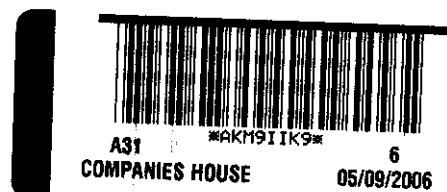


**LONDON UNITED BUSWAYS LIMITED**

**REGISTERED NO: 2328561**

**FINANCIAL STATEMENTS FOR THE 52 WEEKS**

**ENDED 11 NOVEMBER 2005**



**LONDON UNITED BUSWAYS LIMITED**  
**DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

The Directors present their report on the affairs of the Company, together with the financial statements and auditors' report for the 52 weeks ended 11 November 2005 (53 weeks ended 12 November 2004).

**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 650 buses based in South West London.

**Financial Results**

The profit for the period was £7,818,000 (2004: £6,358,000) after taxation and before dividends. The Directors recommend a dividend of £6,500,000 (2004: £5,000,000).

**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.

C Beaumont	
L Birchley	
R C Casling	
D A Lott	
A McGill	
F-X Perin	
K Fuller –	appointed 1 <sup>st</sup> February 2005
M. Miskelly –	resigned 11 <sup>th</sup> February 2006

**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 position.

**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**

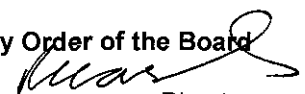
Company policy is to establish payment terms with suppliers when agreeing the terms of business transactions. Where payment terms have not been agreed, payments are generally made to suppliers within thirty days of receipt of correct invoices. At 11 November 2005, the company had 37 days' purchases unpaid (2004: 27 days)

**Auditors**

A resolution to reappoint Mazars LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Busways House  
Wellington Road  
Twickenham  
Middlesex TW2 5NX

By Order of the Board

  
Director  
12<sup>th</sup> APRIL 2006

**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 judgments 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.

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

We have audited the financial statements of London United Busways Limited for the 52 weeks ended 11 November 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 11 November 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Mazars LLP*

Mazars LLP  
Chartered Accountants  
and Registered Auditors

24 Bevis Marks  
London EC3A 7NR

Date: 25 April 2006

**LONDON UNITED BUSWAYS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

	Notes	2005 £'000	2004 £'000
Turnover	1	99,857	92,920
Cost of operations		88,100	82,947
<b>Operating profit</b>		<u>11,757</u>	<u>9,973</u>
Net interest payable and similar charges	5	(523)	(821)
<b>Profit on ordinary activities before taxation</b>	2	<u>11,234</u>	<u>9,152</u>
Taxation	6	<u>(3,416)</u>	<u>(2,794)</u>
<b>Profit on ordinary activities after taxation</b>		7,818	6,358
Dividends		<u>(6,500)</u>	<u>(5,000)</u>
<b>Retained profit</b>	15, 16	<u>1,318</u>	<u>1,358</u>

The Company's results are all from continuing operations.

The accompanying notes are an integral part of the profit and loss account.

There is no material difference between the profit on ordinary activities before taxation and the retained profit reported in the profit and loss account and the equivalent figures calculated on the historical cost basis.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

	2005 £'000	2004 £'000
Profit for the period	1,318	1,358
Unrealised surplus on revaluation of properties	4,475	-
Total recognised gains and losses recognisable since the last annual report	<u>5,793</u>	<u>1,358</u>

**LONDON UNITED BUSWAYS LIMITED**

**BALANCE SHEET**

**AS AT 11 NOVEMBER 2005**

	Notes	2005 £'000	2004 £'000
<b>Fixed assets</b>	7	38,372	36,779
Tangible assets			
<b>Current assets</b>			
Stocks – Spares & Fuel		393	372
Debtors	8	25,500	25,996
Cash at bank and in hand		6,414	4,364
		32,307	30,732
<b>Creditors: amounts falling due within one year</b>	9	(20,874)	(16,337)
<b>Net current assets</b>		11,433	14,395
<b>Total assets less current liabilities</b>		49,805	51,174
<b>Creditors: amounts falling due after more than One year</b>	11	(7,541)	(13,983)
<b>Provisions for liabilities and charges</b>	12	(9,672)	(10,392)
		32,592	26,799
<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	13,505	9,030
Profit and loss account	15	11,935	10,617
<b>Equity Shareholders' funds</b>	16	32,592	26,799

The attached notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 12<sup>th</sup> April 2006 and signed on its behalf by:

  
R Casling  
Director  
2006

## **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 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 income from Transport for London 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. Freehold land is not depreciated. Depreciation is provided on the straight-line basis over the estimated useful lives of all other assets as follows:-

The Company has revalued its land and building assets this year in accordance with the rules of FRS 15.

Buses	-	range from 3 to 10 years
Freehold buildings	-	20 years
Leasehold buildings	-	length of Lease
Other assets	-	range from 2 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**

The majority of Company's employees pensions are provided by defined benefit schemes, which are funded by contributions from the Company and employees. Pension costs are accounted for on the basis of charging the expected costs of providing pensions for the period during which the Company benefits from the employee's services. The effects of variations from regular costs are spread over the expected average remaining life of the members of the Plan.

#### **TAXATION**

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted.

#### **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 wholly owned subsidiary whose results are included in its ultimate UK parent's consolidated accounts, which are available to the public).

#### **PROVISIONS FOR LIABILITIES AND CHARGES**

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

**LONDON UNITED BUSWAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

**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:

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration - audit work	64	43
- other work	6	10
Hire rental under operating leases:		
- Plant and Machinery	5,938	5,114
- Land and Buildings	308	436
Depreciation of owned assets	2,113	2,234
Depreciation of buses held under finance leases and hire purchase contracts	1,385	1,357
Profit on disposal of fixed assets	163	159

**NOTE 3      DIRECTORS' EMOLUMENTS**

During the period the Directors received emoluments totalling £372,263 (2004: £353,187).

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Emoluments	372,263	353,187
Contribution to money purchase scheme	52,180	8,625
	<u>424,443</u>	<u>361,812</u>

The highest paid Director received emoluments of £111,215 (2004: £111,325) and is entitled to an accrued annual pension of £10,664 (2004: £ 8,573) at the end of the period. The number of directors to whom final salary retirement benefits are accruing is 1 (2004: 2). The number of directors to whom money purchase retirement benefits are accruing is 3 (2004: 1).

**NOTE 4      STAFF COSTS**

Staff costs during the period amounted to:	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	51,367	49,638
Social Security	5,083	4,593
Other pension costs	1,208	1,398
	<u>57,658</u>	<u>55,629</u>

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

	<b>2005</b>	<b>2004</b>
	<b>Number</b>	<b>Number</b>
Bus operations	1,804	1,835
Engineering & maintenance	127	127
Management and administration	58	53
	<u>1,989</u>	<u>2,015</u>



**LONDON UNITED BUSWAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

**NOTE 5      NET INTEREST PAYABLE AND SIMILAR CHARGES**

	2005 £'000	2004 £'000
Finance charges in respect of finance lease and hire purchase contracts	(539)	(588)
Interest and similar charges in respect of other loans	(343)	(468)
Interest income	359	235
	<u>(523)</u>	<u>(821)</u>

**NOTE 6      TAXATION**

**(a)      Analysis of charge in the period**

	£'000	2005 £'000	£'000	2004 £'000
Current Taxation				
- UK Corporation tax charge for the period	3,634		2,863	
- Adjustments in respect of prior periods	<u>22</u>		<u>102</u>	
		3,656		2,965
Deferred Taxation				
- Origination and reversal of timing differences		<u>(240)</u>		<u>(171)</u>
		<u>3,416</u>		<u>2,794</u>

**(b)      Factors affecting tax charge for the period**

The standard rate of tax for the period, based on the U.K. standard rate of corporation tax is 30%. The actual current tax charge for the current and previous period differed from the standard rate for the reasons set out in the following reconciliation.

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	11,234	9,152
Standard tax charge at 30% (2004: 30%)	<u>3,370</u>	<u>2,746</u>
Timing differences	256	51
Adjustment to tax charge in respect of previous periods	22	102
Permanent timing differences	8	66
Current tax charge for the period	<u>3,656</u>	<u>2,965</u>

**(c)      Factors that may affect future tax charges**  
None.

**LONDON UNITED BUSWAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

**NOTE 7      TANGIBLE FIXED ASSETS**

<b><u>Cost or Valuation</u></b>	<b>Freehold Land &amp; Buildings</b>	<b>Leasehold Property</b>	<b>Work in Progress</b>	<b>Buses</b>	<b>Other Assets</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At beginning of period	13,016	1,501	-	35,306	4,293	54,116
Additions	52	64	303	197	222	838
Asset Category Reallocation	(51)	51	-	-	-	-
Disposals	-	-	-	(613)	(5)	(618)
Surplus on revaluation	4,283	-	-	-	-	4,283
At end of period	<u>17,300</u>	<u>1,616</u>	<u>303</u>	<u>34,890</u>	<u>4,510</u>	<u>58,619</u>

**Depreciation**

At the beginning of period	124	331	-	14,105	2,777	17,337
Asset Category Reallocation	(9)	9	-	-	-	-
Charge for the period	77	152	-	2,842	427	3,498
Disposals	-	-	-	(391)	(5)	(396)
Eliminated on revaluation	(192)	-	-	-	-	(192)
At end of period	<u>-</u>	<u>492</u>	<u>-</u>	<u>16,556</u>	<u>3,199</u>	<u>20,247</u>

**Net book value**

At the beginning of period	<u>12,892</u>	<u>1,170</u>	<u>-</u>	<u>21,201</u>	<u>1,516</u>	<u>36,779</u>
At the end of period	<u>17,300</u>	<u>1,124</u>	<u>303</u>	<u>18,334</u>	<u>1,311</u>	<u>38,372</u>

Land and buildings were revalued for the Directors in November 2005 by Cluttons, 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 tax charge on disposal would be £4,052,000. The historical cost of freehold buildings on which depreciation was charged was £1,365,000. The historical cost of freehold land and buildings included the above at a valuation of £17,300,000 was £3,793,000.

At 11 November 2005 the net book value of buses leased and hire purchased was £10,781,964 (2004: £11,796,000).

**LONDON UNITED BUSWAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

**NOTE 8      DEBTORS**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	5,712	5,307
Amount due from Transdev plc	2,672	2,415
Amount due from parent undertaking	14,763	14,763
Amount due from fellow subsidiary undertaking	162	1,433
Value Added Tax	990	814
Other Debtors	8	16
Prepayments	1,193	1,248
	<u>25,500</u>	<u>25,996</u>

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

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Dividend Proposed	2,000	-
Hire purchase and lease obligations falling due within one year	1,692	1,692
Loans	4,750	2,550
Trade creditors	2,246	2,234
Corporation tax	1,421	1,386
Amount due to fellow subsidiary undertaking	932	932
Other taxations and social security	2,477	2,324
Receipts in advance	647	365
Fuel duty rebate received in advance	413	298
Salary and wages accrual	2,169	2,224
Other accruals	2,127	2,332
	<u>20,874</u>	<u>16,337</u>

**NOTE 10      OPERATING LEASE COMMITMENTS**

The annual commitments under non-cancellable operating leases:

	<b>Land &amp; buildings</b>	<b>Other</b>	<b>Land &amp; buildings</b>	<b>Other</b>
	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Commitment expiring:</b>				
Within one year	-	168	-	-
in two to five years	310	5,560	-	4,563
Over five years	-	469	310	1,512
	<u>310</u>	<u>6,197</u>	<u>310</u>	<u>6,075</u>

**LONDON UNITED BUSWAYS LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

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

	<b>2005 £'000</b>	<b>2004 £'000</b>
<b>Hire purchase and finance lease obligations:</b>		
Repayable between one and two years	1,692	1,692
Repayable between two and five years	4,370	4,977
Repayable after more than five years	1,479	2,564
	<u>7,541</u>	<u>9,233</u>
 Loans between one and two years	 -	 4,750
	<u>7,541</u>	<u>13,983</u>

**NOTE 12 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Deferred Tax £'000</b>	<b>Claims £'000</b>	<b>Holiday Pay £'000</b>	<b>Total £'000</b>
At beginning of period	3,806	6,265	321	10,392
Charge for the period	(240)	3,259	-	3,019
Utilised during the period	-	(2,122)	(59)	(2,181)
Reversed during the period	-	(1,558)	-	(1,558)
At end of period	<u>3,566</u>	<u>5,844</u>	<u>262</u>	<u>9,672</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 the 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.

Details of the deferred tax provisions are given in note 13.

**NOTE 13 DEFERRED TAXATION**

Deferred taxation which has been provided amounted to:	<b>2005 £'000</b>	<b>2004 £'000</b>
Capital allowances in excess of related depreciation	3,626	3,869
Other timing differences	(60)	(63)
	<u>3,566</u>	<u>3,806</u>

**LONDON UNITED BUSWAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

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

	2005 & 2004 £
<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 & Loss Account £'000
At beginning of period as previously reported	9,030	10,617
Retained profit in the period	-	1,318
Net surplus arising on revaluation of tangible fixed assets	4,475	-
At end of period	<u>13,505</u>	<u>11,935</u>

No provision has been made for tax which would become payable on disposal of the properties at their valuations

**NOTE 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005 £'000	2004 £'000
At beginning of period	26,799	25,441
Profit for the year	1,318	1,358
Revaluation adjustment	4,475	-
Shareholder's funds carried forward	<u>32,592</u>	<u>26,799</u>

**NOTE 17 CAPITAL COMMITMENTS**

As at 11 November 2005 the Company has no capital commitments (2004: £ Nil).

**LONDON UNITED BUSWAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

**NOTE 18    PENSIONS**

The group operates a defined benefit pension scheme and a defined contribution pension scheme in the UK. The members of the defined benefit scheme are employees of London United Busways Limited, with the exception of six employees who transferred to the defined benefit scheme in 2003 as a result of the acquisition of London Sovereign Limited.

The total pension cost for the London United Group was £1,368,000 (2004: £1,398,000). The defined benefit pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial valuation of the London United Busways Retirement Benefits Plan was at 1 January 2005.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £15,359,000 and the actuarial value of the assets was 39% lower than the benefits that had accrued to members, after allowing for expected future increases in earnings. The employers' contribution rate over the average remaining lives of employees in the scheme takes account of the deficiency disclosed by the valuation.

The main actuarial assumptions were:

Investment return – pre-retirement	6.5% pa
Investment return – post-retirement	5.0% pa
Pensionable pay increases	3.75% pa
Real investment return above salary increases	2.75% pa
Pension increases (LPI)	2.75% pa
Real investment return above pension increases (LPI)	2.25% pa
Price inflation	2.75% pa

A provision of £124,000 (2004: £114,000) is included in creditors, representing the excess of the accumulated pension costs over the amount funded in 2005.

**LONDON UNITED BUSWAYS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

**NOTE 18**     **PENSIONS cont.**

**FRS 17: Retirement benefits – Additional disclosures**

Additional disclosures regarding the Group's defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits" and these are set out below. The disclosures relate to the second year of the transitional provisions. They provide information which will be necessary for full implementation of FRS 17 in the year ending 10 November 2006.

The actuarial valuations described have been updated at 11 November 2005 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17.

The major assumptions used by the actuary were (in nominal terms):

	At period end 11 November 2005	At period end 12 November 2004	At period end 7 November 2003
Rate of increase in salaries (including promotional)	3.80%	3.80%	4.30%
Rate of increase of pensions in payment	2.80%	2.80%	2.80%
Discount rate	5.10%	5.33%	5.57%
Inflation assumption	2.80%	2.80%	2.80%

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	At period end 11 November 2005	At period end 12 November 2004	At period end 7 November 2003
	%	%	%
Equities	7.40	7.60	6.50
Bonds	4.80	5.00	5.50
Other	4.50	4.75	5.50
Total market value of assets	15,344	11,764	9,391
Actual value of liability	3,738	2,876	2,321
Deficit in the schemes	38	94	80
Related deferred tax asset	19,120	14,734	11,792
Net pension liability	(33,202)	(25,196)	(22,315)
	(14,082)	(10,462)	(10,523)
	4,225	3,139	3,157
	(9,857)	(7,323)	(7,366)

During the 52 weeks period ending 11 November 2005 group contributions have been paid at the rate of 14.8% (2004: 14.8%) of pensionable pay.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEKS ENDED 11 NOVEMBER 2005**

**NOTE 18 PENSIONS cont.**

The following disclosures show the effect of FRS 17 had it been implemented this period:

<b>Analysis of the amount which would be charged to operating Profit under FRS 17</b>	<b>Period to 11 November 2005 £'000</b>	<b>Period to 12 November 2004 £'000</b>
Service cost	1,429	1,455
Past service cost	-	-
Total operating charge	<u>1,429</u>	<u>1,455</u>
 <b>Analysis of the amount which would be charged to other financial income</b>	 <b>Period to 11 November 2005 £'000</b>	 <b>Period to 12 November 2004 £'000</b>
Expected return on pension scheme assets	1,095	788
Interest on pension liabilities	<u>(1,384)</u>	<u>(1,288)</u>
	<u>(289)</u>	<u>(500)</u>
 <b>Analysis of the amount which would be recognised in statement of total recognised gains and losses (STRGL) under FRS 17</b>	 <b>Period to 11 November 2005 £'000</b>	 <b>Period to 12 November 2004 £'000</b>
Actual return less expected return on assets	1,815	700
Experience gains and losses on liabilities	(322)	240
Changes in assumptions	<u>(4,763)</u>	<u>(202)</u>
Actuarial (loss)/gain recognised in STRGL	(3,270)	738
Adjustment due to surplus cap	-	-
Net (loss)/gain recognised	<u>(3,270)</u>	<u>738</u>
 <b>Movement in deficit during the period under FRS 17</b>	 <b>Period to 11 November 2005 £'000</b>	 <b>Period to 12 November 2004 £'000</b>
Deficit in scheme at beginning of period	(10,462)	(10,523)
Movement in period:		
Current service costs	(1,429)	(1,455)
Past service costs	-	-
Interest cost	(289)	(500)
Actuarial (loss)/gain	(3,270)	738
Contributions	1,368	1,278
Deficit in scheme at end of period	<u>(14,082)</u>	<u>(10,462)</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 18 PENSIONS cont.**

	2005	2004	2003	2002
<b>History of experience gains and losses</b>				
<b>Difference between expected and actual return on scheme assets:</b>				
Amount (£'000)	1,815	700	581	(2,251)
Percentage of scheme assets	9%	5%	5%	24%
<b>Experience gains and losses on scheme liabilities:</b>				
Amount (£'000)	(322)	240	154	(440)
Percentage of scheme assets	1%	1%	1%	2%
<b>Total amount which would have been recognised in the statement of total recognised gains and losses under FRS17:</b>				
Amount (£'000)	(3,270)	738	(1,728)	(3,415)
Percentage of scheme liabilities	10%	3%	8%	19%

**NOTE 19 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 Transdev Plc, a company registered in England and Wales. The Company's immediate parent company is London United Limited, a company registered in England and Wales.

**NOTE 20 CONTINGENT LIABILITIES**

The Company is part of a group registration scheme for VAT and is jointly and severally liable for the Transdev Plc group VAT liability.

Bank and other guarantees given by the company amounted to £15,750,000 (2004: £15,750,000).

Bank debentures granted by the Company include fixed equitable charge over all present and future freehold and leasehold property; first fixed charge over, among other things, book and other debts, chattels, and goodwill, both present and future; and first floating charges over all assets and undertakings both present and future.