

Hartlepool Transport Limited

Financial statements together with directors' and auditors' reports
for the year ended 30 April 1996

Registered number: 2004968



Directors' report

For the year ended 30 April 1996

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 April 1996.

Principal activities and business review

The principal activities of the company are the operation of buses, primarily in Hartlepool, together with coach tours, excursions and private hires throughout the United Kingdom.

Turnover for the year ended 30 April 1996 was £3.3 million (10 month period ended 30 April 1995 - £2.7 million) and the profit on ordinary activities before taxation was £537,000 (10 month period ended 30 April 1995 - £110,000).

Results and dividends

Profit on ordinary activities after taxation amounted to £399,000 (10 month period ended 30 April 1995 - £41,000). It is recommended that this amount be appropriated as follows:

| | £000 |
|---------------------------------|------------|
| Retained profit brought forward | 426 |
| Profit for the financial year | 399 |
| Revaluation reserve release | 6 |
| Retained profit carried forward | <u>831</u> |

The directors do not recommend the payment of a dividend in the current financial year (1995 - £Nil).

During the year ended 30 April 1996 and the period ended 30 April 1995, the immediate parent company, Hartlepool Transport (1993) Limited, waived its right to any preference dividend receivable from Hartlepool Transport Limited.

Directors and their interests

The directors who held office during the year under review were:

| | |
|-------------|-----------------------------|
| B Souter | |
| M Howitt | |
| A P Solomon | |
| J Anderson | (appointed 6 October 1995) |
| P R Clark | (resigned 12 May 1995) |
| C F Kemp | (resigned 12 May 1995) |
| E Wallace | (resigned 1 September 1995) |

Directors' report (continued)

Directors and their interests (continued)

None of the directors who held office at the end of the financial year had any disclosable interest in the issued share capital of the company.

The interests of B Souter in the issued share capital of the ultimate parent company, Stagecoach Holdings plc, are disclosed in the financial statements of that company. The interests of the other directors who held office at the end of the financial year in the issued share capital of Stagecoach Holdings plc are as follows:

| | As at 30 April 1995 | | As at 30 April 1996 | |
|-------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Ordinary shares of 2.5p each | Loan Notes - par value of £1 | Ordinary Shares of 2.5p each | Loan Notes - par value of £1 |
| M Howitt | 296,175 | 475,251 | 148,088 | 393,951 |
| A P Solomon | 260,275 | 283,248 | 230,275 | 283,248 |
| J Anderson | - | - | - | - |

Loan notes held by M Howitt and A P Solomon are refundable at par, with interest payable at the three-monthly LIBOR rate. Repayment can be required at any time after 1 December 1995 and if not previously repaid, will be redeemed at the expiry date of 14 November 2019.

Employees

The company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

During the year under review, arrangements have been maintained whereby employees of the company are systematically provided with information on matters of concern to them as employees. Such matters have included the financial and economic factors affecting the performance of the company and likely future developments. Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests.

Supplier payment policy

It is the company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them.

Directors' report (continued)

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 year. 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 departures disclosed and explained in the financial statements; and
- 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 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

A resolution to re-appoint Arthur Andersen as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board



C F Kemp
Company Secretary

Church Street
Hartlepool
Cleveland
TS24 7DS

1 August 1996

Auditors' report

Glasgow

To the Shareholders of Hartlepool Transport Limited:

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3, 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 financial 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.

The company is exempt from the requirements of FRS 1 to include a cash flow statement as part of its financial statements because it is a subsidiary undertaking of an EC registered parent whose group financial statements include a consolidated cash flow statement.

Opinion

In our opinion, the financial statements give a true and fair view of the company's state of affairs at 30 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

199 St Vincent Street

Glasgow

G2 5QD

1 August 1996

Profit and loss account

For the year ended 30 April 1996

| | Notes | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|------------------------------------------------------|-------|-------------------------------------------|------------------------------------------------|
| Turnover | 2 | 3,319 | 2,735 |
| Operating costs | | (2,787) | (2,633) |
| Operating profit | | 532 | 102 |
| Interest receivable | 3 | 9 | 14 |
| Interest payable and similar charges | 4 | (4) | (6) |
| Profit on ordinary activities before taxation | 5 | 537 | 110 |
| Tax on profit on ordinary activities | 8 | (138) | (69) |
| Profit on ordinary activities after taxation | | 399 | 41 |
| Dividends paid and proposed | 6 | - | - |
| Retained profit for the financial year | 16 | 399 | 41 |

The reported result in both financial periods relates wholly to continuing operations of the company.

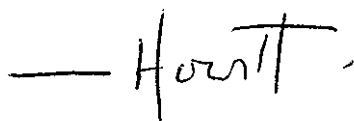
The accompanying notes form an integral part of this profit and loss account.

Balance sheet

As at 30 April 1996

| | Notes | 30 April 1996 £000 | 30 April 1995 £000 |
|----------------------------------------------------------------|-------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible fixed assets | 9 | 1,390 | 1,332 |
| Current assets | | | |
| Stocks | 10 | 68 | 117 |
| Debtors due within one year | 11 | 233 | 204 |
| Debtors due after more than one year | 11 | 1,442 | 1,204 |
| Cash at bank and in hand | | 335 | 206 |
| | | 2,078 | 1,731 |
| Creditors: Amounts falling due within one year | 12 | (416) | (401) |
| Net current assets | | 1,662 | 1,330 |
| Total assets less current liabilities | | 3,052 | 2,662 |
| Creditors: Amounts falling due after more than one year | 13 | (988) | (951) |
| Provisions for liabilities and charges | 14 | (92) | (138) |
| Net assets | | 1,972 | 1,573 |
| Capital and reserves | | | |
| Called-up share capital - equity | 15 | 514 | 514 |
| - non-equity | 15 | 404 | 404 |
| | | 918 | 918 |
| Capital redemption reserve | 16 | 12 | 12 |
| Revaluation reserve | 16 | 211 | 217 |
| Profit and loss account | 16 | 831 | 426 |
| Total capital employed | | 1,972 | 1,573 |

Signed on behalf of the Board



M Howitt

Director

1 August 1996

The accompanying notes form an integral part of this balance sheet.

Additional statements

For the year ended 30 April 1996

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES :

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|--------------------------------------------------------------------|-------------------------------------------|------------------------------------------------|
| Profit for the financial year | 399 | 41 |
| Unrealised surplus on revaluation of certain tangible fixed assets | - | 223 |
| Total recognised gains and losses for the year | 399 | 264 |

NOTE OF HISTORICAL COST PROFITS AND LOSSES:

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------------|
| Reported profit on ordinary activities before taxation | 537 | 110 |
| Difference between depreciation charge based on an historical cost basis and the actual depreciation charge for the year | 6 | 6 |
| Historical cost profit on ordinary activities before taxation | 543 | 116 |
| Historical cost profit for the year retained after taxation | 405 | 47 |

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS:

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|----------------------------------------------|-------------------------------------------|------------------------------------------------|
| Profit for the financial year | 399 | 41 |
| Revaluation of certain tangible fixed assets | - | 223 |
| Net increase in shareholders' funds | 399 | 264 |
| Opening shareholders' funds | 1,573 | 1,309 |
| Closing shareholders' funds | 1,972 | 1,573 |

The accompanying notes form an integral part of these statements.

Notes to the financial statements

For the year ended 30 April 1996

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, are as follows:

a) *Basis of accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

b) *Tangible fixed assets*

Land and buildings and other fixed assets are shown at original historic cost or subsequent valuation as detailed in note 9.

Depreciation is provided at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

| | |
|--------------------------------------------|-----------------|
| Freehold buildings | - 50 years |
| Public service vehicles, depending on type | - 7 to 16 years |
| Plant and equipment | - 4 to 10 years |
| Computer equipment | - 3 years |
| Other motor vehicles | - 4 years |

Freehold land is not depreciated.

c) *Revaluation reserve*

Surpluses or deficits arising on the revaluation of individual tangible fixed assets are credited or debited to a non-distributable revaluation reserve. Depreciation charges based on the revalued amount are charged to the profit and loss account in subsequent years. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account. On the disposal of a revalued asset, the revaluation surplus or deficit relating to that item is transferred to the profit and loss account.

d) *Hire purchase and lease obligations*

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals. Assets held under finance leases are depreciated over the shorter of the lease term and their useful life. Assets held under hire purchase arrangements are depreciated over their useful life.

Obligations arising from hire purchase contracts and finance leases shown within creditors represent the total of the capital payments outstanding at the date of the balance sheet. The obligation to pay the capital element of future hire purchase instalments or finance lease rentals is recognised within the financial statements of the ultimate parent company, with an equivalent liability included within amounts due to group undertakings (see note 13) in the case of hire purchase contracts and finance leases arranged post-acquisition of the company by Stagecoach Holdings plc. In both instances, future finance charges are not included.

Notes to the financial statements (continued)

1 Accounting policies (continued)

d) Hire purchase and lease obligations (continued)

The interest element of hire purchase and lease obligations arranged pre-acquisition of the company by Stagecoach Holdings plc is charged to the profit and loss account over the period of the hire purchase contract or finance lease and represents a consistent proportion of the balance of capital repayments outstanding. Finance charges in relation to hire purchase contracts and finance leases arranged post acquisition of the company by Stagecoach Holdings plc are borne by the ultimate parent company.

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

e) Stocks

Stocks, which comprise maintenance spares, fuel and consumables, are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

f) Taxation

Corporation tax is provided on taxable profits at the current rate. All deferred tax (including unprovided deferred tax) has been accounted for by the ultimate parent company, Stagecoach Holdings plc.

g) Turnover

Turnover represents gross revenue earned from bus and coach operations in the United Kingdom, and excludes payments received on account for future services. Amounts receivable in respect of tendered services and concessionary fare schemes are included within turnover.

h) Grants

Fuel duty rebate is credited to operating costs.

i) Cash flow statement

As permitted by FRS 1, no cash flow statement has been prepared as the company is a subsidiary undertaking of an EC registered parent company whose group financial statements include a consolidated cash flow statement.

j) Pension arrangements

Whilst the company remained in local authority ownership, employees could be admitted as members of the Cleveland County Council Superannuation Scheme, which is a final salary scheme. Individuals who were employed by the company on 26 October 1986 and who were members of the Cleveland County Council Superannuation Scheme were allowed to remain in that scheme. The regular pension cost charged to the profit and loss account in respect of this scheme is calculated so as to produce a substantially level percentage of the current and future pensionable payroll. Variations from regular cost are allocated to the profit and loss account over the employees' average remaining service lives. Pension costs and liabilities are determined in accordance with actuarial advice.

Other employees, who fulfil the relevant length of service criterion, are offered membership of the company's own pension scheme. The company scheme is a defined contribution scheme. Such pension costs are charged to the profit and loss account on an accruals basis.

See note 17 for further information on these schemes.

Notes to the financial statements (continued)

2 Segment information

The turnover and profit on ordinary activities before taxation were derived wholly from the company's principal activities within the United Kingdom.

3 Interest receivable

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|--------------------------|-------------------------------------------|------------------------------------------------|
| Bank interest receivable | 9 | 14 |

4 Interest payable and similar charges

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|-------------------|-------------------------------------------|------------------------------------------------|
| On finance leases | 4 | 6 |

Interest in relation to hire purchase contracts and finance leases arranged post-acquisition of the company by Stagecoach Holdings plc is borne by the ultimate parent company.

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the year is stated after charging:

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|-------------------------------------------|-------------------------------------------|------------------------------------------------|
| Staff costs (see note 7) | 1,748 | 1,581 |
| Directors' remuneration (see note 7) | - | 68 |
| Depreciation: | | |
| - owned fixed assets | 128 | 32 |
| - hire purchased and leased fixed assets | 90 | 10 |
| Loss on disposal of tangible fixed assets | 18 | 6 |

Auditors' remuneration has been borne by the ultimate parent company, Stagecoach Holdings plc.

Notes to the financial statements (continued)

6 Dividends

During the year ended 30 April 1996 and the period ended 30 April 1995, Hartlepool Transport (1993) Limited, the immediate parent company, waived its right to any preference dividend receivable from Hartlepool Transport Limited.

7 Information regarding directors and employees

a) Emoluments of directors (including pension contributions) were:

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|---------------------------------|-------------------------------------------|------------------------------------------------|
| Fees | - | 4 |
| Other emoluments | - | 54 |
| Compensation for loss of office | - | 10 |
| | <u>-</u> | <u>68</u> |

b) Directors' emoluments (including benefits in kind but excluding pension contributions) included:

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|-----------------------|-------------------------------------------|------------------------------------------------|
| Chairman | - | 4 |
| Highest paid director | - | 28 |
| | <u>-</u> | <u>28</u> |

c) Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|-------------------|-------------------------------------------|------------------------------------------------|
| £ 0 - £5,000 | 7 | 5 |
| £20,001 - £25,000 | - | 1 |
| £25,001 - £30,000 | - | 1 |
| | <u>-</u> | <u>1</u> |

Notes to the financial statements (continued)

7 Information regarding directors and employees (continued)

d) The average monthly number of persons employed by the company (including executive directors) during the year is analysed below:

| | Year ended 30 April 1996 Number | 10 months ended 30 April 1995 Number |
|------------------------------------|---------------------------------------------|--------------------------------------------------|
| Operations | 101 | 98 |
| Administration | 8 | 16 |
| Engineering and ancillary services | 29 | 33 |
| | <u>138</u> | <u>147</u> |

e) Employment costs of all employees (including executive directors) were as follows:

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|-----------------------|-------------------------------------------|------------------------------------------------|
| Wages and salaries | 1,592 | 1,441 |
| Social security costs | 125 | 118 |
| Other pension costs | 31 | 22 |
| | <u>1,748</u> | <u>1,581</u> |

8 Tax on profit on ordinary activities

The tax charge is based on the result for the financial year and comprises:

| | Year ended 30 April 1996 £000 | 10 months ended 30 April 1995 £000 |
|-----------------------------------------------------------------|-------------------------------------------|------------------------------------------------|
| United Kingdom corporation tax at 33% (1995 - 33%) | 138 | 57 |
| Adjustment in respect of corporation tax charge for prior years | - | 12 |
| | <u>138</u> | <u>69</u> |

Notes to the financial statements (continued)

9 Tangible fixed assets

The following are included in the net book value of tangible fixed assets:

| | Freehold land and buildings £000 | Public service vehicles £000 | Plant and equipment £000 | Other motor vehicles £000 | Total £000 |
|--------------------------------------------------|-------------------------------------------|---------------------------------------|-----------------------------------|------------------------------------|---------------|
| Cost or Valuation | | | | | |
| Beginning of the year | - | 2,711 | 513 | 22 | 3,246 |
| Additions | 254 | - | 43 | - | 297 |
| Transferred to/from fellow group undertakings | - | 280 | - | - | 280 |
| Disposals | - | (269) | (100) | - | (369) |
| End of the year | 254 | 2,722 | 456 | 22 | 3,454 |
| Depreciation | | | | | |
| Beginning of the year | - | 1,556 | 343 | 15 | 1,914 |
| Charge for the year | 1 | 181 | 34 | 2 | 218 |
| Transferred to/from fellow group undertakings | - | 267 | - | - | 267 |
| Disposals | - | (249) | (86) | - | (335) |
| End of the year | 1 | 1,755 | 291 | 17 | 2,064 |
| Net Book Value | | | | | |
| End of the year | 253 | 967 | 165 | 5 | 1,390 |
| Beginning of the year | - | 1,155 | 170 | 7 | 1,332 |

Freehold land to the value of £50,000 is not depreciated (1995-£Nil).

Included in the above is following net book value of assets subject to hire purchase and finance lease agreements:

| | 30 April 1996 £000 | 30 April 1995 £000 |
|-------------------------|--------------------------|--------------------------|
| Public service vehicles | 763 | 817 |
| Plant and equipment | 18 | 34 |
| Other motor vehicles | 4 | 6 |
| | <u>785</u> | <u>857</u> |

Notes to the financial statements (continued)

10 Stocks

| | 30 April 1996 £000 | 30 April 1995 £000 |
|--------------------|--------------------------|--------------------------|
| Maintenance spares | 38 | 89 |
| Fuel | 30 | 28 |
| | <u>68</u> | <u>117</u> |

11 Debtors

| | 30 April 1996 £000 | 30 April 1995 £000 |
|------------------------------------------------------|--------------------------|--------------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 84 | 111 |
| Advance corporation tax recoverable | - | 4 |
| Other debtors | 24 | 49 |
| Prepayments and accrued income | 125 | 40 |
| | <u>233</u> | <u>204</u> |
| Amounts falling due after more than one year: | | |
| Amounts owed by immediate parent undertaking | 1,170 | 1,170 |
| Amounts owed by other group undertakings | 272 | 34 |
| | <u>1,442</u> | <u>1,204</u> |

12 Creditors: Amounts falling due within one year

| | 30 April 1996 £000 | 30 April 1995 £000 |
|-----------------------------------------|--------------------------|--------------------------|
| Trade creditors | 40 | 177 |
| Obligations under HP and finance leases | 28 | 30 |
| Social security and other taxes | 31 | 42 |
| Corporation tax payable | 138 | 64 |
| Accruals and deferred income | 173 | 80 |
| Other creditors | 6 | 8 |
| | <u>416</u> | <u>401</u> |

Notes to the financial statements (continued)

13 Creditors: Amounts falling due after more than one year

| | 30 April 1996 £000 | 30 April 1995 £000 |
|----------------------------------------------|--------------------------|--------------------------|
| Obligations under HP and finance leases: | | |
| - repayable in two to five years | 3 | 31 |
| Amounts owed to immediate parent undertaking | 119 | 119 |
| Amounts owed to other group undertakings | 866 | 801 |
| | <u>988</u> | <u>951</u> |

14 Provisions for liabilities and charges

Provisions for liabilities and charges can be analysed as follows:

| | 30 April 1996 £000 | 30 April 1995 £000 |
|------------------------------------------------|--------------------------|--------------------------|
| Pensions and similar obligations (see note 17) | <u>92</u> | <u>138</u> |

The movement in the provision for pensions and similar obligations can be analysed as follows:

| | £000 |
|--------------------------------------|-----------|
| At 1 May 1995 | 138 |
| Contributions paid net (see note 17) | (30) |
| Charge to profit and loss account | 30 |
| Provision release | (46) |
| At 30 April 1996 | <u>92</u> |

Deferred taxation

There was no provision for deferred taxation at either 30 April 1996 or 30 April 1995. The full amount of unprovided deferred taxation is dealt with in the financial statements of the ultimate parent company, Stagecoach Holdings plc.

Notes to the financial statements (continued)

15 Called-up share capital

| | 30 April 1996 £000 | 30 April 1995 000 |
|----------------------------------------------------------------|--------------------------|-------------------------|
| Authorised: | | |
| Equity: ordinary shares of £1 each | 2,500 | 2,500 |
| Non-equity: cumulative redeemable preference shares of £1 each | 500 | 500 |
| | <u>3,000</u> | <u>3,000</u> |
| Allotted, called-up and fully paid: | | |
| Equity: ordinary shares of £1 each | 514 | 514 |
| Non-equity: cumulative redeemable preference shares of £1 each | 404 | 404 |
| | <u>918</u> | <u>918</u> |

The cumulative redeemable preference shares do not have a fixed redemption date. The dividend on these shares is calculated in accordance with the articles of the association of the company, using an interest rate which varies and is equivalent to Hartlepool Borough Council's Mortgage Loan Fund. The shares are redeemable upon payment in full of any arrears of dividend with not less than four weeks and not more than eight weeks notice.

16 Reserves

Of the total reserves shown in the company's balance sheet, the following are regarded as distributable or otherwise:

| | 30 April 1996 £000 | 30 April 1995 £000 | |
|----------------------------------------|-----------------------------------|----------------------------|--------------------------------|
| Distributable: | | | |
| Profit and loss account | 831 | 426 | |
| Non-distributable: | | | |
| Revaluation reserve | 211 | 217 | |
| Capital redemption reserve | 12 | 12 | |
| | <u>Capital redemption reserve</u> | <u>Revaluation reserve</u> | <u>Profit and loss account</u> |
| | £000 | £000 | £000 |
| Balance at 1 May 1995 | 12 | 217 | 426 |
| Retained profit for the financial year | - | - | 399 |
| Revaluation reserve release | - | (6) | 6 |
| Balance at 30 April 1996 | <u>12</u> | <u>211</u> | <u>831</u> |

The capital redemption reserve arose on the repurchase and cancellation of 750,000 ordinary shares of £1 each in March 1990.

Notes to the financial statements (continued)

17 Guarantees and other financial commitments

a) Capital commitments

Capital commitments as at 30 April 1996 are as follows:

| | 30 April 1996 £000 | 30 April 1995 £000 |
|-----------------------------------|--------------------------|--------------------------|
| Contracted for but not provided | 350 | - |
| Authorised but not contracted for | 55 | - |
| | <hr/> 405 | <hr/> - |

b) Pensions

Whilst the company remained in local authority ownership, employees could be admitted as members of the Cleveland County Council Superannuation Scheme. Individuals who were employed by the company on 26 October 1986 and who were members of the Cleveland County Council Superannuation Scheme were allowed to remain in that scheme. This scheme provides benefits based on final pensionable pay. The assets of the scheme are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, and the rates of contribution payable are determined at that point. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contribution payable. A report on the latest actuarial assessment of the scheme was submitted in June 1994, requiring the company to make contributions to the scheme at a rate of 7.5% between 1 April 1994 and 31 March 1996.

Hartlepool Transport Limited operates another scheme, available to employees joining the company after 26 October 1986 who meet the required length of service criterion. This scheme is a defined contribution scheme, with contributions being managed by General Accident.

The amount charged to the profit and loss account for the year in respect of both schemes was £30,120 (1995 - £21,992).

The total pension cost payable by the company was £55,765 (1995 - £53,124). However, under the terms of an agreement with employees in the Cleveland County Council Superannuation Scheme, £25,149 (1995 - £24,037) was recovered from those employees as a contribution toward the employer's pension cost. The net payment made during the financial year was therefore £30,616 (1995 - £29,807).

A provision of £92,000 (1995 - £138,215) is included with provisions for liabilities and charges (see note 14), being the excess of the accumulated pension cost charged to the profit and loss account over the amount funded.

c) Guarantees

The company has granted cross-guarantees and floating charges to secure borrowings of fellow group undertakings. The amount secured at 30 April 1996 was £89.8 million (1995 - £107.3 million).

d) Contingent liabilities

The company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking.

Notes to the financial statements (continued)

18 Ultimate parent company

The company's immediate parent company is Hartlepool Transport (1993) Limited (registered number 2811530). The company's ultimate parent company is Stagecoach Holdings plc, registered in Scotland (registered number 100764), which heads the only group into which the results of the company are consolidated. The financial statements of the ultimate parent company are available to the public from the following address: Stagecoach Holdings plc, Charlotte House, 20 Charlotte Street, Perth, PH1 5LL.