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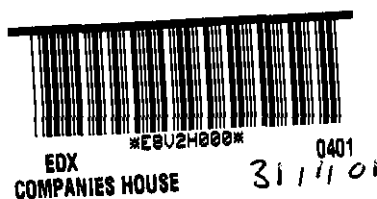
COMPANY NUMBER:

2004963

Reading Transport Limited

Report and Financial Statements

Year Ended
31 March 2000



BDO

BDO Stoy Hayward
Chartered Accountants

READING TRANSPORT LIMITED

Annual report and financial statements for the year ended 31 March 2000

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Directors

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Directors

Mr A W Page
Mr C Thompson
Mr J Carney
Mrs J E Orton
Mr D Downes

Mr I M Fenwick
Mr P Shepherd
Mr P Hingley
Ms L Winfield-Chislett
Mr A Tattersall

Secretary and registered office

Mr J Carney, Great Knollys Street, Reading, Berkshire RG1 7HH

Company number

2004963

Auditors

BDO Stoy Hayward, Bowman House, 2/10 Bridge Street, Reading, Berkshire RG1 2LU

READING TRANSPORT LIMITED

Report of the directors for the year ended 31 March 2000

The directors present their report together with the audited financial statements for the year ended 31 March 2000.

Results and dividends

The profit and loss account of the group is set out on page 6 and shows the result for the year.

The directors do not recommend the payment of a dividend

Principal activities

The main activities of the group remain:

- (a) the provision of local bus services within the greater Reading and Newbury areas;
- (b) the sale of coach holidays and operation of an excursion programme;
- (c) the provision of vehicles and drivers for private hire contracts.

Review of business and future developments

Trading conditions in the company's mainstream business and the year end financial position reflected difficulties caused by reduced margins that were themselves caused by increased unit costs and resistance to fares' increases.

The acquisition of Reading Mainline in June 1998 had led to the over provision of bus services that took two years to resolve. During this time when service frequency was being reduced the Company sought to hold down the price of season tickets to maintain customer loyalty.

The company has continued to grow its contracts work and is developing a new product proposition for larger local businesses for the transportation of staff to their place of work. This sector is likely to continue to grow whilst high technology industries are attracted to Reading and Newbury.

There were signs that the tightening labour market would lead to both staff shortages and increased wage costs. The company recognised that it had to have a remuneration policy that enabled it to attract and retain staff despite the low level of unemployment. It is however very likely those poorly patronised bus services will continue to be reviewed and if necessary withdrawn.

The company invested over £2 million in new vehicles and has already attained the Governments targets with respect to the average age of its fleet.

READING TRANSPORT LIMITED

Report of the directors for the year ended 31 March 2000 (*Continued*)

Important Events since Year End

The company withdrew its London Line service in May 2000 because the operation had become a chronic loss making activity.

The last Reading Mainline service operated by a Routemaster vehicle ran in July 2000. The company purchased a number of second hand Excel buses to replace these buses.

Difference between Market Value and Book Value of Land and Buildings

In the opinion of the Directors' the written down values of the land and buildings are not materially different from the market values of those assets.

Charitable and political contributions

Contributions made by the company during the year for charitable purposes amounted to £749 (1999 - £2,298). No political contributions were made during the year.

Employees

The company through its management team has an uncompromising commitment to customer service, to involve, develop and reward our employees and to developing a culture within the company to be competitive, modern and outward looking.

In order to achieve these objectives the company is continually evolving a comprehensive communications system, including a quarterly newsletter and monthly briefing notices, to ensure that employees fully understand what is happening in the company, both in general and financial terms and that the views of our employees are taken into account when decisions are made.

The company believes that, in order to secure the future, a substantial investment is needed in training covering management and supervisory skills and customer care competencies. The company employs engineering apprentices at a time when many companies have reduced and even disbanded such schemes.

It has always been company policy to treat job applicants and employees in the same fair way regardless of their sex, race, ethnic origin or disability, and we are keen to ensure that a positive caring approach to good equal opportunities practice is being adopted.

The company's policy is to recruit disabled workers for those vacancies they are able to fill. Should an employee become disabled it is our policy to continue the current employment when possible, or to offer alternatives where feasible, giving re-training as necessary.

READING TRANSPORT LIMITED

Report of the directors for the year ended 31 March 2000 (*Continued*)

Year 2000

The company formed a steering group with representatives from all divisions to identify potential problems related to the year 2000 and the Millennium celebration. The group reports via the Financial Director to the Board of Directors. Where problems were identified, upgrading or replacement took place.

Since the end of 1999, no problems have been experienced by the company. The board, however, is continuing to monitor the issue both internally and externally.

European Monetary Union

The company does not envisage any accounting for currency issues arising from the EMU.

Directors

The directors of the company at 31 March 2000, all of whom, unless stated, served throughout the year then ended, were:

Mr A W Page (Chair)
Mr C Thompson (Managing Director)
Mr J Carney (Financial Director and Company Secretary)
Mrs J E Orton
Mr D Downes
Mr I M Fenwick
Mr R Hughes (resigned 4 May 2000)
Mr P Shepherd
Mr P Hingley
Ms L Winfield-Chislett
Mr A Tattersall

Directors' interests in shares of the company

None of the directors had any interest in the shares of the company.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and

READING TRANSPORT LIMITED

Report of the directors for the year ended 31 March 2000 (*Continued*)

Directors' responsibilities (*continued*)

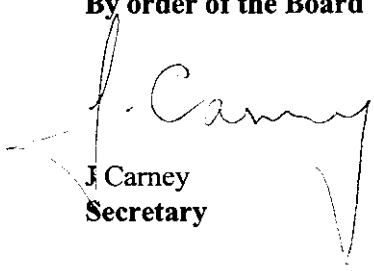
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



J Carney
Secretary

Date: 19 JANUARY 2001

READING TRANSPORT LIMITED

Report of the auditors

To the shareholders of Reading Transport Limited

We have audited the financial statements on pages 6 to 24 which have been prepared under the accounting policies set out on pages 11 to 13.

Respective responsibilities of directors and auditors

As described on pages 3 and 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

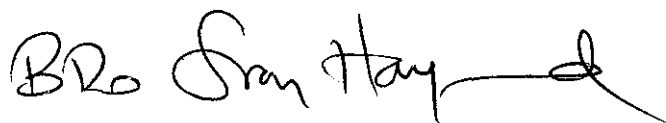
Basis of opinion

We conducted our audit in accordance with 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2000 and of the result of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
Reading

Date: 19 January 2001

READING TRANSPORT LIMITED

Consolidated profit and loss account for the year ended 31 March 2000

	Note	Total 2000 £'000	Total 1999 £'000
Turnover	2	17,735	16,513
Operating costs		17,689	16,611
Operating profit/(loss)	6	46	(98)
Interest receivable and similar income		89	137
Interest payable and similar charges	7	(170)	(138)
Loss on ordinary activities before taxation		(35)	(99)
Taxation on loss from ordinary activities	8	-	1
Loss on ordinary activities after taxation and amount transferred to reserves	20	(35)	(100)

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 11 to 24 form part of these financial statements

READING TRANSPORT LIMITED

Consolidated note of historical cost profits and losses for the year ended 31 March 2000

	2000 £'000	1999 £'000
Reported loss on ordinary activities before taxation	(35)	(99)
Realisation of property revaluation gains of previous years	-	3,867
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	-	2
	<hr/>	<hr/>
Historical cost (loss)/profit on ordinary activities before taxation	(35)	3,770
	<hr/>	<hr/>
Historical cost (loss)/profit on ordinary activities after taxation	(35)	3,769
	<hr/>	<hr/>

The notes on pages 11 to 24 form part of these financial statements

READING TRANSPORT LIMITED**Consolidated balance sheet at 31 March 2000**

	Note	2000 £'000	1999 £'000
Fixed assets			
Intangible assets	10	453	478
Tangible assets	11	11,868	11,569
		<u>12,321</u>	<u>12,047</u>
Current assets			
Stocks	13	251	240
Debtors	14	1,423	1,421
Cash at bank and in hand		1,649	1,713
		<u>3,323</u>	<u>3,374</u>
Creditors: amounts falling due within one year	15	2,037	2,024
Net current assets		<u>1,286</u>	<u>1,350</u>
Total assets less current liabilities		<u>13,607</u>	<u>13,397</u>
Creditors: amounts falling due after more than one year	16	2,392	2,169
Provision for liabilities and charges	17	935	913
		<u>3,327</u>	<u>3,082</u>
Net assets		<u>10,280</u>	<u>10,315</u>
Capital and reserves			
Called up share capital	19	3,974	3,974
Profit and loss account	20	6,306	6,341
Equity shareholder's funds		<u>10,280</u>	<u>10,315</u>

The financial statements were approved by the Board on 19 January 2001.

C Thompson
Director

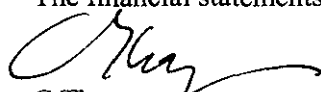
The notes on pages 11 to 24 form part of these financial statements

READING TRANSPORT LIMITED

Company balance sheet at 31 March 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Intangible assets	10	414	436
Tangible assets	11	11,874	11,581
Investments	12	96	96
		<u>12,384</u>	<u>12,113</u>
Current assets			
Stocks	13	253	245
Debtors	14	1,423	1,421
Cash at bank and in hand		1,649	1,713
		<u>3,325</u>	<u>3,379</u>
Creditors: amounts falling due within one year	15	2,133	2,120
Net current assets		<u>1,192</u>	<u>1,259</u>
Total assets less current liabilities		<u>13,576</u>	<u>13,372</u>
Creditors: amounts falling due after more than one year	16	2,392	2,169
Provision for liabilities and charges	17	935	913
		<u>3,327</u>	<u>3,082</u>
Net assets		<u>10,249</u>	<u>10,290</u>
Capital and reserves			
Called up share capital	19	3,974	3,974
Profit and loss account	20	6,275	6,316
Equity shareholders' funds		<u>10,249</u>	<u>10,290</u>

The financial statements were approved by the Board on 19 January 2001


C Thompson
Director

The notes on pages 11 to 24 form part of these financial statements

READING TRANSPORT LIMITED

Consolidated cash flow statement for the year ended 31 March 2000

	Note	2000 £'000	1999 £'000
Net cash inflow/(outflow) from operating activities	26	1,808	(3,991)
Returns on investments and servicing of finance			
Interest received		89	137
Interest paid		-	(15)
Interest element of finance lease rental payments		(170)	(93)
		(81)	29
Taxation			
UK corporation tax		(2)	(55)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,648)	(728)
Sale of tangible fixed assets		147	4,972
		(1,501)	4,244
Acquisitions and disposals			
Purchase of subsidiary undertaking		-	(179)
Net overdrafts acquired with subsidiary		-	(138)
		-	(317)
Cash (inflow)/outflow before use of liquid resources and financing		224	(90)
Financing			
Repayment of loans		-	(40)
Capital element of finance lease rental payments		(288)	(218)
		(288)	(258)
Decrease in cash	27, 28	(64)	(348)

The notes on pages 11 to 24 form part of these financial statements

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of The Greater Reading Omnibus Company Limited as at 31 March 2000. The group uses the acquisition method of accounting to consolidate the results of the subsidiary undertaking from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is amortised through the profit and loss account over the directors' estimate of its useful economic life. The amortisation charge for the year is set out in note 10.

Tangible fixed assets

All tangible fixed assets are stated at cost, which is their purchase price together with any incidental expenses of acquisition. The purchase price of assets taken over at 20 October 1986 was established by a valuation in accordance with guidelines issued by the Department of Transport.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a systematic basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Long leasehold premium	-	over the period of the lease
Freehold and long leasehold buildings	-	2% - 4% straight line
Plant and machinery	-	10%-20% straight line
Buses	-	25% reducing balance
Other vehicles	-	9½% - 33% straight line

No depreciation is charged on freehold land.

Investments

Investments held as fixed assets are stated at cost less any provision for a permanent diminution in value.

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

1 Accounting policies (*continued*)

Finance and operating leases

Assets held under finance leases are treated as if they had been purchased outright and are capitalised at an amount equal to the fair value of the asset at the inception of the lease and depreciated on a systematic basis over the shorter of the lease term and its useful life. The capital element of the leasing commitments is shown as obligations under finance leases. Finance charges are allocated to accounting periods so as to produce a constant periodic rate of charge on the remaining balance of the obligation. Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost, including transport and handling costs, and net realisable value. In some cases the cost of components is the part exchange value net of allowances for returned, defective parts. Net realisable value is determined by a review of forecast future use. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax, represents amounts receivable by the company for services provided in the ordinary course of business.

Taxation

The charge for taxation is based on the loss for the year as adjusted for disallowable items. Provision is made for deferred tax, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Accident claims

The company maintains insurance cover against third party liability claims for the amount on each claim that exceeds £35,000. Any claims below £35,000 or those disputed by the insurers are charged to the profit and loss account in the year in which they arise subject to an annual aggregated maximum charge.

Pension costs

Employees of the company are eligible to join one of the two defined benefit schemes to which the company contributes, depending upon date of appointment as follows:

- (a) Employees at 20 October 1986 have been deemed to be employees of Reading Borough Council for pension purposes and are members of the local government superannuation scheme, to which the company contributes in accordance with the Local Government Superannuation Regulations.
- (b) Employees who joined the company since 20 October 1986, together with any employees who are eligible for the local government scheme who wish to leave that scheme, are eligible to join the Reading Transport Staff Retirement Scheme.

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

1 Accounting policies (*continued*)

Pensions (continued)

The funds are valued every three years by independent qualified actuaries, the rates of contribution payable being determined by the actuaries. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from employees' services. Variations in pension cost are spread over the expected service lives of current employees.

The company provides no other post retirement benefits to its employees.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating costs

	2000 £'000	1999 £'000
Raw materials and consumables	2,304	2,801
Other external charges	2,707	1,677
Staff costs (see note 4)	10,889	10,420
Depreciation	1,764	1,688
Amortisation	25	25
	<u>17,689</u>	<u>16,611</u>

4 Employees

Staff costs consist of:

Wages and salaries	9,716	9,287
Social security costs	739	768
Other pension costs	434	365
	<u>10,889</u>	<u>10,420</u>

The average number of employees, including directors, during the year was:

	Number	Number
Traffic	455	450
Engineering	90	86
Administration	34	35
	<u>579</u>	<u>571</u>

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READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

10 Intangible assets

	Group Goodwill on consolidation £'000	Company Purchased goodwill £'000
<i>Cost</i>		
At 1 April 1999 and at 31 March 2000	503	436
<i>Amortisation</i>		
At 1 April 1999	25	-
Provision for the year	25	22
At 31 March 2000	50	22
<i>Net book value</i>		
At 31 March 2000	453	414
At 31 March 1999	478	436

The goodwill on consolidation arose on the acquisition of The Greater Reading Omnibus Company Limited and is being amortised over the directors' estimate of its useful economic life of 20 years.

During the year ended 31 March 1999 the trade and net assets of The Greater Reading Omnibus Co Limited were transferred to the company at their fair value. Included in the transfer was an amount attributed to goodwill amounting to £436,000, being the directors' best estimate of its fair value. The purchased goodwill is being amortised over the directors' best estimate of its useful economic life of 20 years.

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

11 Tangible assets

Group	Freehold & long leasehold land & buildings £'000	Buses and coaches £'000	Plant and machinery £'000	Capital work-in progress £'000	Total £'000
<i>Cost</i>					
At 1 April 1999	5,776	13,773	2,817	23	22,389
Additions	64	2,006	108	38	2,216
Transfer	-	16	-	(16)	-
Disposals	-	(684)	(189)	-	(873)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	5,840	15,111	2,736	45	23,732
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 April 1999	129	9,045	1,646	-	10,820
Provided for the year	97	1,446	221	-	1,764
Disposals	-	(531)	(189)	-	(720)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	226	9,960	1,678	-	11,864
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2000	5,614	5,151	1,058	45	11,868
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	5,647	4,728	1,171	23	11,569
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READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

11 Tangible assets (<i>continued</i>)	Freehold & long leasehold land & buildings £'000	Buses and coaches £'000	Plant and machinery £'000	Capital work-in progress £'000	Total £'000
<i>Cost</i>					
At 1 April 1999	5,776	13,705	2,775	23	22,279
Additions	64	2,006	108	38	2,216
Transfer	-	16	-	(16)	-
Disposals	-	(684)	(189)	-	(873)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	5,840	15,043	2,694	45	23,622
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 April 1999	129	8,965	1,604	-	10,698
Provided for the year	97	1,446	221	-	1,764
Disposals	-	(525)	(189)	-	(714)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	226	9,886	1,636	-	11,748
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2000	5,614	5,157	1,058	45	11,874
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1999	5,647	4,740	1,171	23	11,581
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included within freehold and long leasehold land and buildings, of the company and group, are freehold land and buildings at a net book value of £381,000 (1999 - £390,000).

The net book value of buses and coaches includes an amount of £1,931,000 (1999 - £2,080,000) in respect of assets held under finance leases. The related depreciation charge for the year was £633,000 (1999 - £424,000).

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

12 Fixed asset investments

Company	Group undertaking £'000
<i>Cost</i>	
At 1 April 1999 and 31 March 2000	208
<i>Provision for diminution in value</i>	
At 1 April 1999 and 31 March 2000	112
<i>Net book value</i>	
At 31 March 1999 and at 31 March 2000	96

On 1 June 1998 the company acquired 100% of the ordinary and preference share capital of The Greater Reading Omnibus Company Limited. The company is registered in Great Britain and its principal activity was the provision of local bus services within the Reading area. During the year ended 31 March 1999 the trade and assets of this company were transferred to Reading Transport Limited.

The Greater Reading Omnibus Company Limited has a 100% owned dormant subsidiary, Reading Mainline Limited.

On 31 January 1992 the company acquired the whole of the issued share capital of the following dormant companies from its shareholder for no consideration:

Reading Rovers Limited
 Reading Minibuses Limited
 Reading Buses Limited
 Newbury Buses Limited
 Reading Goldline Limited

All of these companies are registered in Great Britain.

These dormant companies have not been included within the consolidated accounts because their net assets would not be material to the financial statements. At 31 March 2000 these companies had combined net assets of £500.

13 Stocks

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Spare parts and consumables	251	240	253	245

There is no material difference between the replacement cost of stocks and the amounts stated above.

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

14 Debtors

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Trade debtors	706	287	706	287
Amounts owed from group undertakings	67	53	67	53
Other debtors	292	530	292	530
Corporation tax	51	49	51	49
Prepayments and accrued income	307	502	307	502
	<u>1,423</u>	<u>1,421</u>	<u>1,423</u>	<u>1,421</u>

All amounts shown under debtors fall due for payment within one year.

Other debtors include loans to two directors:

Mr J Carney £4,148 (1999 - £6,768), the loan attracting interest at 4.6% per annum with the maximum amount outstanding during the year of £6,768 (1999 - £9,388).

Mr P Shepherd £8,871 (1999 - £Nil), the loan attracting interest at 4.2% per annum with the maximum amount outstanding during the year of £11,000 (1999 - £Nil).

15 Creditors: amounts falling due within one year

Group and company	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Trade creditors	410	352	410	352
Amounts owed to group undertakings	-	-	96	96
Other creditors	586	508	586	508
Taxation and social security	288	393	288	393
Obligations under finance leases	285	238	285	238
Accruals	468	533	468	533
	<u>2,037</u>	<u>2,024</u>	<u>2,133</u>	<u>2,120</u>

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)

16 Creditors: amounts falling due after more than one year	2000 £'000	1999 £'000
Group and company		
Obligations under finance leases	2,369	2,138
Accruals and deferred income	23	31
	<u>2,392</u>	<u>2,169</u>
Obligations under finance leases are due as follows:		
In one year or less	285	238
In more than one year but not more than two years	303	238
In more than two years but not more than five years	1,027	811
In more than five years	1,039	1,089
	<u>2,654</u>	<u>2,376</u>

The total value of finance leases repayable by instalments, any part of which falls due after more than five years, is £2,646,000 (1999 - £2,376,000). The finance leases are repayable in instalments at rates of interest ranging between 5.124% and 7.046%.

17 Provision for liabilities and charges	Pensions £'000	Uninsured claims £'000	Total £'000
Group and company			
At 1 April 1999	400	513	913
Profit and loss account	21	559	580
Utilised	(93)	(465)	(558)
	<u>328</u>	<u>607</u>	<u>935</u>
At 31 March 2000	328	607	935

The pensions provision relates to an estimate of the increased liability of additional benefits provided for certain past employees. The uninsured claims provision represents the estimated amount payable at the year end, by the company, in respect of outstanding insurance claims below the company's excess of £35,000 per claim.

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

18 Deferred taxation

Group and company	2000		1999	
	Unprovided £'000	Provided in accounts £'000	Unprovided £'000	Provided in accounts £'000
Accelerated capital allowances	312	-	300	-
Other	(103)	-	(145)	-
	<u>209</u>	<u>-</u>	<u>155</u>	<u>-</u>
Losses available	(209)	-	(155)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Share capital

	Authorised		Allotted, called up and fully paid	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Ordinary shares of £1 each	3,974	3,974	3,974	3,974

20 Reserves

Profit and loss account

	Group £'000	Company £'000
At 1 April 1999	6,341	6,316
Loss for year	(35)	(41)
	<u>6,306</u>	<u>6,275</u>

21 Reconciliation of movement in shareholder's funds

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Loss for the financial year and net reduction to shareholder's funds	(35)	(100)	(41)	(125)
Opening shareholder's funds	10,315	10,415	10,290	10,415
	<u>10,280</u>	<u>10,315</u>	<u>10,249</u>	<u>10,290</u>

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

22 Capital commitments	2000	1999
	£'000	£'000
Future capital expenditure contracted but not provided for	1,261	875

23 Commitments under operating leases

As at 31 March 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000		1999	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	-	8	-
Within two to five years	-	95	-	25
	<hr/>	<hr/>	<hr/>	<hr/>
	-	95	8	25
	<hr/>	<hr/>	<hr/>	<hr/>

24 Pension and similar obligations

The company operates two defined benefit pension schemes funded both by employer's and employees' contributions with assets held in separate, trustee administered funds. These schemes are referred to in note 1.

(a) *Reading Transport Staff Retirement Scheme*

The latest independent actuarial valuation of the scheme was carried out as at 1 July 1997 using the "Projected Unit" method. The main actuarial assumptions used were:

Rate of return on investments (pre retirement)	8.5% per annum
Rate of return on investments (post retirement)	8.0% per annum
Salary inflation	6.0% per annum
Pension increases (pre 97 service)	3.0% per annum
Pension increases (post 97 service)	4.0% per annum

At the date of the actuarial valuation the market value of the assets was £3,266,904. The actuarial value of these assets represented 101% of the value of benefits accrued to members up to the valuation date after allowing for future salary and pension increases.

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

24 Pension and similar obligations (*continued*)

(b) *Local Government Superannuation Scheme*

The latest independent actuarial valuation of the scheme was carried out as at 31 March 1998. For the purposes of the company the Project Unit Method was used. The main actuarial assumptions used were:

Rate of return on investments	7.0% per annum
Salary inflation	5.4% per annum
Rate of pension increases	3.4% per annum
Rate of dividend growth	4.5% per annum

At the date of the actuarial valuation the market value of the assets held for all members of all the participating employers was £784 million. The actuarial value of the assets of the scheme was approximately 14% higher than the actuarial value of the benefits accrued after allowing for expected future salary and pension increases.

At 31 March 2000 contributions totalling £26,000 (1999 - £nil) were payable to the fund and are included in creditors.

25 Related party transactions and controlling party

The company is wholly owned by Reading Borough Council, which is the company's ultimate controlling party.

During the course of the year the company has traded with its parent. The company has received income of £2,108,000 (1999 - £,891,000) as its share of a concessionary fares scheme. In addition, the company received £89,000 (1999 - £137,000) as interest receivable on funds loaned. The company paid its parent £73,000 (1997 - £104,000) for marketing services.

26 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2000 £'000	1999 £'000
Operating profit/(loss)	46	(98)
Depreciation	1,764	1,688
Amortisation	25	25
Profit on sale of tangible fixed assets	(113)	(39)
Increase in stocks	(13)	(29)
Decrease in debtors	120	3
Decrease in creditors	(21)	(5,541)
Net cash inflow/(outflow) from operating activities	1,808	(3,991)

READING TRANSPORT LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

27 Reconciliation of net cash outflow to movement in net debt	2000 £'000	1999 £'000
Decrease in cash in the year	(64)	(348)
Cash outflow from decrease in debt and lease financing	288	258
	<hr/>	<hr/>
Change in net debt resulting from cash flows	224	(90)
New finance leases	(566)	(1,208)
Loans and finance leases acquired with subsidiary	-	(107)
	<hr/>	<hr/>
Movement in net debt in the year	(342)	(1,405)
Opening net debt	(663)	742
	<hr/>	<hr/>
Closing net debt	(1,005)	(663)
	<hr/>	<hr/>

28 Analysis of changes in net debt

	At 1 April 1999 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 March 2000 £'000
Cash in hand and at bank	1,713	(64)	-	1,649
Finance leases	(2,376)	288	(566)	(2,654)
	<hr/>	<hr/>	<hr/>	<hr/>
	(663)	224	(566)	(1,005)
	<hr/>	<hr/>	<hr/>	<hr/>

29 Major non-cash transactions

During the year the group entered into a finance lease arrangement in respect of fixed assets with a total capital value at the inception of the lease of £566,000.