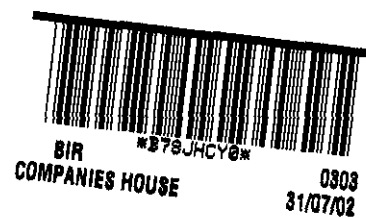




Specialist Vehicles Limited

Annual report and financial statements
for the year ended 31 December 2001

Registered number: 970239



Directors' report

For the year ended 31 December 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2001.

Principal activities

The principal activities of the company are the design, manufacture and supply of fire engine, bus and coach chassis.

Consolidated financial statements are not presented as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

Business review

The directors consider the company's operating performance to be satisfactory and look forward to growth in the forthcoming year.

On 1 January 2001, ownership of the company transferred from TransBus Holdings Limited to TransBus International Limited, a fellow group company.

Also, on 1 January 2001 the company's parts distribution business was transferred to TransBus International Parts Limited, a fellow group company. The assets and liabilities were transferred for a consideration equal to their net book value of £15,754,891.

Results and dividends

The audited financial statements for the year ended 31 December 2001 are set out on pages 8 to 28. The profit for the year after taxation was £7,575,000 (2000 - £14,355,000 as restated).

The directors recommend a final dividend of £0.58 per ordinary share (2000 - £2.56) Interim dividends were not paid in either year.

Directors

The directors who served during the year and subsequently were as follows:

D W Berry	(resigned 12 April 2002)
R J Coombes	
J J Fleming	
R A Heard	
A McClafferty	(resigned 31 October 2001)
J I Smith	(resigned 12 April 2002)
D T Donnelly	
A Pursey	
D N Berry	(appointed 1 January 2001)
M Martin	(resigned 7 March 2001)

Directors' report (continued)

Directors' interests

None of the directors hold any interests in the share capital of the company.

The interests of J I Smith in the shares and share options of The Mayflower Corporation plc are disclosed in the financial statements of Dennis Group Limited.

The interests of J J Fleming and D T Donnelly in the shares and share options of The Mayflower Corporation plc are disclosed in the financial statements of that company.

Share options held by other directors over ordinary shares of 5p each in The Mayflower Corporation plc are as follows:

			Number of options				
Director	Date granted	Option price	Held at 01.01.01	Granted during the year	Cancelled during the year	Held at 31.12.01	Earliest Excise Date
D W Berry							
Executive Share Option Scheme							
	22.06.01	100p	-	50,000	-	50,000	22.06.04
R J Coombes							
Savings Related Share Option Scheme							
	05.10.01	90p	-	10,763	-	10,763	01.12.04
R A Heard							
Executive Share Option Scheme							
	12.10.01	235p	30,000	-	(30,000)	-	12.10.02
	22.06.01	100p	-	80,000	-	80,000	22.06.01
A Pursey							
Executive Share Option Scheme							
	23.03.97	157p	50,000	-	(50,000)	-	25.03.00
	21.05.98	228p	50,000	-	(50,000)	-	21.05.01
	22.06.01	100p	-	150,000	-	150,000	22.06.04

The middle market price of the shares at 31 December 2001 was 86.5p (2000 – 76p) and the range during the year was 73.5p to 137p (2000 – 73p to 241p).

None of the other directors had any interests in the shares of The Mayflower Corporation plc.

There are no other interests required to be disclosed under Section 234 to the Companies Act 1985.

Directors' report (continued)

Supplier payment policy

The company's policy is to settle terms of payment with suppliers by mutual agreement and to abide by the terms of payment.

Trade creditors of the company outstanding at 31 December 2001 represent 35 days purchases (2000 – 85 days) based on the average daily amount invoiced by suppliers during the year.

Research and development

The company places great importance on the investment in research and development of new products and product improvement. It considers this investment to be vital to the future success of the company.

Employment report

It is the company's policy to achieve and maintain a high standard of health and safety at work. This is achieved through the health and safety committee.

Employees with disabilities

Applications for employment by people with disabilities are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff suffering a disability, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of people with disabilities should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

Overseas branches

The company has an overseas branch in the Netherlands. This enhances further the ability of the company to sell and support its products. The company will consider opening new branches wherever it feels it is appropriate.

Charitable and political contributions

During the year the company made charitable donations of £5,000 (2000 - £3,498). There were no political contributions.

Directors' report (continued)

Auditors

Following the completion of the audit for the year ended 31 December 2001, Arthur Andersen are to resign as the company's auditors. PricewaterhouseCoopers are to be appointed to fill the casual vacancy. The Directors will place a resolution before the Annual General Meeting to reappoint PricewaterhouseCoopers as auditors for the ensuing year.

Mayflower House
London Road
Loudwater
High Wycombe
Buckinghamshire
HP10 9RF

By order of the Board



D N Berry

Director

18 July 2002

Directors' responsibilities

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 of the company for that year. 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 the 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 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.

To the shareholders of Specialist Vehicles Limited

We have audited the financial statements of Specialist Vehicles Limited for the year ended 31 December 2001 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and the related notes numbered 1 to 26. 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 annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions with the company 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

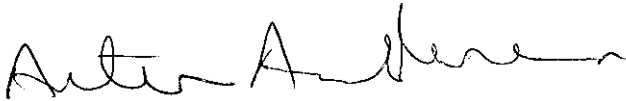
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Arthur Andersen', written in dark ink.

Arthur Andersen
Chartered Accountants and Registered Auditors

Four Brindleyplace
Birmingham
B1 2HZ

18 July 2002

Profit and loss account

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000 (As restated note 12)
Turnover			
Continuing operations		114,171	118,517
Discontinued operations		-	20,432
		<hr/>	<hr/>
	2	114,171	138,949
Cost of sales	3	(88,738)	(102,524)
		<hr/>	<hr/>
Gross profit		25,433	36,425
Other operating expenses (net)		(14,501)	(18,477)
		<hr/>	<hr/>
Operating profit			
Continuing operations		10,932	16,115
Discontinued operations		-	1,833
		<hr/>	<hr/>
		10,932	17,948
Profit on sale of tangible fixed assets	4	2,918	-
Income from shares in group undertakings		-	564
Interest receivable and similar income	5	409	-
Interest payable and similar charges	6	(2,167)	(2,237)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	7	12,092	16,275
Tax on profit on ordinary activities	10	(4,517)	(1,920)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		7,575	14,355
Dividends proposed	11	(7,000)	(30,747)
		<hr/>	<hr/>
Retained profit/(loss) for the year	21	575	(16,392)

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

Statement of total recognised gains and losses

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000 (As restated note 12)
Profit/(loss) for the financial year		<u>575</u>	<u>(16,392)</u>
Total recognised gains and losses relating to the year		575	(16,392)
Prior year adjustment	12	<u>(620)</u>	<u>(113)</u>
Total gains and losses recognised since last annual report and financial statements		<u>(45)</u>	<u>(16,505)</u>

The accompanying notes are an integral part of this statement of total recognised gains and losses.

Balance sheet

31 December 2001

	Notes	2001 £'000	2000 £'000 (As restated note 12)
Fixed assets			
Intangible assets	13a	2,938	727
Tangible assets	13b	4,660	17,474
Investments	14	-	21
		<u>7,598</u>	<u>18,222</u>
Current assets			
Stocks	15	5,724	9,340
Debtors	16	50,962	26,246
Cash at bank and in hand		38,825	14,390
		<u>95,511</u>	<u>49,976</u>
Creditors: Amounts falling due within one year	17	<u>(89,827)</u>	<u>(54,978)</u>
Net current assets/(liabilities)		<u>5,684</u>	<u>(5,002)</u>
Total assets less current liabilities		<u>13,282</u>	<u>13,220</u>
Creditors: Amounts falling due after more than one year	18	-	(16)
Provisions for liabilities and charges	19	<u>(123)</u>	<u>(620)</u>
Net assets		<u>13,159</u>	<u>12,584</u>
Capital and reserves			
Called-up share capital	20	12,004	12,004
Share premium account	21	1,200	1,200
Profit and loss account	21	(45)	(620)
Shareholders' funds - all equity	22	<u>13,159</u>	<u>12,584</u>

The financial statements on pages 8 to 28 were approved by the board of directors on [date] and signed on its behalf by:



D N Berry
Director

18 July 2002

The accompanying notes are an integral part of this balance sheet.

Notes to financial statements

31 December 2001

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding year with the exception of deferred taxation as referred to in note 12 to the financial statements is set out below.

a) *Basis of accounting*

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

In accordance with Financial Reporting Standard 1 (Revised), the company has not presented a cash flow statement as more than 90% of its voting rights are controlled within the group headed by TransBus Holdings Limited, which presents a cashflow statement in its annual report, and consolidated financial statements in which the results of the company are included are publicly available.

b) *Intangible assets - Research and development costs*

Expenditure on research and development is written off in the year in which the expenditure is incurred except for projects which are considered to be technically feasible and commercially viable, where expenditure is separately identified and is reasonably expected to be more than covered by future revenues and adequate resources exist to complete the project, when costs incurred on the development of new products are carried forward until such time as the product goes on sale.

c) *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	- 2.5% per annum
Plant and equipment	- 10% to 12% per annum
Motor vehicles	- 25% per annum
Fixtures and fittings	- 10% per annum
Computer equipment	- 20% per annum

Residual values are calculated on prices prevailing at the date of acquisition or revaluation.

d) *Fixed asset investments*

Investments are stated at cost, less any provision for impairment.

Notes to financial statements (continued)

1 Accounting policies (continued)

e) *Stocks and work in progress*

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow moving or defective items where appropriate.

f) *Taxation*

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies. The tax benefits arising from group relief are recognised in the financial statements of the surrendering and recipient companies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

g) *Turnover*

Turnover comprises sales in the ordinary course of business to external customers for goods supplied and services provided, exclusive of sales related taxes.

Notes to financial statements (continued)

1 Accounting policies (continued)

h) Pensions

The expected cost of pensions in respect of the company's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of providing pensions over the period during which the company benefits from employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the schemes.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

i) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the related forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the related forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

j) Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2 Segmental analysis

Turnover, operating profit and net operating assets all originate from the principal activities of the company in the UK.

Turnover by geographical destination is as follows:

	2001 £'000	2000 £'000
United Kingdom	88,133	93,004
Rest of Europe	6,976	4,933
Far East and Australasia	13,563	27,715
Rest of the World	5,499	13,297
	<u>114,171</u>	<u>138,949</u>

Notes to financial statements (continued)

3 Cost of sales, gross profit and other operating expenses (net)

	2001			2000		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Cost of sales	88,738	-	88,738	88,021	14,503	102,524
Gross profit	25,433	-	25,433	30,496	5,929	36,425
Distribution costs	929	-	929	1,687	4,096	5,783
Administrative expenses	13,572	-	13,572	12,694	-	12,694
Other operating expenses (net)	14,501	-	14,501	14,381	4,096	18,477

In January 2001, the company disposed of its parts division. The results of the division, and prior year comparatives, are shown under discontinued operations.

4 Profit on sale of tangible fixed assets

On the 31 December 2001, the company's Guildford site was disposed of in a sale and leaseback transaction generating an exceptional profit of £2,918,000.

There was no tax effect in respect of this exceptional item.

5 Interest receivable and similar income

	2001 £'000	2000 £'000
Bank interest	409	-

6 Interest payable and similar charges

	2001 £'000	2000 £'000
Finance leases and hire purchase contracts	10	-
Other loans	2,157	2,237
	2,167	2,237

Notes to financial statements (continued)

7 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 £'000	2000 £'000
Exceptional items (see below)	4,219	2,465
Depreciation on tangible fixed assets		
- owned	1,370	1,060
- held under finance leases and hire purchase contracts	214	230
Research and development	-	2,188
Auditors' remuneration		
- audit fees	28	28
- other services	13	20
Operating lease rentals		
- plant and machinery	17	40
- other	-	383
	<u> </u>	<u> </u>

Included in the profit on ordinary activities before taxation for the year are non-recurring exceptional costs of £4,000,000 (2000 - £1,869,000) relating to product warranty and £219,000 (2000 - £596,000) relating to redundancy and reorganisation.

8 Staff costs

Employee costs during the year amounted to:

	2001 £'000	2000 £'000
Wages and salaries	9,702	12,946
Social security costs	879	1,180
Other pension costs	448	579
	<u>11,029</u>	<u>14,705</u>

The average monthly number of employees, including directors, was as follows:

	2001 Number	2000 Number
Manufacturing	225	299
Distribution and selling	17	132
Administration	156	152
	<u>398</u>	<u>583</u>

Notes to financial statements (continued)

9 Directors' remuneration

The remuneration of the directors was as follows:

	2001 £'000	2000 £'000
Emoluments (including benefits in kind)	739	1,077
Compensation for loss of office	101	-
Company contributions to money purchase pension schemes	26	26
	<u>866</u>	<u>1,103</u>

The number of directors who were members of pension schemes was as follows:

	2001 Number	2000 Number
Money purchase pension schemes	1	1
Defined benefit pension schemes	<u>5</u>	<u>8</u>

Highest paid director

	2001 £'000	2000 £'000
Emoluments (including benefits in kind)	249	241
Company contributions to money purchase pension schemes	26	26
	<u>275</u>	<u>267</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2001 was £Nil (2000 - £Nil).

Notes to financial statements (continued)

10 Tax on profit on ordinary activities

The tax charge comprises:

	2001 £'000	2000 £'000 (As restated) note 12)
Current tax		
UK corporation tax	2,847	2,027
Adjustment in respect of prior years		
- UK corporation tax	2,167	(614)
Total current tax	<u>5,014</u>	<u>1,413</u>
Deferred tax		
Origination and reversal of timing differences	(497)	507
Total deferred tax (note 19)	<u>(497)</u>	<u>507</u>
Total tax on profit on ordinary activities	<u>4,517</u>	<u>1,920</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation is as follows:

	2001 £'000	2000 £'000 (As restated) note 12)
Profit on ordinary activities before taxation	12,092	16,275
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2000 – 30%)	3,628	4,883
Effects of:		
Expenses not deductible for tax purposes	42	-
Capital allowances in excess of depreciation	497	(54)
Income not taxable	(1,320)	(2,802)
Adjustments to tax charge in respect of prior years	2,167	(614)
Current tax charge for the year	<u>5,014</u>	<u>1,413</u>

The company earns its profits primarily in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

Notes to financial statements (continued)

11 Dividends proposed

	2001 £'000	2000 £'000
Dividends proposed of £0.58 (2000 - £2.56) per ordinary share	<u>7,000</u>	<u>30,747</u>

12 Prior year adjustment

The company has complied with Financial Reporting Standard 19 in the current accounting period. In doing so, the previous year's results have been restated to make provision for the company's full potential deferred tax liability. This represents a change in the approach adopted in prior years, where a partial provision was recognised based upon only those timing differences that were expected to reverse. The full deferred tax accounting policy is stated in note 1 to the financial statements.

The effects of the change in policy are summarised below:

	2001 £'000	2000 £'000
Profit and loss account		
Decrease/(increase) in deferred tax charge for the year	<u>497</u>	<u>(507)</u>
Increase in retained profit/(loss) for the year	<u>497</u>	<u>(507)</u>
Balance sheet		
Increase in deferred tax provision at end of year	<u>123</u>	<u>620</u>
Decrease in net assets	<u>123</u>	<u>620</u>

13 Fixed assets

a. Intangible fixed assets

	Development costs £'000
Cost and net book value	
At 1 January 2001	727
Additions	<u>2,211</u>
At 31 December 2001	<u>2,938</u>

Development costs have been capitalised in accordance with Statement of Standard Accounting Practice 13 and are therefore not treated, for dividend purposes, as a realised loss.

The costs principally relate to chassis modifications across all product ranges. Production is expected to commence during 2002, from which date all capitalised costs will be written off over the life of each specific product. Accordingly, no amortisation has been provided to date.

Notes to financial statements (continued)

13 Fixed assets (continued)

b Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2001	14,716	10,338	25,054
Additions	130	923	1,053
Disposals	(14,781)	(560)	(15,341)
At 31 December 2001	65	10,701	10,766
Depreciation			
At 1 January 2001	1,669	5,911	7,580
Charge for the year	220	1,364	1,584
Disposals	(1,824)	(1,234)	(3,058)
At 31 December 2001	65	6,041	6,106
Net book value			
At 31 December 2001	-	4,660	4,660
At 31 December 2000	13,047	4,427	17,474

Leased assets included in the above:

	Plant and equipment £'000
Net book value	
At 31 December 2001	234
At 31 December 2000	449

Depreciation has not been charged on freehold land of £Nil (2000 – £5,489,000) included above.

Notes to financial statements (continued)

14 Fixed asset investments

	2001 £'000	2000 £'000
Subsidiary undertakings	-	21

Subsidiary undertakings

The following company is wholly owned by Specialist Vehicles Limited.

Name	Country of registration	Nature of business
Transbus Far East Limited*	Hong Kong	Servicing of specialist vehicles

* formerly Dennis (Hong Kong) Limited

	Subsidiary undertakings £'000
Cost	
At 1 January 2001	641
Disposals	(641)
At 31 December 2001	-
Provision for impairment	
At 1 January 2001	620
Amounts provided in the year	21
Disposals	(641)
At 31 December 2001	-
Net book value	
At 31 December 2001	-
At 31 December 2000	21

On 1 January 2001, ownership of Dennis (One) Limited, Dennis Eagle Deutschland GmbH and Dennis Eagle France SARL passed to Dennis Group Limited, an associated company. These disposals took place at net book value.

The cost of the company's remaining investment in TransBus Far East Limited is HK\$2.

Notes to financial statements (continued)

15 Stocks

	2001 £'000	2000 £'000
Raw materials	1,410	1,215
Work in progress	3,490	3,109
Finished goods	824	5,016
	<u>5,724</u>	<u>9,340</u>

In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost.

16 Debtors

Amounts falling due within one year:

	2001 £'000	2000 £'000
Trade debtors	4,882	6,082
Amounts owed by group undertakings	35,989	565
Other debtors	8,875	2,632
Prepayments and accrued income	1,216	16,967
	<u>50,962</u>	<u>26,246</u>

17 Creditors: Amounts falling due within one year

	2001 £'000	2000 £'000
Obligations under finance leases and hire purchase contracts	16	167
Payments received on account	904	516
Trade creditors	9,875	22,542
Amounts owed to group undertakings	48,634	20,619
UK corporation tax payable	5,014	929
Social security and other taxes	3,678	1,323
Other creditors	14,106	8,481
Accruals and deferred income	600	401
Dividend proposed	7,000	-
	<u>89,827</u>	<u>54,978</u>

Notes to financial statements (continued)

18 Creditors: Amounts falling due after more than one year

	2001 £'000	2000 £'000
Obligations under finance leases and hire purchase contracts	-	16

Obligations under finance leases and hire purchase contracts are repayable as follows:

	2001 £'000	2000 £'000
Amounts payable:		
- within one year	16	167
- between one to two years	-	16
- between two to five years	-	-
	<u>16</u>	<u>183</u>

19 Provisions for liabilities and charges

	Deferred tax £'000 (As restated note 12)
At 1 January 2001 (as previously stated)	-
Prior year adjustment (note 12)	620
At 1 January 2001 (as restated)	620
Credited to profit and loss account (note 10)	(497)
At 31 December 2001	<u>123</u>

Deferred tax provided is as follows:

	2001 £'000	2000 £'000 (As restated note 12)
Accelerated capital allowances	131	628
Other timing differences	(8)	(8)
	<u>123</u>	<u>620</u>

Notes to financial statements (continued)

20 Called-up share capital

	2001 £'000	2000 £'000
<i>Authorised</i>		
12,500,000 ordinary shares of £1 each	<u>12,500</u>	<u>12,500</u>
<i>Issued, allotted, called-up and fully-paid</i>		
12,004,262 ordinary shares of £1 each	<u>12,004</u>	<u>12,004</u>

21 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 31 December 2000 (as previously stated)	1,200	-	1,200
Prior year adjustment (note 12)	-	(620)	(620)
At 1 January 2001 (as restated)	<u>1,200</u>	<u>(620)</u>	<u>580</u>
Retained profit for the year	-	575	575
At 31 December 2001	<u>1,200</u>	<u>(45)</u>	<u>1,155</u>

22 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000 (As restated note 12)
Profit for the financial period	7,575	14,355
Dividends proposed	<u>(7,000)</u>	<u>(30,747)</u>
Net increase/(reduction) in shareholders' funds	575	(16,392)
Opening shareholders' funds (as previously stated)	13,204	29,089
Prior year adjustment (note 12)	<u>(620)</u>	<u>(113)</u>
Opening shareholders' funds (as restated)	<u>12,584</u>	<u>28,976</u>
Closing shareholders' funds	<u>13,159</u>	<u>12,584</u>

Notes to financial statements (continued)

23 Financial commitments

a) Lease commitments

The annual commitments under non-cancellable operating leases are as follows:

	Plant and machinery		Land and buildings	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Operating leases which expire:				
- within one year	51	6	1,230	57
- between two and five years	154	17	4,920	-
- after five years	16	-	18,450	599
	<u>221</u>	<u>23</u>	<u>24,600</u>	<u>656</u>

b) Capital commitments

	2001	2000
	£'000	£'000
Contracted for but not provided for	<u>-</u>	<u>158</u>

c) Guarantees

The company has guaranteed overdrafts of certain other group companies. The total gross bank overdrafts subject to such arrangements at 31 December 2001 were £97,718,000 (2000 - £72,805,000). However at 31 December 2001 the net overdraft for the group was £Nil (2000 - £1,758,000).

The company, along with various other group undertakings, has guaranteed a loan of the ultimate parent company. The amount of the loan outstanding at 31 December 2001 was £242,729,000 (2000 - £232,829,000).

Notes to financial statements (continued)

24 Pension arrangements

The company operates two defined benefit schemes on behalf of certain eligible employees. Both were valued by professionally qualified actuaries on 6 April 2000.

The valuation methods and major assumptions used for the actuarial valuations were:

	Dennis Group Pension and Assurance Scheme	Dennis Group Money Purchase Pension Scheme
Valuation method	Projected Unit	Attained Age
Main assumptions (% pa):		
- rate of increase in salaries	4.50	4.50
- rate of increase in pensions in payment	3.00	-
- return on scheme investments	7.00	7.00
- rate of dividend growth	3.75	3.75
- rate of inflation	3.00	3.00
Results:		
- market value of scheme's assets (£'000)	21,438	2,135
- level of funding (%)	88.0	111.0
- (deficit)/surplus (£'000)	<u>(2,942)</u>	<u>220</u>

The cash benefit tier of the Dennis Group Money Purchase Pension Scheme was closed to new members on 30 April 1997.

Financial Reporting Standard 17 disclosures

Additional disclosures regarding the company's defined benefit pension schemes are required under the transitional provisions of Financial Reporting Standard Number 17 "Retirement benefits" and these are set out below. The disclosures relate to the first year of the transitional provisions. They provide information which will be necessary for full implementation of Financial Reporting Standard Number 17 in the year ending 31 December 2003.

The actuarial valuation described above has been updated at 31 December 2001 by a qualified actuary using revised assumptions that are consistent with the requirements of Financial Reporting Standard Number 17. Investments have been valued, for this purpose, at fair value.

Notes to financial statements (continued)

24 Pension arrangements (continued)

The major assumptions used for the actuarial valuation were:

	Dennis Group Pension and Assurance Scheme 2001 % pa	Dennis Group Money Purchase Pension Scheme 2001 % pa
Rate of increase in salaries	4.00	4.00
Rate of increase in pensions in payment	2.50	2.50
Discount rate	5.80	5.80
Inflation assumption	2.50	2.50

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	Dennis Group Pension and Assurance Scheme		Dennis Group Money Purchase Pension Scheme	
	2001 % pa	2001 £'000	2001 % pa	2001 £'000
Equities	8.25	15,100	8.25	1,000
Bonds	4.90	2,300	4.90	200
Property	4.00	1,600	4.00	100
Total fair value of assets	7.50	19,000	7.50	1,300
Present value of scheme liabilities		(24,100)		(1,300)
Deficit in the scheme		(5,100)		-
Related deferred tax asset		1,530		-
Net pension liability		(3,570)		-

The cash benefit tier of the Dennis Group Money Purchase Pension Scheme is closed to new members and therefore, under the projected until method, the current service cost would be expected to increase as the members of the scheme approach retirement.

Notes to financial statements (continued)

25 Related party transactions

During the year the company has undertaken transactions with related parties outside the group headed by TransBus Holdings Limited. The company's transactions during the year and preceding year and balances with these undertakings at the respective year-ends are summarised as follows:

The Mayflower Corporation plc

	2001 £'000	2000 £'000
Transfer of unamortised debt issue costs to the company	-	3,208
Settlement of intercompany balances – amounts payable	32,032	-
Amounts receivable	-	9,759
	<hr/>	<hr/>

Dennis Group Limited

	2001 £'000	2000 £'000
Sale of subsidiary undertaking	-	21
Settlement of intercompany balances	40,595	-
Amounts receivable	-	21
	<hr/>	<hr/>

Mayflower Management Services Limited

	2001 £'000	2000 £'000
Purchase of management and corporate services	1,147	736
Cash transfer	-	311
Settlement of intercompany balances – amounts payable	9,254	-
Amounts receivable	821	-
Amounts payable	-	326
	<hr/>	<hr/>

Management Overseas Holdings SA

	2001 £'000	2000 £'000
Purchase of management and employee services	-	15
Refund of management and employee services	1	-
Amounts payable	14	15
	<hr/>	<hr/>

Notes to financial statements (continued)

25 Related party transactions (continued)

Mayflower Luxco (One) SA

	2001 £'000	2000 £'000
Purchase of management and employee services	11	-
Amounts payable	11	-

Mayflower Overseas (Ireland) Limited

	2001 £'000	2000 £'000
Purchase of management and employee services	10	-
Amounts payable	10	-

Mayflower Vehicle Services Inc

	2001 £'000	2000 £'000
Purchase of management and employee services	11	-
Amounts payable	11	-

26 Ultimate controlling party

The directors regard The Mayflower Corporation plc, a company incorporated in England and Wales, as the ultimate parent undertaking and ultimate controlling party.

The Mayflower Corporation plc is the parent company of the largest group of which the company is a member and also the parent company of the largest and smallest group for which group financial statements are drawn up. TransBus International Limited, a company incorporated in England and Wales which does not prepare group financial statements, is the immediate parent company.

Group financial statements for The Mayflower Corporation plc can be obtained from the Company Secretary, Mayflower House, London Road, Loudwater, High Wycombe, Buckinghamshire, HP10 9RF.