

Plymouth Citybus Limited
Annual report
for the year ended 31 March 2003

Registered number 2004966



Plymouth Citybus Limited

Acting Managing Director's Report for the year ending 31 March 2003

The company's financial performance has been less than satisfactory with turnover only increasing from £14,692,000 to £14,825,000, a rise of only 0.91%, which in real terms is a decline in passenger numbers.

The profit on ordinary activities before taxation amounts to £390,000, a 62.8% decline on the previous year's performance.

During the financial year being reported, the company experienced significant increases in both its vehicle and employee insurances, culminating in a financial risk exposure increase of approximately £400,000.

This coupled with increased employee costs due to a worsening Superannuation Pension Scheme performance and a decline in the on bus market has culminated in the reduced profitability experienced in 2002/2003.

The continued decline in performance of the Local Government Pension Scheme is clearly shown within the accounts with the deficit rising from its £1,220,000 level at the close of 2002 to a figure of £2,830,000 by the close of 2003, an additional deficit of £1,610,000 despite substantial corrective payments having been made into the Scheme.

The prime activity of the company has suffered from these increasing cost burdens and a full review of service operations will be taking place during 2003/2004 to improve the ongoing financial performance of the company.

The diversified activities of the company which include Plymouth Citycoach, Plymouth Car and Commercial and our Advertising Section have performed well during 2002/2003 and have been the main contributory element of maintaining a profitable performance at a time when trading conditions have proved extremely difficult for our main core business.

We are a very labour intensive business and I would like to pay tribute to our staff who have been very supportive of the current management team in our endeavours to improve the general performance of the company both financially and in service delivery terms.

It is very important that Plymouth Citybus returns to its position as a predominant bus company within the United Kingdom bus industry and I am sure with the assistance of all our staff the decline in performance currently being experienced will be rectified.



26/11/03

J A L Ackroyd
Acting Managing Director

Plymouth Citybus Limited

Annual report for the year ended 31 March 2003

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Plymouth Citybus Limited

Directors and advisors for the year ended 31 March 2003

K Wogens (Chairman)	(resigned 14 June 2002)
J F Fox (Chairman)	(appointed 14 June 2002, resigned 20 June 2003)
R Simmonds (Chairman)	(appointed 20 June 2003)
J G Bayliss	(resigned 26 September 2003)
J A L Ackroyd	
C A Webster	
M Leaves	(resigned 20 June 2003)
A Fry	(resigned 20 June 2003)
D Stark	(resigned 20 June 2003)
M Foster	(resigned 20 June 2003)
H Ellis	(resigned 20 June 2003)
P Rowe	(resigned 20 June 2003)
B Vincent	(resigned 20 June 2003)
A Kerswell	(appointed 20 June 2003)
S Lemin	(appointed 20 June 2003)
D Bray	(appointed 20 June 2003)
N Wildy	(appointed 20 June 2003)
E Rennie	(appointed 20 June 2003)
G Wheeler	(appointed 20 June 2003)

Secretary and registered office

J A L Ackroyd
Milehouse
Plymouth
PL3 4AA

Registered auditors

PricewaterhouseCoopers LLP
Princess Court
23 Princess Street
Plymouth
PL1 2EX

Bankers

National Westminster Bank plc
St Andrew's Cross
Plymouth
PL4 0AE

Registered number

2004966

Plymouth Citybus Limited

Directors' report for the year ended 31 March 2003

The directors present their report and the audited financial statements of the company for the year ended 31 March 2003.

Principal activities

The profit and loss account for the year is set out on page 5.

The principal activities of the company are the operation of buses, primarily in Plymouth, and coaches throughout Great Britain.

Review of business and future developments

The profitability of the business has shown a marked decline compared to the previous year. Action is being taken by management with a view to restoring profit levels to those achieved in previous years.

Dividends and transfers to reserves

The directors have proposed an ordinary dividend of £129,000 (2002: £500,000) in respect of the year ended 31 March 2003. The retained profit for the year of £213,000 (2002: £368,000) has been transferred to reserves.

Directors

The directors of the company at 31 March 2003, all of whom have been directors for the whole of the year ended on that date, unless otherwise shown, are stated on page 1.

Directors' interests

The directors of the company at 31 March 2003 did not hold any interests in the shares of the company at any time during the year.

Share capital

All the ordinary shares in the company are held by or on behalf of Plymouth City Council.

Market value of land and buildings

In the opinion of the directors the market value of land exceeds the book value by approximately £2,500,000.

Political and charitable contributions

There were no political or charitable donations during the year (2002: £nil).

Employees

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. By appointing an employee director, the company actively encourages participation at board level.

Information on matters of concern to employees is given through information bulletins and reports to achieve a common awareness of the financial and economic factors affecting the company's performance.

It is the policy of the company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

Plymouth Citybus Limited

Statement of directors' responsibilities

Company Law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that 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, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



J A L Ackroyd
Director

26 November 2003

Plymouth Citybus Limited

Independent auditors' report to the members of Plymouth Citybus Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Managing Director's Report and the Directors' Report.

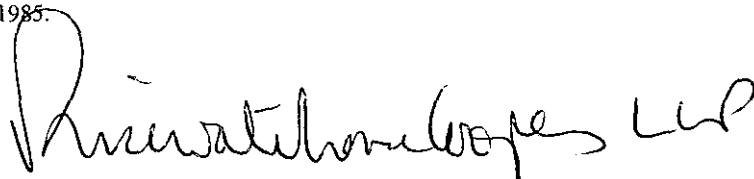
Basis of audit opinion

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 the company's affairs at 31 March 2003 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Plymouth

26 November 2003

Plymouth Citybus Limited

Profit and loss account for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Turnover	2	14,825	14,692
Cost of sales		(13,576)	(12,722)
Gross profit		1,249	1,970
Administrative expenses		(697)	(720)
Operating profit	3	552	1,250
Bank interest receivable		69	80
Interest payable and similar charges	6	(231)	(253)
Other finance expense	18	-	(30)
Profit on ordinary activities before taxation	2	390	1,047
Tax on profit on ordinary activities	7	(48)	(179)
Profit for the financial year		342	868
Dividends	8	(129)	(500)
Retained profit for the financial year		213	368

Statement of recognised gains and losses for the year ended 31 March 2003

		2003 £'000	2002 £'000
Profit for the financial year		342	868
Actuarial (loss)/gain on pension scheme	18	(1,810)	(590)
Movement on deferred tax relating to pension deficit	17	483	51
Total recognised gains and losses relating to the year		(985)	329
Prior year adjustment	21	-	(1,308)
Total gains and losses recognised since last annual report		(985)	(979)

All of the above figures, including comparatives, relate to continuing activities.


There is no difference between the profit on ordinary activities before taxation and the retained profit for the year as stated above and their historical cost equivalents.

Plymouth Citybus Limited

Balance sheet as at 31 March 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	9	7,112	6,867
Investments	10	2	2
		7,114	6,869
Current assets			
Stock	11	187	191
Debtors	12	1,145	1,091
Investments	13	700	2,300
Cash at bank and in hand		672	-
		2,704	3,582
Creditors: amounts falling due within one year	14	(2,166)	(2,562)
Net current assets		538	1,020
Total assets less current liabilities		7,652	7,889
Creditors: amounts falling due after more than one year	15	(2,826)	(3,027)
Provisions for liabilities and charges	16	(801)	(850)
Net assets excluding pension liability		4,025	4,012
Pension liability	18	(1,981)	(854)
Net assets including pension liability		2,044	3,158
Capital and reserves			
Called up share capital	19	1,290	1,290
Profit and loss account	20	754	1,868
Equity shareholders' funds	21	2,044	3,158

The financial statements on pages 5 to 24 were approved by the board of directors on *26 November* 2003 and were signed on its behalf by:



C A Webster
Director

Plymouth Citybus Limited

Cash flow statement for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Net cash inflow from operating activities	22	1,705	2,046
Returns on investments and servicing of finance			
Interest received		69	80
Interest paid		(65)	(76)
Interest paid on finance leases		(166)	(177)
Net cash outflow from returns on investment and servicing of finance		(162)	(173)
Taxation		(172)	(280)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(997)	(416)
Sale of tangible fixed assets		58	87
Net cash outflow from capital expenditure and financial investment		(939)	(329)
Equity dividends paid to shareholders		(250)	(500)
Net cash inflow before use of liquid resources and financing		182	764
Management of liquid resources			
Decrease/(increase) in short term deposits, with banker		1,600	(800)
Financing			
Repayment of loan		(53)	(47)
Payment of principal under finance leases		(620)	(566)
Net cash outflow from financing		(673)	(613)
Increase/(decrease) in net cash	23	1,109	(649)

Plymouth Citybus Limited

Notes to the financial statements for the year ended 31 March 2003

1 Accounting policies

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

Fixed assets

The cost of all tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	2.0
Plant and machinery	20.0
Double deck buses	6.7
Single deck buses	10.0
Minibuses	16.7
Other motor vehicles	20.0

Freehold land is not depreciated.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements, which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on an average price basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied during the year.

Plymouth Citybus Limited

Deferred tax

Deferred tax is accounted for on an undiscounted basis at expected rates on all differences arising from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

Pensions

The Company participates in the local Government Superannuation Scheme, which is a defined benefit scheme. The proportion of the scheme assets and liabilities relating to the company have been determined by an independent actuary.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax.

The company operates the Plymouth Citybus Pension Scheme. This is a defined contribution scheme. Premiums are charged to the profit and loss account in the period to which they relate.

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2 Turnover and profit on ordinary activities before taxation

The analysis of the company's turnover and profit on ordinary activities before taxation is set out below:

	Turnover		Profit on ordinary activities before taxation	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bus and coach operations	13,650	13,535	(6)	734
Other	1,175	1,157	396	313
	14,825	14,692	390	1,047

All turnover is derived from operations in the United Kingdom.

3 Operating profit

Operating profit is stated after charging/(crediting):	2003 £'000	2002 £'000
Auditors' remuneration:		
- audit services	18	17
- non-audit services	3	3
Profit on disposal of fixed assets	(48)	(72)
Rent receivable	(22)	(22)
Operating lease rentals – plant and machinery	4	4
Depreciation of owned tangible fixed assets	576	572
Depreciation of tangible fixed assets held under finance leases	580	614

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4 Directors' emoluments

	2003 £'000	2002 £'000
Aggregate emoluments	151	150
Company pension contributions to money purchase schemes	8	7

Retirement benefits are accruing to one director (2002: one director) under the Local Government Superannuation Scheme ('LGSS'), a defined benefit scheme. Retirement benefits are accruing to two directors (2002: two directors) under the Plymouth Citybus money purchase pension scheme.

5 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

By Activity	2003 Number	2002 Number
Bus operations and other activities	458	446
Administration	51	49
	509	495

	2003 £'000	2002 £'000
Staff costs (for the above persons) included within operating profit		
Wages and salaries	7,514	7,121
Social security costs	567	545
Other pension costs	508	402
	8,589	8,068

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6 Interest payable and similar charges

	2003 £'000	2002 £'000
Debenture loans repayable wholly or partly in more than five years (note 15)	65	76
Finance lease and hire purchase interest	166	177
	231	253

7 Taxation

	2003 £'000	2002 £'000
Current tax:		
UK corporation tax on profits of the period	105	191
Adjustment in respect of previous periods	(5)	(8)
Total current tax	100	183
Deferred tax:		
Origination and reversal of timing differences (note 17)	(52)	(4)
Tax on profit on ordinary activities	48	179

The tax assessed for the year is lower than the standard rate of corporation tax in the UK: (30%). The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	390	1,047
Profit on ordinary activities multiplied by standard rate in the UK 30%	117	314
Effects of:		
Expenses not deductible for tax purposes	(57)	3
Accelerated capital allowances and other timing differences	48	-
Pension contribution relief in excess of net pension cost charge	-	(126)
Marginal rates	(3)	-
Adjustments to tax charge in respect of previous periods	(5)	(8)
Current tax charge for the year	100	183

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8 Dividends

Ordinary shares:	2003 £'000	2002 £'000
Paid: interim of nil (2002: 19.4p) per share	-	250
Proposed: final of 10.0p (2002: 19.4p) per share	129	250
	129	500

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2002	1,590	1,062	12,520	15,172
Additions	-	62	1,349	1,411
Disposals	(6)	-	(392)	(398)
At 31 March 2003	1,584	1,124	13,477	16,185
Accumulated depreciation				
At 1 April 2002	176	950	7,179	8,305
Charge for the year	12	52	1,092	1,156
Disposals	(2)	-	(386)	(388)
At 31 March 2003	186	1,002	7,885	9,073
Net book amount				
At 31 March 2003	1,398	122	5,592	7,112
At 31 March 2002	1,414	112	5,341	6,867

The net book value of tangible fixed assets includes amounts of £3,250,000 (2002: £3,416,000) in respect of assets held under finance leases and hire purchase contracts.

Plymouth Citybus Limited

10 Fixed asset investments

	2003 £'000	2002 £'000
Cost and net book value		
At 1 April 2002 and 31 March 2003	2	2

Investments at net book value include:

	2003 £'000	2002 £'000
Investment listed on a recognised investment exchange	2	2
Market value of listed investments	2	2

11 Stocks

Stocks comprise consumable items for use in the company's business.

12 Debtors

Amounts falling due within one year:	2003 £'000	2002 £'000
Trade debtors	713	702
Other debtors	334	205
Prepayments and accrued income	98	184
	1,145	1,091

13 Current asset investments

Current asset investments relate to amounts placed in short term (one month) deposit accounts.

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14 Creditors: amounts falling due within one year

	2003	2002
	£'000	£'000
Bank overdraft	-	437
Debenture loans (see note 15)	122	110
Trade creditors	619	580
Obligations under finance leases (see note 15)	512	582
Corporation tax payable	24	96
Other creditors	384	271
Accruals and deferred income	376	236
Proposed dividend	129	250
	2,166	2,562

15 Creditors: amounts falling due after more than one year

	2003	2002
	£'000	£'000
Debenture loans (see below)	770	835
Obligations under finance leases (see below)	2,056	2,192
	2,826	3,027

Debenture loans

An analysis of the debenture loans by due date of repayment is set out below:

	2003	2002
	£'000	£'000
- within one year	122	110
- between one and two years	71	64
- between two and five years	262	237
- in five years or more	437	534
	892	945

Plymouth Citybus Limited

15 Creditors: amounts falling due after more than one year (continued)

The debenture loans, all of which are held by Plymouth City Council, are as follows:

Initial advance	Security held
£1,000,000	Legal charge over land and buildings
£320,000	Floating charge over all assets

All debentures loans have interest charged at 0.25% above the consolidated loans fund rate.

Finance leases

The finance leases are secured on the assets to which they relate. The net finance lease obligations to which the company is committed are:

	2003 £'000	2002 £'000
Within one year	512	582
Between two and five years	1,799	1,686
After five years	257	506
	2,568	2,774

16 Provisions for liabilities and charges

	Deferred taxation provision excluding deferred tax on pension liability	Provisions for Omnibus Insurance	Total
	£'000	£'000	£'000
At 1 April 2002	322	528	850
(Credited)/charged to the profit and loss account	(52)	817	765
Utilised during the year	-	(814)	(814)
At 31 March 2003	270	531	801

Plymouth Citybus Limited

17 Deferred taxation

Deferred taxation provided in the financial statements as follows:

	2003 £'000	2002 £'000
Accelerated capital allowances	358	343
Other timing differences	(88)	(21)
Deferred tax excluding that relating to the pension liability	270	322
Pension liability (note 18)	(849)	(366)
Total provision for deferred tax	(579)	(44)
<hr/>		
At 1 April 2002	(44)	11
Deferred tax credit in profit and loss account (note 7)	(52)	(4)
Deferred tax charged to the statement of total recognised gains and losses	(483)	(51)
At 31 March 2003	(579)	(44)

18 Pension costs and obligations

The Local Government Superannuation Scheme

In accordance with Financial Reporting Standard No. 17 – Retirements Benefits (FRS 17), Plymouth Citybus is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

Plymouth Citybus participates in the Local Government Pension Scheme. The Local Government Pension Scheme is a UK defined benefit scheme based on final pensionable salary.

The most recent full actuarial valuation was carried out as at 31 March 2001, and has been updated by independent actuaries to the Devon County Council Pension Fund to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 31 March 2003. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

Plymouth Citybus' contribution rate over the accounting period was 275% of members' contributions. The contribution rates certified for Plymouth Citybus at the 31 March 2001 valuation for the period 1 April 2002 to 31 March 2005 is 275% of members' contributions plus capital contributions of £266,000 p.a. Capital contributions of £266,000 were actually made during the financial year

Plymouth Citybus Limited

18 Pension costs and obligations (continued)

The main assumptions used for the purposes of FRS 17 are as follows:

	31 March 2003	31 March 2002	31 March 2001
Rate of increase in salaries	4.1% pa	4.3% pa	3.8% pa
Rate of increase in pensions in payment	2.6% pa	2.8% pa	2.3% pa
Rate of increase in deferred pensions	2.6% pa	2.8% pa	2.3% pa
Discount rate	5.4% pa	6.0% pa	6.1% pa
Inflation assumption	2.6% pa	2.8% pa	2.3% pa

Assets are valued at fair value, principally market value for investments. The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 March 2003	Value at 31 March 2003 £'000	Long-term rate of return expected at 31 March 2002	Value at 31 March 2002 £'000	Long term rate of return expected at 31 March 2001	Value at 31 March 2001 £'000
Equities	7.6%	2,730	8.2%	3,680	7.8%	3,120
Bonds	4.6%	890	5.2%	840	4.8%	820
Property	6.6%	500	7.2%	450	6.8%	460
Other Assets	3.1%	600	3.7%	550	3.3%	670
Total market value of assets		4,720		5,520		5,070
Present value of scheme liabilities		(7,550)		(6,740)		(6,120)
Deficit in the scheme		(2,830)		(1,220)		(1,050)
Related deferred tax asset		849		366		315
Net pension deficit		(1,981)		(854)		(735)

The proportions of total assets held in each asset type, shown above, reflect the proportions held by the Fund as a whole at each year end.

It should be noted that, for employers which do not admit new employees to the Fund, use of the projected unit method to value liabilities will mean that the current service cost increases as the members approach retirement.

Plymouth Citybus Limited

18 Pension costs and obligations (continued)

Analysis of the amount charged to operating profit

	2003 £'000	2002 £'000
Current service cost	240	220
Total operating charge	240	220

Analysis of the amount charged/(credited) to other finance expense

	2003 £'000	2002 £'000
Expected return on pension scheme assets	(410)	(350)
Interest on pension scheme liabilities	410	380
Net expense	-	30

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2003 £'000	2002 £'000
Actual return less expected return on pension scheme assets	(1,370)	(300)
Experience gains and losses arising on the scheme liabilities	30	260
Changes in the assumptions underlying the present value of the scheme liabilities	(470)	(550)
Actuarial loss recognised in STRGL	(1,810)	(590)

Plymouth Citybus Limited

18 Pension costs and obligations (continued)

Movement in deficit during the year

	2003 £'000	2002 £'000
Deficit in scheme at beginning of the year	(1,220)	(1,050)
Movement in the year:		
Current service cost	(240)	(220)
Contributions	440	670
Other finance expense	-	(30)
Actuarial (loss) / gain	(1,810)	(590)
Deficit in scheme at end of the year	(2,830)	(1,220)

History of experience gains and losses

	2003 £'000	2002 £'000	2001 £'000
Difference between the expected and actual return of scheme			
Amount	(1,370)	(300)	(120)
Percentage of scheme assets	(29.0%)	(5.4%)	(2.4%)
Experience gains and losses on scheme liabilities:			
Amount	30	260	190
Percentage of the present value of the scheme liabilities	0.4%	3.9%	3.1%
Total amount recognised in STRGL:			
Amount	(1,810)	(590)	550
Percentage of the present value of the scheme liabilities	(24.0%)	(8.8%)	9.0%

Plymouth Citybus pension scheme

This is a defined contribution pension scheme. Pension contributions in respect of this scheme were £201,482 (2002: £182,000). No amounts (2002: £nil) were outstanding at the year end.

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19 Called up share capital

	2003	2002
	£'000	£'000
Authorised		
1,300,000 ordinary shares of £1 each	1,300	1,300
Allotted, called up and fully paid		
1,290,100 ordinary shares of £1 each	1,290	1,290

20 Reserves

	Profit and loss account £'000
At 1 April 2002	1,868
Retained profit for the financial year	213
Actuarial loss on pension scheme	(1,810)
Movement on deferred tax relating to pension liability	483
At 31 March 2003	754
Pension reserve	1,981
Profit and loss reserve excluding pension liability	2,735

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21 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	342	868
Dividends	(129)	(500)
Retained profit for the financial year	213	368
Actuarial loss on pension scheme	(1,810)	(590)
Movement on deferred tax relating to pension scheme	483	51
Net reduction to shareholders' funds	(1,114)	(171)
Opening shareholders' funds as previously reported	3,158	4,637
Prior year adjustment - FRS 17	-	(1,308)
Opening shareholders' funds as restated	3,158	3,329
Closing shareholders' funds	2,044	3,158

22 Reconciliation of operating profit to net cash flow from operating activities

	2003 £'000	2002 £'000
Operating profit	552	1,250
Depreciation on tangible fixed assets	1,156	1,186
Profit on sale of tangible fixed assets	(48)	(72)
Decrease/(increase) in stocks	4	(4)
(Increase) in trade debtors	(11)	(4)
(Increase) in other debtors	(129)	(51)
Decrease/(increase) in prepayments and accrued income	86	(25)
Increase/(decrease) in trade creditors	39	(72)
Increase in other creditors	113	52
Increase in accruals and deferred income	140	27
Increase in provisions for liabilities and charges	3	209
Difference between pension charge and cash contributions	(200)	(450)
Net cash inflow from operating activities	1,705	2,046

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23 Reconciliation of net cash flow to movement in net debt

	2003 £'000	2002 £'000
Increase/(decrease) in cash in the year	1,109	(649)
Cash outflow from decrease in debt and lease financing	673	613
New finance leases	(414)	(1,010)
Cash (inflow)/outflow from (decrease)/increase in deposits	(1,600)	800
Movement in net debt in the year	(232)	(246)
Net debt at 1 April 2002	(1,856)	(1,610)
Net debt at 31 March 2003	(2,088)	(1,856)

24 Analysis of net debt

	At 1 April 2002 £'000	Cash flow £'000	Other non cash movement £'000	At 31 March 2003 £'000
Cash at bank and in hand	-	672	-	672
Overdraft	(437)	437	-	-
	(437)	1,109	-	672
Debt due after 1 year	(835)	-	65	(770)
Debt due within 1 year	(110)	53	(65)	(122)
Finance leases	(2,774)	620	(414)	(2,568)
	(3,719)	673	(414)	(3,460)
Liquid resources	2,300	(1,600)	-	700
Total	(1,856)	182	(414)	(2,088)

25 Major non-cash transactions

During the year the company entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the lease of £414,000 (2002: £1,010,000).

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26 Contingent liabilities and financial commitments

	2003	2002
	£'000	£'000
Capital expenditure contracted for	-	311
Lease commitments contracted for	-	414
	-	725

27 Lease commitments

The company has financial commitments in respect of non-cancellable operating leases for plant and machinery. The rentals payable under these leases in the next year are as follows:

	Annual payment	
	2003	2002
	£'000	£'000
Date of lease termination		
Within one year	4	4
In two to five years inclusive	6	10
	10	14

28 Transactions with related parties

Plymouth Citybus Limited is owned by Plymouth City Council and is partly funded by loans from Plymouth City Council. Details of these loans can be found in note 15.