

Halton Borough Transport Limited

**Directors' report and financial
statements**

Registered number 1994122

31 March 2006

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

Principal activity

The principal activity of the company continues to be the provision of bus services in the Halton area and surrounding districts.

Business review, proposed dividend and transfer to reserves

The company has continued to trade profitably during the year.

The directors do not recommend payment of a final dividend, giving a total dividend for the year of £140,000 (2005: £140,000). After deducting the total ordinary dividends of £140,000, the loss for the year retained in the company is £77,164 (2005 restated: loss of £116,995).

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company is not significantly less than the book values of those assets.

Directors and directors' interests

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

	Interest in ordinary share capital of the company at beginning and end of year
EN Gleave (Chairman) (deceased 20 May 2005)	-
CN Adams	1
PA Matthews	-
MA Richardson	-
Halton Borough Council	430,099
A McDermott	-
AR Cole	-
F Fraser	-
SM Osbourne	-
KP Wainwright (Chairman)	-
DW Steadman (appointed 1 April 2005)	-
K Morley (appointed 30 August 2005)	-

Political and charitable contributions

Political and charitable contributions in the year amounted to £nil (2005: £nil).

Directors' and officers' liability insurance

As permitted by the Companies Act 1985, the company has maintained insurance cover for the directors and officers of the company against certain liabilities which they may incur in carrying out their duties.

Statement of disclosure of information to auditors

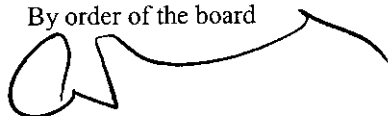
The directors who held office at the date of approval of the directors' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information to establish that the company's auditors are aware of that information.

Directors' report (continued)

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'CN Adams', written over a horizontal line.

CN Adams
Director

Moor Lane
WIDNES
Cheshire

21 June 2006

Statement of directors' responsibilities in respect of Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these 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 UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditors' report to the members of Halton Borough Transport Limited

We have audited the financial statements of Halton Borough Transport Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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



Independent auditors' report to the members of Halton Borough Transport Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Kev G W

KPMG LLP
Chartered Accountants
Registered Auditor

21/6/2006

Profit and loss account
for the year ended 31 March 2006

	Note	2006 £	2005 Restated £
Turnover – continuing operations	2	4,885,572	4,970,453
Cost of sales		(4,075,452)	(4,217,232)
Gross profit		810,120	753,221
Administrative expenses		(773,614)	(781,287)
Operating profit – continuing operations		36,506	(28,066)
Profit on sales of fixed assets – continuing operations		88,445	96,262
Other interest receivable and similar income	6	29,302	30,377
Interest payable and similar charges	7	(76,949)	(66,548)
Profit on ordinary activities before taxation	2-5	77,304	32,025
Tax on profit on ordinary activities	8	(14,468)	(9,020)
Profit on ordinary activities after taxation		62,836	23,005
Dividends	9	(140,000)	(140,000)
Retained loss for the financial year		(77,164)	(116,995)
Retained profit brought forward		701,112	1,194,757
Retained profit carried forward	17	623,948	1,077,762

Statement of total recognised gains and losses
for the year ended 31 March 2006


	2006 £	2005 Restated £
Profit for the year	(77,164)	(116,995)
Actuarial gains/(loss) on pension scheme	217,000	(130,000)
Deferred tax on actuarial gain/(loss)	(41,230)	24,700
Total gains and losses relating to the year	98,606	(222,295)
Prior period adjustment	(558,900)	-
Total gains and losses since last period	(460,294)	(222,295)

Balance sheet

at 31 March 2006

	Note	2006 £	£	As restated 2005 £	£
Fixed assets					
Tangible assets	10		3,247,874		3,234,258
Current assets					
Stocks	11	47,909		58,452	
Debtors	12	282,845		289,067	
Cash at bank and in hand		38,720		10,108	
		<u>369,474</u>		<u>357,627</u>	
Creditors: amounts falling due within one year	13	<u>(1,161,380)</u>		<u>(1,038,962)</u>	
Net current liabilities			(791,906)		(681,335)
Total assets less current liabilities			<u>2,455,968</u>		<u>2,552,923</u>
Creditors: amounts falling due after more than one year	14		(827,593)		(840,299)
Provisions for liabilities and charges	15		(194,197)		(198,282)
Pension scheme liability	20		(380,130)		(558,900)
Net assets			<u>1,054,048</u>		<u>955,442</u>
Capital and reserves					
Called up share capital	16		430,100		430,100
Profit and loss account	17		623,948		525,342
Shareholders' funds	18		<u>1,054,048</u>		<u>955,442</u>

These financial statements were approved by the board of directors on 21 June 2006 and were signed on its behalf by:


K. Wainwright
~~A. McDermott~~
 Director

CN Adams
 Director

Cash flow statement
for the year ended 31 March 2006

	<i>Note</i>	2006 £	2005 £
Net cash inflow from operating activities	21	483,372	517,194
Returns on investments and servicing of finance	23	(74,647)	(63,171)
Taxation		(25,479)	(30,832)
Capital expenditure	23	155,668	195,606
		<u>538,914</u>	<u>618,797</u>
Equity dividends paid		-	(140,000)
Financing	23	(434,282)	(450,401)
Increase in cash	22,24	<u>104,632</u>	<u>28,396</u>

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

In the year, the company has adopted FRS 17 relating to retirement benefits. In order to conform to the requirements of FRS 17 the net assets of the company at 31 March 2005 have been reduced by £558,900. The effect of adopting FRS 17 was to reduce profit in 2005 by £8,000. Actuarial gain/(losses) net of deferred tax of (£105,300) and £175,770 have been recognised in the statement of recognised gains and losses in 2005 and 2006.

Fixed assets and depreciation

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

Freehold buildings	- 2% per annum
Plant and machinery and office equipment	- 20% per annum
Motor vehicles	- write down to 20% of cost over 10 years with the balance written off in equal instalments over 5 years

No depreciation is provided on freehold land.

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 its estimated useful life or the term of the lease, whichever is shorter. 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, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company pays contributions to personal money purchase schemes for eligible employees, and accounts for the amount due in each year as a cost in the profit and loss account.

The company also participates in a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and consumables the first in first out (FIFO) method is used.

Notes (continued)

1 Accounting policies (continued)

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 in full for deferred tax liabilities in accordance with FRS 19. Deferred tax assets are recognised to the extent that, on the basis of all available evidence it is more likely than not that all amounts are recoverable.

Turnover

Turnover represents cash revenue from bus fares and the amounts (excluding value added tax) derived from the provision of goods and services (less returns and allowances) to customers during the year.

Related party transactions

The directors have taken advantage of the exemption in Financial Reporting Standard 8 paragraph 3(c) and have not disclosed related party transactions with the company's parent undertaking, Halton Borough Council, which has a controlling interest in the company.

2 Analysis of turnover and profit on ordinary activities before taxation

Turnover and pre tax profit arose entirely within the United Kingdom and from the provision of bus services.

3 Remuneration of directors

	2006 £	2005 £
Directors' emoluments	183,387	155,733
Company contributions to defined benefit schemes	16,826	15,545
	<u>200,213</u>	<u>171,278</u>

Retirement benefits are accruing to three (2005: three) directors under defined benefit schemes.

4 Profit on ordinary activities before taxation

	2006 £	2005 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration - in respect of audit work	10,500	9,230
- in respect of non-audit work	1,150	3,270
Depreciation of non leased assets	197,299	321,132
Depreciation of assets held under finance leases	170,449	237,149
Hire of motor vehicle - rentals payable under operating leases	-	5,020
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2006	2005
Traffic	100	97
Engineering	21	20
Administration	14	14
	<u>135</u>	<u>131</u>

The aggregate payroll costs of these persons were as follows:

	2006	2005
	£	£
Wages and salaries	2,654,779	2,772,854
Social security costs	266,952	253,672
Other pension costs	135,501	124,566
	<u>3,057,232</u>	<u>3,151,092</u>

6 Other interest receivable and similar income

	2006	2005
	£	Restated £
Bank interest	2,302	3,377
Pension fund interest	27,000	27,000
	<u>29,302</u>	<u>30,377</u>

7 Interest payable and similar charges

	2006	2005
	£	£
On debenture loan	5,599	5,584
Interest element of finance lease rental payments	71,350	60,964
	<u>76,949</u>	<u>66,548</u>

Notes *(continued)*

8 Taxation on profit on ordinary activities

	2006 £	2005 £
Current tax:		
UK corporation tax at 19% (2005: 19%)	18,602	25,528
Over/(under) provision in prior year	(49)	1,914
	<u>18,553</u>	<u>27,442</u>
Total current tax		
Deferred taxation (see note 15)	(4,085)	(16,902)
Deferred tax in pension scheme	-	(1,520)
	<u>14,468</u>	<u>9,020</u>
Tax on profit on ordinary activities	<u><u>14,468</u></u>	<u><u>9,020</u></u>
Tax reconciliation		
	2006 £	2005 £
Profit on ordinary activities before taxation	<u>77,304</u>	<u>32,025</u>
Profit on ordinary activities multiplied by the rate of corporation tax in the UK at 19% (2005: 19%)	14,688	6,085
Effects of:		
Expenses not deductible for tax purposes	95	2,541
Capital allowances for period less than/(in excess) of depreciation	3,819	16,902
Adjustments to tax charge in respect of previous periods	(49)	1,914
	<u>18,553</u>	<u>27,442</u>

9 Dividends

	2006 £	2005 £
Interim dividend on ordinary shares	<u>140,000</u>	<u>140,000</u>

Notes (continued)

10 Tangible fixed assets

	Freehold Land and buildings £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At beginning of year	257,535	134,277	5,673,296	61,773	6,126,881
Additions	-	-	456,173	4,736	460,909
Disposals	-	-	(397,705)	-	(397,705)
At end of year	<u>257,535</u>	<u>134,277</u>	<u>5,731,764</u>	<u>66,509</u>	<u>6,190,085</u>
Depreciation					
At beginning of year	73,023	130,047	2,630,441	59,112	2,892,623
Charge for year	4,250	3,361	358,338	1,799	367,748
On disposals	-	-	(318,160)	-	(318,160)
At end of year	<u>77,273</u>	<u>133,408</u>	<u>2,670,619</u>	<u>60,911</u>	<u>2,942,211</u>
Net book value					
At 31 March 2006	<u>180,262</u>	<u>869</u>	<u>3,061,145</u>	<u>5,598</u>	<u>3,247,874</u>
At 31 March 2005	<u>184,512</u>	<u>4,230</u>	<u>3,042,855</u>	<u>2,661</u>	<u>3,234,258</u>

Included within the net book value of freehold land and buildings is freehold land at £45,000 (2005: £45,000) which is not depreciated.

The net book value of motor vehicles includes £2,382,527 (2005: £1,603,378) in respect of assets held under finance leases. The depreciation charge for the year on leased assets amounted to £172,722 (2005: £237,149).

11 Stocks

	2006 £	2005 £
Raw materials and consumables	<u>47,909</u>	<u>58,452</u>

12 Debtors: amounts falling due within one year

	2006 £	2005 £
Trade debtors	65,161	75,116
Other debtors	38,421	43,418
Prepayments and accrued income	179,263	170,533
	<u>282,845</u>	<u>289,067</u>

Notes (continued)

13 Creditors: amounts falling due within one year

	2006		2005
	£	£	£
Debenture loans (note 14)	7,000		7,000
Bank overdraft	-		76,020
Trade creditors	129,983		85,444
Other creditors including taxation and social security:			
Corporation tax	18,602		25,528
Other taxes and social security	77,045		78,481
	<u>95,647</u>		<u>104,009</u>
Taxation and social security	4,049		59,573
Other creditors	<u>99,696</u>		<u>163,582</u>
Accruals and deferred income	408,848		358,076
Obligations under finance leases (note 14)	375,853		348,840
Dividends	140,000		-
	<u><u>1,161,380</u></u>		<u><u>1,038,962</u></u>

14 Creditors: amounts falling due after more than one year

	2006	2005
	£	£
Debenture loan	73,500	80,500
Less: amount falling due within one year	(7,000)	(7,000)
	<u>66,500</u>	<u>73,500</u>
Obligations under finance leases	761,093	766,799
	<u><u>827,593</u></u>	<u><u>840,299</u></u>

The debenture loan is secured on the freehold land and buildings and is repayable at par over 25 years by equal half year instalments from March 1992 at a rate of interest established by the Council under paragraph 15 of Schedule 13 of the Local Government Act 1972. Instalments amounting to £38,500 (2005: £45,500) are repayable in more than five years.

Obligations under finance leases mature as follows:

	2006	2005
	£	£
Under one year	375,853	348,840
Over one year		
In the second to fifth years inclusive	761,093	766,799
	<u><u>1,136,946</u></u>	<u><u>1,115,639</u></u>

Notes (continued)

15 Provisions for liabilities and charges

	2006 £
<i>Deferred taxation</i>	
At beginning of year	198,282
Release for the year in the profit and loss account	(4,085)
	<u>194,197</u>
At end of year	<u><u>194,197</u></u>

The amounts provided for deferred taxation arise wholly in respect of the difference between accumulated depreciation and amortisation and capital allowances.

16 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
Ordinary shares of £1 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	430,100	430,100
	<u>430,100</u>	<u>430,100</u>

17 Reserves

	Profit and loss account £
At 31 March 2005	1,084,242
Prior period adjustment	(558,900)
Retained (loss) for the year	(77,164)
Actuarial gain, net of deferred tax	175,770
	<u>623,948</u>
At 31 March 2006	<u><u>623,948</u></u>

18 Reconciliation of movements in shareholders' funds

	2006 £
Profit for the financial year	62,836
Dividends	(140,000)
Actuarial gain	175,770
	<u>98,606</u>
Reduction in shareholders' funds	98,606
Shareholders' funds at beginning of year as originally stated	1,514,342
Prior period adjustment	(558,900)
	<u>1,054,048</u>
Shareholders' funds at end of year	<u><u>1,054,048</u></u>

Notes (continued)

19 Commitments

- (i) Capital commitments which were authorised and contracted for and for which provision had not been made amounted to £nil (2005: £nil).
- (ii) Annual commitments under non-cancellable plant and machinery operating leases are as follows:

	2006 £	2005 £
Operating leases which expire:		
Within one year	-	-
In the second to fifth years inclusive	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

20 Pension scheme

The company pays contributions to personal money purchase schemes for eligible employees.

Certain employees participate in the Cheshire Pension Fund, part of the Local Government Pension Scheme, a defined benefit scheme administered by Cheshire County Council in accordance with the Local Government Pension Scheme Regulations 1997 as amended. An actuarial valuation of this fund was carried out at 31 March 2002 and the actuaries advise that the cost of pensions to be charged to the company's profit and loss account should be 11.4% of pensionable payroll. This pensions cost has been determined after allowing for the amortisation of the difference between the assets and accrued liabilities relating to the company over the average remaining service lives of the current fund members.

In order to assess the actuarial value of the Cheshire Pension Fund's liabilities as at 31 March 2006, the actuaries have rolled forward the actuarial value of the liabilities reported as at 31 March 2002, allowing for changes in financial assumptions as prescribed under FRS 17. The major assumptions used by the actuary were:

	31 March 2006	31 March 2005	31 March 2004	31 March 2003
Price increases	3.1%	2.9%	2.9%	2.5%
Salary increases	4.6%	4.4%	4.4%	4.0%
Pension increases	3.1%	2.9%	2.9%	2.5%
Discount rate	4.9%	5.4%	5.5%	5.4%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

20 Pension scheme (continued)

The overall deficit in the scheme may be analysed as follows:

	Value at 31 March 2006 £000	Long term rate of return at 31 March 2005 %	Value at 31 March 2005 £000	Long term rate of return at 31 March 2005 %
Equities	3,750	7.4%	2,950	7.7%
Bonds	530	4.6%	418	4.8%
Property	410	5.5%	349	5.7%
Cash	130	4.6%	133	4.8%
Total market value of assets	4,820		3,850	
Present value of scheme liabilities	(5,290)		(4,540)	
Deficit in the scheme	(470)		(690)	
Related deferred tax asset	89		131	
Net pension liability	(381)		(559)	
	Value at 31 March 2004 £000	Long term rate of return at 31 March 2004 %	Value at 31 March 2003 £000	Long term rate of return at 31 March 2003 %
Equities	2,551	7.7	2,080	8.0
Bonds	365	5.1	506	4.9
Property	317	6.5	69	6.0
Cash	91	4.0	61	4.0
Total market value of assets	3,324		2,716	
Present value of scheme liabilities	(3,876)		(3,429)	
Deficit in the scheme	(552)		(713)	
Related deferred tax asset	105		135	
Net pension liability	(447)		(578)	

Analysis of amounts charged to operating costs

	Year ended 31 March 2006 £000	Year ended 31 March 2005 £000
Current service costs	75	80
Total operating charge	75	80

Notes (continued)

20 Pension scheme (continued)

Analysis of amounts credited to other finance income

	Year ended 31 March 2006 £000	Year ended 31 March 2005 £000
Expected return on pension scheme assets	271	239
Interest on pension scheme liabilities	(244)	(212)
Net return	<u>27</u>	<u>27</u>

Analysis of amounts recognised in the statement of recognised gains and losses

	Year ended 31 March 2006 £000	Year ended 31 March 2005 £000
Actual return less estimated return on pension scheme assets	784	127
Experience gains and losses arising on the scheme liabilities	(3)	(184)
Changes in assumptions underlying the present value of the scheme liabilities	(564)	(73)
Actuarial gain recognised in the STRGL	<u>217</u>	<u>(130)</u>

Movement in deficit during the year

	Year ended 31 March 2006 £000	Year ended 31 March 2005 £000
Deficit at the beginning of the year	(690)	(552)
Movement in year:		
Current service cost	(75)	(80)
Contributions paid by the employer	51	45
Other finance income	27	27
Actuarial gain	217	(130)
Deficit in scheme at end of year	<u>(470)</u>	<u>(690)</u>

History of experienced gains and losses

	Year ended 31 March 2006 %	Year ended 31 March 2005 %
Difference between expected and actual return on scheme assets % of scheme assets	16.2%	3.3%
Experience gains and losses on scheme liabilities % of present value of scheme liabilities	(0.1%)	(4.0%)
Total amount recognised in STRGL % of present value of scheme liabilities	<u>4.1%</u>	<u>(2.9%)</u>

Notes (continued)

21 Reconciliation of operating profit to net cash inflow from operating activities

	2006 £	2005 £
Operating profit/(loss)	36,506	(28,066)
Depreciation charges	367,747	558,281
Decrease/(increase) in stocks	10,546	(16,159)
Decrease in debtors	6,222	7,307
Increase/(Decrease) in creditors falling due within one year	38,351	(39,169)
Non-cash movement on pension scheme	24,000	35,000
	<u>483,372</u>	<u>517,194</u>

22 Reconciliation of net cash flow to movement in net debt

	£
Increase in cash in the year	104,632
Change in net debt	(14,307)
Net debt at 1 April 2005	(1,262,051)
Net debt at 31 March 2006	<u>(1,171,726)</u>

23 Gross cash flows

	2006 £	2005 £
Returns on investments and servicing of finance		
Interest received	2,302	3,377
Interest paid	(5,599)	(5,584)
Interest element of finance lease rental payments	(71,350)	(60,964)
	<u>(74,647)</u>	<u>(63,171)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(12,322)	(2,394)
Receipts from sales of tangible fixed assets	167,990	198,000
	<u>155,668</u>	<u>195,606</u>
Financing		
Debenture repayments	(7,000)	(7,000)
Capital element of finance lease rental payments	(427,282)	(443,401)
	<u>(434,282)</u>	<u>(450,401)</u>

Notes *(continued)*

24 Analysis of changes in net debt

	At 1 April 2005 £	Cash flows £	Other changes £	At 31 March 2006 £
Cash in hand, at bank	(65,912)	104,632	-	38,720
Debt due within one year	(7,000)	-	-	(7,000)
Debt due after one year	(73,500)	7,000	-	(66,500)
Finance leases	(1,115,639)	429,784	(451,091)	(1,136,946)
	<u>(1,262,051)</u>	<u>541,416</u>	<u>(451,091)</u>	<u>(1,171,726)</u>