# East London Bus & Coach Company Limited

Financial statements for the year ended 30 April 2005

Registered number: 2328402

# Directors' report

For the year ended 30 April 2005

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 2005.

**Principal activity and business review**

The principal activity is the provision of bus services in and around the Greater London area.

Turnover for the year ended 30 April 2005 was £134,498,000 (2004 - £109,304,000) and the profit on ordinary activities before taxation was £18,974,000 (2004 - £5,424,000).

Profit on ordinary activities after taxation amounted to £16,744,000 (2004 - £2,345,000). It is recommended that this amount be appropriated as follows:

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| Profit for the financial year | 16,744 | 2,345 |
| Dividends | (17,000) | (900) |
| Retained (loss) / profit for the financial yeaar | (256) | 1,445 |

**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:

| | |
|---|---|
| B E Arnold | |
| B E Beckham | Resigned 30 December 2004 |
| M A Griffiths | Resigned 30 December 2004 |
| P Sumner | Resigned 30 December 2004 |
| L B Warneford | |
| C Brown | Appointed 30 December 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 are 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 are as follows:

| | Ordinary Shares of 12/19 p (2004:0.5p) | | B shares (issued 14 September 2004) | | Share options on ordinary shares | |
|---|---|---|---|---|---|---|
| | 2005 | 2004 * | 2005 | 2004 * | 2005 | 2004 * |
| B E Arnold | 5,069 | 4,406 | 550 | N/A | 976,181 | 944,750 |
| C Brown | 720 | 912 | 912 | N/A | 552,630 | 470,915 |
| L B Warneford | 67,295 | 62,079 | 275 | N/A | 1,656,517 | 1,570,860 |

* Or date of appointment if later

**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 the Accounting Policies. They also confirm that the reasonable and prudent judgements and estimate 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.

**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 November 2001 the 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 (2004 – 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 L Whitnall
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

31 August 2005

**Independent auditors' report to the members of East London Bus and Coach Company 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 in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

**Basis of audit opinion**
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30 April 2005 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
31 August 2005

# Profit and loss account

For the year ended 30 April 2005

| | Notes | 2005<br>£000 | 2004<br>£000 |
|---|---|---|---|
| **Turnover – continuing operations** | 2 | 134,498 | 109,304 |
| Operating costs | | (126,994) | (104,614) |
| Other operating income | 3 | 2,458 | 1,831 |
| **Operating profit – continuing operations** | | 9,962 | 6,521 |
| Finance charges (net) | 4 | (234) | (1,096) |
| Exceptional profit on sale of land and buildings | 5 | 9,246 | Nil |
| **Profit on ordinary activities before taxation** | 6 | 18,974 | 5,425 |
| Taxation | 10 | (2,230) | (3,080) |
| **Profit on ordinary activities after taxation** | | 16,744 | 2,345 |
| Dividends | 7 | (17,000) | (900) |
| **Retained (loss) / profit for the year** | 18 | (256) | 1,445 |

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

# Balance sheet

As at 30 April 2005

| | Notes | 2005<br>£000 | 2004<br>£000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 11 | 52,469 | 66,252 |
| **Current assets** | | | |
| Stock | 12 | 437 | 399 |
| Debtors : Amounts falling due within one year | 13 | 5,248 | 4,823 |
| Debtors : Amounts falling due after more than one year | 13 | 680 | 9,412 |
| Cash at bank and in hand | | 6,512 | 12,325 |
| | | 12,877 | 26,959 |
| **Creditors:** Amounts falling due within one year | 14 | (18,292) | (15,812) |
| **Net current (liabilities) / assets** | | (5,415) | 11,147 |
| **Total assets less current liabilities** | | 47,054 | 77,399 |
| **Creditors**: Amounts falling due after more than one year | 14 | (27,970) | (57,772) |
| **Provisions for liabilities and charges** | 16 | (9,488) | (9,775) |
| **Net assets** | | 9,596 | 9,852 |
| **Capital and reserves** | | | |
| Equity share capital | 17 | 3,463 | 3,463 |
| Share Premium Account | 18 | 3,462 | 3,462 |
| Revaluation Reserve | 18 | 165 | 1,442 |
| Profit and loss account | 18 | 2,506 | 1,485 |
| **Shareholders' funds** | | 9,596 | 9,852 |

**Signed on behalf of the Board**

C Brown
Director

31 August 2005

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

## Additional statements

As at 30 April 2005

**Note of Historical Cost Profits and Losses**

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| Reported profit on ordinary activities before taxation | 18,974 | 5,425 |
| Realisation of property revaluation gains of previous years | 1,273 | Nil |
| Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount | 4 | Nil |
| Historical cost profit on ordinary activities before taxation | 20,251 | 5,425 |
| **Historical cost profit for the year retained after taxation and dividends** | 1,021 | 1,445 |

**Reconciliation of movement in shareholders' funds**

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| Profit for the financial year | 16,744 | 2,345 |
| Dividends | (17,000) | (900) |
| Net (decrease) / increase in shareholders' funds | (256) | 1,445 |
| Opening shareholders' funds | 9,852 | 8,407 |
| Closing shareholders' funds | 9,596 | 9,852 |

The accompanying notes form an integral part of this reconciliation.

# Notes to the financial statements
For the year ended 30 April 2005

## 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 and amortisation*
Intangible fixed assets, including purchased goodwill arising on the acquisition of new routes or operations, are amortised over their useful economic lives.

*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 11.

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) 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.

*e) Taxation*
In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate. 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, full provision is made for deferred tax on a non-discounted basis

**1 Accounting policies (continued)**

*f) Turnover*

Turnover represents fare revenue receivable in respect of the period. The directors regard the company's business activities, which are carried out wholly in the United Kingdom, as being of one class.

*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. Assets held under hire purchase arrangements are depreciated over their useful life.

Obligations 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.

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease.

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

*h) 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.

*i) 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 that 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.

**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

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| Advertising income | 1,812 | 1,530 |
| Other miscellaneous revenue | 646 | 301 |
| | 2,458 | 1,831 |

### 4 Finance charges (net)

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| Bank loans and overdraft interest | (209) | (113) |
| Bank interest receivable | 902 | 479 |
| Hire Purchase and lease interest payable | (927) | (1,462) |
| | (234) | (1,096) |

### 5 Exceptional profit on sale of land and buildings

During the year the company transferred land and buildings at a net book value of £10,199,374 to a fellow group subsidiary company, Scoto Limited, under a 125 year finance lease, realising a profit on disposal of £9,246,013. The company also simultaneously entered into a 10 year operating lease with Scoto Limited for the land and buildings.

### 6 Profit on ordinary activities before taxation

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

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| Loss on sale of tangible fixed assets other than property | 107 | 34 |
| Depreciation | | |
| - owned | 1,796 | 1,423 |
| - held under hire purchase and finance lease agreements | 2,942 | 3,543 |
| Operating lease rentals | | |
| - land and buildings | 475 | 421 |
| - other | 5,613 | 3,653 |

*Auditors' remuneration is borne by the ultimate parent company.*

## 7 Dividends

| | 2005 £000 | 2004 £000 |
|---|---|---|
| Dividend payable to parent company - £4.91 per ordinary share (2004 - £0.26 per ordinary share) | 17,000 | 900 |

## 8 Staff costs

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

| | 2005 Number | 2004 Number |
|---|---|---|
| Operations | 2,483 | 2,465 |
| Administration and supervisory | 239 | 46 |
| | 2,722 | 2,511 |

| | 2005 £000 | 2004 £000 |
|---|---|---|
| The aggregate remuneration comprised: | | |
| Wages and Salaries | 78,159 | 64,983 |
| Social security costs | 7,887 | 6,748 |
| Other pension costs (see note 19*b*) | 4,863 | 3,452 |
| SAYE | 33 | Nil |
| Redundancy payments | 21 | Nil |
| | 90,963 | 75,183 |

## 9 Directors' remuneration

| | 2005 £000 | 2004 £000 |
|---|---|---|
| Emoluments of directors | 297 | 341 |

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

**9 Directors' remunerations (continued)**

The above details of directors' emoluments include the emoluments of Les Warneford and Colin Brown, which are paid by the ultimate parent company. £17,641 of their total emoluments received are apportioned to their services as directors of East London Bus and Coach Company Limited.

The emoluments of B E Arnold is disclosed in full above, the emoluments of B E Beckham and P Summer up to 30 December 2004 include amounts paid as a directors of South East London and Kent Bus Company Limited. Their emoluments are also disclosed in the financial statements of South East London and Kent Bus Company Limited.

The above amounts for remuneration include the following in respect of the highest paid director £155,248 (2004: £123,658). Accrued pension at the end of the year was £21,939 (2004: £18,895) and the cash lump sum accrued was £65,816 (2004: £56,684).

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

| | 2005 | 2004 |
|---|---|---|
| | Number | Number |
| *Defined benefit scheme* | 3 | 5 |

## 10 Taxation

| a) Charge for the year | 2005<br>£000 | 2004<br>£000 |
|---|---|---|
| Current tax: | | |
| UK corporation tax on profits for the year | 2,495 | 646 |
| Adjustment in respect of previous years | 22 | 2,981 |
| Total current tax | 2,517 | 3,627 |
| Deferred tax: | | |
| Origination and reversal of timing differences | (339) | 985 |
| Adjustments in respect of prior periods | 52 | (1,532) |
| Total deferred tax (note 16) | (287) | (547) |
| Tax on profit on ordinary activities | 2,230 | 3,080 |

**b) Factors affecting the tax charge for the year**

| The effective tax rate for the period is reconciled to the actual tax charge as follows: | 2005<br>£000 | 2004<br>£000 |
|---|---|---|
| Profit on ordinary activities before tax | 18,974 | 5,425 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 – 30%) | 5,692 | 1,627 |
| *Effect of:* | | |
| Non tax deductible expenditure and other permanent differences | 11 | 4 |
| Gain on inter company asset transfer | (2,774) | |
| Capital allowances more than depreciation | (433) | (985) |
| Adjustments to tax charge in respect of previous years | 21 | 2,981 |
| Current tax charge for year | 2,517 | 3,627 |

## 11 Fixed assets

*Tangible assets*

The movement in the year is summarised below:

| | Freehold land and buildings £000 | PSVs £000 | Plant and equipment and furniture and fittings £000 | Total £000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| Beginning of year | 12,461 | 69,314 | 3,916 | 85,691 |
| Additions | 1,976 | 791 | 960 | 3,727 |
| Disposals | Nil | (281) | Nil | (281) |
| Transfers | (10,880) | (4,643) | (86) | (15,609) |
| End of year | 3,557 | 65,181 | 4,790 | 73,528 |
| **Depreciation** | | | | |
| Beginning of year | 683 | 15,880 | 2,876 | 19,439 |
| Charge for year | 125 | 4,260 | 353 | 4,738 |
| Disposals | Nil | (149) | Nil | (149) |
| Transfers | (680) | (2,219) | (70) | (2,969) |
| End of year | 128 | 17,772 | 3,159 | 21,059 |
| **Net book value** | | | | |
| Beginning of year | 11,778 | 53,434 | 1,040 | 66,252 |
| End of year | 3,429 | 47,409 | 1,631 | 52,469 |

The net book value of assets leased under finance leases and hire purchase agreements which have been capitalised and included in the above is £36,582,498 (2004 - £ 39,646,615). Depreciation of £2,941,978 (2004 - £3,543,357) has been charged in the year in respect of assets held under hire purchase or finance lease agreements.

Freehold land amounting to £708,750 has not been depreciated (2004 - £ 6,516,260).

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 2005 would have been £3,303,419 and £39,292 respectively (2004 - £10,335,000 and £652,000).

**12 Stocks**

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| Spares, consumables and fuel | 437 | 399 |

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

**13 Debtors**

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| Amounts falling due within one year: | | |
| Prepayments and accrued income | 5,248 | 4,823 |
| Amounts falling due after more than one year: | | |
| Amounts owed to group undertakings | 680 | 9,412 |

**14 Creditors**

| | 2005 | 2004 |
|---|---|---|
| | £000 | £000 |
| **Amounts falling due within one year:** | | |
| Accruals and deferred income | 6,197 | 4,621 |
| Other taxes and social security costs | 2,535 | 2,196 |
| Hire purchase and lease obligations | 7,063 | 8,351 |
| Corporation tax creditor | 2,497 | 644 |
| | 18,292 | 15,812 |
| **Amounts falling due after more than one year:** | | |
| Amounts owed to group undertakings | 22,041 | 44,857 |
| Hire purchase and lease obligations | 5,929 | 12,915 |
| | 27,970 | 57,772 |

### 15 Obligations under HP and finance lease agreements

Amounts are repayable as follows:

| | 2005 £000 | 2004 £000 |
|---|---|---|
| Amounts payable: | | |
| - within one year | 7,063 | 8,351 |
| - between one and two years | 2,992 | 7,037 |
| - between two and five years | 2,937 | 5,878 |
| | 12,992 | 21,266 |

### 16 Provisions for liabilities and charges

| | 2005 £000 | 2004 £000 |
|---|---|---|
| Accelerated capital allowances | 9,584 | 9,861 |
| Other timing differences | (96) | (86) |
| Provision for deferred tax | 9,488 | 9,775 |

| | | |
|---|---|---|
| Position at start of year | 9,775 | 10,322 |
| Deferred tax credit in profit and loss account for year (note 10a) | (287) | (547) |
| Provision at end of year | 9,488 | 9,775 |

### 17 Equity share capital

| | 2005 £000 | 2004 £000 |
|---|---|---|
| *Authorised* | | |
| 18,000,000 Ordinary shares of £1 each | 18,000 | 18,000 |
| *Allotted, called up and fully paid* | | |
| 3,463,000 Ordinary shares of £1 each | 3,463 | 3,463 |

### 18 Reserves

The movement on reserves is summarised below:

| *Distributable* | Profit and loss account £000 |
|---|---|
| At start of year | 1,485 |
| Retained loss for year | (256) |
| Transfer from revaluation reserve | 1,277 |
| End of year | 2,506 |

| *Non-distributable* | Share premium £000 | Revaluation reserve £000 |
|---|---|---|
| At start of year | 3,462 | 1,442 |
| Transfer to Profit and Loss Account | Nil | (1,277) |
| End of year | 3,462 | 165 |

### 19 Guarantees and other financial commitments

*a) Lease commitments*

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

| | 2005 Land & buildings £000 | 2005 Other £000 | 2004 Land & buildings £000 | 2004 Other £000 |
|---|---|---|---|---|
| Expiry date | | | | |
| - within one year | Nil | 2 | Nil | Nil |
| - between two and five years | Nil | 4,464 | Nil | 942 |
| - after five years | 1,588 | 1,585 | 405 | 5,704 |
| | 1,588 | 6,051 | 405 | 6,646 |

**19 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 £4,863,000 (2004: £3,452,000), being 8.4% 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 results of the most recent actuarial valuation of the Stagecoach pension scheme, undertaken in April 2005, will not be known until later in the financial year. These results will be reflected in next year's financial statements.

*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.

**20 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 13 and 14.

**21 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 largest 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 Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW