

EASTBOURNE BUSES LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2005



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ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the company	5
Independent auditor's report to the shareholders	6
Abbreviated profit and loss account	8
Statement of total recognised gains and losses	9
Reconciliation of movements in shareholders' funds	9
Abbreviated balance sheet	10
Cash flow statement	11
Notes to the abbreviated accounts	12

EASTBOURNE BUSES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

S Barnett
J-P Deghaye
P H D Warner
R Slater
S Herbert
T Tester

Company secretary

Mr S Barnett

Registered office

Birch Road
Eastbourne
East Sussex
BN23 6PD

Auditor

Honey Barrett
Chartered Accountants
& Registered Auditors
53 Gildredge Road
Eastbourne
East Sussex
BN21 4SF

EASTBOURNE BUSES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2005

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the operation of bus and coach services to the general public. The company also provides ancillary services of garage and engineering work. These have remained unchanged during the year.

Significant increases in the cost of fuel and insurance towards the end of the year, as well as continuing increases in the cost of maintaining the vehicles led to a pre tax loss of £234k at the end of 2005.

Implementation of FRS 17 has lead to a large prior year adjustment as shown in note 7 to the accounts.

The Directors are now reviewing the business looking at all cost centres with a view to restoring profitability. There will be a review of the core bus business to strengthen returns. The marginal sections of the business have been investigated with the result that the coaching business will be closed down and the vehicles disposed of, the travel shop will be closed and the level of administration staff will be reviewed. This is likely to lead to at least five redundancies.

Work is in progress to negotiate continuation of the agreement to run the seafront Dotto trains in partnership with the Borough Council. In addition to this an agreement has been reached with the Borough Council to extend the Coach Parking area to increase the number of spaces for when the current Wartling Road site closes.

A Quality Bus Partnership was signed in 2004 with the Borough and County Councils and one significant outcome of this will see the introduction of real time information for bus passengers during 2006. Work is also proceeding on the introduction of bus priorities in Eastbourne Borough which will be of great benefit to the Company and its customers.

FUTURE DEVELOPMENTS

All the actions taken and proposed above will see a significant improvement in the Company performance with a return to profitability forecast for 2007.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors do not consider there to be a material exposure to price risk, credit risk, liquidity risk or cash flow risk.

EASTBOURNE BUSES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

DIRECTORS

The directors who served the company during the year were as follows:

S Barnett
V Barfoot
J-P Deghaye
D W Elkin
P H D Warner
C J Berry
R Slater

None of the directors hold shares in the company.

S Herbert was appointed as a director on 17 May 2006.

T Tester was appointed as a director on 17 May 2006.

V Barfoot retired as a director on 30 April 2006.

D W Elkin retired as a director on 30 May 2006.

C J Berry retired as a director on 5 May 2006.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 12 to 15, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

EASTBOURNE BUSES LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

AUDITOR

A resolution to re-appoint Honey Barrett as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Birch Road
Eastbourne
East Sussex
BN23 6PD

Signed by order of the directors



MR S BARNETT
Company Secretary

Approved by the directors on 27/9/06

EASTBOURNE BUSES LIMITED
INDEPENDENT AUDITOR'S REPORT TO EASTBOURNE BUSES
LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 8 to 28, together with the financial statements of Eastbourne Buses Limited for the year ended 31 December 2005 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

OTHER INFORMATION

On 28/9/06 we reported, as auditor of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 2005, and the full text of company audit report is reproduced on pages 6 to 7 of these financial statements.



HONEY BARRETT
Chartered Accountants
& Registered Auditors

53 Gildredge Road
Eastbourne
East Sussex
BN21 4SF

28/9/06

EASTBOURNE BUSES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EASTBOURNE BUSES LIMITED
YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Eastbourne Buses Limited for the year ended 31 December 2005 on pages 7 to 27 which have been prepared on the basis of the accounting policies set out on pages 11 to 14.

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 AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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 judgements 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.

EASTBOURNE BUSES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EASTBOURNE BUSES LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2005

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

The company did not obtain an actuarial valuation in the previous year. The company has therefore been unable to confirm how much of the prior year adjustment referred to in note 7 should have been allocated to 2003. In addition, the company has not been able to make all necessary disclosures in respect of earlier years. This is not in accordance with Financial Reporting Standard 17, Retirement Benefits, which requires the prior year adjustment to be allocated against the earlier year and disclosure of information in respect of prior years. The 2004 figure for other provisions is not therefore comparable with 2005. This is not in accordance with Financial Reporting Standard 28, Corresponding Amounts.

Except for failure to comply with Financial Reporting Standard 17 and Financial Reporting Standard 28 (in respect of the pension provision only) in our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HONEY BARRETT
Chartered Accountants
& Registered Auditors

53 Gildredge Road
Eastbourne
East Sussex
BN21 4SF



EASTBOURNE BUSES LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 (restated) £
GROSS PROFIT		1,969,753	162,954
Distribution costs		54,995	53,747
Administrative expenses		2,000,638	1,663,002
OPERATING LOSS	2	(85,880)	(1,553,795)
Interest receivable		407	323
Interest payable and similar charges	5	(148,607)	(162,503)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(234,080)	(1,715,975)
Tax on loss on ordinary activities	6	(42,240)	(326,642)
LOSS FOR THE FINANCIAL YEAR		(191,840)	(1,389,333)

All of the activities of the company are classed as continuing.

The notes on page 8 form part of these abbreviated accounts.

EASTBOURNE BUSES LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 (restated) £
Loss for the financial year attributable to the shareholders	(191,840)	(1,389,333)
Actuarial gain/(loss) in respect of defined benefit pension scheme	(10,000)	—
Total recognised gains and losses relating to the year	<u>(201,840)</u>	<u>(1,389,333)</u>
Prior year adjustment (see note 7)	(1,474,200)	
Total gains and losses recognised since the last annual report	<u>(1,676,040)</u>	

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 (restated) £
Loss for the financial year	(191,840)	(1,389,333)
Opening shareholders' equity Profit	1,863,073	1,778,206
Prior year adjustment (see note 7)	<u>(1,474,200)</u>	—
	<u>388,873</u>	<u>1,778,206</u>
Closing shareholders' equity Profit	<u>197,033</u>	<u>388,873</u>

The notes on page 9 form part of these abbreviated accounts.

EASTBOURNE BUSES LIMITED

ABBREVIATED BALANCE SHEET

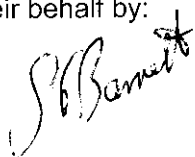
31 DECEMBER 2005

		2005		2004
	Note	£	£	(restated) £
FIXED ASSETS				
Intangible assets	8		186,875	219,375
Tangible assets	9		3,646,441	4,088,232
Investments	10		2	2
			<u>3,833,318</u>	<u>4,307,609</u>
CURRENT ASSETS				
Stocks	11	183,577		160,992
Debtors	12	601,764		426,063
Cash at bank and in hand		1,573		250,911
		<u>786,914</u>		<u>837,966</u>
CREDITORS: Amounts falling due within one year	13	<u>1,345,193</u>		<u>1,104,900</u>
NET CURRENT LIABILITIES			<u>(558,279)</u>	<u>(266,934)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,275,039</u>	<u>4,040,675</u>
CREDITORS: Amounts falling due after more than one year	14		<u>1,539,306</u>	<u>2,080,862</u>
			<u>1,735,733</u>	<u>1,959,813</u>
PROVISIONS FOR LIABILITIES				
Deferred taxation	17		56,400	96,740
PENSION LIABILITY	19		<u>1,482,300</u>	<u>1,474,200</u>
			<u>197,033</u>	<u>388,873</u>
CAPITAL AND RESERVES				
Called-up equity share capital	22		1,910,002	1,910,002
Share premium account	23		80,000	80,000
Profit and loss account	24		(1,792,969)	(1,601,129)
SHAREHOLDERS' FUNDS			<u>197,033</u>	<u>388,873</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 27/12/06 and are signed on their behalf by:

S BARNETT
Director



The notes on page 10 form part of these abbreviated accounts.

EASTBOURNE BUSES LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2005

		2005	2004
	Note	£	£ (restated)
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	395,253	507,275
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		407	323
Interest paid		(20,829)	(24,961)
Interest element of finance leases		(127,778)	(137,542)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(148,200)	(162,180)
TAXATION		1,900	345,800
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(73,520)	(217,385)
Receipts from sale of fixed assets		66,701	105,962
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(6,819)	(111,423)
CASH INFLOW BEFORE FINANCING		242,134	579,472
FINANCING			
Repayment of debenture loans		(50,000)	(25,000)
Capital element of finance leases		(489,409)	(409,548)
Net outflow from other long-term creditors		(15,000)	(6,463)
NET CASH OUTFLOW FROM FINANCING		(554,409)	(441,011)
(DECREASE)/INCREASE IN CASH	25	(312,275)	138,461

The notes on page 11 form part of these abbreviated accounts.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, subject to the departures referred to below.

A departure from applicable UK accounting standards has taken place in respect of retirement benefits and comparatives as detailed in note 7.

Going concern

The company has net liabilities due to inclusion of the pension provision. The directors are satisfied that the company is able to continue as a going concern for the foreseeable future, being a period of not less than one year.

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-the final transitional arrangements requiring full adoption of FRS 17 'Retirement Benefits'; and

-the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)''.

FRS 17 'Retirement Benefits'

Adoption of FRS 17 in the year, has lead to full provision in respect of pension liabilities in respect of the defined benefit scheme. The details of the resulting prior year adjustment are in note 8.

FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)'

This is not considered to be a material change in policy and no prior year adjustment has been made.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - Straight line over 10 years

Fixed assets

All fixed assets are initially recorded at cost.

Investments

Fixed asset investments are stated at the lower of cost and net realisable value.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Buildings	-	Straight line over 4 - 35 years
Plant & Machinery	-	Straight line over 4 - 15 years
Motor Vehicles	-	Straight line over 3 - 15 years
Office Equipment	-	Straight line over 2 - 5 years

Depreciation is calculated on a monthly basis. Depreciation is fully provided from the month of acquisition of an asset. Depreciation is provided in the year of disposal up to but excluding the month of disposal.

At 30 September 1999 the company adopted the transitional provisions of Financial Reporting Standard No. 15 'Tangible Fixed Assets' by freezing the valuations of revalued assets at that date.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the last cost at which stock was acquired.

Finance lease agreements

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 in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

The company also operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using the yield available on long-dated high quality corporate bonds rate(as measured by the yield on iboxx Sterling Corporates Index AA over 15 years.

Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme deficit is recognised in full on the balance sheet.

The deferred tax relating to a defined benefit liability is offset against the defined benefit liability and not included with other deferred tax assets or liabilities.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Government grants

The company is eligible for rebates of fuel duty and other operating grants. These are matched to the periods in which the expenditure is incurred.

2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2005	2004 <i>(restated)</i>
	£	£
Amortisation	32,500	32,500
Depreciation of owned fixed assets	77,727	59,811
Depreciation of assets held under finance lease agreements	430,128	381,196
(Profit)/Loss on disposal of fixed assets	(6,116)	7,405
Auditor's remuneration		
- as auditor	8,550	11,500
Operating lease costs:		
Plant and equipment	7,030	6,916
Other	54,995	53,747
	<hr/>	<hr/>

The operating loss (2004: profit) is stated after crediting fuel duty (s110 Transport Act 1985) of £520,777 (2004: £515,021).

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005	2004 <i>(restated)</i>
	No	No
Number of administrative staff	19	20
Number of other staff	159	161
	<u>178</u>	<u>181</u>

The aggregate payroll costs of the above were:

	2005	2004 <i>(restated)</i>
	£	£
Wages and salaries	3,120,614	3,164,846
Social security costs	534,275	331,870
Other pension costs	134,971	1,824,317
	<u>3,789,860</u>	<u>5,321,033</u>

Other pension costs include adjustments resulting from implementation of FRS 17 Retirement Benefits.

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were:

	2005	2004 <i>(restated)</i>
	£	£
Emoluments receivable	112,154	115,005
Value of company pension contributions to money purchase schemes	4,021	4,317
	<u>116,175</u>	<u>119,322</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2005	2004 <i>(restated)</i>
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004 (restated)
	£	£
Finance charges	127,778	137,542
Other similar charges payable	20,829	24,961
	<u>148,607</u>	<u>162,503</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004 (restated)
	£	£
Deferred tax:		
Origination and reversal of timing differences	<u>(42,240)</u>	<u>(326,642)</u>

7. PRIOR YEAR ADJUSTMENT

The prior year adjustment has resulted from implementation of FRS 17 Retirement Benefits. An Actuarial Valuation has been prepared as at 31 December 2005. This report shows the pension scheme deficit at 31 December 2005 and 31 December 2004.

As no previous Actuarial Valuations have been obtained by the company, no earlier data is available. Therefore the provision at 31 December 2004 has been charged in full to the profit and loss account for the year ended 31 December 2004. This is not in accordance with Financial Reporting Standard 17, Retirement Benefits which requires the prior year adjustment to be allocated against earlier years. It is not possible to quantify the effect of this on the 2004 results.

The figure included in other provisions in the profit and loss account for 2004 is not comparable with 2005. This is not in accordance with Financial Reporting Standard 28, Corresponding Amounts.

The tax effect of this is £345,800 which has been treated as a deferred tax asset.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2005 and 31 December 2005	325,000
AMORTISATION	
At 1 January 2005	105,625
Charge for the year	32,500
At 31 December 2005	138,125
NET BOOK VALUE	
At 31 December 2005	186,875
At 31 December 2004	219,375

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 January 2005	807,216	524,283	5,127,928	150,428	6,609,855
Additions	—	17,229	108,007	1,413	126,649
Disposals	—	(2,636)	(200,000)	(743)	(203,379)
At 31 December 2005	807,216	538,876	5,035,935	151,098	6,533,125
DEPRECIATION					
At 1 January 2005	89,833	422,320	1,919,683	89,787	2,521,623
Charge for the year	11,760	25,054	453,855	17,186	507,855
On disposals	—	(1,171)	(141,375)	(248)	(142,794)
At 31 December 2005	101,593	446,203	2,232,163	106,725	2,886,684
NET BOOK VALUE					
At 31 December 2005	705,623	92,673	2,803,772	44,373	3,646,441
At 31 December 2004	717,383	101,963	3,208,245	60,641	4,088,232

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

9. TANGIBLE FIXED ASSETS *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2005 £	2004 £
Net book value at end of year	705,623	717,383
Historical cost	1,201,050	1,201,050
Depreciation:		
At 1 January 2005	212,347	197,417
Charge for year	14,930	14,930
At 31 December 2005	227,277	212,347
Net historical cost value:		
At 31 December 2005	973,773	988,703
At 1 January 2005	988,703	1,003,633

Finance lease agreements

Included within the net book value of £3,646,441 is £2,650,377 (2004 - £2,651,427) relating to assets held under finance lease agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £430,128 (2004 - £381,196).

10. INVESTMENTS

	£
COST	
At 1 January 2005 and 31 December 2005	2
NET BOOK VALUE	
At 31 December 2005	2
At 31 December 2004	2

The company owns 100% of the issued share capital of Eastbourne Coaches Limited, a dormant UK company that has never traded.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

11. STOCKS

	2005	2004 (restated)
	£	£
Stock	<u>183,577</u>	<u>160,992</u>

12. DEBTORS

	2005	2004 (restated)
	£	£
Trade debtors	120,100	64,111
Other debtors	215,891	93,375
Prepayments and accrued income	<u>265,773</u>	<u>268,577</u>
	<u>601,764</u>	<u>426,063</u>

13. CREDITORS: Amounts falling due within one year

	2005	2004 (restated)
	£	£
Bank loans and overdrafts	62,937	—
Trade creditors	623,856	468,735
Other taxation and social security	85,720	84,009
Finance lease agreements	489,555	449,279
Other creditors	21,644	20,787
Accruals and deferred income	<u>61,481</u>	<u>82,090</u>
	<u>1,345,193</u>	<u>1,104,900</u>

14. CREDITORS: Amounts falling due after more than one year

	2005	2004 (restated)
	£	£
Debenture loans	250,000	300,000
Finance lease agreements	1,258,885	1,735,441
Other creditors	<u>30,421</u>	<u>45,421</u>
	<u>1,539,306</u>	<u>2,080,862</u>

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

14. CREDITORS: Amounts falling due after more than one year (continued)

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005	2004 <i>(restated)</i>
	£	£
Debenture loans	250,000	300,000

15. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2005	2004 <i>(restated)</i>
	£	£
Amounts payable within 1 year	489,555	449,279
Amounts payable between 2 to 5 years	1,125,467	1,510,209
Amounts payable after more than 5 years	133,418	225,232
	1,748,440	2,184,720

16. PENSIONS

East Sussex County Council - a final salary or defined benefit scheme.

A minority of staff, those employed prior to the company's formation in 1986, are members of the East Sussex County Council Superannuation scheme. The latest Actuarial Valuation is dated 31 March 2004.

The employer's contributions to the scheme after the latest actuarial valuation are set at 19.5% of pensionable earnings of the payroll relating to scheme members for 2005/2006 to achieve a 100% funding level. This will increase to 27.1% and 34.6% for 2006/07 and 2007/08 respectively.

Contributions for the year amounted to £78,623 (2004 £54,454).

Standard Life- a defined contribution pension scheme.

The company operates a defined contribution scheme. Employees contribute at 3% of salary, the employer at 4%. Contributions made by the company in the period amounted to £42,328. At 31 December 2005 an amount of £9,286 was payable in respect of this scheme.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

17. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2005	2004 <i>(restated)</i>
	£	£
Provision brought forward	96,740	77,582
Profit and loss account movement arising during the year	(40,340)	19,158
Provision carried forward	<u>56,400</u>	<u>96,740</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005	2004 <i>(restated)</i>
	£	£
Excess of taxation allowances over depreciation on fixed assets	204,225	207,052
Tax losses available	(144,385)	(106,893)
Other timing differences	(3,440)	(3,419)
	<u>56,400</u>	<u>96,740</u>

DEFERRED TAX IN RELATION TO PENSION PROVISION

In accordance with FRS 17 the deferred tax asset relating to the pension liability has been offset against the liability.

	2005	2004 <i>(restated)</i>
	£	£
Deferred tax brought forward	345,800	-
Movement relating to Pension provision	1,900	345,800
Deferred tax carried forward	<u>347,700</u>	<u>345,800</u>
Total deferred tax movement for the year	<u>42,240</u>	<u>326,642</u>

18. DERIVATIVES

The company does not currently have derivatives.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

19. PENSION COMMITMENTS

	2005 %	2004 %	2003 %
Rate of increase in salaries	4.5	4.4	—
Rate of increase in pensions in payment	3.0	2.9	—
Discount rate	4.7	5.3	—
Inflation assumption	3.0	2.9	—

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting surplus/(deficit) are:

	2005		2004		2003	
	Long-term rate of return expected	Value	Long-term rate of return expected	Value	Long-term rate of return expected	Value
	%	£	%	£	%	£
Equities	7.2	5,229,000	7.5	4,652,000	—	—
Bonds	4.4	809,000	4.9	706,000	—	—
Property	5.3	760,000	5.5	676,000	—	—
Others	4.3	472,000	4.5	236,000	—	—
Total market value of assets		7,270,000		6,270,000		—
Present value of scheme liabilities		(9,100,000)		(8,090,000)		—
Net pension liability		(1,830,000)		(1,820,000)		—

An analysis of the movements in surplus/(deficit) during the year are shown below:

	2005 £	2004 (restated) £
At 1 January	(1,820,000)	—
Total operating charge	(105,000)	(1,820,000)
Actuarial costs recognised in the statement of total recognised gains and losses	12,000	—
Contributions	83,000	—
At 31 December	(1,830,000)	(1,820,000)

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

19. PENSION COMMITMENTS *(continued)*

An analysis of the defined benefit cost follows:

Analysis of the amount charged to operating loss:

	2005	2004 <i>(restated)</i>
	£	£
Current service cost	(105,000)	(1,820,000)
Total operating charge	(105,000)	(1,820,000)

Analysis of the amount recognised in statement of total recognised gains and losses:

	2005 £	2004 £
STRGL: difference between expected and actual return on assets	847,000	—
STRGL: experience gains/(losses) arising from scheme liabilities	(6,000)	—
STRGL: effect of changes in assumptions underlying the present value of scheme liabilities	(829,000)	—
Actuarial gains	12,000	—

A history of experience gains and losses is shown below:

	2005	2004	2003	2002
Difference between the expected and actual return on scheme assets:				
- amount (£)	847,000	—	—	—
- % of scheme assets	12	—	—	—
Experience losses on scheme liabilities:				
- amount (£)	(6,000)	—	—	—
- % of the present value of scheme liabilities	—	—	—	—
Total amount recognised in statement of total recognised gains and losses:				
- amount (£)	12,000	—	—	—
- % of the present value of scheme liabilities	—	—	—	—

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

19. PENSION COMMITMENTS *(continued)*

As the company did not obtain an Actuarial Valuation in respect of earlier years, there are no figures available for 2003 or 2002 and some information in respect of 2004 is also unavailable. This is not in accordance with Financial Reporting Standard 17, Retirement Benefits which requires disclosure of assets of the scheme and the main financial of the comparative period, comparative information in respect of the Statement of Total Recognised Gains and Losses and a history of experience gains and losses.

20. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2005	2004
		<i>(restated)</i>
	£	£
Operating leases which expire:		
Within 1 year	5,000	5,000

21. RELATED PARTY TRANSACTIONS

Throughout the year the Company was controlled by Eastbourne Borough Council which owns 80% of the issued share capital of the Company.

During the year the company paid £20,829 (2004: £24,961) debenture interest to Eastbourne Borough Council. Interest on the debenture is calculated at Consolidated Loans Fund interest rate which varies from year to year. Details of the debenture are shown in note 14.

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

22. SHARE CAPITAL

Authorised share capital:

	2005	2004 (restated)
	£	£
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
2,000,000 Ordinary B shares of £1 each	2,000,000	2,000,000
	<u>4,000,000</u>	<u>4,000,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	1,528,002	1,528,002	1,528,002	1,528,002
Ordinary B shares of £1 each	382,000	382,000	382,000	382,000
	<u>1,910,002</u>	<u>1,910,002</u>	<u>1,910,002</u>	<u>1,910,002</u>
Equity shares				
Ordinary shares of £1 each	1,528,002	1,528,002	1,528,002	1,528,002
Ordinary B shares of £1 each	382,000	382,000	382,000	382,000
	<u>1,910,002</u>	<u>1,910,002</u>	<u>1,910,002</u>	<u>1,910,002</u>

23. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

24. PROFIT AND LOSS ACCOUNT

	2005	2004 (restated)
	£	£
Balance brought forward as previously reported	(126,929)	(211,796)
Prior year adjustment (note 7)	(1,474,200)	—
Balance brought forward restated	(1,601,129)	(211,796)
Loss for the financial year	(191,840)	(1,389,333)
Balance carried forward	<u>(1,792,969)</u>	<u>(1,601,129)</u>
Profit and loss reserve excluding pension liability	(310,669)	(126,969)
Pension reserve	(1,482,300)	(1,474,200)
Profit and loss reserve	<u>(1,792,969)</u>	<u>(1,601,169)</u>

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

25. NOTES TO THE STATEMENT OF CASH FLOWS

**RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES**

	2005	2004 <i>(restated)</i>
	£	£
Operating loss	(85,880)	(1,553,795)
Amortisation	32,500	32,500
Depreciation	507,855	441,007
(Profit)/Loss on disposal of fixed assets	(6,116)	7,405
Increase in stocks	(22,585)	(21,543)
Increase in debtors	(175,701)	(143,424)
Increase in creditors	137,080	270,925
Provision for service cost of defined benefit pension scheme	91,100	1,474,200
Defined benefit pension scheme contributions paid	(83,000)	—
Net cash inflow from operating activities	<u>395,253</u>	<u>507,275</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005	2004 <i>(restated)</i>
	£	£
(Decrease)/increase in cash in the period	(312,275)	138,461
Net cash outflow from debenture loans	50,000	25,000
Cash outflow in respect of finance leases	489,409	409,548
Net cash outflow from other long-term creditors	<u>15,000</u>	<u>6,463</u>
Change in net debt resulting from cash flows	242,134	579,472
New finance leases	(53,129)	(863,372)
Movement in net debt in the period	<u>189,005</u>	<u>(283,900)</u>
Net debt at 1 January 2005	(2,279,230)	(1,995,330)
Net debt at 31 December 2005	<u>(2,090,225)</u>	<u>(2,279,230)</u>

EASTBOURNE BUSES LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2005

25. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2005 £	Cash flows £	Other changes £	At 31 Dec 2005 £
Net cash:				
Cash in hand and at bank	250,911	(249,338)	–	1,573
Overdrafts	–	(62,937)	–	(62,937)
	<u>250,911</u>	<u>(312,275)</u>	<u>–</u>	<u>(61,364)</u>
Debt:				
Debt due after 1 year	(345,421)	65,000	–	(280,421)
Finance lease agreements	(2,184,720)	489,409	(53,129)	(1,748,440)
	<u>(2,530,141)</u>	<u>554,409</u>	<u>(53,129)</u>	<u>(2,028,861)</u>
Net debt	<u>(2,279,230)</u>	<u>242,134</u>	<u>(53,129)</u>	<u>(2,090,225)</u>