

**LONDON UNITED BUSWAYS LIMITED**

**REGISTERED NO: 2328561**

**FINANCIAL STATEMENTS FOR THE 52 WEEKS  
ENDED 9 NOVEMBER 2001**



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**LONDON UNITED BUSWAYS LIMITED**  
**DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 9 NOVEMBER 2001**

The Directors present their report on the affairs of the Company, together with the financial statements and auditors' report for the 52 weeks ended 9 November 2001.

**Business Review**

The Company's principal activity continues to be the provision of road passenger transport services in the Greater London area. During the period the Company traded successfully with approximately 600 buses based in South West London.

**Financial Results**

The profit for the period was £1,780,000 (2000: £2,303,000) after taxation. The Directors recommend that a dividend for £643,000 (2000: £nil) be paid to London United Busways 1994 Limited.

**Directors and their Interests**

The Directors who held office during the period are listed below. They held no interest in the shares of the Company.

S F H Lawes (resigned 26 August 2001)  
S J de Beaux (resigned 09 November 2001)  
A E Juniper  
D A Lott  
R M Wiseman  
M N Willis  
C Beaumont (appointed 27 August 2001)  
A McGill (appointed 06 August 2001)  
W Brooks (appointed 06 August 2001)  
F-X Perin (appointed 01 June 2001)

**Disabled Employees**

The Company's policy in respect of disabled persons is that their applications for employment are always fully and fairly considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that employment with the Company continues and where necessary, appropriate training is arranged. It is the Company's policy that training, career development and promotion of disabled persons should, as far as possible, be identical with that of all other employees in similar positions.

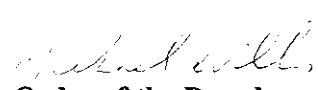
**Employee Involvement**

The Directors and Managers of the Company place considerable value on consultative meetings with employees. Information on matters affecting employees and on various factors affecting the performance of the Company is disseminated through meetings, newsletters and training programmes. Employees' representatives are consulted regularly on a wide range of matters affecting employees' current and future interests.

**Suppliers**

Company policy is to establish payment terms with suppliers when agreeing the terms of business transactions. Where payment terms have not been agreed, payments are generally made to suppliers within thirty days of receipt of correct invoices.

Busways House  
Wellington Road  
Twickenham  
Middlesex TW2 5NX

  
**By Order of the Board**  
M N S Willis  
Director  
28 February 2002

**LONDON UNITED BUSWAYS LIMITED**  
**DIRECTORS' RESPONSIBILITIES IN RESPECT OF**  
**THE FINANCIAL STATEMENTS**

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 as at the end of the financial year and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have 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.

**LONDON UNITED BUSWAYS LIMITED**  
**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**LONDON UNITED BUSWAYS LIMITED**

We have audited the financial statements on pages 4 to 13 which have been prepared following the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, and by our profession's ethical guidance.

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. 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 with the company is not disclosed.

**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 the company's affairs as at 9 November 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Mazars Neville Russell*  
**MAZARS NEVILLE RUSSELL**  
**CHARTERED ACCOUNTANTS**  
and Registered Auditors  
24 Bevis Marks  
London  
EC3A 7NR

28 February 2002

**LONDON UNITED BUSWAYS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**for the 52 weeks ended 9 November 2001**

	Notes	2001 £'000	2000 £'000
Turnover	1	56,966	43,520
Cost of operations		(53,311)	(40,592)
<b>Operating profit</b>		<b>3,655</b>	<b>2,928</b>
Net interest payable	5	(1,209)	(157)
<b>Profit on ordinary activities before taxation</b>	2	<b>2,446</b>	<b>2,771</b>
Taxation	6	(666)	(468)
<b>Profit on ordinary activities after taxation</b>		<b>1,780</b>	<b>2,303</b>
Dividends		(643)	-
<b>Retained profit</b>	15	<b>1,137</b>	<b>2,303</b>

The Company's results are all from continuing operations

Movements in reserves are set out in note 15 to these financial statements.

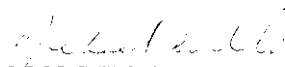
**Note of historical cost profit**

Reported profit on ordinary activities before taxation	2,446	2,771
Difference between an historical cost depreciation charge and the actual depreciation charge based on the revalued amount	132	193
Historical cost profit on ordinary activities before taxation	<u>2,578</u>	<u>2,964</u>
Historical cost profit retained after taxation and dividends	<u>1,269</u>	<u>2,496</u>

**LONDON UNITED BUSWAYS LIMITED**  
**BALANCE SHEET**  
**at 9 November 2001**

	Notes	2001 £'000	2000 £'000
<b>Fixed assets</b>			
Tangible assets	7	31,217	31,981
<b>Current assets</b>			
Stocks		246	384
Debtors	8	20,241	5,190
Cash at bank and in hand		3,477	3,773
		23,964	9,347
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(11,256)	(11,364)
<b>Net current liabilities</b>		12,708	(2,017)
<b>Total assets less current liabilities</b>		43,925	29,964
<b>Creditors: amounts falling due after more than One year</b>	11	(18,549)	(6,698)
<b>Provisions for liabilities and charges</b>	12	(4,128)	(3,155)
		21,248	20,111
<b>Capital and reserves</b>			
Called up share capital	14	3,576	3,576
Share premium account	14	3,576	3,576
Revaluation reserve	15	3,685	3,817
Profit and loss account	15	10,411	9,142
		21,248	20,111

The financial statements were approved by the Board of Directors on 28 February 2002 and signed on its behalf by:

  
M N S Willis  
Director  
28 February 2002

**LONDON UNITED BUSWAYS LIMITED**  
**PRINCIPAL ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

These financial statements have been prepared under the historic cost convention modified for the revaluation of land and buildings and certain buses in accordance with applicable accounting standards.

No cash flow statement is presented as a consolidated cash flow statement is included in the financial statements of the ultimate parent undertaking.

**TURNOVER**

Turnover excludes value added tax and comprises of cash taken on buses, an allocation of travelcard, bus pass and concessionary pass income, income from London Regional Transport and Transport *for* London under net cost, gross cost contracts and quality incentive contracts and income from other commercial services.

**TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are generally stated at historic cost less accumulated depreciation. Land and buildings are stated at an independent valuation. 26 buses are stated at a valuation equivalent to historic net book value, as if the buses had been owned since new. Freehold land is not depreciated. Depreciation is provided on the straight-line basis over the estimated useful lives of all other assets as follows:

Buses	- range from 3 to 17 years
Buildings	- 20 years
Other assets	- range from 1 to 10 years

**LEASED ASSETS**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Assets held under finance leases (and similar hire purchase agreements) are capitalised and depreciated over their useful lives. The corresponding lease and hire purchase obligations are treated in the balance sheet as liabilities. The interest element of lease and hire purchase obligations is charged to profit and loss account over the period of the agreements at a constant proportion of the outstanding balance of capital repayments.

**STOCKS**

Stocks consist of parts and materials required for the operation and maintenance of buses. These materials are valued at cost less due allowance for obsolete and slow moving items.

**PENSIONS**

A significant proportion of employees are members of London United Busways Retirement Benefits Plan ("the plan"), to which the Company contributes. The plan is a UK defined benefit scheme, the assets of which are held in trustee administered funds. Pension costs are accounted for on the basis of charging the expected cost of providing pensions for the period during which the Company benefits from the employees' services. The effects of variations from regular costs are spread over the expected average remaining life of the members of the Plan.

**TAXATION**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

**RELATED PARTY TRANSACTIONS**

No related party transactions have been disclosed as the Company has taken advantage of the exemption within FRS 8. (The Company is a wholly owned subsidiary whose results are included in its parent's consolidated accounts, which are available to the public).

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 9 November 2001**

**NOTE 1 TURNOVER AND PROFIT BEFORE TAXATION**

All of the Company's turnover and profit before taxation derives from the provision of road passenger transport services in the Greater London area.

**NOTE 2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation has been arrived at after charging the following amounts:

	2001 £'000	2000 £'000
Auditors' remuneration – audit work	26	29
Hire rentals under operating leases	1,163	708
Depreciation of owned assets	2,667	2,734
Depreciation of buses held under finance leases and hire purchase contracts	760	639
Profit on disposal of fixed assets	259	691

**NOTE 3 DIRECTORS' EMOLUMENTS**

During the period the Directors received emoluments totalling £410,000 (2000: £347,000).

The highest paid Director received emoluments of £74,000 (2000: £77,000) and is entitled to an accrued annual pension of Zero (2000: £13,000) at the end of the period.

All Directors except those appointed during the period, were accruing retirement benefits under a defined benefit scheme.

**NOTE 4 STAFF COSTS**

Staff costs during the period amounted to:

	2001 £'000	2000 £'000
Wages and salaries	31,920	24,018
Social security	2,381	2,012
Other pension costs	855	681
	<u>35,156</u>	<u>26,711</u>

The average monthly number of people employed by the Company, including Directors, during the period was as follows:

	2001 Number	2000 Number
Bus operations	1,442	1,154
Bus maintenance	122	102
Management and administration	43	47
	<u>1,607</u>	<u>1,303</u>

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 9 November 2001 (continued)**

**NOTE 5 NET INTEREST RECEIVABLE/(PAYABLE)**

	2001 £'000	2000 £'000
Finance charges in respect of finance leases and hire purchase contracts	(438)	(438)
Interest and similar charges in respect of other loans	(1,063)	0
Interest income	292	281
	<u>(1,209)</u>	<u>(157)</u>

**NOTE 6 TAXATION**

	2001 £'000	2000 £'000
Corporation tax over provision in prior years	0	(103)
Amount payable to parent undertaking for group relief (30%)	666	571
	<u>666</u>	<u>468</u>

The taxation charge was reduced from the standard rate of corporation tax principally by capital allowances exceeding depreciation charges.

**NOTE 7 TANGIBLE FIXED ASSETS**

<u>Cost or valuation</u>	Freehold land and buildings £'000	Buses £'000	Other Assets £'000	Totals £'000
At beginning of period	8,100	40,025	2,551	50,676
Additions	-	1,828	928	2,756
Disposals	-	(2,856)	(91)	(2,947)
At end of period	<u>8,100</u>	<u>38,997</u>	<u>3,388</u>	<u>50,485</u>
<b><u>Depreciation</u></b>				
At beginning of period	408	16,584	1,703	18,695
Charge for the period	69	3,122	236	3,427
Disposals	-	(2,764)	(90)	(2,854)
At end of period	<u>477</u>	<u>16,942</u>	<u>1,849</u>	<u>19,268</u>
<b><u>Net book value</u></b>				
At beginning of period	<u>7,692</u>	<u>23,441</u>	<u>848</u>	<u>31,981</u>
At end of period	<u>7,623</u>	<u>22,055</u>	<u>1,539</u>	<u>31,217</u>

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 9 November 2001 (continued)**

**NOTE 7 TANGIBLE FIXED ASSETS (contd)**

Land and buildings were revalued for the Directors at 20 February 1998 by Healey & Baker, International Real Estate Consultants, on the basis of open market values for existing use. No provision has been made for tax which would become payable on disposal of revalued properties at their valuations. The historical cost of freehold buildings on which depreciation was charged was £1,365,000. The historical cost of freehold land and buildings included above at a valuation of £8,100,000 was £4,415,000. If these properties are sold for more than cost before 1 April 2004, clawback arrangements are in place such that 50% of any surplus is repayable to the former shareholder London Regional Transport.

The cost to the Company of the 26 buses included at valuation was £2,210 and the revaluation amount added on acquisition was £810,000. The basis for revaluation was the net book value of buses of a similar type and age. The revaluation reserve is reduced by a transfer to profit and loss account of £132,000 for the period relating to the depreciation charge on the revaluation.

At 9 November 2001 the net book value of buses leased and hire purchased was £6,736,000 (2000: £7,496,000).

**NOTE 8 DEBTORS**

	2001 £'000	2000 £'000
Trade debtors	2,247	2,115
Amount due from Transdev plc	1,990	2,046
Amount due from Parent undertaking	14,706	-
Value added tax	246	205
Other debtors	69	30
Prepayments	983	794
	<u>20,241</u>	<u>5,190</u>

**NOTE 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 £'000	2000 £'000
Bank overdraft	51	-
Hire purchase and lease obligations falling due within one year	851	853
Loans	2,250	-
Trade creditors	2,139	1,774
Amount due to parent undertaking	1,017	3,828
Amount due to fellow subsidiary undertaking	955	1,025
Other taxation and social security	1,278	1,179
Receipts in advance	284	96
Fuel duty rebate received in advance	341	580
Salary and wages accrual	1,364	1,164
Other accruals	726	865
	<u>11,256</u>	<u>11,364</u>

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 9 November 2001 (continued)**

**NOTE 10 OPERATING LEASE COMMITMENTS**

The annual commitments under non-cancellable operating leases:

	<b>Land &amp; buildings 2001 £'000</b>	<b>Other 2001 £'000</b>	<b>Land &amp; buildings 2000 £'000</b>	<b>Other 2000</b>
Commitment expiring:				
within one year	-	153	-	-
in two to five years	-	375	-	606
over five years	94	710	94	543
	<u>94</u>	<u>1,238</u>	<u>94</u>	<u>1,149</u>

**NOTE 11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2001 £'000</b>	<b>2000 £'000</b>
Hire purchase and finance lease obligations:		
repayable between one and two years	850	857
repayable between two and five years	2,446	2,473
repayable after more than five years	2,553	3,368
	<u>5,849</u>	<u>6,698</u>
Loans between one and two years	2,250	0
Loans between two and five years	10,450	0
	<u>12,700</u>	<u>6,698</u>
	<u>18,549</u>	<u>6,698</u>

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 9 November 2001 (continued)**

**NOTE 12 PROVISIONS FOR LIABILITIES AND CHARGE**

	<b>Claims</b>	<b>Holiday</b>	<b>Totals</b>
	<b>£'000</b>	<b>Pay</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At beginning of period	2,816	339	3,155
Profit and loss movement	1,005	(32)	973
	<u>3,821</u>	<u>307</u>	<u>4,128</u>

**Claims**

Provision is made for claims against the Company to the extent that they are not covered by insurance policies.

**Holiday pay**

Provision is made for holiday pay in respect of employees who have not taken their full entitlement to paid holidays in the first year of service and who on leaving the Company are entitled to holiday pay for holidays not taken in their first year of service. Provision is also made for holidays not taken due to sickness and for holiday entitlements due to working on public holidays. No provision is made for current year annual holiday entitlement not taken.

**Deferred taxation**

Deferred taxation which has not been provided amounted to:

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Capital allowances in excess of related depreciation	2,381	2,267
Other short term timing differences	(53)	(53)
Revaluation of fixed assets	667	705
	<u>2,995</u>	<u>2,919</u>

**NOTE 13 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS**

	<b>2001</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>
Total recognised gains	2,446	2,771
Shareholder's funds brought forward	<u>20,579</u>	<u>17,808</u>
Shareholder's funds carried forward	<u>23,025</u>	<u>20,579</u>

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 9 November 2001 (continued)**

**NOTE 14 CALLED UP SHARE CAPITAL AND SHARE PREMIUM ACCOUNT**

	2001 and 2000 £
<b>Authorised Share Capital</b>	
Ordinary Shares of £1 each	<u>19,000,000</u>
<b>Issued Share Capital</b>	
Called up, allotted and fully paid	
Ordinary Shares of £1 each	<u>3,576,500</u>
<b>Share Premium Account</b>	
On issue of Ordinary Shares	<u>3,575,500</u>

**NOTE 15 RESERVES**

	Asset Revaluation Reserve £'000	Profit and loss account £'000
At beginning of period	3,817	9,142
Retained profit in the period	-	1,137
Transfer to profit and loss account	(132)	132
At end of period	<u>3,685</u>	<u>10,411</u>

**NOTE 16 CAPITAL COMMITMENTS**

The Company has undertaken to build a garage that will cost an additional £0.6m during the year to November 2002.

At 9 November 2001 and subsequently, the Company has secured contracts for the operation of buses which will require the purchase of new buses with an expected cost of approximately £16.0m during the year to November 2002. As yet, no decision has been made as to how these purchases will be funded.

In addition to the above capital commitments, the company has also contracted to lease buses at a total cost of £7,757,000 (2000: £1,676,000). These buses will be financed by operating leases.

**NOTE 17 PENSIONS**

The Company operates one main defined benefit scheme in the UK. A full actuarial valuation was carried out at 1 January 2000 and updated to 9 November 2001 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	At year- end 09/11/2001
Rate of increase in salaries (including promotional allowance)	3.75% p.a.
Rate of increase of pensions in payment and in deferment	2.25% p.a.
Discount rate	5.36% p.a.
Inflation assumption	2.25% p.a.
Employers contributions	14.00% p.a.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 9 November 2001 (continued)**

**NOTE 17 PENSIONS (continued)**

The assets in the scheme and the expected rates of return were:

	At year-end 09/11/2001	At year-end 09/11/2001
		£'000
Equities	6.25%	7,930
Bonds	5.25%	<u>1,982</u>
Total market value of assets		9,912
Actuarial value of liability		<u>14,712</u>
Surplus in the scheme		<u>(4,800)</u>
Related deferred tax liability		<u>1,440</u>
Net pension asset		<u><u>(3,360)</u></u>

**NOTE 18 PARENT UNDERTAKING**

The ultimate parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member is Caisse des Depots et Consignations, a French public sector financial institution. The accounts of Caisse des Depots et Consignations are available at 56 Rue de Lille, 75356 Paris. The parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is London United Busways 1994 Limited, a company registered in England and Wales.