

Company Registration Number 2295227

BUSWAYS TRAVEL SERVICES LIMITED

**DIRECTORS REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 1993**



BUSWAYS TRAVEL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 1993

The Directors present their report on the affairs of the Group, together with the accounts and Auditors' report for the year ended 31st March 1993.

Principal Activities, Results and Business Review

The principal activity during the year under review was the carriage of passengers by road. The Group has continued to concentrate on the provision of local bus services in Tyne and Wear and adjacent areas, coach operations and related activities. All market sectors have seen significant competition and this is expected to continue.

The consolidated profit for the year before exceptional items was £2,422,000. An exceptional item of £398,000 mainly in respect of redundancy payments, has been charged in the profit and loss account. This produces a profit on ordinary activities before taxation of £2,024,000 (1992 - profit £290,000). This represents a substantial improvement of £1,734,000 compared to the previous year. A provision for taxation of £373,000 has been included in the profit and loss account giving a profit on ordinary activities after taxation and exceptional items of £1,651,000 (1992 - profit £364,000).

A further twenty four passenger vehicles were placed into service during the year, replacing mainly older double deck vehicles. The Directors believe that the policy of continuing investment in new vehicles improves the quality of service for passengers and enables reductions in operating costs to be achieved.

On the 23rd March 1993 the fourth and final instalment of £750,000 of the deferred purchase consideration payable to Tyne and Wear Passenger Transport Authority was made. A total of £2.5M has been repaid of the loans obtained to finance the buyout of the Company in May 1989.

The Directors consider that the Group continues to be well placed to take advantage of future business opportunities. On 6th August 1993 the Company acquired 80% of the share capital of Welcome Passenger Transport Limited.

Results and Dividends

The profit for the year after taxation was £1,651,000. The Directors do not recommend the payment of a dividend.

Directors and their Interests

The Directors who served during the year are as shown below:-

Mr. G.E. Hutchinson
Mr. P.J. Nash
Mr. J. Conroy
Mr. M. Morrison
Mr. S. Cobill

The Directors who held office at 31st March 1993 had no interests other than those shown below in the shares of Group companies:-

<u>Shares in Busways Travel Services Limited</u>		<u>31st March 1993</u>	<u>31st March 1992</u>
Mr. G.E. Hutchinson	Ordinary Shares of 5p each	600,000	600,000
Mr. P.J. Nash	Ordinary Shares of 5p each	516,000	516,000
Mr. J. Conroy	Ordinary Shares of 5p each	516,000	516,000
Mr. M. Morrison	Ordinary Shares of 5p each	1,250	1,100
Mr. S. Cobill	Ordinary Shares of 5p each	1,350	1,200

Mr. G.E. Hutchinson also held non-beneficial interests in the shares of group companies as shown below:-

Busways Travel Services (1986) Limited	1 Ordinary Share
City Busways Limited	1 Ordinary Share
Newcastle Busways Limited	1 Ordinary Share
Sunderland Busways Limited	1 Ordinary Share
South Shields Busways Limited	1 Ordinary Share
Economic Bus Services Limited	1 Ordinary Share
Favourite Services Limited	1 Ordinary Share
Armstrong Galley Coaches Limited	1 Deferred Ordinary Share
Blue Bus Services (Newcastle) Limited	1 Deferred Ordinary Share
The Quayside Busway Limited	1 Ordinary Share
Tyne & Wear Omnibus Company Limited	1 Ordinary Share
Busways Trustee (No.1) Limited	1 Ordinary Share

Fixed Assets

Information relating to changes in tangible fixed assets is given in note 8 to the accounts.

In the opinion of the Directors, the market value of the Group's land and buildings at 31st March 1993 for existing use was not significantly different from the values at which they are stated in the accounts.

Charitable Contributions

The Group contributed £328 (1992 - £858) to charities during the year.

Employment of Disabled Persons

The Group provides for equal opportunity in all aspects of employment. This includes the provision and maintenance of employment opportunities for disabled people, subject only to this not affecting the Group's statutory obligation to operate passenger services safely.

Employment Consultation

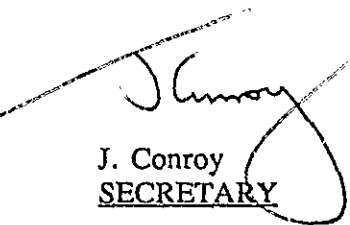
The Group places considerable value on the involvement of its employees, and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, and the Group employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share ownership plan (E.S.O.P.) which was launched on 1st September 1989 has continued to operate successfully.

Auditors

The Directors will place a resolution before the Annual General Meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

BY ORDER OF THE BOARD

Manors,
Newcastle upon Tyne,
NE1 2EL



J. Conroy
SECRETARY

3rd September 1993

ARTHUR ANDERSEN

Auditors' report

Leeds

To the Members of Busways Travel Services Limited:

We have audited the accounts on pages 5 to 23 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 1993 and of the group profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditor

St. Paul's House
Park Square
Leeds LS1 2PJ

3 September 1993

BUSWAYS TRAVEL SERVICES LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1993

	NOTES	1993 £000	1992 £000
TURNOVER	1	40,775	41,449
Operating Costs		(30,592)	(31,432)
GROSS PROFIT		10,183	10,017
Administrative Expenses		(7,010)	(7,595)
Other Income		<u>466</u>	<u>375</u>
OPERATING PROFIT		3,639	2,797
Net Interest Payable	2	(1,217)	(1,530)
PROFIT BEFORE EXCEPTIONAL ITEMS		2,422	1,267
Exceptional Items	3	<u>(398)</u>	<u>(977)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,024	290
TAXATION	5	<u>(373)</u>	<u>74</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,651	364
Extraordinary item	6	<u>-</u>	<u>(1,000)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>1,651</u>	<u>(636)</u>

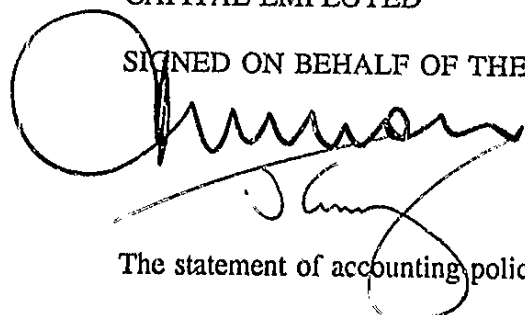
The statement of accounting policies and notes form an integral part of this profit and loss account. Notes 16 and 17 set out the movement on reserves.

BUSWAYS TRAVEL SERVICES LIMITED

BALANCE SHEETS AT 31ST MARCH 1993

	NOTES	GROUP		COMPANY	
		1993 £000	1992 £000	1993 £000	1992 £000
FIXED ASSETS					
Intangible Assets	7	-	-	-	-
Tangible Assets	8	14,669	14,997	14,669	14,997
Investment in Subsidiary Undertakings	10	<u>-</u>	<u>-</u>	<u>11,955</u>	<u>11,955</u>
		<u>14,669</u>	<u>14,997</u>	<u>26,624</u>	<u>26,952</u>
CURRENT ASSETS					
Stocks	11	707	980	707	980
Debtors - Amounts falling due within one year	12	1,275	1,351	1,275	1,351
- Amounts falling due after more than one year	12	4,407	4,519	4,407	4,519
Short-term cash deposits		2,609	1,004	2,609	1,004
Cash at bank and in hand		<u>709</u>	<u>784</u>	<u>709</u>	<u>784</u>
		9,707	8,638	9,707	8,638
CREDITORS: amounts falling due within one year	13	<u>6,404</u>	<u>7,329</u>	<u>19,041</u>	<u>19,966</u>
NET CURRENT ASSETS (LIABILITIES)		<u>3,303</u>	<u>1,309</u>	<u>(9,334)</u>	<u>(11,328)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,972	16,306	17,290	15,624
CREDITORS: amounts falling due after more than one year	13	11,637	11,732	11,637	11,782
PROVISION FOR LIABILITIES AND CHARGES	14	<u>1,569</u>	<u>1,409</u>	<u>1,569</u>	<u>1,409</u>
NET ASSETS		<u>4,766</u>	<u>3,115</u>	<u>4,084</u>	<u>2,433</u>
CAPITAL AND RESERVES					
Called up Share Capital	15	300	300	300	300
Profit and Loss Account	16	1,335	(381)	980	(736)
Capital Reserve	17	<u>3,131</u>	<u>3,196</u>	<u>2,804</u>	<u>2,869</u>
CAPITAL EMPLOYED		<u>4,766</u>	<u>3,115</u>	<u>4,084</u>	<u>2,433</u>

SIGNED ON BEHALF OF THE BOARD



)
) Directors
)

3rd September 1993

The statement of accounting policies and notes form an integral part of these balance sheets.

BUSWAYS TRAVEL SERVICES LIMITED**GROUP CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST MARCH 1993**

	NOTES	1993 £000	1992 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	<u>5,889</u>	<u>5,755</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		74	110
Interest paid		(1,005)	(883)
Interest element of finance lease rental payments		(554)	(635)
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(1,485)</u>	<u>(1,408)</u>
TAXATION			
Corporation tax received/(paid)		11	(4)
		<u> </u>	<u> </u>
TAX RECEIVED(PAID)		<u>11</u>	<u>(4)</u>
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(2,123)	(4,168)
Receipts from sales of tangible fixed assets		253	483
Extraordinary item		-	(1,000)
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(1,870)</u>	<u>(4,685)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		2,545	(361)
FINANCING			
Repayment of loans		(750)	(500)
Finance leases inception		1,371	2,745
Capital element of finance lease payments		(1,804)	(969)
		<u> </u>	<u> </u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	22	<u>(1,183)</u>	<u>1,276</u>
INCREASE IN CASH AND CASH EQUIVALENTS	20	<u>1,362</u>	<u>915</u>

The statement of accounting policies and notes form an integral part of this cash flow statement.

BUSWAYS TRAVEL SERVICES LIMITED

STATEMENT OF ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The Group prepares its accounts on the historical cost basis of accounting and in accordance with applicable accounting standards.

(b) BASIS OF CONSOLIDATION

The Group accounts consolidate the accounts of Busways Travel Services Limited and all its subsidiary undertakings made up to 31st March 1993. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the Company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off in respect of permanent diminutions in value.

No profit and loss account is presented for Busways Travel Services Limited, as provided by Section 230 of the Companies Act 1985. A profit for the financial year of £1,651,000 (1992 - profit £9,000) has been dealt with in the accounts of the Company.

(c) TURNOVER

Turnover represents income arising from the following sources:

- (i) Revenue collected from passengers on local bus services.
- (ii) Revenue from sales of season tickets.
- (iii) Amounts received from Tyne and Wear Passenger Transport Executive and Local Authorities in respect of the operation of Secured Services and participation in Concessionary Travel Schemes.
- (v) Revenue from the provision of express services, private coach hire, tours and excursions (excluding V.A.T. where applicable).

BUSWAYS TRAVEL SERVICES LIMITED

STATEMENT OF ACCOUNTING POLICIES (continued)

(d) FIXED ASSETS

Fixed assets are valued at cost less accumulated depreciation.

Depreciation is provided to write-off the original cost of fixed assets, less estimated residual value, over their estimated useful lives as follows:

- | | | |
|-------|----------------------------|--|
| (i) | Freehold buildings | 20 - 40 years straight line. |
| (ii) | Passenger service vehicles | 3 - 15 years straight line and reducing balance. |
| (iii) | Other vehicles | 3 - 5 years straight line. |
| (iv) | Plant and equipment | 5 - 7 years straight line. |

(e) GOVERNMENT GRANTS

Fuel Duty Rebate is credited to the Profit and Loss Account in the year to which it relates.

(f) LEASED ASSETS

Assets held under finance leases are shown as fixed assets in the Balance Sheet at their fair value. Such assets are depreciated over their expected useful lives in accordance with the Company's depreciation policy. The capital elements of future obligations under finance leases are included as liabilities in the Balance Sheet, classified as amounts falling due within and after one year as appropriate. The interest elements of the lease charges are apportioned over the periods of the leases on the basis of the interest rates implicit in the leases. For further details of leased assets see Note 8.

(g) STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost has been determined on a weighted average basis. Provision is made for obsolete, slow moving and defective items where appropriate.

BUSWAYS TRAVEL SERVICES LIMITED

STATEMENT OF ACCOUNTING POLICIES (continued)

(h) PENSIONS

All employees are entitled to join defined benefit pension schemes, the assets of which are independent of the Group's finances.

Pension costs are charged against profits on a systematic basis over the service lives of employees. The pension cost charged in the accounts comprises:

- (i) The regular pension cost, that is the ongoing cost, calculated as a level percentage of the current and expected future pensionable payroll; and
- (ii) Variations from the regular cost, arising from pension scheme surpluses or deficits, which are allocated over the remaining service lives of the employees in each scheme.

Further information on pension costs is provided in Note 18.

(i) TAXATION

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided on timing differences where, in the opinion of the Directors, a liability will arise in the foreseeable future.

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

1. TURNOVER

	1993 £000	1992 £000
Local bus service revenue	36,369	36,983
Local bus service subsidy	1,638	1,626
Other	<u>2,768</u>	<u>2,840</u>
	<u>40,775</u>	<u>41,449</u>

All turnover arose within the United Kingdom.

The profit attributable to each class of business has not been shown as the Directors consider that disclosure would be prejudicial to the interests of the Group.

2. NET INTEREST PAYABLE

Interest and similar charges receivable (payable) in the year were as follows:

	1993 £000	1992 £000
Interest receivable	74	109
Interest payable on bank loans and overdrafts, and other loans repayable within five years not by instalments	(18)	(23)
Interest payable on bank loans and overdrafts, and other loans repayable within five years by instalments	(74)	(140)
Interest payable on bank loans and overdrafts, and other loans repayable after more than five years by instalments	(645)	(841)
Finance lease interest	(554)	(635)
	<u>(1,217)</u>	<u>(1,530)</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	1993 £000	1992 £000
Depreciation - Owned assets	1,400	1,431
- Assets held under finance leases	935	1,101
Exceptional items - Amortisation of Goodwill	-	645
- Redundancy and other employee related costs	398	332
Auditors' Remuneration	38	38
Operating Lease Rentals	71	72
Staff Costs - see Note 4	25,589	26,260
and after crediting:		
Fuel Duty Rebate	<u>3,14</u>	<u>3,083</u>

Non-audit fees charged by the auditors during the year amounted to £52,000.

4. DIRECTORS AND EMPLOYEES

Employees	1993 No.	1992 No.
The average weekly number of persons employed by the Group during the year was:		
Platform Staff	1,249	1,277
Inspectorate	59	66
Engineering Staff	287	332
Management and Administration	<u>165</u>	<u>190</u>
	<u>1,760</u>	<u>1,865</u>
Staff costs during the year amounted to:	£000	£000
Wages and Salaries	22,922	23,433
Social Security Costs	1,833	1,864
Other Pension Costs	<u>834</u>	<u>963</u>
	<u>25,589</u>	<u>26,260</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS AND EMPLOYEES (CONTINUED)

	1993 £000	1992 £000
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Directors

The remuneration paid to Directors of the Company (including pension contributions) was:

Fees	7	9
Management Remuneration	<u>200</u>	<u>180</u>
	<u>207</u>	<u>189</u>

The directors remuneration disclosed above (excluding pension contributions) includes amounts paid to:

Chairman and highest paid Director	<u>82</u>	<u>73</u>
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The emoluments of the Directors fell within the following ranges:

	No.	No.
£Nil - £5,000	2	2
£50,001 - £55,000	-	2
£55,001 - £60,000	2	-
£70,001 - £75,000	-	1
£80,001 - £85,000	<u>1</u>	<u>-</u>

5. TAXATION

	1993 £000	1992 £000
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The taxation charge/(credit) for the year was as follows:

Adjustment of current taxation in respect of prior years	(7)	(8)
Current taxation for year	220	-
Deferred taxation	<u>160</u>	<u>(66)</u>
	<u>373</u>	<u>(74)</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

6. EXTRAORDINARY ITEM:

The accounts for 1992 included an extraordinary provision of £1,000,000 against a frozen deposit of £1,250,000 placed with the Bank of Credit and Commerce International ("BCCI") and recognised an amount recoverable of £250,000 in respect of this deposit. During 1993 an amount of £15,000 was received from the Bank of England Deposit Protection Scheme.

The amount recognised in the accounts is the directors' current best estimate of the amount which may prudently be recognised in the accounts based on the information available to them regarding the settlement proposed by the Majority Shareholder in BCCI.

7. INTANGIBLE FIXED ASSETS

The intangible fixed asset represents Goodwill which arose on the acquisition of Tyne & Wear Omnibus Company Limited. The Goodwill which amounted to £2,065,000 was fully amortised at 31 March 1993 and 31 March 1992.

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

8. TANGIBLE FIXED ASSETS -GROUP AND COMPANY

	<u>LAND AND BUILDINGS</u>	<u>PASSENGER SERVICE VEHICLES</u>	<u>OTHER VEHICLES</u>	<u>PLANT AND EQUIPMENT</u>	<u>TOTAL</u>
	£000	£000	£000	£000	£000
COST					
At 1st April 1992	5,207	16,595	428	3,910	26,140
Additions	26	1,655	82	360	2,123
Transfers	-	8	(8)	-	-
Disposals	-	(631)	(76)	(462)	(1,169)
At 31st March 1993	<u>5,233</u>	<u>17,627</u>	<u>426</u>	<u>3,808</u>	<u>27,094</u>
DEPRECIATION					
At 1st April 1992	922	7,255	263	2,703	11,143
Charge	189	1,469	68	609	2,335
Transfers	-	8	(8)	-	-
Disposals	-	(550)	(45)	(458)	(1,053)
At 31st March 1993	<u>1,111</u>	<u>8,182</u>	<u>278</u>	<u>2,854</u>	<u>12,425</u>
NET BOOK VALUE					
At 31st March 1993	<u>4,122</u>	<u>9,445</u>	<u>148</u>	<u>954</u>	<u>14,669</u>
At 31st March 1992	<u>4,285</u>	<u>9,340</u>	<u>165</u>	<u>1,207</u>	<u>14,997</u>
Leased assets included in tangible fixed assets:					
NET BOOK VALUE					
At 31st March 1993	<u>101</u>	<u>5,864</u>	<u>-</u>	<u>257</u>	<u>6,222</u>
At 31st March 1992	<u>109</u>	<u>5,197</u>	<u>-</u>	<u>561</u>	<u>5,867</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

9. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Authorised and contracted for	<u>2,110</u>	<u>199</u>	<u>2,110</u>	<u>199</u>
Authorised but not contracted for	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

10. FIXED ASSET INVESTMENTS

Fixed asset investments comprise wholly owned subsidiary undertakings of the Company, all of which are registered in England, and were as follows:

	<u>Principal Activity</u>	<u>Issued Share Capital</u>
		£
City Busways Limited	Dormant	2
Newcastle Busways Limited	Dormant	2
Sunderland Busways Limited	Dormant	2
South Shields Busways Limited	Dormant	2
Armstrong Galley Coaches Limited	Dormant	204
Economic Bus Services Limited	Dormant	2
The Quayside Busway Limited	Dormant	2
Favourite Services Limited	Dormant	2
Blue Bus Services (Newcastle) Limited	Dormant	2,000
Tyne & Wear Omnibus Company Limited	Dormant	2
Busways Travel Services (1986) Limited	Dormant	10,538,000
Busways Trustee (No. 1) Limited	Trustee	<u>100</u>

Investment in Subsidiary Undertakings comprises:

	COMPANY	
	1993 £000	1992 £000
Cost	14,022	14,022
Amounts written off	<u>(2,067)</u>	<u>(2,067)</u>
NET BOOK VALUE	<u>11,955</u>	<u>11,955</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

11. STOCKS

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Engineering stocks and consumables	422	697	422	697
Fuel	<u>285</u>	<u>283</u>	<u>285</u>	<u>283</u>
	<u>707</u>	<u>980</u>	<u>707</u>	<u>980</u>

There is no material difference between the net replacement value of stocks and the value at which they are stated in the Balance Sheet.

12. DEBTORS

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Amounts falling due within one year:				
Trade Debtors	201	306	201	306
Employee Loans	42	29	42	29
V.A.T. Recoverable	359	544	359	544
Other Debtors	239	169	239	169
U.K. Corporation Tax Recoverable	-	4	-	4
Prepayments and Accrued Income	<u>434</u>	<u>299</u>	<u>434</u>	<u>299</u>
	<u>1,275</u>	<u>1,351</u>	<u>1,275</u>	<u>1,351</u>
Amounts falling due after more than one year:				
Other Debtors	235	250	235	250
Prepaid pension costs	<u>4,172</u>	<u>4,269</u>	<u>4,172</u>	<u>4,269</u>
	<u>4,407</u>	<u>4,519</u>	<u>4,407</u>	<u>4,519</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

13. CREDITORS

	GROUP		COMPANY	
	1993	1992	1993	1992
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade Creditors	1,608	1,498	1,608	1,498
Obligations under Finance Leases	1,650	1,938	1,650	1,938
Bank Overdraft	168	-	168	-
U.K. Corporation Tax	20	-	20	-
Social Security and PAYE	550	635	550	635
Other Creditors	570	560	570	560
Accruals and Deferred Income	1,838	1,948	1,838	1,948
Amounts owed to Subsidiary Undertakings	-	-	12,637	12,637
Deferred purchase consideration payable to Tyne and Wear Passenger Transport Authority	-	750	-	750
	<u>6,404</u>	<u>7,329</u>	<u>19,041</u>	<u>19,966</u>
Amounts falling due after more than one year:				
Obligations under Finance Leases	4,637	4,782	4,637	4,782
Bank Loan	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
	<u>11,637</u>	<u>11,782</u>	<u>11,637</u>	<u>11,782</u>

The bank loan is secured by a debenture over the Company's assets.

The bank loan bears interest on a variable rate basis linked to LIBOR, and is repayable by annual instalments between the 5th May 1994 and the 5th May 1999. £3,000,000 of the loan falls due for payment more than five years after the balance sheet date.

	GROUP		COMPANY	
	1993	1992	1993	1992
	£000	£000	£000	£000
Obligations under Finance Leases are repayable as follows:				
Within one year	1,881	2,170	1,881	2,170
Between one and two years	1,648	1,591	1,648	1,591
Between two and five years	3,032	3,065	3,032	3,065
After five years	<u>1,379</u>	<u>1,807</u>	<u>1,379</u>	<u>1,807</u>
	7,940	8,633	7,940	8,633
Less: finance charges allocated to future periods	<u>(1,653)</u>	<u>(1,913)</u>	<u>(1,653)</u>	<u>(1,913)</u>
	<u>6,287</u>	<u>6,720</u>	<u>6,287</u>	<u>6,720</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

14. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts may be analysed as follows:

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Capital allowances in excess of book depreciation	351	710	351	710
Timing differences in respect of finance leases	(120)	(331)	(120)	(331)
Short term timing differences	(39)	(179)	(39)	(179)
Timing differences in respect of pension scheme surplus	1,377	1,409	1,377	1,409
Tax effect of losses carried forward	—	(200)	—	(200)
	<u>1,569</u>	<u>1,409</u>	<u>1,569</u>	<u>1,409</u>

£674,000 (1992 - £370,000) of deferred taxation in respect of fixed asset timing differences has not been provided in the accounts. There is no other unprovided deferred taxation.

The movement on deferred taxation during the year was as follows:-

	GROUP £000	COMPANY £000
At 1st April 1992	1,409	1,409
Charged to the profit and loss account in respect of operations	160	160
	—	—
At 31st March 1993	<u>1,569</u>	<u>1,569</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

15. CALLED UP SHARE CAPITAL

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
Authorised, allotted, called up and fully paid				
6,000,000 Ordinary Shares of 5 pence each	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>

16. PROFIT AND LOSS ACCOUNT

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
At 1st April 1992	(381)	104	(736)	(896)
Transfer from Capital Reserve	65	151	65	151
Profit/(loss) for the financial year	<u>1,651</u>	<u>(636)</u>	<u>1,651</u>	<u>9</u>
At 31st March 1993	<u>1,335</u>	<u>(381)</u>	<u>980</u>	<u>(736)</u>

17. CAPITAL RESERVE

	GROUP		COMPANY	
	1993 £000	1992 £000	1993 £000	1992 £000
At 1st April 1992	3,196	3,347	2,869	3,020
Transfer to Profit and Loss account	(65)	(151)	(65)	(151)
At 31st March 1993	<u>3,131</u>	<u>3,196</u>	<u>2,804</u>	<u>2,869</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

18. PENSIONS

The Company contributes to the Tyne and Wear County Superannuation Fund governed by the Local Government Superannuation Regulations 1986 ("The LGS Scheme") and the Busways Travel Services Limited Pension Scheme ("The Busways Scheme") both of which are funded defined benefit schemes. The pension costs relating to these schemes have been assessed in accordance with the advice of qualified actuaries using the projected unit method.

The accounts for the year ended 31st March 1993 include a net pension charge of £430,000 (1992 - £577,000) in respect of the LGS Scheme, being company contributions of £333,000 (1992 - £352,000) together with a further charge of £258,000 (1992 - £290,000) in respect of the excess of regular pension costs over contributions payable, less interest on the pension prepayment in the balance sheet of £161,000 (1992 - £65,000).

The LGS Scheme is valued on a triennial basis by a qualified actuary. The assumptions which had the most significant effect on the results of these valuations are those relating to the rate of return on investments and the rate of increase in pensionable earnings. It is assumed that future investment returns will exceed increases in pensionable earnings by 2.5% per annum.

The most recent actuarial valuation of the scheme took place at 31st March 1992. On the basis of this valuation the actuarial value of the assets of the fund exceeded the value of accrued benefits, on an ongoing basis, by £7,970,000. The surplus of £4,545,000 at the date of the previous valuation was recognised in the Group's balance sheet, following the acquisition of Busways Travel Services (1986) Limited in May 1989. The increased surplus of £3,425,000 is being spread forward over the remaining service lives of existing employees in accordance with Statement of Standard Accounting Practice number 24. The total surplus will be eliminated by reducing future employer contributions over the estimated average future service lives of employees which was assumed to be 13 years in the 31st March 1992 actuarial valuation.

The excess of the amount funded and recognised in the Group's balance sheet over the accumulated pension costs of the company at 31st March 1993 of £4,172,000 (1992 - £4,269,000) is included in debtors falling due after more than one year.

The accounts for the year ended 31st March 1993 include a pension charge of £404,000 (1992 - £386,000) in respect of the Busways Scheme, being contributions payable by the Company.

The Busways Scheme is valued on a triennial basis by an independent qualified actuary. The most recent valuation of the scheme took place at 6th April 1990. The actuarial valuation was carried out using the projected unit method.

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

18. PENSIONS (CONTINUED)

The assumptions which had the most significant effect on the result of this valuation were those relating to the rate of return on investments and the rate of increase in pensionable earnings. It was assumed that future investment returns will exceed increases in pensionable earnings by 2.0% per annum.

The market value of the assets of the Scheme at 6th April 1990 was £810,000. The valuation showed the actuarial value of the Scheme's assets to be 110% of the actuarial value of accrued benefits at the valuation date after taking account of future increases in pensionable earnings. There was no material difference between the pension contributions payable by the company during the year and the normal pension charge.

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1993 £000	1992 £000
Operating profit	3,639	2,797
Depreciation of tangible fixed assets	2,335	2,532
Profit on sale of tangible fixed assets	(137)	(14)
Exceptional item - redundancy costs	(398)	(332)
Decrease in stocks	273	171
Decrease in debtors	184	169
(Decrease)/Increase in creditors	(7)	413
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>5,889</u>	<u>5,736</u>
20. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1993 £000	1992 £000
Balance at beginning of year	1,788	873
Net cash inflow	1,362	915
	<hr/>	<hr/>
Balance at end of year	<u>3,150</u>	<u>1,788</u>

BUSWAYS TRAVEL SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

21. ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1993 £000	1992 £000	Change in year £000
Cash at bank and in hand	709	784	(75)
Short term investments	2,609	1,004	1,605
Bank overdraft	(168)	-	(168)
	<u>3,150</u>	<u>1,788</u>	<u>1,362</u>

22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Deferred Purchase Consideration £000	Bank Loan £000	Finance Leases £000
Balance at beginning of year	750	7,000	6,720
Finance leases inception	-	-	1,371
Cash outflow from financing	(750)	-	(1,804)
	<u>-</u>	<u>7,000</u>	<u>6,287</u>

23. SUBSEQUENT EVENT

On 6th August 1993 the Company acquired 80% of the share capital of Welcome Passenger Transport Limited.