

Busways Travel Services Limited

Financial statements for the year ended 30 April 2004

Registered number: 2295227



Directors' report

For the year ended 30 April 2004

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 April 2004.

Principal activity and business review

The principal activity of the company is the provision of bus services in and around the Tyne & Wear and adjacent areas.

Turnover for the year ended 30 April 2004 was £42,920,000 (2003 - £40,659,000) and the profit on ordinary activities before taxation was £6,879,000 (2003 - £5,612,000).

Profit on ordinary activities after taxation amounted to £3,411,000 (2003 - £ 4,182,000). It is recommended that this amount be appropriated as follows:

	2004	2003
	£000	£000
Profit for the financial year	3,411	4,182
Dividend to parent company	(4,500)	(7,500)
Retained loss transferred to profit and loss account	<u>(1,089)</u>	<u>(3,318)</u>

Directors and their interests

The directors who held office during the year under review and up to the date of approval of these accounts were:

Mr J Conroy

Mr M A Griffiths

Mr L B Warneford

Directors' report (continued)

For the year ended 30 April 2004

Directors and their interests (continued)

None of the directors had an interest in the issued share capital of the company during the year.

The interests of M A Griffiths in the issued share capital of Stagecoach Group plc are disclosed in the financial statements of that company.

The interests of other directors in the issued share capital of Stagecoach Group plc at 30 April 2004 are as follows:

	Ordinary Shares of 0.5p		Share Options on ordinary shares	
	2004	2003	2004	2003
	Number	Number	Number	Number
Mr J Conroy	2,020,561	2,310,561	1,087,546	898,091
Mr LB Warneford	62,079	60,069	1,570,860	1,266,006

Mr J Conroy also had £576,572 loan notes due from Stagecoach Group plc.

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. 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 with the exception of the changes arising on the adoption of new accounting standards in the year as explained in Accounting Policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements and applicable accounting standards have been followed.

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.

Disabled persons

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.

Directors' report (continued)

For the year ended 30 April 2004

Employee involvement

During the period 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. In 2003, responsibility for the payment of suppliers was transferred to Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the year end represented Nil days' purchases (2003 – Nil days).

Fixed assets

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings.

Auditors

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

By order of the Board



A Whitnall

Company Secretary

Daw Bank
Stockport
SK3 ODU

27 October 2004

Auditors' report

For the year ended 30 April 2004

Independent auditors' report to the members of Busways Travel Services Limited:

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds, the note of historical cost profits and losses and the related notes which have been prepared under the accounting policies set out in the statement of accounting policies.

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 into 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.

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.

Auditors' report (continued)

For the year ended 30 April 2004

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30 April 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Glasgow

27 October 2004

Profit and loss account
For the year ended 30 April 2004

	Notes	2004 £000	2003 £000
Turnover – continuing operations	2	42,920	40,659
Operating costs		(38,446)	(36,335)
Other operating income (net)	3	628	737
Operating profit – continuing operations		5,102	5,061
Investment income	4	2,000	Nil
Finance (charges)/ income (net)	5	(223)	551
Profit on ordinary activities before taxation	6	6,879	5,612
Taxation on profit on ordinary activities	9	(3,468)	(1,430)
Profit on ordinary activities after taxation		3,411	4,182
Dividends	7	(4,500)	(7,500)
Retained loss for the year	17	(1,089)	(3,318)

There were no recognised gains or losses other than those in the profit and loss account shown above.

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

Balance sheet

As at 30 April 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Intangible assets	10 (a)	19	45
Tangible assets	10 (b)	29,855	28,317
Investments	10 (c)	10,637	12,250
		<u>40,511</u>	<u>40,612</u>
Current assets			
Stock	11	371	411
Debtors:			
- falling due within one year	12	1,762	1,393
- falling due after more than one year	12	7,818	31,238
Cash at bank and in hand		4,996	877
		<u>14,947</u>	<u>33,919</u>
Creditors: Amounts falling due within one year	13	(5,071)	(10,841)
Net current assets		<u>9,876</u>	<u>23,078</u>
Total assets less current liabilities		50,387	63,690
Creditors: Amounts falling due after more than one year	13	(40,517)	(53,724)
Provisions for liabilities and charges	15	(5,027)	(4,034)
Net assets		<u>4,843</u>	<u>5,932</u>
Capital and reserves			
Equity share capital	16	300	300
Capital Reserve	17	2,707	2,707
Revaluation reserve	17	1,179	1,207
Profit and loss account	17	657	1,718
Shareholders' funds		<u>4,843</u>	<u>5,932</u>

Signed on behalf of the Board



M A Griffiths
Director

27 October 2004

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

Additional statements

As at 30 April 2004

Reconciliation of movement in shareholders' funds

At 30 April 2004

	2004	2003
	£000	£000
Profit for the financial year	3,411	4,182
Dividends	(4,500)	(7,500)
Net decrease in shareholders' funds	(1,089)	(3,318)
Opening shareholders' funds	5,932	9,250
Closing shareholders' funds	4,843	5,932

The accompanying notes form an integral part of this reconciliation.

Note of Historical Cost Profits and Losses

For the year ended 30 April 2004

	2004	2003
	£000	£000
Reported profit on ordinary activities before taxation	6,879	5,612
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the re-valued amount	28	28
Historical cost profit on ordinary activities before taxation	6,907	5,640
Historical cost loss for the year retained after taxation and dividends	(1,061)	(3,290)

Notes to the financial statements

For the year ended 30 April 2004

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are:

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.

The company has taken advantage of the exemption from preparing consolidated financial statements and a cash flow statement because it is a wholly owned subsidiary of Stagecoach Group plc which prepares consolidated financial statements which are publicly available.

b) *Intangible fixed assets*

Purchased goodwill (representing the excess of the fair value of consideration paid over the fair value of the separable net assets acquired) and costs of acquiring new businesses are amortised over their useful economic lives. Provision is made for any impairment.

c) *Tangible fixed assets*

Land and buildings and other fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment as set out in note 10.

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 property	50 years
Public service vehicles (PSVs), depending on type	7 to 16 years
Plant and equipment	3 to 10 years
Motor cars and other vehicles	3 to 5 years
Furniture and fittings	3 to 10 years

Freehold land is not depreciated

d) *Fixed asset investments*

Fixed asset investments are shown at cost less any provision for impairment.

e) *Stocks*

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items.

Notes to the financial statements (continued)

For the year ended 30 April 2004

1 Accounting policies (continued)

f) Taxation

Corporation tax is provided on taxable profits at the current rate applicable. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the related pre tax item.

In accordance with FRS 19 "Deferred Taxation", full provision is made for deferred tax on a non-discounted basis in respect of all timing differences. Deferred tax is calculated at rates at which it is estimated the tax will arise. Deferred tax assets are recognised to the extent they are more likely than not to be recovered.

g) 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. Obligations arising from hire purchase contracts and finance leases, within creditors, represents the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included. Future finance charges are calculated in relation to the reducing balance of capital outstanding throughout the contract and charged to the profit and loss account on the same basis.

Assets capitalised under lease finance and other similar contracts are depreciated over the shorter of the lease terms and their useful economic lives.

Assets capitalised under hire purchase contracts are depreciated over their useful economic lives.

Rentals under operating leases are charged on a straight-line basis over the lease term.

h) Turnover

Turnover comprises gross revenue earned from bus and coach operations in the United Kingdom, and excludes future payments received on account. Amounts receivable for tendered services and concessionary fare schemes are included within turnover. Where appropriate, amounts are shown net of rebates and Vat.

i) Grants

Fuel duty rebate is credited to operating costs.

Capital grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets.

Notes to the financial statements (continued)

For the year ended 30 April 2004

1 Accounting policies (continued)

j) Revaluation of properties

The company has taken advantage of the transitional provisions of FRS 15 and has retained the book amounts of certain freehold properties, which were revalued prior to the implementation of that standard. The properties were last revalued at 30 April 1996 and the valuations have not been subsequently updated.

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 as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

k) Pension costs and other post retirement benefits

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of the scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

2 Segmental information

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

3 Other operating income (net)

	2004	2003
	£000	£000
Advertising income	415	431
Property rental income	7	6
Other miscellaneous revenue	221	334
Loss on disposal of tangible fixed assets, other than properties	(15)	(34)
	<u>628</u>	<u>737</u>

4 Investment income

	2004	2003
	£000	£000
Dividends received	<u>2,000</u>	<u>Nil</u>

Notes to the financial statements (continued)

For the year ended 30 April 2004

5 Finance (charges)/ income (net)

	2004	2003
	£000	£000
Bank loan and overdraft interest	(109)	Nil
Bank interest receivable	283	670
Hire purchase and finance lease interest payable	(397)	(119)
	<u>(223)</u>	<u>551</u>

6 Profit on ordinary activities before taxation

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

	2004	2003
	£000	£000
Depreciation and amounts written off tangible fixed assets:		
- owned	1,412	1,492
- held under hire purchase and finance leases agreements	1,378	1,311
Amortisation of goodwill	26	26
Fixed asset investments impairment	1,613	Nil
Operating lease rentals:		
- land and buildings	65	91
- plant and machinery	22	21
ESOP costs	Nil	493
	<u></u>	<u></u>

Auditors' remuneration is borne by the ultimate parent company, Stagecoach Group Plc.

7 Dividends

	2004	2003
	£000	£000
Ordinary shares – interim paid (£0.75 (2003 - £1.25) per share)	<u>4,500</u>	<u>7,500</u>

Notes to the financial statements (continued)

For the year ended 30 April 2004

8 Directors and employees

	2004	2003
	£000	£000
Emoluments of directors	<u>136</u>	<u>534</u>

The above details of directors' emoluments include the emoluments of Les Warneford, which are paid by the ultimate parent company. £15,205 (2003: £12,418) of his total emoluments received are apportioned to his services as a director of Busways Travel Services Limited.

The emoluments of M A Griffiths are disclosed in the financial statements of Stagecoach Group plc. None of his remuneration is in respect of his duties as a director of this company.

The emoluments of J Conroy are disclosed in full above, and include amounts paid as a director of Cleveland Transit Limited. His emoluments are also disclosed in the financial statements of Cleveland Transit Limited.

The number of directors who were members of pension schemes was as follows:

	2004	2003
	Number	Number
Defined benefit scheme	<u>3</u>	<u>8</u>

The average remuneration comprised:

	2004	2003
	£000	£000
Staff costs		
Wages and salaries	19,304	18,936
Social security costs	1,590	1,371
Other pension costs (see note 18b)	<u>2,495</u>	<u>2,481</u>
	<u>23,389</u>	<u>22,788</u>

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

	2004	2003
	Number	Number
Operations	1,156	1,176
Administration and supervisory	<u>86</u>	<u>79</u>
	<u>1,242</u>	<u>1,255</u>

Notes to the financial statements (continued)

For the year ended 30 April 2004

9 Taxation on profit on ordinary activities

	2004 £000	2003 £000
a) Charge for the year		
Current tax:		
UK corporation tax on profits of the period	1,861	2,118
Adjustments in respect of prior years	614	Nil
Total current tax	<u>2,475</u>	<u>2,118</u>
Deferred tax:		
Origination and reversal of timing differences	99	(380)
Adjustments in respect of prior periods	894	(308)
Total deferred tax (note 15)	<u>993</u>	<u>(688)</u>
Tax on profit on ordinary activities	<u>3,468</u>	<u>1,430</u>

b) Factors affecting the tax charge for the year

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

	2004 £000	2003 £000
Profit on ordinary activities before tax	6,879	5,612
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 – 30%)	2,064	1,684
<i>Effect of:</i>		
Expenses not deductible for tax purposes	496	53
Capital allowances (more)/ less than depreciation	(99)	290
Non taxable UK dividend income	(600)	Nil
Other timing differences	Nil	91
Adjustment to tax charge in respect of previous periods	614	Nil
Current tax charge for year	<u>2,475</u>	<u>2,118</u>

Notes to the financial statements (continued)

For the year ended 30 April 2004

10 Fixed assets

a) *Intangible assets*

Intangible assets consist of purchased goodwill arising on the acquisition of new routes or operations. The movement for the year was as follows:

	£000
Cost	
At beginning and end of year	<u>122</u>
Amortisation	
At beginning of year	77
Charge for year	<u>26</u>
At end of year	<u>103</u>
Net book value	
At beginning of year	<u>45</u>
At end of year	<u>19</u>

Notes to the financial statements (continued)

For the year ended 30 April 2004

10 Fixed assets (continued)

b) Tangible assets

The movement in the year is summarised below:

	Land and buildings £000	PSVs £000	Plant and equipment and furniture and fittings £000	Total £000
Cost or valuation				
Beginning of year	12,682	33,769	4,427	50,878
Additions	567	4,032	168	4,767
Disposals	Nil	(438)	(146)	(584)
Transfers	Nil	(1,595)	Nil	(1,595)
End of year	13,249	35,768	4,449	53,466
Depreciation				
Beginning of year	(763)	(18,104)	(3,694)	(22,561)
Charge for year	(217)	(2,413)	(160)	(2,790)
Disposals	Nil	423	146	569
Transfers	Nil	1,171	Nil	1,171
End of year	(980)	(18,923)	(3,708)	(23,611)
Net book value				
Beginning of year	11,919	15,665	733	28,317
End of year	12,269	16,845	741	29,855

The net book value of assets leased under finance leases and hire purchase agreements, which have been capitalised and included in the above, is £10,520,526 (2003 - £7,357,088). Depreciation of £1,378,347 (2003 - £1,310,892) has been charged in the year in respect of assets held under hire purchase or finance lease agreements.

Freehold land amounting to £1,789,450 has not been depreciated (2003 - £1,789,450).

The company's properties were revalued by Oliver Liggins, Chartered Surveyors, on the basis of open market value for existing use. The valuation took place on 30 April 1996. Properties held surplus to requirements have been valued on the basis of open market value. If this and prior revaluations of land and buildings had not taken place, the historical cost and accumulated depreciation at 30 April 2004 would have been £11,823,000 and £733,000 respectively (2003 - £ 11,256,000 and £544,000).

Notes to the financial statements (continued)

For the year ended 30 April 2004

10 Fixed assets (continued)

c) Investments

Subsidiary
undertakings
£000

Cost

At beginning and end of year	14,566
------------------------------	--------

Provision

At beginning of year	(2,316)
----------------------	---------

Impairment charge	(1,613)
-------------------	---------

At end of year	(3,929)
----------------	---------

Net book value

At beginning of year	12,250
----------------------	--------

At end of year	10,637
----------------	--------

The company owns the entire issued share capital of the following companies, which are all registered in England and Wales.

Company

Principal Activity

Armstrong Galley Coaches Limited	Dormant
Blue Bus Services (Newcastle) Limited	Dormant
Busways Travel Services (1986) Limited	Dormant
Busways Trustee (No. 1) Limited	Trustee
Busways Trustee (No. 2) Limited	Trustee
Economic Bus Services Limited	Dormant
Favourite Services Limited	Dormant
Newcastle Busways Limited	Dormant
South Shields Busways Limited	Dormant
Sunderland Busways Limited	Dormant
The Quayside Busways Limited	Dormant
Tyne & Wear Omnibus Company Limited	Dormant
Welcome Passenger Transport Limited*	Dormant

* Held indirectly via an intermediate holding company.

Notes to the financial statements (continued)

For the year ended 30 April 2004

11 Stocks

	2004	2003
	£000	£000
Spares, consumables and fuel	371	411

In the opinion of the directors, the difference between the replacement cost of these stocks and their balance sheet value is not material.

12 Debtors

	2004	2003
	£000	£000
<i>Amounts falling due within one year:</i>		
Corporation tax recoverable	1,394	Nil
Prepayments and accrued income	368	1,174
Other debtors	Nil	219
	<u>1,762</u>	<u>1,393</u>

	2004	2003
	£000	£000
<i>Amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	3,791	27,211
Pension prepayments	4,027	4,027
	<u>7,818</u>	<u>31,238</u>

13 Creditors

	2004	2003
	£000	£000
<i>Amounts falling due within one year:</i>		
Accruals and deferred income	2,756	3,199
Other taxes and social security costs	511	412
Hire purchase and lease obligations	1,597	1,243
UK Corporation tax payable	Nil	5,987
Other creditors	207	Nil
	<u>5,071</u>	<u>10,841</u>

	2004	2003
	£000	£000
<i>Amounts falling due after more than one year:</i>		
Amounts due to group companies	34,296	53,522
Hire purchase and lease obligations	6,221	202
	<u>40,517</u>	<u>53,724</u>

Notes to the financial statements (continued)

For the year ended 30 April 2004

14 Obligations under Hire Purchase and Finance Lease agreements

Borrowings are repayable as follows:

	2004	2003
	£000	£000
Amounts payable:		
- within one year	1,597	1,243
- between one and two years	1,432	195
- between two and five years	4,789	7
	<u>7,818</u>	<u>1,445</u>

15 Provisions for liabilities and charges

	2004	2003
	£000	£000
Accelerated capital allowances	3,872	3,035
Other timing differences	1,155	999
Provision for deferred tax	<u>5,027</u>	<u>4,034</u>
Provision at beginning of year	4,034	4,722
Deferred tax charge/(credit) in profit and loss account for year (note 9a)	993	(688)
Provision at end of year	<u>5,027</u>	<u>4,034</u>

16 Equity share capital

	2004	2003
	£000	£000
<i>Authorised</i>		
6,000,000 Ordinary shares of £0.05p each	300	300
1 'A' share of £1 (2003 – £1)	-	-
<i>Allotted, called up and fully paid</i>		
6,000,000 Ordinary shares of £0.05p each	300	300
1 'A' share of £1(2003 - £1)	-	-

Notes to the financial statements (continued)

For the year ended 30 April 2004

17 Reserves

The movement on reserves is summarised below:

<i>Distributable</i>	Profit and loss account £000
At beginning of year	1,718
Retained loss for the year	(1,089)
Revaluation reserve release	28
At end of year	<u>657</u>
 <i>Non Distributable</i>	 Revaluation reserve £000
At beginning of year	1,207
Revaluation reserve release	(28)
At end of year	<u>1,179</u>
	 Capital reserve £000
At beginning and end of year	<u>2,707</u>

18 Guarantees and other financial commitments

a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Expiry date				
- within one year	Nil	4	Nil	4
- between two and five years	21	23	Nil	13
- over five years	60	Nil	69	Nil
	<u>81</u>	<u>27</u>	<u>69</u>	<u>17</u>

Notes to the financial statements (continued)

For the year ended 30 April 2004

18 Guarantees and other financial commitments (continued)

b) Pensions

The company is a contributing employer in the Stagecoach Group Pension Scheme. Full details of this scheme are contained in the accounts of Stagecoach Group plc. Under the transitional arrangements for the implementation of FRS 17, Retirement Benefits, the company continues to account for pensions in accordance with SSAP 24, although the disclosures required by FRS 17 are provided below.

The Stagecoach Group Pension Scheme is a defined benefit scheme. For the purposes of FRS 17, the contributions paid by the company would be accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme. The costs of contributions to the Group scheme amount to £735,000 (2003: £748,000), being 7.7% of pensionable salary, and are based on pension costs across the group as a whole. An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 5 April 2002 and a surplus of £17.0 million was identified.

The company is also a contributing employer in the Tyne and Wear Superannuation Fund governed by the Local Government Superannuation regulations 1986. This scheme is a defined benefit scheme and during the year the costs of contributions to this scheme amounted to £1,760,000 (2003: £1,733,000)

c) 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.

19 Related party transactions

The company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 12 and 13.

20 Ultimate parent company

The company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the company are consolidated. The financial statements of the ultimate parent company are available from the Company Secretary at the following address:

Stagecoach Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW