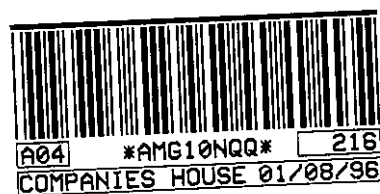


**LEASIDE BUS COMPANY LIMITED**  
(A wholly-owned subsidiary of Cowie Group plc)  
(Registered Number 2328559)

**DIRECTORS' REPORT AND ACCOUNTS**

**31 DECEMBER 1995**



## LEASIDE BUS COMPANY LIMITED

### DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1995.

#### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

S J Clayton  
E A T Milburn  
R W Newson  
M D J Yexley  
G W Hodgson  
T N Pykett  
S P Lonsdale

None of the directors had any interest in the share capital of the company. S J Clayton, E A T Milburn, R W Newson and M D J Yexley had interests in the share capital of the ultimate parent company and these are detailed below. The other directors' interests in the share capital of the ultimate parent company are disclosed in the accounts of that company.

	Ordinary share options				Ordinary shares	
	1 January 1995	31 December 1995	Exercise price (p)	Period of exercise	1 January 1995	31 December 1995
S J Clayton	-	20,000	237.50	10 April 1998 to 10 April 2005	-	-
E A T Milburn	-	15,000	237.50	10 April 1998 to 10 April 2005	-	-
R W Newson	-	15,000	237.50	10 April 1998 to 10 April 2005	-	-
M D J Yexley	-	15,000	237.50	10 April 1998 to 10 April 2005	-	951

## **LEASIDE BUS COMPANY LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on page 4, is made with a view to describing to shareholders the responsibilities of the directors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the year and of the profit or loss for the year.

Following discussions with the auditors, the directors consider that in preparing the financial statements on pages 5 to 16, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed (subject to any explanations and any material departures disclosed in the notes to the financial statements).

The directors have the responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### **MATERIAL CONTRACTS**

There were no contracts subsisting during or at the end of the year in which a director is or was materially interested.

#### **ACTIVITIES**

The principal activity of the company is the provision of road passenger transport services within the Greater London area.

#### **STATE OF AFFAIRS**

In the opinion of the directors the state of affairs of the company is satisfactory.

#### **DEVELOPMENT OF THE BUSINESS**

The directors consider the results for the year to be satisfactory in the current climate and are looking forward to the future with optimism.

## **LEASIDE BUS COMPANY LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation was £3,049,000 (1994 - £880,000). The directors recommend a dividend of £2,800,000 be paid (1994 - £200,000) and that the balance of £249,000 (1994 - £680,000) is transferred to reserves.

#### **FIXED ASSETS**

The movements in tangible fixed assets and fixed asset investments are shown in Note 6 and Note 7 to the accounts, respectively.

#### **EMPLOYEES**

The company continues to give full and fair consideration to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The company's policy includes, where applicable, the continued employment of those who may become disabled during their employment.

Approved by the Board



D P TURNER  
Secretary  
25 March 1996

*Price Waterhouse*



## **AUDITORS' REPORT TO THE MEMBERS OF LEASIDE BUS COMPANY LIMITED**

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

### Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors

25 March 1996

# LEASIDE BUS COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	Note	Year ended 31 December 1995 £'000	Nine months ended 31 December 1994 £'000
<b>TURNOVER</b>			
Continuing operations	2	48,508	34,259
<b>COST OF SALES</b>		(42,095)	(30,850)
<b>GROSS PROFIT</b>		6,413	3,409
<b>NET OPERATING EXPENSES</b>			
Continuing operations			
Administrative expenses		(1,600)	(1,605)
<b>OPERATING PROFIT</b>			
Continuing operations		4,813	1,804
<b>INTEREST PAYABLE</b>	3	(861)	(54)
<b>INTEREST RECEIVABLE</b>		634	1
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	4,586	1,751
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	5	(1,537)	(871)
<b>PROFIT FOR THE PERIOD</b>		3,049	880
<b>PROPOSED DIVIDEND</b>		(2,800)	(200)
<b>TRANSFER TO RESERVES</b>	13	249	680

There have been no recognised gains and losses other than the profit for the period as shown above.

The notes on pages 8 to 16 form part of these accounts.

# LEASIDE BUS COMPANY LIMITED

## BALANCE SHEET - 31 DECEMBER 1995

	Notes	31 December 1995		31 December 1994	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		20,026		21,059
Investments	7		<u>100</u>		<u>100</u>
			20,126		21,159
<b>CURRENT ASSETS</b>					
Stocks	8	819		359	
Debtors	9	5,421		2,864	
Cash at bank and in hand		<u>13,229</u>		<u>374</u>	
		19,469		3,597	
<b>CREDITORS: Amounts falling due within one year</b>	10	(12,680)		(7,125)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>6,789</u>		<u>(3,528)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			26,915		17,631
<b>CREDITORS: Amounts falling due after more than one year</b>	10		<u>(9,087)</u>		<u>(52)</u>
			17,828		17,579
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		8,141		8,141
Share premium account	13		8,141		8,141
Revaluation reserve	13		893		1,400
Profit and loss account	13		<u>653</u>		<u>(103)</u>
			17,828		17,579

APPROVED BY THE BOARD ON  
25 March 1996

G W Hodgson *G W Hodgson* )  
S P Lonsdale *S P Lonsdale* ) Directors

The notes on pages 8 to 16 form part of these accounts.

**LEASIDE BUS COMPANY LIMITED**

**STATEMENT OF HISTORICAL COST PROFIT AND LOSS  
FOR THE YEAR ENDED 31 DECEMBER 1995**

	Year ended <u>31 December 1995</u> £'000	Nine months ended <u>31 December 1994</u> £'000
Profit for the year	3,049	880
Difference between historic cost depreciation charge and actual depreciation based on the revalued amount	<u>507</u>	<u>-</u>
Historic profit	<u>3,556</u>	<u>880</u>

The notes on pages 8 to 16 form part of these accounts.



# **LEASIDE BUS COMPANY LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1995**

### **1 ACCOUNTING POLICIES**

The accounts have been prepared in accordance with applicable Accounting Standards.

#### **(1) Basis of accounting**

The company prepares its accounts on the historical cost basis of accounting as modified by the revaluation of certain tangible fixed assets.

#### **(2) Cash flow**

The ultimate parent company has adopted FRS 1 and has prepared a group cash flow statement, accordingly the company is exempt from preparing a cash flow statement.

#### **(3) Stocks**

Stocks are valued at the lower of cost and net realisable value.

#### **(4) Depreciation**

Depreciation of tangible fixed assets is based on cost or valuation and is calculated to write off the cost or valuation of assets in equal instalments over their expected lives at the following annual rates:

Freehold land and buildings	- None
Plant and machinery	- Over periods up to 10 years
Other equipment	- Over periods up to 10 years
Buses and coaches	- Over periods up to 16 years

No depreciation has been charged on freehold properties as it is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long and residual values are so high that their depreciation is insignificant.

#### **(5) Deferred taxation**

Provision is made on a liability basis for tax deferred by timing differences to the extent that there is reasonable probability that the tax deferral will crystallise in the foreseeable future.

## LEASIDE BUS COMPANY LIMITED

### NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### (6) Assets acquired under finance lease contracts

Assets utilised by the company which are acquired under finance lease contracts are recorded in the balance sheet as tangible fixed assets and the related obligations to pay future rentals (net of finance charges) are included in creditors.

##### (7) Pensions

There are two retirement benefit schemes covering employees of the company, a defined benefit scheme and a defined contribution money purchase scheme. Contributions to both schemes are charged to profit and loss account in the period they fall due.

#### 2 TURNOVER

Turnover comprises cash taken on buses, an allocation of travelcard, bus pass and concessionary income, income from London Regional Transport under negotiated net cost contracts and tendered gross cost contracts, and income from other commercial services.

Turnover arises within the United Kingdom and excludes value added tax.

#### 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 1995 £'000	Nine months ended 31 December 1994 £'000
Depreciation	3,660	1,767
Auditors' remuneration:		
Audit fees	20	19
Non audit fees	35	19
Finance lease charges	861	-
Interest payable to group undertakings	-	54
Staff costs:		
Wages and salaries	26,357	20,767
Social security costs	2,077	1,622
Other pension costs (see note 11)	<u>1,767</u>	<u>2,020</u>
And after crediting:		
Interest receivable from group undertakings	<u>634</u>	<u>-</u>

# LEASIDE BUS COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

### 4 DIRECTORS' REMUNERATION

The directors received emoluments as executives including salaries, benefits in kind and contributions by the company for pensions and other related payments totalling £359,000 (31 December 1994 - £236,000).

The directors' emoluments (excluding pension contributions) included the highest paid director £103,000 (31 December 1994 - £63,000).

The directors received emoluments (excluding pension contributions) in the following ranges:

	Year ended 31 December 1995 Number	Nine months ended 31 December 1994 Number
£0-£5,000	-	7
£40,001-£45,000	-	1
£45,001-£50,000	-	1
£55,001-£60,000	-	1
£60,001-£65,000	-	1
£70,001 - £75,000	2	-
£85,001 - £90,000	1	-
£100,001 - £105,000	<u>1</u>	<u>-</u>

G W Hodgson, T N Pykett and S P Lonsdale did not receive any remuneration from the company during the year. These directors received remuneration from the parent company Cowie Group plc during the year and this remuneration is disclosed in the accounts of that company.

### 5 TAXATION

	31 December 1995 £'000	31 December 1994 £'000
Tax charge/(credit) on profit on ordinary activities comprises the following:		
Corporation tax at 33%	<u>1,537</u>	<u>871</u>

# LEASIDE BUS COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

### 6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Buses and coaches £'000	Other £'000	Total £'000
<b>Cost or valuation</b>				
At 1 January 1995	5,455	33,226	1,988	40,669
Additions	-	2,474	178	2,652
Disposals	-	-	(57)	(57)
At 31 December 1995	5,455	35,700	2,109	43,264
<b>Depreciation</b>				
At 1 January 1995	-	18,317	1,293	19,610
Amount provided	-	3,425	235	3,660
Disposals	-	-	(32)	(32)
At 31 December 1995	-	21,742	1,496	23,238
<b>Net book amount</b>				
At 31 December 1995	<u>5,455</u>	<u>13,958</u>	<u>613</u>	<u>20,026</u>
At 1 January 1995	<u>5,455</u>	<u>14,909</u>	<u>695</u>	<u>21,059</u>

The net book amount of assets held under finance leases, included in buses and coaches is £8,900,000 (1994 - £111,000). The depreciation provided in the year is £2,945,000 (1994 - £3,000).

# LEASIDE BUS COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

### 7 FIXED ASSET INVESTMENTS

Shares in  
unquoted  
companies  
£'000

Cost and net book amount at 31 December 1994 and 31 December 1995 100

In the opinion of the directors the value of the investment is not less than the amount stated in the accounts.

### 8 STOCKS

	<u>1995</u> £'000	<u>1994</u> £'000
Bus maintenance	559	159
Fuel and lubricants	<u>260</u>	<u>200</u>
	819	359
	<u>      </u>	<u>      </u>

### 9 DEBTORS

	<u>1995</u> £'000	<u>1994</u> £'000
Amounts owed by group undertakings	713	-
Trade debtors	1,148	404
Prepayments and accrued income	2,283	1,874
Other debtors	<u>1,277</u>	<u>586</u>
	5,421	2,864
	<u>      </u>	<u>      </u>

# LEASIDE BUS COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

### 10 CREDITORS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Amounts falling due within one year:		
Bank overdraft	-	2,501
Trade creditors	829	293
Amounts owed to group undertakings	-	52
Creditors for taxation and social security	2,828	1,562
Accruals and deferred income	3,765	1,954
Other creditors	1,067	525
Obligations under finance leases	1,391	38
Proposed dividend	<u>2,800</u>	<u>200</u>
	12,680	7,125
	<u>          </u>	<u>          </u>

Amounts due after more than one year:

Obligations under finance leases	<u>9,087</u>	<u>52</u>
	9,087	52
	<u>          </u>	<u>          </u>

The obligations under finance lease agreements are repayable as follows:

Within one year	1,391	38
Between one and two years	1,498	38
Between two and five years	5,363	14
Over five years	<u>2,226</u>	<u>-</u>
	10,478	90
	<u>          </u>	<u>          </u>

The company is party to an unlimited multi-lateral guarantee involving the bank borrowings of Cowie Group plc and other group undertakings.

## LEASIDE BUS COMPANY LIMITED

### NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

#### 11 PROVISIONS FOR LIABILITIES AND CHARGES

##### Deferred taxation

The potential liability to deferred taxation not provided in the accounts calculated at the rate of tax in force at the end of the year is as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Accelerated capital allowances	1,399	833
Short term timing differences	-	7
On revaluation and deferred relief for losses	<u>295</u>	<u>450</u>
	<u>1,694</u>	<u>1,290</u>

##### Pension commitments

There are two retirement benefit schemes providing benefits to certain employees of the company.

##### a) The Leaside Buses and South London Transport Pension Scheme

This final salary scheme was established in September 1994 to provide retirement benefits for those employees of Leaside Bus Company Limited who at the date of joining the Cowie Group were provided with retirement benefits under the LRT Pension Fund. The scheme was extended in January 1995 to include employees of South London Transport Limited who were similarly provided with benefits under the LRT Pension Fund. The scheme is financed through a separate Trustee administered fund and is independently managed by a professional fund manager on behalf of the Trustees. Contributions are based upon actuarial advice from the scheme's actuaries, William M Mercer Limited using the Projected Unit Credit Method. The scheme had no assets at its inception, and although members have been given the option to transfer their pension rights from the LRT Pension Fund, the transfer has not yet been finalised. However, any such transfer is not expected to lead to any material surplus or deficiency. There has been no actuarial valuation of the fund since its inception.

##### b) Money Purchase Scheme

This defined contribution scheme is operated by Cowie Group plc in conjunction with Scottish Widows who hold and manage the fund on behalf of the Trustee.

# LEASIDE BUS COMPANY LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

### 12 CALLED UP SHARE CAPITAL

31 December 1994 and  
31 December 1995  
£

#### Authorised

Ordinary shares of £1 each

21,000,000

#### Allotted and fully paid

Ordinary shares of £1 each

8,140,500

### 13 RESERVES

	Revaluation reserve £'000	Share premium account £'000	Profit and loss account £'000
At 1 January 1995	1,400	8,141	(103)
Retained profit for the year	-	-	249
Additional depreciation arising from revaluation	<u>(507)</u>	<u>-</u>	<u>507</u>
At 31 December 1995	<u>893</u>	<u>8,141</u>	<u>653</u>

### 14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1995 £'000	1994 £'000
Profit for the year	3,049	880
Dividends	<u>(2,800)</u>	<u>(200)</u>
Net addition to shareholders' funds	249	680
Opening shareholders' funds	<u>17,579</u>	<u>16,899</u>
Closing shareholders' funds	<u>17,828</u>	<u>17,579</u>



## **LEASIDE BUS COMPANY LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)**

#### **15 PARTICULARS OF EMPLOYEES**

The average number of employees during the year was 1,695 (31 December 1994 - 1,739).

#### **16 ULTIMATE PARENT COMPANY**

The ultimate parent company at the end of the year is Cowie Group plc, a company which operates and is registered in England and Wales, and which has prepared group accounts incorporating the results of Leaside Bus Company Limited. Copies of these accounts can be obtained from Millfield House, Hylton Road, Sunderland.