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Report of the Directors and
Financial Statements
for the Year Ended 31 March 2004
for
Thamesdown Transport Limited



Thamesdown Transport Limited

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for the Year Ended 31 March 2004

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Thamesdown Transport Limited

Company Information
for the Year Ended 31 March 2004

DIRECTORS:

S R Allsopp	
D G J Burch	- Operations
G W Cooper	- Finance
I M Dobie	
N A Mason	- Engineering
M J Naughton BEM	
J Owen	- Managing
S J Pajak	
L A Vincent	
K P Wildy	

SECRETARY: G W Cooper

REGISTERED OFFICE: Corporation Street
Swindon
SN1 1DU

REGISTERED NUMBER: 1997617 (England and Wales)

AUDITORS: Monahans
Registered Auditors
Chartered Accountants
38-42 Newport Street
Swindon
Wilts SN1 3DR

BANKERS: Lloyds TSB Bank Plc
5 High Street
Swindon
SN1 3EN

Thamesdown Transport Limited

Chairman's Statement
for the Year Ended 31 March 2004

I am pleased to present the annual report of Thamesdown Transport Limited, the independent limited company formed by Thamesdown (now Swindon) Borough Council following the Transport Act 1985 which de-regulated and privatised the bus industry.

The Company had another good year. Operating and pre-tax profits increased by nearly 16% and 19% respectively on a turnover up by just over 6%.

This was achieved despite a 5.1% increase in the average pay per employee, the objective being to ensure the Company remains competitive in the local employment market. There was also an extraordinary pensions contribution of £0.25 million.

A major factor in the profit growth was undoubtedly a like-for-like increase in passenger numbers of 6.37%. In addition, bringing forward major investment in on-bus CCTV substantially reduced claims costs. By April 2004, the whole low-floor bus fleet, nearly two-thirds of all service buses, was CCTV equipped.

The trend outside London is still of a small decline in bus use, and the growth in Swindon was amongst the best in the country. It is all the more significant when viewed against the lack of new measures to assist public transport locally in the last year or two.

We believe it reflects the Company's emphasis on trying to get the basics right, ensuring that, as far as possible in today's traffic conditions, the service is reliable and punctual, operated with good, clean, modern vehicles (average age of service fleet 5.7 years against the Government target of 8 years) by staff who are keen to provide a good service.

The Company managed to run over 99.9% of its scheduled mileage against the government target of 99.5%. Independent monitoring showed over 90% of journeys operating within the Government's on-time "window" of between 1 minute early and 5 minutes late.

Recent surveys show satisfaction with public transport in Swindon running at 6 to 7% above the national average.

Simplicity is also important to public understanding and staff performance. In October 2003, the company completed the transition to a simple two-zone structure for on-bus fares in the Swindon urban area. This was generally well-received and has helped further to speed up journeys and improve punctuality.

If public transport is to continue to play its full part in reducing car dependency in Swindon, new premises for the Company are a fundamental requirement. The site for a new depot on a 5 acre plot at Barnfield was secured and, whilst not finalised by the end of the financial year under review, the sale (and lease-back until the new facilities are ready for occupation) of the Corporation Street site was completed early in the new year.

Whilst there are many positives, there is also need for caution.

In the short-term it will be difficult to sustain the growth in passenger numbers and thus profit because:-

- a) Over 10% less mileage will be operated in the coming year than a year ago due to the loss of service 49 on contract renewal to Stagecoach, and reductions in local authority and NHS-sponsored subsidised services;
- b) The lack of comprehensive evening and Sunday bus services in Swindon is undoubtedly encouraging growth in private transport ownership; and
- c) There is an absence at present of measures to take the bus services in Swindon to the next level of quality – bus operators can only do so much on their own, positive partnership with the local authorities in respect of infrastructure and support is absolutely fundamental.

Thamesdown Transport Limited

Chairman's Statement **for the Year Ended 31 March 2004**

Recent research confirms that getting the basics right will lead to some level of bus ridership growth (up to 20% is suggested), but sustaining that growth will only come if prospective users perceive ongoing improvement.

With satellite tracking and mobile telephone technology, public transport can now deliver service control and information to the user that was unknown just a few years ago. Real-time information that can be accessed wherever and whenever somebody wants, not just at bus stops, will lead to a certainty and re-assurance about public transport use that is not there at present, however reliable and punctual the service might be.

This development has the potential to transform people's perception of the humble bus and give the quality dimension needed. Such a scheme requires the relevant local authorities to see it as a fundamental pre-requisite of their transportation policy.

We have to give current car users this certainty if we are to convert them to regular public transport use.

Other issues that may hit profitability levels in the short to medium term are fuel prices, the set-up costs relating to the new depot, any possible reduction in concessionary fares reimbursement because of current local authority funding pressures, and the probable need for continuing above-inflation increases in pay if we are to retain the quantity and quality of staff necessary to maintain the high levels of reliability needed to achieve modal shift.

Reductions in concessionary fares reimbursement are unlikely to bring the anticipated reductions in local authority expenditure because of the impact they would have on the viability of marginal bus services, the cost of which would then fall back on the local authority.

It must also be remembered that, in addition to the pressures on cash flow that will arise with the new depot, in 2005 the company has to meet the new financial solvency regulations for bus and coach operators. For Thamesdown Transport this means maintaining a cash balance of nearly £0.6 million at all times just to retain our Operator's Licence.

Along with other municipal bus companies, this Company continues to be burdened heavily (and unfairly in comparison with our bus industry competitors) by the Local Government Pension Scheme (LGPS). The Company is already paying substantially inflated contributions and the outcome of the March 2004 actuarial valuation is anticipated with much fear and trepidation.

In respect of the Company Pension Scheme, we anticipated the impact of longer life expectancy, poor financial returns, etc. and, with much regret, froze our final salary scheme much earlier than many other companies. Nevertheless, the requirement for the frozen scheme to be fully-funded continues to burden the Company.

There are pressures and challenges ahead, but we face these with a good financial and operational track record. Whilst we do not have the economies of scale or buying power of the big groups that now dominate our industry, and thus cannot quite aspire to the 10% or more operating profit return they seek to achieve (the Company's operating margin against turnover this year was 7.1%), in looking to the future nobody should underestimate the benefit to the Council and community of having "Swindon's own bus company" – a company that is locally owned and managed, and can take a longer-term view about shareholder investment.

With traffic in Swindon forecast to grow at nearly double the national average, we will continue to do all we can to improve the image and profile of public transport so that the economic and environmental impact of future traffic gridlock can be avoided – but we cannot do it on our own. Success will only come through a positive and meaningful partnership with the local authority and other stakeholders.

No Chairman's Statement this year would be complete without a tribute to my predecessor. The fact that my statement about the past year is so upbeat is due in no small part to the contribution of Percy Jefferies as Chairman. He was Chairman of the Council's Public Works and Services Committee (responsible for Thamesdown Transport) from 1974 to 1986, and Chairman of the Company from formation until 2003. This is a record probably unrivalled in municipal transport.

His leadership, particularly during the problematic years immediately following de-regulation when Board decisions were needed that were difficult to reconcile with his personal political beliefs, was an example to us all. His personal contribution, and in particular his ability to get discussion back to the basic issues, will be much missed.

Thamesdown Transport Limited

Chairman's Statement
for the Year Ended 31 March 2004

My thanks go also to all members of staff for their efforts. My colleague directors, the management team, and the trades unions have all responded positively to the issues they faced. Their support and loyalty in my first year as Chairman is much appreciated. The Council, as shareholder, has again been prepared to let us get on with the job, and this trust is valued greatly. There are some difficult issues ahead, but also some great opportunities. It is hoped that their support will be as strong as ever.

Last, but certainly not least, we would not be here if it were not for our customers. Their continued support is much appreciated and we will continue to do all we can to meet, and hopefully exceed, their expectations in the years to come.



S R Allsopp
Chairman
12th October 2004

Thamesdown Transport Limited

Report of the Directors
for the Year Ended 31 March 2004

The directors present their report with the financial statements of the company for the year ended 31 March 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of provision of local bus services in the Swindon urban area and surrounding districts. Contract, engineering and training services were also provided.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2004.

FIXED ASSETS

The freehold property transferred from Thamesdown Borough Council at 28 September 1986 was valued at that time in consultation with the District Valuer. Since the Balance Sheet date, the company has entered into an agreement to sell this property. Details of this transaction are disclosed in the notes to the accounts.

DIRECTORS

The directors during the year under review were:

EXECUTIVE DIRECTORS:

D G J Burch	-	Operations
G W Cooper	-	Finance
N A Mason	-	Engineering
J Owen	-	Managing

NON-EXECUTIVE DIRECTORS:

S R Allsopp		
I M Dobie		
P L Jefferies	-	Chairman (resigned on 14 October 2003)
M J Naughton		BEM
S J Pajak		

EMPLOYEE DIRECTORS:

L A Vincent
K P Wildy

The directors holding office at 31 March 2004 did not hold any beneficial interest in the issued share capital of the company at 1 April 2003 or 31 March 2004.

EMPLOYMENT OF DISABLED PERSONS

The company has an equal opportunities policy and gives every consideration to applications for employment from persons with disabilities where the requirements of the job may be adequately covered by a person with a handicap or disability.

EMPLOYEE INVOLVEMENT

The company maintains a policy of close co-operation with trades unions and all employees in matters which concern them. Members of management have regular meetings with elected staff representatives. These meetings have provided added opportunity for members of staff to contribute to the success of the company.

The constitution of the Board of Directors includes two employee directors which also considerably enhances the degree of employee involvement in the policy issues.

In addition to this, information is disseminated through regular newsletters and notices to staff.

During the period in question, the company reaffirmed its policy towards equal opportunity in employment.

Thamesdown Transport Limited

Report of the Directors
for the Year Ended 31 March 2004

HEALTH AND SAFETY

The company regards the promotion of occupational safety as an essential part of its responsibilities and believes that health and safety should be a mutual objective of employer, employees and trades unions.

The provisions within the Health and Safety Policy Statement are carried through by means of regular meetings of the Health and Safety committee and by a report to the Board of Directors at each meeting regarding relevant issues.

STATEMENT OF 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 period. 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;
- 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 to 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.

AUDITORS

The auditors, Monahans, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



G W Cooper - Secretary

Date: 12 October 2004

Thamesdown Transport Limited

Report of the Independent Auditors to the Shareholders of
Thamesdown Transport Limited

We have audited the financial statements of Thamesdown Transport Limited for the year ended 31 March 2004 on pages eight to twenty-seven. These financial statements have been prepared under the historical cost convention and 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 auditors' 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 on page six the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors 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 Report of the Directors 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 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 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Monahans
Registered Auditors
Chartered Accountants
38-42 Newport Street
Swindon
Wilts SN1 3DR

Date: 12 October 2004

Thamesdown Transport Limited

Profit and Loss Account
for the Year Ended 31 March 2004

		<u>2004</u>		<u>2003</u>	
	Notes	£	£	£	£
TURNOVER	2		9,235,728		8,714,522
Other operating income			<u>309,993</u>		<u>284,625</u>
			9,545,721		8,999,147
Staff costs	4	5,989,413		5,496,173	
Depreciation		795,226		509,807	
Other operating charges		<u>2,083,477</u>		<u>2,408,922</u>	
			<u>8,868,116</u>		<u>8,414,902</u>
OPERATING PROFIT	5		677,605		584,245
Interest receivable and similar income			<u>40,507</u>		<u>30,751</u>
			718,112		614,996
Interest payable and similar charges	6		<u>199,294</u>		<u>178,569</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			518,818		436,427
Tax on profit on ordinary activities	7		<u>122,711</u>		<u>92,739</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			396,107		343,688
Retained profit brought forward			<u>1,341,287</u>		<u>997,599</u>
RETAINED PROFIT CARRIED FORWARD			<u>1,737,394</u>		<u>1,341,287</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

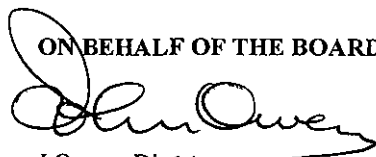
The notes form part of these financial statements

Thamesdown Transport Limited

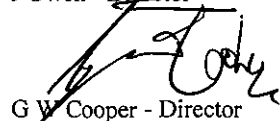
Balance Sheet
31 March 2004

		<u>2004</u>		<u>2003</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		5,167,522		5,291,547
Investments	9		<u>1,200</u>		<u>1,200</u>
			5,168,722		5,292,747
CURRENT ASSETS:					
Stocks	10	167,049		154,833	
Debtors	11	891,689		831,272	
Cash at bank		<u>1,198,247</u>		<u>668,336</u>	
		2,256,985		1,654,441	
CREDITORS: Amounts falling due within one year	12	<u>1,599,477</u>		<u>1,361,971</u>	
NET CURRENT ASSETS:			<u>657,508</u>		<u>292,470</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			5,826,230		5,585,217
CREDITORS: Amounts falling due after more than one year	13		(2,224,542)		(2,145,870)
PROVISIONS FOR LIABILITIES AND CHARGES:	15		(84,254)		(290,520)
ACCRUALS AND DEFERRED INCOME:	16		<u>(291,040)</u>		<u>(318,540)</u>
			<u>3,226,394</u>		<u>2,830,287</u>
CAPITAL AND RESERVES:					
Called up share capital	17		1,489,000		1,489,000
Profit and loss account	18		<u>1,737,394</u>		<u>1,341,287</u>
SHAREHOLDERS' FUNDS:	24		<u>3,226,394</u>		<u>2,830,287</u>

ON BEHALF OF THE BOARD:



J Owen - Director



G W Cooper - Director

Approved by the Board on 12 October 2004

The notes form part of these financial statements

Thamesdown Transport Limited

Cash Flow Statement
for the Year Ended 31 March 2004

		<u>2004</u>		<u>2003</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		1,423,072		1,310,632
Returns on investments and servicing of finance	2		(158,787)		(147,818)
Taxation			(156,229)		(137,748)
Capital expenditure and financial investment	2		<u>80,853</u>		<u>(194,702)</u>
			1,188,909		830,364
Financing	2		<u>(658,998)</u>		<u>(603,022)</u>
Increase in cash in the period			<u>529,911</u>		<u>227,342</u>
Reconciliation of net cash flow to movement in net debt					
Increase in cash in the period		529,911		227,342	
Cash outflow from decrease in debt and lease financing		<u>658,998</u>		<u>603,022</u>	
Change in net debt resulting from cash flows			1,188,909		830,364
New finance leases			<u>(752,054)</u>		<u>(1,187,806)</u>
Movement in net debt in the period			436,855		(357,442)
Net debt at 1 April 2003			<u>(2,035,126)</u>		<u>(1,677,684)</u>
Net debt at 31 March 2004	3		<u>(1,598,271)</u>		<u>(2,035,126)</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Notes to the Cash Flow Statement
for the Year Ended 31 March 2004

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	677,605	584,245
Depreciation charges	828,968	656,411
Profit on sale of fixed assets	(33,742)	(81,133)
(Decrease)/Increase in other provisions	(230,826)	327,275
(Increase)/Decrease in stocks	(12,216)	3,163
(Increase) in debtors	(73,795)	(246,509)
Increase in creditors	<u>267,078</u>	<u>67,180</u>
Net cash inflow from operating activities	<u>1,423,072</u>	<u>1,310,632</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	40,507	30,751
Interest paid	(336)	(88)
Interest element of finance lease rentals payments	<u>(198,958)</u>	<u>(178,481)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(158,787)</u>	<u>(147,818)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(265,020)	(374,900)
Sale of tangible fixed assets	<u>345,873</u>	<u>180,198</u>
Net cash inflow/(outflow) for capital expenditure	<u>80,853</u>	<u>(194,702)</u>
Financing		
Capital element of finance lease repayments	<u>(658,998)</u>	<u>(603,022)</u>
Net cash outflow from financing	<u>(658,998)</u>	<u>(603,022)</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Notes to the Cash Flow Statement
for the Year Ended 31 March 2004

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.03 £	Cash flow £	Other non-cash changes £	At 31.3.04 £
Net cash:				
Cash at bank	668,336	529,911		1,198,247
Debt:				
Finance leases	(2,703,462)	658,998	(752,054)	(2,796,518)
Total	<u>(2,035,126)</u>	<u>1,188,909</u>	<u>(752,054)</u>	<u>(1,598,271)</u>
Analysis	£	£	£	£
Cash at bank		668,336		1,198,247
Finance leases				
within one year	(632,675)		(633,681)	
after one year	<u>(2,145,870)</u>		<u>(2,224,542)</u>	
As per Balance Sheet	(2,778,545)		(2,858,223)	
Less prepayments at 31 st March	<u>75,083</u>		<u>61,705</u>	
	<u>(2,703,462)</u>			<u>(2,796,518)</u>
	<u>(2,035,126)</u>			<u>(1,598,271)</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Buildings	-	as existing	-	1% on reducing balance
	-	new adaptations	-	straight line basis over 30 years
	-	new buildings	-	straight line basis over 40 years
Vehicles	-	buses	-	straight line basis over 10-15 years
	-	ancillary vehicles	-	straight line basis over 5 years

Vehicles purchased second-hand are depreciated over their remaining useful life when acquired, based on a total useful life from new of 10 – 15 years.

Plant and equipment	-	straight line basis over 5-10 years
Furniture, fittings and electronic equipment	-	straight line basis over 3-5 years

No depreciation is provided in respect of freehold land.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leasing commitments

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases.

Depreciation on leased assets is charged to the profit and loss account on the same basis as shown above.

Leasing payments are treated as consisting of capital and finance charges. Finance charges on some older leases are charged to the profit and loss account on a straight line basis over the length of the lease. For all new leases now taken out, the interest element represents a constant proportion of the balance of capital repayments outstanding.

Pension cost

In respect of all those employees who transferred to the company from previous employment with Thamesdown Borough Council, the company participates in the Local Government Pension Scheme, which is a contributory pension scheme to provide retirement benefits based on final emoluments to all employees.

Contributions are charged to the profit and loss account on an as funded basis. Actuarial valuations of current funding requirements are made every three years and any surplus/deficit arising on these valuations is carried to the profit and loss account over the anticipated future working lives of the remaining membership. The most recent actuarial valuation was performed as at 31 March 2001.

In respect of other employees, who are not eligible to join the above scheme, the company has provided a separate defined benefit scheme. This scheme is now maintained as a "closed scheme" as at 31st March 2001, and there is a new Group Personal Pension Plan available to staff for employment periods from 1st April 2001 onwards.

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

1. ACCOUNTING POLICIES - continued

Accident claims

The company maintains full insurance cover against all third party and employee liability claims. Credit for pending claims is taken on the basis of an assessment of the likely value of the ultimate payment.

Capital grants

Capital grants received are reflected as deferred income on the balance sheet and are released to the profit and loss over the expected useful life of the assets.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

Turnover is attributable to the principal activities of the company, and are stated net of value added tax. All turnover arose within the United Kingdom.

3. ANALYSIS OF TURNOVER AND PROFITS BETWEEN ACTIVITIES

In the opinion of the directors, disclosure of the analysis of turnover and profits between activities would be prejudicial to the interests of the company. In accordance with the provisions of Schedule 4(55) Companies Act 1985 this information has not been provided.

4. STAFF COSTS

	2004	2003
	£	£
Wages and salaries	4,814,715	4,531,050
Social security costs	429,298	365,066
Other pension costs	<u>745,400</u>	<u>600,057</u>
	<u>5,989,413</u>	<u>5,496,173</u>

The average monthly number of employees during the year was as follows:

	2004	2003
Drivers	183	180
Maintenance and engineering staff	54	53
Other staff	<u>34</u>	<u>33</u>
	<u>271</u>	<u>266</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

5. OPERATING PROFIT

a) The operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Hire of plant and machinery	7,928	8,309
Depreciation - owned assets	111,622	94,790
Depreciation - assets on finance leases	717,346	561,621
Profit on disposal of fixed assets	(33,742)	(146,604)
Auditors' remuneration	<u>13,214</u>	<u>12,990</u>

b) Directors' remuneration

Emoluments	<u>214,027</u>	<u>201,751</u>
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The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>4</u>	<u>4</u>
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6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank interest	336	88
Leasing	<u>198,958</u>	<u>178,481</u>
	<u>199,294</u>	<u>178,569</u>

Thamesdown Transport Limited
Notes to the Financial Statements
for the Year Ended 31 March 2004

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2004 £	2003 £
Current tax:		
UK corporation tax	<u>125,651</u>	<u>156,229</u>
Total current tax	<u>125,651</u>	<u>156,229</u>
Deferred tax:		
Deferred taxation	(2,940)	(75,869)
Tax on deferred income	<u>-</u>	<u>12,379</u>
Total deferred tax	<u>(2,940)</u>	<u>(63,490)</u>
 Tax on profit on ordinary activities	 <u><u>122,711</u></u>	 <u><u>92,739</u></u>

UK corporation tax has been charged at 30% (2003 - 30%).

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>518,818</u>	<u>436,427</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 30%)	155,645	130,928
Effects of:		
Expenses not deducted for tax purposes	355	220
Capital allowances in excess of depreciation	36,852	(1,411)
Movement on leased assets	1,284	41,238
Movement on pension creditor	(33,000)	33,000
Marginal rate tax relief	(27,235)	(24,668)
Other timing differences	<u>(8,250)</u>	<u>(23,078)</u>
Current tax charge	<u><u>125,651</u></u>	<u><u>156,229</u></u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

8. TANGIBLE FIXED ASSETS

	Assets in the course of construction	Freehold land	Buildings	Vehicles	Plant, machinery and equipment	Furniture, fittings, electronics	Total
	£	£	£	£	£	£	£
COST:							
At 1 April 2003	35,096	397,825	371,689	7,752,141	330,383	629,722	9,516,856
Additions	121,139	-	-	448,704	85,571	53,810	709,224
Disposals	-	-	-	(183,071)	-	-	(183,071)
At 31 March 2004	<u>156,235</u>	<u>397,825</u>	<u>371,689</u>	<u>8,017,774</u>	<u>415,954</u>	<u>683,532</u>	<u>10,043,009</u>
DEPRECIATION:							
At 1 April 2003	-	-	70,966	3,301,825	274,591	577,927	4,225,309
Charge for year	-	-	4,724	755,896	35,968	32,380	828,968
Eliminated on disposal	-	-	-	(178,790)	-	-	(178,790)
At 31 March 2004	-	-	<u>75,690</u>	<u>3,878,931</u>	<u>310,559</u>	<u>610,307</u>	<u>4,875,487</u>
NET BOOK VALUE:							
At 31 March 2004	<u>156,235</u>	<u>397,825</u>	<u>295,999</u>	<u>4,138,843</u>	<u>105,395</u>	<u>73,225</u>	<u>5,167,522</u>
At 31 March 2003	<u>35,096</u>	<u>397,825</u>	<u>300,723</u>	<u>4,450,316</u>	<u>55,792</u>	<u>51,795</u>	<u>5,291,547</u>

Fixed assets, included in the above, which are held under finance leases are as follows:

	Motor vehicles
	£
COST:	
At 1 April 2003	7,074,165
Additions	752,054
Disposals	<u>(61,699)</u>
At 31 March 2004	<u>7,764,520</u>
DEPRECIATION:	
At 1 April 2003	2,977,849
Charge for year	717,346
Elimination on disposal	<u>(57,418)</u>
At 31 March 2004	<u>3,637,777</u>
NET BOOK VALUE:	
At 31 March 2004	<u>4,126,743</u>
At 31 March 2003	<u>4,096,316</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

9. FIXED ASSET INVESTMENTS

The company has subscribed to the formation of 'Transport Information Finance Limited' which provides financial management of the new regional passenger information system. Subscription is by way of loan finance of £1,100 and shares subscription of £100.

10. STOCKS

	2004	2003
	£	£
Stock	<u>167,049</u>	<u>154,833</u>

**11. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Trade debtors	464,226	316,845
Other debtors	263,753	331,051
Prepayments - finance leases	79,020	92,599
- other	<u>84,690</u>	<u>90,777</u>
	<u>891,689</u>	<u>831,272</u>

Finance lease prepayments arise due to premium payments made in advance at the inception of leases.

**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2004	2003
	£	£
Finance leases (see note 14)	633,681	632,675
Trade creditors	280,698	210,287
Other creditors and accruals	559,447	362,780
Taxation	<u>125,651</u>	<u>156,229</u>
	<u>1,599,477</u>	<u>1,361,971</u>

**13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2004	2003
	£	£
Finance leases (see note 14)	<u>2,224,542</u>	<u>2,145,870</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

14. OBLIGATIONS UNDER LEASING AGREEMENTS

	Finance leases	
	2004	2003
	£	£
Gross obligations repayable:		
Within one year	819,546	814,168
Between one and five years	2,190,286	2,113,335
In more than five years	<u>357,953</u>	<u>406,970</u>
	<u>3,367,785</u>	<u>3,334,473</u>
Finance charges repayable:		
Within one year	185,865	181,493
Between one and five years	312,689	358,610
In more than five years	<u>11,008</u>	<u>15,825</u>
	<u>509,562</u>	<u>555,928</u>
Net obligations repayable:		
Within one year	633,681	632,675
Between one and five years	1,877,597	1,754,725
In more than five years	<u>346,945</u>	<u>391,145</u>
	<u>2,858,223</u>	<u>2,778,545</u>

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiring:				
Within one year	-	-	3,396	4,396
Between one and five years	-	-	4,532	3,913
In more than five years	<u>102,790</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>102,790</u>	<u>-</u>	<u>7,928</u>	<u>8,309</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension fund £	Deferred taxation £	Insurance fund £	Total £
At 1 April 2003	110,000	87,194	93,326	290,520
Provided/(Released) in year	<u>(110,000)</u>	<u>(2,940)</u>	<u>(93,326)</u>	<u>(206,266)</u>
At 31 March 2004	<u>-</u>	<u>84,254</u>	<u>-</u>	<u>84,254</u>

From 1 April 1999 motor vehicle insurance is covered by the establishment of a fund. An initial deposit payable to Insurers was originally set at 60% of that agreed fund. With effect from 1st April 2003 this has been reduced to 50%. Catastrophe cover is provided separately by payment of a conventional insurance premium. The provision in the financial statements is for the directors' estimate of maximum further potential liability which may be required to be paid relative to eventual claims.

Deferred tax provision

	2004 £	2003 £
Tax written down value on leased assets	37,133	65,730
Accelerated capital allowances	47,121	42,364
Other timing differences	<u>-</u>	<u>(20,900)</u>
	<u>84,254</u>	<u>87,194</u>

16. ACCRUALS AND DEFERRED INCOME

	NHS grant £
At 1 April 2003	318,540
Released in year	<u>(27,500)</u>
At 31 March 2004	<u>291,040</u>

NHS Grant

During 2002/03, £330,000 was received from the NHS to grant-aid the purchase of three low floor single-deck vehicles to be used for the commercial operation of the Hospital Express service 16. This grant is to be credited to profit and loss account over 12 years being the expected useful life of the vehicles acquired. During the year, £27,500 (2003-£11,460) was written-out to the profit and loss account.

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

17. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number	Class	Nominal	2004 £	2003 £
1,489,000	Ordinary	£1	<u>1,489,000</u>	<u>1,489,000</u>

18. PROFIT AND LOSS ACCOUNT

	2004 £	2003 £
Profit and loss account excluding pension liability	1,737,394	1,341,287
Pension reserve	<u>(4,492,070)</u>	<u>(4,233,870)</u>
Profit and loss account	<u>(2,754,676)</u>	<u>(2,892,583)</u>

19. POST BALANCE SHEET EVENTS

On 2 August 2004 the company entered into an agreement to dispose of its freehold land and buildings for a consideration of £4.2m. As part of the agreement, the company will continue to occupy the site for up to 17 months.

On 2 August 2004 the company entered into an agreement to develop a purpose built depot at a cost of approximately £3.8m plus full fitting out and other incidental costs.

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

20. PENSION COMMITMENTS

Up to 31st March 2001 the Company operated two defined benefit pension schemes, which were funded by the payment of contributions to separately administered funds. At 31st March 2001 the Company Pension Fund was closed, and a new Group Personal Pension Plan commenced on 1st April 2001 for future service of contributing members.

In respect of those employees who transferred to the company from previous employment with Thamesdown Borough Council, the company participates in the Local Government Pension Scheme.

As at 31st March 2004, as a member of the Local Government Pension Scheme, the highest paid director had an accrued pension payable of £33,605 (2003 - £30,248) with a corresponding lump sum of £100,815 (2003 - £90,745). This relates to directors emoluments for the year to 31st March 2004 of £68,216 (2003 - £63,967).

The continuing contributions to both the Local Government Pension Scheme and the now closed Company Pension Scheme are determined with the advice of independent qualified actuaries on the basis of valuations using the projected unit method. The results of the most recent valuations which were both conducted as at 31st March 2001, were as follows:

	The Thamesdown Transport Limited Pension Scheme	Wiltshire County Council Super- Annuation Fund
Main assumptions:		
Rate of return on investments (% per annum) - equities	9.0	6.75
- bonds	8.0	5.75
Rate of salary increases (% per annum)	3.0	2.80
Rate of pension increases (% per annum)	3.0	2.80
Market value of scheme's assets	£1.48m	£630m
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases.	92	80

Deficits identified by the valuation in relation to both schemes will be eliminated by way of an increase in the rate of future contributions.

During the year actuarially approved payments continued to be made to the closed company pension scheme to bring the funding level up to 100% relative to the MFR by 2007.

Defined contribution scheme

The company participates in a defined contribution scheme. The cost to Thamesdown Transport Limited in employer's contributions was £54,947 (2003 - £52,426).

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

20. PENSION COMMITMENTS - continued

Local Government Pension Scheme

The main assumptions used in the FRS17 valuation shown are:

	31.3.04	31.3.03	31.3.02
Rate of increase in salaries	4.4 %	4.0 %	4.3 %
Rate of increase in pensions in payment	2.9 %	2.5 %	2.8 %
Rate of increase in deferred pensions	2.9 %	2.5 %	2.8 %
Discount rate for scheme liabilities	5.5 %	6.1 %	6.4 %
Inflation assumption	2.9 %	2.5 %	2.8 %

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31.3.04	Value at 31.3.04 £	Long-term rate of return expected at 31.3.03	Value at 31.3.03 £	Long-term rate of return expected at 31.3.02	Value at 31.3.02 £
Equities	7.7 %	5,762,000	8.0 %	4,305,000	7.5 %	6,041,000
Bonds	5.1 %	1,474,000	4.8 %	1,473,000	5.5 %	1,673,000
Property	6.5 %	601,000	6.0 %	502,000	6.0 %	171,000
Cash	4.0 %	363,000	4.0 %	157,000	4.0 %	235,000
Total market value of assets		8,200,000		6,437,000		8,120,000
Present value of scheme liabilities		(12,875,000)		(10,620,000)		(10,523,000)
Deficit in scheme		(4,675,000)		(4,183,000)		(2,403,000)
Related deferred tax liability		888,440		794,770		721,000
Net pension liability		<u>(3,786,560)</u>		<u>(3,388,230)</u>		<u>(1,682,000)</u>

Analysis of the amount that will be included within operating profit of the fund under FRS 17

	2004 £	2003 £
Current service cost	194,000	181,000
Total operating charge	<u>194,000</u>	<u>181,000</u>

Analysis of the amount that will be included as other finance income of the fund under FRS 17

	2004 £	2003 £
Expected return on pension scheme assets	458,000	565,000
Interest on pension scheme liabilities	(641,000)	(621,000)
Net return	<u>(183,000)</u>	<u>(56,000)</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

20. **PENSION COMMITMENTS - continued**

Analysis of amount that will be included within the statement of total recognised gains and losses under FRS 17

	2004 £	2003 £
Actual return less expected return on pension scheme assets	1,069,000	(2,214,000)
Experience gains and losses arising on the scheme liabilities	21,000	299,000
Changes in assumptions underlying the present value of the scheme liabilities	(1,857,000)	-
Actuarial loss	<u>(767,000)</u>	<u>(1,915,000)</u>

Movement in deficit during the year

	31.03.04 £
Deficit in scheme at start of year	(4,183,000)
Movement in year:	
Current service cost	(194,000)
Contributions	652,000
Other finance costs	(183,000)
Actuarial loss	<u>(767,000)</u>
Deficit in scheme at end of year	<u>(4,675,000)</u>

History of experience gains and losses

	2004	2003
Difference between the expected and actual return on scheme assets:		
amount (£)	1,069,000	(2,214,000)
percentage of scheme assets	13%	(34)%
Experience gains and losses on scheme liabilities:		
amount (£)	21,000	298,000
percentage of the present value of the scheme liabilities	0%	3%
Total actuarial gain or loss:		
amount (£)	(767,000)	(1,915,000)
percentage of the present value of the scheme liabilities	(6)%	(18)%

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

20. PENSION COMMITMENTS - continued

The Thamesdown Transport Limited Pension Scheme

The main assumptions used in the FRS17 valuation shown are:

	31.3.04	31.3.03	31.3.02
Rate of increase in pensions in payment	2.7%	2.4%	2.9%
Discount rate for scheme liabilities	5.5%	5.4%	6.0%
Inflation assumption	3.1%	2.6%	2.9%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31.3.04	Value at 31.3.04 £	Long-term rate of return expected at 31.3.03	Value at 31.3.03 £	Long-term rate of return expected at 31.3.02	Value at 31.3.02 £
Equities	8.0%	1,486,000	9.1%	962,000	7.3%	1,306,000
Bonds	4.8%	156,000	4.5%	201,000	5.3%	211,000
Property	7.0%	37,000	7.0%	44,000	7.3%	38,000
Cash	4.0%	44,000	3.7%	51,000	4.5%	35,000
Total market value of assets		1,723,000		1,258,000		1,590,000
Present value of scheme liabilities		(2,594,000)		(2,302,000)		(2,081,000)
Deficit in scheme		(871,000)		(1,044,000)		(491,000)
Related deferred tax liability		165,490		198,360		147,000
Net pension liability		<u>(705,510)</u>		<u>(845,640)</u>		<u>(344,000)</u>

Analysis of the amount that will be included within operating profit of the fund under FRS 17

	2004 £	2003 £
Total operating charge	<u>-</u>	<u>-</u>

Analysis of the amount that will be included as other finance income of the fund under FRS 17

	2004 £	2003 £
Expected return on pension scheme assets	108,000	111,000
Interest on pension scheme liabilities	<u>(123,000)</u>	<u>(125,000)</u>
Net return	<u>(15,000)</u>	<u>(14,000)</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

20. PENSION COMMITMENTS - continued

Analysis of amount that will be included within the statement of total recognised gains and losses under FRS 17

	2004	2003
	£	£
Actual return less expected return on pension scheme assets	231,000	(476,000)
Experience gains and losses arising on the scheme liabilities	29,000	-
Changes in assumptions underlying the present value of the scheme liabilities	<u>(247,000)</u>	<u>(128,000)</u>
Actuarial gain/(loss)	<u>13,000</u>	<u>(604,000)</u>

Movement in deficit during the year

	31.03.04
	£
Deficit in scheme at start of year	(1,044,000)
Movement in year:	
Current service cost	-
Contributions	175,000
Other finance costs	(15,000)
Actuarial loss	<u>13,000</u>
Deficit in scheme at end of year	<u>(871,000)</u>

History of experience gains and losses

	2004	2003
Difference between the expected and actual return on scheme assets:		
amount (£)	231,000	(476,000)
percentage of scheme assets	13%	(38)%
Experience gains and losses on scheme liabilities:		
amount (£)	29,000	0
percentage of the present value of the scheme liabilities	1%	-
Total actuarial gain or loss:		
amount (£)	13,000	(604,000)
percentage of the present value of the scheme liabilities	1%	(26)%

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2004

21. ULTIMATE PARENT COMPANY

The directors regard the ultimate parent undertaking as Swindon Borough Council.

22. CONTINGENT LIABILITIES

The company has lodged counter indemnities of £2,500 with Lloyds TSB Bank plc in favour of National Express Coaches in respect of ticket sales.

23. CAPITAL COMMITMENTS

	2004 £	2003 £
Contracted but not provided for in the financial statements	<u>NIL</u>	<u>NIL</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	<u>396,107</u>	<u>343,688</u>
Net addition to shareholders' funds	396,107	343,688
Opening shareholders' funds	<u>2,830,287</u>	<u>2,486,599</u>
Closing shareholders' funds	<u>3,226,394</u>	<u>2,830,287</u>
Equity interests	<u>3,226,394</u>	<u>2,830,287</u>