies of the accounts of Badgerline Group plc can be obtained from the Company Secretary of this company, whose registered office is Badger Manor, Edingworth, Weston-super-Mare, BS24 OJA.

The ultimate holding company as at 31 December 1994 has agreed to provide Wessex National Limited with necessary working capital for at least one year from 27 March 1995.