


Directors' Report and Accounts

# Luton & District Transport Limited

30 September 1988

2116519



 Ernst & Whinney

# LUTON & DISTRICT TRANSPORT LIMITED

## DIRECTORS' REPORT

Directors: J B Hargreaves - Chairman  
G J Cumming  
P Collins  
P M Grimes  
J D Kingham

Secretary: G J Cumming

Registered Office: Castle Street, Luton, Bedfordshire, LU1 3AJ.

The directors present their report and the audited accounts for the period 30 March 1987 to 30 September 1988.

## PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the group is the operating of buses and coaches.

The company was incorporated as Lynbrel Limited on 30 March 1987. On 21 August 1987 the company acquired the share capital of Luton & District Transport Limited as part of the privatisation of the National Bus Company. The trade, assets and liabilities of Luton & District Transport Limited were transferred to the company on 28 August 1987. Prior to that date the company did not trade. On 25 September 1987 the company changed its name to Luton & District Transport Limited.

On 29 January 1988 the company acquired all the share capital of Tarifminor Limited for £742,500. The fair value of the assets acquired was £116,322. Tarifminor Limited operated bus and coach services in the Aylesbury area. On 29 January 1988 the trade, assets and liabilities were transferred to Luton & District Transport Limited. On 13 April 1988 Tarifminor Limited changed its name to Red Rover Omnibus Limited.

On 9 June 1988 the company acquired the share capital of Milton Keynes Coaches Limited for £89,397. The net liabilities of Milton Keynes Coaches Limited acquired by Luton & District Transport Limited was £101,733. The assets and liabilities of Milton Keynes Coaches were transferred to the company on acquisition.

The results of the group are encouraging and represent a considerable turn round. The acquisition of Red Rover Omnibus Limited has been particularly successful, allowing the group to consolidate its position in the Aylesbury area. The acquisition of Milton Keynes Coaches Limited, in particular the leasehold premises in Dunstable, has brought considerable cost savings, the benefit of which will be seen during 1989.

## RESULTS AND DIVIDENDS

The profit for the period attributable to shareholders amounts to £282,419 and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

## SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

The directors are of the opinion that the coming year will be one of continued growth, both in terms of turnover and profitability.

## LUTON &amp; DISTRICT TRANSPORT LIMITED

## DIRECTORS' REPORT

## DIRECTORS

The directors of the company at 30 September 1988 were those listed above. W Tester and C Milford-Cottam were appointed on 27 March 1987 and resigned on 1 June 1987. G J Cumming and P M Grimes were appointed on 1 June 1987. J B Hargreaves and J D Kingham were appointed on 20 July 1987. D Cordner and P Collins were appointed on 30 July 1987. D Cordner resigned on 9 August 1988.

## DIRECTORS' INTERESTS

According to the register maintained as required under the Companies Act 1985 the directors' interests in the share capital of the company were as follows:

	30 September 1988		Date of appointment	
	Ordinary £1 shares	Options on ordinary £1 shares	Ordinary £1 shares	Options on ordinary £1 shares
G J Cumming	31,391	68,000	1	-
P Collins	30,000	48,000	-	-
P M Grimes	31,391	48,000	1	-
J B Hargreaves	31,390	-	-	-
J D Kingham	16,390	-	-	-

On 7 November 1988 P Collins, G J Cumming, P M Grimes, J B Hargreaves and J D Kingham each acquired 2,920 £1 ordinary shares.

On 6 February 1989 G J Cumming, P M Grimes, J B Hargreaves and J D Kingham each acquired 1,518 £1 ordinary shares.

## DISABLED PERSONS

The group recognises its obligations to give disabled persons 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 group will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled employees.

## EMPLOYEE INVOLVEMENT

During the period arrangements have been maintained whereby employees of the group 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 group. Consultations with representatives of employees have also continued to take place on a regular basis, so that the views of the employees can be taken into account in making decisions which are likely to affect their interests. Such measures, which ensure provision of relevant information and consultation, encourage the involvement of employees in the performance of the group.

## LUTON &amp; DISTRICT TRANSPORT LIMITED

## DIRECTORS' REPORT

## FIXED ASSETS

The significant changes in the group's fixed assets during the period are detailed in the notes on the accounts.

## AUDITORS

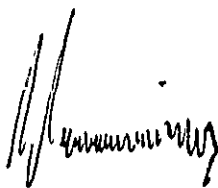
Ernst & Whinney have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By order of the board

G J Cumming

Secretary

9 February 1989



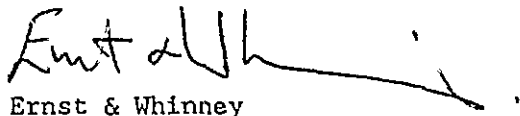


Ernst & Whinney  
Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS OF LUTON & DISTRICT TRANSPORT LIMITED

We have audited the accounts set out on pages 5 to 17 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 30 September 1988 and of the profit and source and application of funds of the group for the period 30 March 1987 to 30 September 1988 and comply with the Companies Act 1985.



Ernst & Whinney

Luton

9 February 1989

## LUTON &amp; DISTRICT TRANSPORT LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD 30 MARCH 1987 TO 30 SEPTEMBER 1988

	Notes	1988 £
TURNOVER	2	14,215,695
Other operating income		42,673
		<hr/> 14,258,368
OPERATING COSTS	3	13,519,039
GROUP OPERATING PROFIT	4	<hr/> 739,329
Bank interest receivable		9,825
		<hr/> 749,154
Interest payable and similar charges	7	230,778
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/> 518,376
Taxation	8	235,957
RETAINED PROFIT FOR THE PERIOD		<hr/> <hr/> £282,419

## LUTON &amp; DISTRICT TRANSPORT LIMITED

6

## CONSOLIDATED BALANCE SHEET - 30 SEPTEMBER 1988

	Notes	1988 £
ASSETS		
FIXED ASSETS		
Tangible assets	9	4,247,973
CURRENT ASSETS		
Stocks		269,220
Debtors	11	1,307,193
Cash at bank and in hand		249,249
		<u>1,825,662</u>
TOTAL ASSETS		<u>£6,073,635</u>
LIABILITIES		
CAPITAL AND RESERVES		
Called up share capital	12	593,102
Capital reserve	13	228,368
Profit and loss account		282,419
		<u>1,103,889</u>
CREDITORS		
Trade and other creditors	15	3,168,748
Taxation		171,877
Obligations under finance leases	16	920,449
PROVISIONS FOR LIABILITIES AND CHARGES	17	701,672
G J Cumming	)	
P M Grimes	) Directors	
9 February 1989	)	
		<u>£6,073,635</u>

*[Handwritten signature: P M Grimes]*

# LUTON & DISTRICT TRANSPORT LIMITED

7

BALANCE SHEET - 30 SEPTEMBER 1988

ASSETS	Notes	1988 £
FIXED ASSETS		
Tangible assets	9	4,247,973
Investments	10	742,502
		<u>£4,990,475</u>
CURRENT ASSETS		
Stocks		269,220
Debtors		1,307,193
Cash at bank and in hand	11	249,249
		<u>1,825,662</u>
TOTAL ASSETS		<u>£6,816,137</u>
LIABILITIES		
CAPITAL AND RESERVES		
Called up share capital	12	593,102
Profit and loss account	14	91,289
		<u>684,391</u>
CREDITORS		
Trade and other creditors	15	3,168,748
Amounts owed to group companies		1,162,000
Taxation		171,877
Obligations under finance leases	16	920,449
PROVISIONS FOR LIABILITIES AND CHARGES	17	708,672

G J Cumming

P M Grimes

9 February 1989

)  
) Directors  
)

*Handwritten signature: P M Grimes*

£6,816,137

Ernst & Whinney



## LUTON &amp; DISTRICT TRANSPORT LIMITED

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS  
FOR THE PERIOD 30 MARCH 1987 TO 30 SEPTEMBER 1988

	1988 £
<b>SOURCES OF FUNDS</b>	
<b>FROM OPERATIONS</b>	
Profit on ordinary activities before taxation	518,376
Items not involving the movement of funds:	
Depreciation of fixed assets	694,806
Profit on sale of fixed assets	(50,370)
<b>Total generated from operations</b>	<b>1,162,812</b>
<b>OTHER SOURCES</b>	
Proceeds of share issue	593,102
Proceeds of sale of fixed assets	169,263
Obligations under finance leases	442,114
Bank loan	1,400,000
<b>Total sources of funds</b>	<b>3,767,291</b>
<b>FUNDS APPLIED</b>	
Purchase of Luton & District Transport Limited (now Lynbrel Limited)*	2
Purchase of Tarifminor Limited (now Red Rover Omnibus Limited)*	742,500
Purchase of Milton Keynes Coaches Limited*	89,397
Purchase of fixed assets	797,263
Obligations under finance leases	226,581
Bank loan	154,000
	<b>2,009,743</b>
<b>INCREASE IN WORKING CAPITAL</b>	<b>£1,757,548</b>
<b>Arising from movements in:</b>	
Stocks	87,835
Debtors	632,772
Trade and other creditors	1,189,980
Liquid funds	(153,039)
	<b>£1,757,548</b>

## LUTON &amp; DISTRICT TRANSPORT LIMITED

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS  
FOR THE PERIOD 30 MARCH 1987 TO 30 SEPTEMBER 1988

\* Summary showing the effects of the acquisition of Luton & District Transport Limited (now Lynbrel Limited):

Net assets acquired:

Discharged by:

	£		£
Fixed assets	4,147,587	Cash paid	2
Stock	181,385		
Debtors	651,222		
Cash at bank and in hand	27,084		
Creditors	(3,256,684)		
Finance lease obligations	(704,916)		
Capital reserve	(1,045,676)		
	<u>£2</u>		<u>£2</u>

\* Summary showing the effects of the acquisition of Tarifminor Limited (now Red Rover Omnibus Limited):

Net assets acquired:

Discharged by:

	£		£
Fixed assets	116,322	Cash	592,500
Goodwill	626,178	Loan notes	150,000
	<u>£742,500</u>		<u>£742,500</u>

\* Summary showing the effects of the acquisition of Milton Keynes Coaches Limited:

Net assets acquired

Discharged by:

	£		£
Fixed assets	500	Cash	89,397
Debtors	23,199		
Cash at bank and in hand	1,110		
Creditors	(126,542)		
Goodwill	191,130		
	<u>£89,397</u>		<u>£89,397</u>

## NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1988

## 1 ACCOUNTING POLICIES

## (a) Accounting convention

The accounts are prepared under the historical cost convention.

## (b) Basis of consolidation

The consolidated profit and loss account shows the results of the company in the period since incorporation to 30 September 1988 and the results of each of the subsidiary companies since acquisition.

## (c) Grants

Grants under Section 109 Transport Act 1985 and Section 33 Transport Act 1968 are taken into account in the profit and loss account.

## (d) Depreciation

Freehold land and assets in the course of construction are not depreciated. The cost of fixed assets is depreciated on a straight line basis over the expected useful lives as follows:

Freehold buildings	40 years
Public service vehicles, depending upon type	6-16 years
Mini buses, staff cars, lorries etc	5 years
Plant and machinery, fixtures and fittings	10 years
Office machinery	7 years
Ticket machines	7 years
Computers	5 years

## (e) Stock

Stock is valued on an average cost price basis after due allowance for obsolete or slow moving items. Stock consists of engineering spare parts, spare units, fuel and lubricants.

## (f) Leased assets

Assets held under the terms of finance leases are capitalised, the capital element of the related rental obligation is included in creditors. The interest element is charged to the profit and loss account so as to produce a constant periodic charge. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

## (g) Capital reserve and goodwill arising on consolidation

Capital reserve and goodwill arising on consolidation, representing the difference between the purchase consideration for subsidiary companies and the fair value ascribed to their net tangible assets at the respective dates of acquisition, are carried in the balance sheet. The capital reserve is available for set off against positive goodwill arising from the acquisition of subsidiary companies.

## LUTON &amp; DISTRICT TRANSPORT LIMITED

## NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1988

## 1 ACCOUNTING POLICIES (continued)

## (h) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

## (i) Pension benefits

Pension benefits are funded over the employees' periods of service. The company's contributions are based upon rates provided by the actuaries. Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as is possible, to the service lives of the employees concerned. Pension costs partially relate to the National Bus Pension Fund and partially to the Luton and District Personal Pension Plan.

## 2 TURNOVER

Turnover is the gross revenue for road passenger transport and other ancillary operations.

## 3 OPERATING COSTS

	1988 £
Materials and consumables	3,021,540
Other external charges	1,124,639
Auditors' remuneration	11,000
Staff costs - wages and salaries	7,347,945
- social security costs	554,057
- other pension costs	493,367
Depreciation - owned assets	482,351
- leased assets	212,455
Operational leases and renting agreements	271,685
	<hr/>
	£13,519,039

## 4 GROUP OPERATING PROFIT

Operating profit is stated after charging:	1988 £
Hire of plant and machinery under operating leases	244,077
Leasehold property rents	27,608
and after crediting:	
Rural grants (S109 Transport Act 1985)	48,657
Reimbursement of fuel duty (S33 Transport Act 1968)	664,947
	<hr/>

## LUTON &amp; DISTRICT TRANSPORT LIMITED

## NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1988

## 5 EMOLUMENTS OF DIRECTORS

	1988 £
Fees	27,430
Remuneration, including pension contributions	163,950
Compensation for loss of office	34,300
	<hr/>
	£225,680

The emoluments, excluding pension contributions, of directors of the company were as follows:

	1988 £	
Chairman	22,532	
Highest paid director	82,997	
	<hr/>	
		Number of directors
Other directors in scale		
Not more than £5,000	2	
£5,001 to £10,000	1	
£30,001 to £35,000	2	
£40,001 to £45,000	1	

## 6 STAFF NUMBERS

The average number of persons employed during the period, including directors, was as follows:

	1988
Drivers	441
Maintenance and engineers	95
Administration, marketing and travel shop staff	105
	<hr/>
	641

## 7 INTEREST PAYABLE AND SIMILAR CHARGES

	1988 £
Interest on bank overdrafts repayable within one year	9,110
Interest on bank loan repayable after more than five years	167,753
Interest on other loans repayable within five years	7,926
Finance lease charges and hire purchase interest	45,989
	<hr/>
	£230,778

NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1988

8 TAXATION

The charge based on the result for the period comprises:

	1988
	£
Corporation tax	
Current at 35%	171,877
Deferred	64,080
	<u>£235,957</u>

9 TANGIBLE ASSETS

Group and company

	Freehold land and buildings £	Public service vehicles £	Plant and equipment £	Assets in the course of construction £	Total £
Cost					
Transferred 28.8.87	2,060,000	3,721,242	759,072	-	6,540,314
Relating to acquisitions	-	105,754	11,068	-	116,822
Additions	25,922	479,787	77,090	214,464	797,263
Disposals	-	(237,964)	(151,199)	-	(389,163)
Transfers	29,416	60,569	72,578	(162,563)	-
At 30.9.88	<u>2,115,338</u>	<u>4,129,388</u>	<u>768,609</u>	<u>51,901</u>	<u>7,065,236</u>
Depreciation					
Transferred 28.8.87	-	2,063,431	329,296	-	2,392,727
Charge for the period	37,523	465,339	191,944	-	694,806
Relating to disposals	-	(130,559)	(139,711)	-	(270,270)
Relating to transfers	-	(6,673)	6,673	-	-
At 30.9.88	<u>37,523</u>	<u>2,391,538</u>	<u>388,202</u>	<u>-</u>	<u>2,817,263</u>
Net book amounts					
At 30.9.88	<u>£2,077,815</u>	<u>£1,737,850</u>	<u>£380,407</u>	<u>£51,901</u>	<u>£4,247,973</u>

The net book value of  
leased assets which  
have been capitalised  
and included in the above:

At 30.9.88	£ -	£979,893	£69,900	£ -	£1,049,793
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The net book amount in respect of land included in freehold land and buildings at 30 September 1988 amounted to £693,333.

## LUTON &amp; DISTRICT TRANSPORT LIMITED

## NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1988

## 10 FIXED ASSET INVESTMENTS

30 September  
1988  
£

Subsidiary companies	
Shares at cost	831,899
Provision for diminution in value	(89,397)
	<hr/>
Balance at 30 September 1988	£742,502
	<hr/>

The subsidiary companies at 30 September 1988 were:

	Country of registration	Nature of business	Proportion of £1 ordinary shares held
Lynbrel Limited	England	Dormant	100%
Milton Keynes Coaches Limited	England	Dormant	100%
Red Rover Omnibus Limited	England	Dormant	100%

## 11 DEBTORS

Group and company

	1988 £
Trade debtors	949,194
Other debtors	84,242
Prepayments and accrued income	131,426
Central government debtor	142,331
	<hr/>
	£1,307,193
	<hr/>

## 12 CALLED UP SHARE CAPITAL

Allotted and  
Authorised fully paid

Ordinary shares of £1 each	£10,000,000	£593,102
	<hr/>	<hr/>

The company was incorporated on 30 March 1987 with a called up share capital of 2 ordinary shares of £1 each. On 21 August 1987 593,100 ordinary shares of £1 each were allotted to directors and employees of the company at par, as part of the acquisition of Lynbrel Limited, formerly Luton & District Transport Limited, from National Bus Company.

## LUTON AND DISTRICT TRANSPORT LIMITED

## NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1988

## 13 CAPITAL RESERVE

	1988
Capital reserve arising on consolidation	
At 30 September 1988	<u>£228,368</u>

## 14 PROFIT AND LOSS ACCOUNT

In accordance with the exemption allowed by section 228(7) of the Companies Act 1985 the company has not presented its own profit and loss account. The profit for the financial year dealt with in the accounts of the company was as follows:

	1988
	£
Retained profit for the period	<u>91,289</u>
At 30 September 1988	<u>£91,289</u>

## 15 TRADE AND OTHER CREDITORS

Group and company	1988
	£
Bank overdrafts	374,094
Bank loan	1,246,000
Trade creditors	1,019,718
Other taxation and social security	227,043
Accruals and deferred income	159,255
Other creditors	142,638
	<u>£3,168,748</u>

The above creditors are all repayable within one year with the exception of the bank loan which is repayable in the following periods:

	1988
	£
Within one year	132,000
One to two years	132,000
Two to five years	396,000
After five years	586,000
	<u>£1,246,000</u>

The interest on the bank loan is charged at 1 1/2% above the National Westminster bank plc base rate, with a minimum base rate of 7%. The loan is repayable in monthly instalments of £11,000 with the final instalment payable in March 1998. The bank loan is secured by a fixed charge over the company's freehold land and buildings.



## LUTON AND DISTRICT TRANSPORT LIMITED

## NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1988

## 16 OBLIGATIONS UNDER FINANCE LEASES

The net obligations under finance leases are repayable as follows:

	1988 £
Within one year	340,306
Two to five years	580,143
	<hr/>
	£920,449
	<hr/>

## 17 PROVISIONS FOR LIABILITIES AND CHARGES

Group and company

	Deferred taxation £	Other provision £	Total £
Transferred at 28 August 1987	286,392	406,941	693,333
Charge/(credit) for the period	64,080	(48,741)	15,339
	<hr/>	<hr/>	<hr/>
Balance at 30 September 1988	£350,472	£358,200	£708,672
	<hr/>	<hr/>	<hr/>

The components of the provision for deferred taxation are as follows:

	1988 £
Short term timing differences	15,433
Accelerated capital allowances	335,039
	<hr/>
	£350,472
	<hr/>

A potential taxation liability of approximately £120,000 in respect of chargeable gains on the sale of freehold property has not been provided in these accounts.

## 18 TRANSACTIONS INVOLVING DIRECTORS

On 8 June 1987 National Bus Company, the then ultimate holding company of Lynbrel Limited (formerly Luton & District Transport Limited), granted the facility for D Cordner to take out a bridging loan. The bridging loan was eventually drawn down and paid by Lynbrel Limited (formerly Luton & District Transport Limited) and was transferred to Luton & District Transport Limited on 28 August 1987. The maximum amount outstanding during the period was £122,390. The loan was interest free and was fully repaid before 30 September 1988.

On 8 April 1987 National Bus Company authorised its subsidiary Lynbrel Limited (formerly Luton & District Transport Limited) to grant G J Cumming a bridging loan. At that time G J Cumming was not a director of Lynbrel Limited. The loan was paid out by Lynbrel Limited, and taken over by Luton & District Transport Limited on 28 August 1987. The maximum amount outstanding during the period was £91,800. The loan was interest free and has been fully repaid.

## LUTON &amp; DISTRICT TRANSPORT LIMITED

## NOTES ON THE ACCOUNTS - 30 SEPTEMBER 1988

## 19 FINANCIAL COMMITMENTS

Authorised future capital expenditure amounted :

1988

Contracted

£1,087,932

The annual commitment under non-cancellable operating leases was as follows:

	Group and Land and buildings £	Company Plant and machinery £
Leases expiring		
Within one year	-	28,946
Within two to five years	-	151,399
Thereafter	17,000	9,414
	<u>£17,000</u>	<u>£189,759</u>