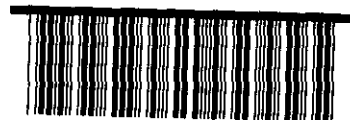


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Report of the Directors and
Financial Statements
for the Year Ended 31 March 2005
for
Thamesdown Transport Limited



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Thamesdown Transport Limited

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for the Year Ended 31 March 2005

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Thamesdown Transport Limited

Company Information
for the Year Ended 31 March 2005

DIRECTORS:

S R Allsopp
D G J Burch - Operations
G W Cooper - Finance
- Resigned 31 August 2005
I M Dobie
N A Mason - Engineering
M J Naughton BEM
J Owen - Managing
S J Pajak
L A Vincent
K P Wildy

SECRETARY:

C Connor

REGISTERED OFFICE:

Barnfield Road
Swindon
SN2 2DJ

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 2005

I am pleased to present the annual report of Thamesdown Transport Limited, the 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. Excluding the proceeds from the sale of the Corporation Street depot and the exceptional interest earned on that investment, pre-tax profit was almost identical to the previous year. Turnover increased by just 0.4% due to a slightly reduced scale of operation because of the loss of service 49 on contract renewal the previous year, and reductions in local authority and NHS-sponsored subsidised services.

Because of when Christmas and Easter fell, actual passenger numbers within the financial year were up by only 0.54% but the underlying trend was still volume growth of between 2% and 3% despite over 5% less mileage being operated.

Set against a continuing decline in bus use outside London, this was a very creditable performance due in no small part to the Company's ongoing emphasis on trying to get the basics right.

Very close to 99.9% of scheduled mileage was run (against the government target of 99.5%) and independent monitoring showed over 90% of journeys operating within the Government's "on-time window" of between 1 minute early and 5 minutes late.

The profit was also achieved despite an above-inflation pay increase for staff, ensuring that the Company remains competitive in the local labour market; and the ongoing burden of the Local Government Pension Scheme (LGPS) (a burden not shared by our bus industry competitors) and the frozen Company Final Salary Scheme. Together these required extraordinary contributions within 2004/05 amounting to £190,000.

Against that, major investment in on-bus CCTV substantially reduced claims costs.

The sale of the Corporation Street Depot was completed at the end of July 2004 and the property leased back until (at the latest) December 2005. The sale proceeds were used to make stage payments on the new depot at Barnfield Road which is due for completion in August 2005. The profit on the sale of the old site, which is reflected in the accounts for the year under review, will be submitted for rollover tax relief. The move to the new site, which will permit further quality improvements including the way the fleet is presented, is eagerly awaited.

Whilst the financial results for 2004/05 are pleasing, one or two items contributing to the profit are unlikely to be repeated in future years. In addition, the impact of increased fuel costs (each 1p per litre extra reduces profit by around £20,000 per annum), reduced concessionary fares reimbursement, and depot relocation costs mean that the profit for 2005/06 (and probably 2006/07) is likely to be significantly lower.

There is also increasing evidence that, with those operators in the South of England who are achieving passenger volume growth, the rate of increase is slowing due to general economic and other factors.

What is also clear from elsewhere is that there needs to be a perception of ongoing quality improvement if passenger growth is to be maintained. This requires the active support of local authorities. Traffic in Swindon is forecast to grow at nearly double the national average and, if the town is to avoid the economic and environmental damage that traffic gridlock would bring, the opportunities for public transport to play its part in limiting the projected growth in car use need to be maximised.

The provision of a comprehensive network of evening and Sunday services and completion of the Commonhead and M4 Junction 16 Park-and-Rides are vitally important to this.

Satellite tracking, mobile phone technology and real-time information have the ability to change the perception of public transport, and the Borough Council's commitment to them in its 2006-2011 Local Transport Plan (LTP2) is welcomed. However, they are no substitute for bus service reliability and punctuality. Further measures to achieve these also need to be a fundamental pre-requisite of LTP2, as well as retaining the existing bus priorities.

Thamesdown Transport Limited

Chairman's Statement
for the Year Ended 31 March 2005

Free travel for senior citizens and further planned quality initiatives by the Company in 2006 should deliver passenger volume growth and thus a positive profit trend again in the years beyond that, providing the Company is properly reimbursed for the new concessionary fares scheme. However, sustained success including meeting Local Area Agreement public transport targets will only come through meaningful partnership with the local authorities with all parties playing their full part.

There are pressures and challenges ahead but the Company has a good operational and financial track record. Whilst we do not have the economies of scale or buying power of the big groups that now dominate the bus industry, and thus cannot aspire to the 10% or more operating profit return they seek to achieve (the Company's operating margin against turnover this year was just under 7%), in looking at the transport issues the Council will have to face in the future, nobody should underestimate the value to the Council and the community of having their own bus company – a company that is locally owned and managed, and can take a longer-term view about shareholder investment.

My thanks go 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. The support and loyalty of all is much appreciated. Our shareholder, the Council, 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
11th October 2005

Thamesdown Transport Limited

Report of the Directors
for the Year Ended 31 March 2005

The directors present their report with the financial statements of the company for the year ended 31 March 2005.

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 2005.

DIRECTORS

The directors during the year under review were:

EXECUTIVE DIRECTORS:

D G J Burch	-	Operations
G W Cooper	-	Finance -- resigned 31 August 2005
N A Mason	-	Engineering
J Owen	-	Managing

NON-EXECUTIVE DIRECTORS:

S R Allsopp
I M Dobie
M J Naughton BEM
S J Pajak

EMPLOYEE DIRECTORS:

L A Vincent
K P Wildy

The directors holding office at 31 March 2005 did not hold any beneficial interest in the issued share capital of the company at 1 April 2004 or 31 March 2005.

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 2005

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:



C Connor - Secretary

Date: 11th October 2005

Thamesdown Transport Limited

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

We have audited the financial statements of Thamesdown Transport Limited for the year ended 31 March 2005 on pages seven to twenty-six. 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 five 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 2005 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: 11th October 2005

The notes form part of these financial statements

Thamesdown Transport Limited

Profit and Loss Account
for the Year Ended 31 March 2005

		<u>2005</u>		<u>2004</u>	
	Notes	£	£	£	£
TURNOVER	2		9,269,860		9,235,728
Other operating income			<u>295,907</u>		<u>309,993</u>
			9,565,767		9,545,721
Staff costs	4	5,866,227		5,989,413	
Depreciation		800,786		795,226	
Other operating charges		<u>2,264,168</u>		<u>2,083,477</u>	
			<u>8,931,181</u>		<u>8,868,116</u>
OPERATING PROFIT	5		634,586		677,605
Profit on sale of property	6		<u>3,356,095</u>		<u>-</u>
			3,990,681		677,605
Interest receivable and similar income			<u>191,696</u>		<u>40,507</u>
			4,182,377		718,112
Interest payable and similar charges	7		<u>187,395</u>		<u>199,294</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			3,994,982		518,818
Tax on profit on ordinary activities	8		<u>106,166</u>		<u>122,711</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			3,888,816		396,107
Retained profit brought forward			<u>1,737,394</u>		<u>1,341,287</u>
RETAINED PROFIT CARRIED FORWARD			<u><u>£5,626,210</u></u>		<u><u>£1,737,394</u></u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

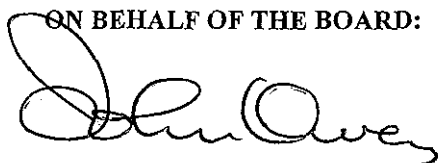
The company has no recognised gains or losses other than the profits for the current and previous years.

Thamesdown Transport Limited

Balance Sheet
31 March 2005

		<u>2005</u>		<u>2004</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	9		6,267,467		5,167,522
Investments	10		<u>1,200</u>		<u>1,200</u>
			6,268,667		5,168,722
CURRENT ASSETS:					
Stocks	11	185,177		167,049	
Debtors	12	942,355		891,689	
Cash at bank		<u>3,902,091</u>		<u>1,198,247</u>	
		5,029,623		2,256,985	
CREDITORS: Amounts falling due within one year	13	<u>2,148,467</u>		<u>1,599,477</u>	
NET CURRENT ASSETS:			<u>2,881,156</u>		<u>657,508</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			9,149,823		5,826,230
CREDITORS: Amounts falling due after more than one year	14		(1,691,524)		(2,224,542)
PROVISIONS FOR LIABILITIES AND CHARGES:	16		(29,549)		(84,254)
ACCRUALS AND DEFERRED INCOME:	17		<u>(313,540)</u>		<u>(291,040)</u>
			<u>£7,115,210</u>		<u>£3,226,394</u>
CAPITAL AND RESERVES:					
Called up share capital	18		1,489,000		1,489,000
Profit and loss account	19		<u>5,626,210</u>		<u>1,737,394</u>
SHAREHOLDERS' FUNDS:	24		<u>£7,115,210</u>		<u>£3,226,394</u>

ON BEHALF OF THE BOARD:


J Owen - Director


S R Allsop - Director

Approved by the Board on 11th October, 2005.

The notes form part of these financial statements

Thamesdown Transport Limited

Cash Flow Statement
for the Year Ended 31 March 2005

		<u>2005</u>		<u>2004</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		1,448,366		1,423,072
Returns on investments and servicing of finance	2		4,301		(158,787)
Taxation			(125,651)		(156,229)
Capital expenditure	2		<u>2,012,832</u>		<u>80,853</u>
			3,339,848		1,188,909
Financing	2		<u>(636,004)</u>		<u>(658,998)</u>
Increase in cash in the period			<u><u>£2,703,844</u></u>		<u><u>£529,911</u></u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period			2,703,844		529,911
Cash outflow from decrease in debt and lease financing			<u>636,004</u>		<u>658,998</u>
Change in net debt resulting from cash flows			3,339,848		1,188,909
New finance leases			<u>(62,213)</u>		<u>(752,054)</u>
Movement in net debt in the period			3,277,635		436,855
Net debt at 1 April			<u>(1,598,271)</u>		<u>(2,035,126)</u>
Net funds/(debt) at 31 March			<u><u>£1,679,364</u></u>		<u><u>£(1,598,271)</u></u>

The notes form part of these financial statements

Thamesdown Transport Limited

Notes to the Cash Flow Statement
for the Year Ended 31 March 2005

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

	2005 £	2004 £
Operating profit	634,586	677,605
Depreciation charges	828,457	828,968
Profit on sale of fixed assets	(27,671)	(33,742)
Increase/(decrease) in other provisions	22,500	(230,826)
Increase in stocks	(18,128)	(12,216)
Increase in debtors	(52,825)	(73,795)
Increase in creditors	61,447	267,078
Net cash inflow from operating activities	<u>1,448,366</u>	<u>1,423,072</u>

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

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	191,696	40,507
Interest paid	(39)	(336)
Interest element of finance lease rentals payments	(187,356)	(198,958)
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>4,301</u>	<u>(158,787)</u>
Capital expenditure		
Purchase of tangible fixed assets	(2,069,039)	(265,020)
Sale of tangible fixed assets	4,081,871	345,873
Net cash inflow for capital expenditure	<u>2,012,832</u>	<u>80,853</u>
Financing		
Capital element of finance lease repayments	(636,004)	(658,998)
Net cash outflow from financing	<u>(636,004)</u>	<u>(658,998)</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Notes to the Cash Flow Statement
for the Year Ended 31 March 2005

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.04 £	Cash flow £	Other non-cash changes £	At 31.3.05 £
Net cash:				
Cash at bank	1,198,247	2,703,844		3,902,091
Debt:				
Finance leases	(2,796,518)	636,004	(62,213)	(2,222,727)
Total	<u>(1,598,271)</u>	<u>3,339,848</u>	<u>(62,213)</u>	<u>1,679,364</u>
Analysis	£	£	£	£
Cash at bank		1,198,247		3,902,091
Finance leases				
within one year	(633,681)		(590,749)	
after one year	<u>(2,224,542)</u>		<u>(1,691,524)</u>	
As per Balance Sheet	(2,858,223)		(2,282,273)	
Less prepayments at 31 st March	<u>61,705</u>		<u>59,546</u>	
	<u>(2,796,518)</u>			<u>(2,222,727)</u>
	<u>(1,598,271)</u>			<u>1,679,364</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

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.

Freehold Land	No depreciation provided
Freehold Buildings	Straight line basis over 50 years
Leasehold Land and Buildings	Straight line basis over 50 years, or over the period of the lease if shorter
Vehicles - buses	Straight line basis over 10-15 years
Vehicles - ancillary vehicles	Straight line basis over 5 years
Vehicles - second hand	Straight line basis over their remaining useful life when acquired, based on a total useful life from new of 10-15 years.
Plant, machinery and equipment	Straight line basis over 5-10 years
Furniture, fittings and electronic equipment	Straight line basis over 3-5 years
Assets under the course of construction	No depreciation provided

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.

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

1. **ACCOUNTING POLICIES - continued**

Pension costs

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 2004.

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.

Accident claims

The company maintains full insurance cover against all third party and employee liability claims. A motor vehicle insurance fund has been established towards which the company pay 50% to the insurers of the agreed fund. The directors review the potential claims on a regular basis and where necessary make a provision in the financial statements for any additional potential liabilities in excess of the fund amount. 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.

Related party transactions

The company has taken advantage of the FRS8 exemption from disclosing transactions with Swindon Borough, its ultimate parent company, on the basis that the company is included within the Borough's consolidated financial statements.

2. **TURNOVER**

Turnover is attributable to the principal activities of the company, and is 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.

Thamesdown Transport Limited
Notes to the Financial Statements
for the Year Ended 31 March 2005

4. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	4,929,589	4,814,715
Social security costs	439,713	429,298
Other pension costs	496,925	745,400
	<u>5,866,227</u>	<u>5,989,413</u>

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

	2005	2004
Drivers	179	183
Maintenance and engineering staff	53	54
Other staff	34	34
	<u>266</u>	<u>271</u>

5. OPERATING PROFIT

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

	2005	2004
	£	£
Hire of plant and machinery	4,989	7,928
Depreciation - owned assets	102,910	111,622
Depreciation - assets on finance leases	725,547	717,346
Profit on disposal of fixed assets (excluding property disposal)	(27,671)	(33,742)
Auditors' remuneration	<u>11,940</u>	<u>13,214</u>

b) Directors' remuneration

Emoluments	<u>224,695</u>	<u>214,027</u>
------------	----------------	----------------

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>4</u>	<u>4</u>
-------------------------	----------	----------

6. EXCEPTIONAL ITEMS

During the year, the company disposed of the Corporation Street depot, producing a surplus of £3,356,095. The full proceeds of the disposal have been re-invested in a new purpose built facility at Barnfield. As a result of this re-investment, no tax arises in the current year on the disposal.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Bank interest	39	336
Leasing	<u>187,356</u>	<u>198,958</u>
	<u>187,395</u>	<u>199,294</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

8. **TAXATION**

Analysis of the tax charge

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

	2005 £	2004 £
Current tax:		
UK corporation tax	<u>160,871</u>	<u>125,651</u>
Total current tax	<u>160,871</u>	<u>125,651</u>
Deferred tax:		
Deferred taxation	<u>(54,705)</u>	<u>(2,940)</u>
Total deferred tax	<u>(54,705)</u>	<u>(2,940)</u>
 Tax on profit on ordinary activities	 <u>106,166</u>	 <u>122,711</u>

UK corporation tax has been charged at 30% (2004 - 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:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>3,994,982</u>	<u>518,818</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	1,198,495	155,645
Effects of:		
Expenses not deducted for tax purposes	78	355
Depreciation in excess of capital allowances	371	36,852
Movement on leased assets	1,284	1,284
Movement on pension creditor	-	(33,000)
Marginal rate tax relief	(24,278)	(27,235)
Profit on disposal of depot	(1,006,829)	-
Timing differences in respect of grants	<u>(8,250)</u>	<u>(8,250)</u>
Current tax charge	<u>160,871</u>	<u>125,651</u>

Thamesdown Transport Limited

**Notes to the Financial Statements
for the Year Ended 31 March 2005**

9. 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 2004	156,235	397,825	371,689	8,017,774	415,954	683,532	10,043,009
Additions	2,458,456	-	-	30,400	-	137,651	2,626,507
Disposals	-	(397,825)	(371,689)	(208,809)	(120,613)	(175,595)	(1,274,531)
At 31 March 2005	<u>2,614,691</u>	<u>-</u>	<u>-</u>	<u>7,839,365</u>	<u>295,341</u>	<u>645,588</u>	<u>11,394,985</u>
DEPRECIATION:							
At 1 April 2004	-	-	75,690	3,878,931	310,559	610,307	4,875,487
Charge for year	-	-	-	738,943	34,292	55,222	828,457
Eliminated on disposal	-	-	(75,690)	(204,528)	(120,613)	(175,595)	(576,426)
At 31 March 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,413,346</u>	<u>224,238</u>	<u>489,934</u>	<u>5,127,518</u>
NET BOOK VALUE:							
At 31 March 2005	<u>2,614,691</u>	<u>-</u>	<u>-</u>	<u>3,426,019</u>	<u>71,103</u>	<u>155,654</u>	<u>6,267,467</u>
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>

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

	Furniture, fittings & electronics	Vehicles	Totals
	£	£	£
COST:			
At 1 April 2004	-	7,764,520	7,764,520
Additions	62,212	-	62,212
Disposals	-	(61,699)	(61,699)
At 31 March 2005	<u>62,212</u>	<u>7,702,821</u>	<u>7,765,033</u>
DEPRECIATION:			
At 1 April 2004	-	3,637,777	3,637,777
Charge for year	5,184	720,363	725,547
Eliminated on disposals	-	(57,418)	(57,418)
At 31 March 2005	<u>5,184</u>	<u>4,300,722</u>	<u>4,305,906</u>
NET BOOK VALUE:			
At 31 March 2005	<u>57,028</u>	<u>3,402,099</u>	<u>3,459,127</u>
At 31 March 2004	<u>-</u>	<u>4,126,743</u>	<u>4,126,743</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

10. **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.

11. **STOCKS**

	2005 £	2004 £
Stock	<u>185,177</u>	<u>167,049</u>

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

	2005 £	2004 £
Trade debtors	135,705	464,226
Other debtors	661,185	263,753
Prepayments - finance leases	73,334	79,020
- other	<u>72,131</u>	<u>84,690</u>
	<u>942,355</u>	<u>891,689</u>

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

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

	2005 £	2004 £
Finance leases (see note 15)	590,749	633,681
Trade creditors	287,271	280,698
Other creditors and accruals	952,265	559,447
Social security and other taxes	157,311	-
Taxation	<u>160,871</u>	<u>125,651</u>
	<u>2,148,467</u>	<u>1,599,477</u>

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

	2005 £	2004 £
Finance leases (see note 15)	<u>1,691,524</u>	<u>2,224,542</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

15. OBLIGATIONS UNDER LEASING AGREEMENTS

	Finance leases	
	2005 £	2004 £
Gross obligations repayable:		
Within one year	739,137	819,546
Between one and five years	1,751,710	2,190,286
In more than five years	<u>123,082</u>	<u>357,953</u>
	<u>2,613,929</u>	<u>3,367,785</u>
Finance charges repayable:		
Within one year	148,388	185,865
Between one and five years	181,514	312,689
In more than five years	<u>1,754</u>	<u>11,008</u>
	<u>331,656</u>	<u>509,562</u>
Net obligations repayable:		
Within one year	590,749	633,681
Between one and five years	1,570,196	1,877,597
In more than five years	<u>121,328</u>	<u>346,945</u>
	<u>2,282,273</u>	<u>2,858,223</u>

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

	Operating leases			
	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Expiring:				
Within one year	-	-	732	3,396
Between one and five years	-	-	3,432	4,532
In more than five years	<u>102,790</u>	<u>102,790</u>	<u>-</u>	<u>-</u>
	<u>102,790</u>	<u>102,790</u>	<u>4,164</u>	<u>7,928</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April 2004	84,254
Provided/(Released) in year	<u>(54,705)</u>
At 31 March 2005	<u>29,549</u>

Deferred tax provision

	2005 £	2004 £
Tax written down value on leased assets	11,471	37,133
Accelerated capital allowances	<u>18,078</u>	<u>47,121</u>
	<u>29,549</u>	<u>84,254</u>

17. ACCRUALS AND DEFERRED INCOME

	NHS grant	SBC grant	Total grant £
At 1 April 2004	291,040	-	291,040
Provided / (Released) in year	<u>(27,500)</u>	<u>50,000</u>	<u>22,500</u>
At 31 March 2005	<u>263,540</u>	<u>50,000</u>	<u>313,540</u>

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 (2004 - £27,500) was written-out to the profit and loss account.

In addition, a £50,000 grant towards the cost of smart card technology relative to new on-bus ticket machines currently being acquired, has been received from Swindon Borough Council. This will similarly be amortised over the expected life of the equipment.

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

18. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number	Class	Nominal	2005 £	2004 £
1,489,000	Ordinary	£1	<u>1,489,000</u>	<u>1,489,000</u>

19. PROFIT AND LOSS ACCOUNT

	2005 £	2004 £
Profit and loss account excluding pension liability	5,626,210	1,737,394
Pension reserve	<u>(4,235,510)</u>	<u>(4,492,070)</u>
Profit and loss account	<u>1,390,700</u>	<u>(2,754,676)</u>

20. CAPITAL COMMITMENTS

The company entered into an agreement to develop a purpose built depot at a cost of approximately £4.8m including full fitting out and other incidental costs. At 31 March 2005 the value of the work to be completed, and so not yet invoiced, was approximately £2.2m.

During the year to 31 March 2005 the company ordered new ticket machines for a total value of £338,430. A deposit was paid of £18,015 and as such a balance of £320,415 will become payable on delivery.

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

21. 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 2005, as a member of the Local Government Pension Scheme, the highest paid director had an accrued pension payable of £35,541 (2004 - £33,605) with a corresponding lump sum of £106,623 (2004 - £100,815). This relates to directors emoluments for the year to 31st March 2005 of £71,406 (2004 - £68,216).

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 2004, 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	7.90	6.70
- bonds	5.50	4.90
Rate of salary increases (% per annum)	3.00	2.90
Rate of pension increases (% per annum)	3.00	2.90
Market value of scheme's assets	£1.718m	£710m
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.	73	75

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 £55,725 (2004 - £54,947).

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

21. PENSION COMMITMENTS - continued

Local Government Pension Scheme relating to the Company

The main assumptions used in the FRS17 valuation shown are:

	31.3.05	31.3.04	31.3.03
Rate of increase in salaries	4.40 %	4.40 %	4.00 %
Rate of increase in pensions in payment	2.90 %	2.90 %	2.50 %
Rate of increase in deferred pensions	2.90 %	2.90 %	2.50 %
Discount rate for scheme liabilities	5.40 %	5.50 %	6.10 %
Inflation assumption	2.90 %	2.90 %	2.50 %

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

	Long-term rate of return expected at 31.3.05	Value at 31.3.05 £	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 £
Equities	7.70 %	6,109,000	7.70 %	5,762,000	8.00 %	4,305,000
Bonds	4.80 %	1,707,000	5.10 %	1,474,000	4.80 %	1,473,000
Property	5.70 %	748,000	6.50 %	601,000	6.00 %	502,000
Cash	4.80 %	239,000	4.80 %	363,000	4.00 %	157,000
Total market value of assets		8,803,000		8,200,000		6,437,000
Present value of scheme liabilities		(13,221,000)		(12,875,000)		(10,620,000)
Deficit in scheme		(4,418,000)		(4,675,000)		(4,183,000)
Related deferred tax liability		839,400		888,440		794,770
Net pension liability		<u>(3,578,600)</u>		<u>(3,786,560)</u>		<u>(3,388,230)</u>

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

	2005 £	2004 £
Current service cost	<u>204,000</u>	<u>194,000</u>
Total operating charge	<u>204,000</u>	<u>194,000</u>

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

	2005 £	2004 £
Expected return on pension scheme assets	564,000	458,000
Interest on pension scheme liabilities	<u>(701,000)</u>	<u>(641,000)</u>
Net return	<u>(137,000)</u>	<u>(183,000)</u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

21. PENSION COMMITMENTS - continued

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

	2005 £	2004 £
Actual return less expected return on pension scheme assets	389,000	1,069,000
Experience gains and losses arising on the scheme liabilities	193,000	21,000
Changes in assumptions underlying the present value of the scheme liabilities	<u>(181,000)</u>	<u>(1,857,000)</u>
Actuarial gain/(loss)	<u>401,000</u>	<u>(767,000)</u>

Movement in deficit during the year

	2005 £
Deficit in scheme at start of year	(4,675,000)
Movement in year:	
Current service cost	(204,000)
Contributions	197,000
Other finance costs	(137,000)
Actuarial gain	<u>401,000</u>
Deficit in scheme at end of year	<u>(4,418,000)</u>

History of experience gains and losses

	2005	2004	2003
Difference between the expected and actual return on scheme assets:			
amount (£)	389,000	1,069,000	(476,000)
percentage of scheme assets	4%	13%	(7)%
Experience gains and losses on scheme liabilities:			
amount (£)	193,000	21,000	0
percentage of the present value of the scheme liabilities	(1)%	0%	0%
Total actuarial gain or loss:			
amount (£)	401,000	(767,000)	(604,000)
percentage of the present value of the scheme liabilities	(3)%	6%	6%

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

21. PENSION COMMITMENTS - continued

The Thamesdown Transport Limited Pension Scheme

The main assumptions used in the FRS17 valuation shown are:

	31.3.05	31.3.04	31.3.03
Rate of increase in pensions in payment	2.70 %	2.70 %	2.40 %
Discount rate for scheme liabilities	5.50 %	5.50 %	5.40 %
Inflation assumption	3.00 %	3.10 %	2.60 %

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

	Long-term rate of return expected at 31.3.05	Value at 31.3.05 £	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 £
Equities	7.90 %	1,069,000	8.00 %	1,486,000	9.10 %	962,000
Bonds	4.70 %	144,000	4.80 %	156,000	4.50 %	201,000
Property	7.00 %	43,000	7.00 %	37,000	7.00 %	44,000
Cash	4.80 %	43,000	4.00 %	44,000	3.70 %	51,000
Corporate Bonds	5.50 %	144,000	0 %	-	0 %	-
Total market value of assets		1,443,000		1,723,000		1,258,000
Present value of scheme liabilities		<u>(2,254,000)</u>		<u>(2,594,000)</u>		<u>(2,302,000)</u>
Deficit in scheme		(811,000)		(871,000)		(1,044,000)
Related deferred tax liability		<u>154,090</u>		<u>165,490</u>		<u>198,360</u>
Net pension liability		<u><u>(656,910)</u></u>		<u><u>(705,510)</u></u>		<u><u>(845,640)</u></u>

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

	2005 £	2004 £
Gains and losses on any settlements or curtailments	<u>(144,000)</u>	-
Total operating charge	<u><u>(144,000)</u></u>	<u><u>-</u></u>

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

	2005 £	2004 £
Expected return on pension scheme assets	133,000	108,000
Interest on pension scheme liabilities	<u>(141,000)</u>	<u>(123,000)</u>
Net return	<u><u>(8,000)</u></u>	<u><u>(15,000)</u></u>

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

21. **PENSION COMMITMENTS - continued**

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

	2005 £	2004 £
Actual return less expected return on pension scheme assets	88,000	231,000
Experience gains and losses arising on the scheme liabilities	-	29,000
Changes in assumptions underlying the present value of the scheme liabilities	<u>(131,000)</u>	<u>(247,000)</u>
Actuarial (loss)/gain	<u>(43,000)</u>	<u>13,000</u>

Movement in deficit during the year

	2005 £
Deficit in scheme at start of year	(871,000)
Movement in year:	
Contributions	255,000
Other finance costs	(8,000)
Actuarial loss	(43,000)
Loss on settlements and curtailments	<u>(144,000)</u>
Deficit in scheme at end of year	<u>(811,000)</u>

History of experience gains and losses

	2005	2004	2003
Difference between the expected and actual return on scheme assets:			
amount (£)	88,000	231,000	(476,000)
percentage of scheme assets	6%	13%	(38)%
Experience gains and losses on scheme liabilities:			
amount (£)	0	29,000	0
percentage of the present value of the scheme liabilities	0%	(1)%	0%
Total actuarial gain or loss:			
amount (£)	(43,000)	13,000	(604,000)
percentage of the present value of the scheme liabilities	2%	(1)%	26%

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2005

22. **ULTIMATE PARENT COMPANY**

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

23. **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.

24. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005	2004
	£	£
Profit for the financial year	<u>3,888,816</u>	<u>396,107</u>
Net addition to shareholders' funds	3,888,816	396,107
Opening shareholders' funds	<u>3,226,394</u>	<u>2,830,287</u>
Closing shareholders' funds	<u>7,115,210</u>	<u>3,226,394</u>
Equity interests	<u>7,115,210</u>	<u>3,226,394</u>