Plaxton Limited

Directors' report and financial statements

Registered number 05101150

30 April 2007

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Contents

Directors' report

The directors have pleasure in submitting the annual report and the financial statements for the year ended 30 April 2007

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities

Principal activity and business review

The principal activity of the group continued to be the manufacture and distribution of new and second-hand luxury coaches and buses, and related aftermarket activities

On 29 July 2006 the entire share capital of the company was acquired by Plaxton Holdings Limited, a company registered in England and Wales At the year end 30 April 2007 Plaxton Holdings Limited was the company's ultimate parent undertaking

On 11 May 2007 the entire share capital of Plaxton Holdings Limited, the company's ultimate parent company was purchased by Alexander Dennis Limited The company has subsequently changed its financial year end to 31 December in line with the rest of the Group to which it now belongs

The results for the year are set out in the profit and loss account on page 7

On turnover of £81 7m, from which £13 1m of gross profit was generated and operating profit of £3 0m, corresponding previous year results were £75 3m, £12 7m and £3 0m Turnover increased by £6 4m (8 5%) in the year, mainly representing the increased bus sales activity

The principal risks and uncertainties affecting the business include the following

- Raw material availability and prices the group monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers
- Environmental risks the group places considerable emphasis upon environmental compliance in each of its businesses and not only seeks to ensure ongoing compliance with relevant legislation but also strives to ensure that environmental best practice is incorporated into its key processes

- Debtors the group maintains strong relationships with each of its key customers and has established credit control parameters Appropriate credit terms are agreed with all customers and these are closely managed In addition, the group maintains credit insurance whereby the majority of outstanding debts are credit insured
- Major disruption/disaster a formal Business Continuity Plan is currently being drawn up and implemented
- New product, project and technology risk the business has satisfactorily developed product updates to take account of legislation, the current financial year has seen the development of the product range to comply with the Euro4 emission legislation The business operates in a highly competitive market place, and has therefore taken the view that it should embrace new technology in line with a strategy of product differentiation

  All appropriate measures are taken to protect the company's intellectual property rights and to minimise the risk of infringement of third party rights
- The effect of legislation or other regulatory activities The bus and coach industry, like many others, is subject to strong regulatory forces The main legislative and regulatory changes which have affected the business in the last two years are around the introduction of the Disability and Discrimination Act to coach transport in 2005, and the introduction of Euro4 emission requirements in 2006/7 Plaxton's response was to embrace such changes and turn them into opportunities to supply innovative product solutions to the fleet and retail coach buyers, with three lift options on coach, and one in the Beaver/Cheetah products, along with the majority of the product range now Euro4 compliant
- Litigation the directors are not aware of any litigation at the present time

Key areas of strategic development and performance of the business include

- Sales and marketing new and replacement business is being won continually, new markets have been developed in line with the group's strategy, key customer relationships are monitored on a regular basis
- Manufacturing new products continue to be developed for both existing and development markets, production efficiencies have been gained and new initiatives for process and efficiency improvements are constantly being developed
- New product development It is incumbent on a business like Plaxton, to endeavour to remain at the forefront of technology in the industry To that end the company has spent £696,000 on product development and related asset infrastructure (2006 - £838,000), to complete the introduction of two the bus models, the Centro and the Primo, along with other new variants of existing products

  2006/7 was also a significant year for product development, with the introduction of revised body designs to accommodate the Euro 4 emissions legislation on bus and coach, and also to further the range of bus chassis offered with the Centro body Such investment is aimed at retaining Plaxton's role as market leader in the UK coach market, and once again becoming a force in bus Furthermore a key new coach variant was developed, a 15metre tri-axle touring coach, which attracted significant orders in its first year of production
- Health and Safety accident and absenteeism rates have fallen and the company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved

Directors' report *(continued)*

Key financial performance indicators include the monitoring of the management of profitability and working capital

Key non-financial performance indicators include the monitoring of our employees' health and safety

	2007	2006	Measure
Financial			
Ebitda	**£4.11m**	£4 05m	Earnings before interest, tax, depreciation and amortisation
Current ratio	**1.01**	1 46	Current assets current liabilities
Stock turnover	**5.77**	6 37	Turnover/stock
Days debtors	**14.4**	17 7	Trade debtors/average turnover
Days creditors	**60 4**	53 6	Trade creditors/average purchases
Non-financial			
Number of reportable accidents	**4**	-	Reportable accidents

Proposed dividend

The directors do not recommend the payment of a dividend

Directors and directors' interests

The directors who held office during the year were as follows
B Davidson
J Globe
M Keaney
K Wood
C Robertson (appointed 11 May 2007)
F Daly (appointed 11 May 2007, resigned 23 November 2007)
A Glennie (resigned 28 July 2006)
A Glennon (resigned 28 July 2006)
F Santinon (appointed 2 March 2006, resigned 28 July 2006)

Employee involvement

A joint consultative group consisting of management and employee representatives operates as a forum for consultation with employees with meetings held on a regular basis

The company continued implementation of its training programme covering key areas of employee involvement such as communications, customer focus, continuous improvement, team working and empowerment

It is company policy that disabled people should have the same consideration as others for all job vacancies for which they apply as suitable candidates

Directors' report *(continued)*

Political and charitable contributions

The company made no political contributions during the year Donations to UK charities amounted to £850 *(2006 £2,216)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

During the period KPMG LLP were appointed as auditors to the company In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the board

M Keaney

M Keaney
Director

Plaxton Park
Cayton Low Road
Eastfield
Scarborough
North Yorkshire
YO11 3BY

18 December 2007

KPMG

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Plaxton Limited

We have audited the financial statements of Plaxton Limited for the year ended 30 April 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the 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 auditor's 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 on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements 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 judgments 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

Independent auditors' report to the members of Plaxton Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

18 December 2007

Profit and loss account
for the year ended 30 April 2007

	Notes	2007 £000	2006 £000
Turnover	*1*	**81,664**	75,290
Cost of sales		**(68,604)**	(62,579)
Gross profit		**13,060**	12,711
Distribution costs		**(2,370)**	(2,294)
Administrative expenses		**(7,679)**	(7,399)
Operating profit	*2 – 3*	**3,011**	3,018
Interest receivable and similar income	*5*	**19**	13
Interest payable and similar charges	*6*	**(1,379)**	(1,259)
Profit on ordinary activities before taxation		**1,651**	1,772
Tax on profit on ordinary activities	*7*	**(358)**	(551)
Profit for the financial period	*16*	**1,293**	1,221

There are no recognised gains and losses in the period other than the profit for the period

The results for the year are wholly attributable to continuing activities

Profit on ordinary activities before taxation is the historical cost profit

Balance sheet
at 30 April 2007

	Note	2007 £000	2007 £000	2006 £000	2006 £000
Fixed assets					
Intangible assets	*8*		**3,058**		3,556
Tangible assets	*9*		**1,441**		1,175
			4,499		4,731
Current assets					
Stocks	*10*	**14,163**		11,824	
Debtors	*11*	**3,713**		4,090	
Cash at bank and in hand		**5,864**		5,463	
		23,740		21,377	
Creditors amounts falling due within one year	*12*	**(17,541)**		(14,683)	
Net current assets			**6,199**		6,694
Total assets less current liabilities			**10,698**		11,425
Creditors amounts falling due after more than one year	*13*		**(6,242)**		(8,264)
Provisions for liabilities and charges	*14*		**(30)**		(28)
			4,426		3,133
Capital and reserves					
Called up share capital	*15*		**10**		10
Share premium account	*16*		**470**		470
Profit and loss account	*16*		**3,946**		2,653
Shareholders' funds			**4,426**		3,133

These financial statements were approved by the board of directors on 18 December 2007 and were signed on its behalf by

M Keaney
Director

Cash flow statement
for the year ended 30 April 2007

		2007 £'000	2006 £'000
Cash flow from operating activities	*17*	**6,150**	2,311
Returns on investments and servicing of finance	*18*	**(1,429)**	(1,046)
Capital expenditure and financial investment	*18*	**(859)**	(1,364)
Corporation tax paid		**(492)**	(962)
Cash inflow/(outflow) before management of liquid resources and financing		**3,370**	(1,061)
Financing	*18*	**(2,969)**	2,351
Increase in cash in the period	*19*	**401**	1,290

Reconciliation of net cash flow to movement in net debt

		2007 £'000	2006 £'000
Net debt at beginning of period	*19*	**(5,895)**	(4,834)
Increase in cash in the period	*19*	**401**	1,290
Cash movement re changes in debt	*19*	**9,197**	(2,351)
Net cash/(debt) at the end of the period	*19*	**3,703**	(5,895)

Reconciliation of movements in shareholders' funds
for the year ended 30 April 2007

	2007 £'000	2006 £'000
Retained profit for the financial period	**1,293**	1,221
Opening shareholders' funds	**3,133**	1,912
Closing shareholders' funds	**4,426**	3,133

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost accounting rules

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of seven years

Turnover

For vehicle turnover, a sale is recognised upon invoicing and when the vehicle is available in accordance with agreed customer requirements

After-market sales are recognised upon delivery of the relevant service

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Leasehold land and buildings	-	life of lease
Plant and machinery	-	between 3 and 8 years
Fixtures, fittings, tools and equipment	-	between 4 and 8 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Post-retirement benefits

The company operates a defined contribution pension scheme in the form of a group personal pension The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

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

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market

Research and development

It is the company's policy to capitalise development costs that comply with the requirements set out in SSAP 13 Accounting for Research and Development

Leases and hire purchase contracts

Where the company enters into a lease, which entails taking substantially all the risk and rewards of ownership of an asset, the lease is treated as a 'finance lease' The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter Future instalments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Notes *(continued)*

2 Profit on ordinary activities before taxation

	2007 £000	2006 £000
Profit on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration		
Audit	**29**	33
Other services - fees paid to the auditor and its associates	**21**	7
Depreciation and other amounts written off tangible and intangible fixed assets		
Owned	**337**	237
Leased	**23**	10
Amortisation of goodwill and development costs	**730**	786
Hire of plant and machinery - rentals payable under operating leases	**31**	23
Hire of other assets - operating leases	**983**	932
Research and development expenditure	**148**	147

3 Remuneration of directors

	2007 £000	2006 £000
Directors' emoluments	**448**	756
Company contributions to money purchase pension schemes	**39**	39
Amounts paid to third parties in respect of directors' services	**42**	24
	529	819

The aggregate of emoluments of the highest paid director was £118,000 (2006 £209,000) and company pension contributions of £11,000 (2006 £11,000) were made to a money purchase scheme on his behalf

	Number of directors 2007	Number of directors 2006
Average number of directors during the year	**7**	7

	Number of directors 2007	Number of directors 2006
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**4**	4

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	Number of employees	
	2007	2006
Manufacturing	**342**	291
Selling and Administration	**107**	103
Aftermarket	**67**	78
	516	472

The aggregate payroll costs of these persons were as follows

	2007	2006
	£000	£000
Wages and salaries	**13,057**	11,707
Social security costs	**1,332**	1,193
Other pension costs	**232**	206
	14,621	13,106

5 Other interest receivable and similar income

	2007	2006
	£000	£000
Interest receivable on short-term bank deposits	**19**	13

6 Interest payable and similar charges

	2007	2006
	£000	£000
On bank loans and overdrafts	**830**	374
On loan notes	**169**	707
Other	**380**	178
	1,379	1,259

Notes *(continued)*

7 Taxation

Analysis of charge in period

	2007 £000	2006 £000
UK corporation tax		
Current tax on income for the period	**363**	530
Adjustments in respect of prior period	**(7)**	(7)
Total current tax	**356**	523
Deferred tax		
Origination/reversal of timing differences	**-**	21
Adjustment in respect of prior period	**2**	7
Total deferred tax	**2**	28
Tax on profit on ordinary activities	**358**	551

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2006 lower)* than the standard rate of corporation tax in the UK (30%, 2006 30%) The differences are explained below

	2007 £000	2006 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**1,651**	1,772
Current tax at 30%	**495**	532
Effects of		
Expenses not deductible for tax purposes	**20**	19
Fixed asset timing differences	**(10)**	(19)
Short term timing differences	**10**	(2)
Adjustments to tax charge in respect of prior period	**(7)**	(7)
Group losses not paid for	**(152)**	-
	356	523

Notes *(continued)*

8 Intangible fixed assets

	Development costs	Goodwill and deal fees	Total
	£000	£000	£000
Cost			
At beginning of period	968	3,926	4,894
Additions	232	-	232
At end of period	1,200	3,926	5,126
Amortisation			
At beginning of period	63	1,275	1,338
Charged in period	157	573	730
At end of period	220	1,848	2,068
Net book value			
At 30 April 2007	**980**	**2,078**	**3,058**
At 30 April 2006	905	2,651	3,556

Goodwill held is in relation to the trade and asset purchase from Transbus International Limited and is being amortised over 7 years, as the directors believe that to be the period over which the benefits of the current designs, existing product range and contracts will be realised

Deal fees relating to the purchase were capitalised and are being amortised in line with goodwill

Development costs are capitalised under the provisions of SSAP 13 Accounting for Research and Development Costs are amortised over a period of seven years

Notes *(continued)*

9 Tangible fixed assets

	Leasehold Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost				
At beginning of period	108	1,100	356	1,564
Additions	11	554	62	627
At end of period	119	1,654	418	2,191
Depreciation				
At beginning of period	15	272	102	389
Charge for period	18	240	103	361
At end of period	33	512	205	750
Net book value				
At 30 April 2007	**86**	**1,142**	**213**	**1,441**
At 30 April 2006	93	828	254	1,175

The net book value of land and buildings comprises

	2007 £000	2006 £000
Short leasehold	**86**	93

Included in the total net book value of plant and machinery is £60,451 *(2006 £83,842)* in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the period on these assets was £23,393 *(2006 £9,727)*

Notes *(continued)*

10 Stocks

	2007 £000	2006 £000
Raw materials and consumables	**3,686**	2,940
Work in progress	**4,826**	4,304
Finished goods and goods for resale	**5,651**	4,580
	14,163	11,824

11 Debtors

	2007 £000	2006 £000
Trade debtors	**3,222**	3,644
Other debtors	**98**	130
Prepayments and accrued income	**393**	316
	3,713	4,090

12 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Stocking loan	**2,161**	3,088
Payments received on account	**59**	25
Trade creditors	**10,018**	8,140
Taxation and social security	**2,836**	1,199
Corporation tax	**59**	195
Other creditors	**78**	74
Accruals and deferred income	**2,300**	1,932
Finance lease creditors	**30**	30
	17,541	14,683

Notes *(continued)*

13 Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Loan notes	-	6,747
Bank loans	-	1,477
Finance lease creditors	14	40
Amounts due to parent undertaking	6,228	-
	6,242	8,264

Analysis of debt	2007 £000	2006 £000
Debt can be analysed as falling due		
Between two and five years	14	6,787
In five years or more	6,228	1,477
	6,242	8,264

As part of the restructuring that occurred on 29 July 2006 the loan notes and bank loans as disclosed were repaid in full and replaced by alternative finance

	2007 £000	2006 £000
Loan notes	-	6,770
Unamortised finance costs	-	(23)
	-	6,747
Bank loans	-	1,500
Unamortised finance costs	-	(23)
	-	1,477
	-	8,224

The maturity of obligations under finance leases and hire purchase contacts is as follows

	2007 £000	2006 £000
Within one year	30	30
In the second to fifth years	14	40
	44	70

Notes *(continued)*

14 Provisions for liabilities and charges

	Taxation including deferred taxation £000	Taxation including deferred taxation £000
At beginning of year	28	-
Charge to the profit and loss for the year	2	28
At end of year	**30**	**28**

The element of deferred taxation are as follows	**2007 £000**	2006 £000
Difference between accumulated depreciation and amortisation and capital allowances	**48**	35
Other timing differences	**(18)**	(7)
Provision	**30**	28
Deferred tax asset	**(18)**	(7)
Deferred tax liability	**48**	35
	30	28

15 Called up share capital

	2007 £	2006 £
Authorised, allotted, called up and fully paid:		
Equity		
72,500 A Ordinary shares of 10p each	**7,250**	7,250
27,500 B Ordinary shares of 10p each	**2,750**	2,750
	10,000	10,000

On 15 May 2004, the authorised share capital of the company was increased from £1,000 to £10,000 by the creation of 72,500 A ordinary shares of 10p each and 17,500 B ordinary shares of 10p each In addition, 998 unissued ordinary shares of £1 each were converted into 9,980 B ordinary shares of 10p each, and 2 issued ordinary shares of £1 each were converted into 20 B ordinary shares of 10p each

The holders of each A ordinary share or each B ordinary share shall have the right to receive notice of, attend, speak and vote at a general meeting of the Company

Save for as detailed below, the shares shall rank pari passu in all respects

The A ordinary shares issued during the period carry the right for the shareholders to receive, by way of a participating dividend, for the financial years commencing 1 May 2008 and ending 30 April 2011 Thereafter, the A ordinary shares and B ordinary shares shall rank equally share for share as regards dividends

Notes *(continued)*

15 Called up share capital *(continued)*

On liquidation, reduction of capital, dissolution or winding up of the company, each A ordinary share confers upon the holder thereof, the right to receive a proportion of the assets of the company available for distribution among the members equal to the issue price of each fully paid ordinary share and all dividends accrued or in arrears, similarly then to pay the B ordinary shareholders, then the balance to be distributed in accordance with the Articles of Association

16 Profit and loss account and movements in shareholders funds

	Share Capital	Profit & Loss Account	Share Premium	Total Shareholders funds
	£000	£000	£000	£000
Balance 1 May 2006	10	2,653	470	3,133
Retained profit for the financial period	-	1,293	-	1,293
Balance at 30 April 2007	**10**	**3,946**	**470**	**4,426**

17 Reconciliation of operating profit to net cash flow from operating activities

	2007	2006
	£'000	£'000
Operating profit	**3,032**	3,018
Depreciation and amortisation charges	**1,071**	1,033
(Increase)/decrease in stocks	**(2,339)**	685
Decrease/(increase) in debtors	**377**	(1,454)
Increase/(decrease) in creditors	**4,009**	(971)
Net cash inflow from operating activities	**6,150**	2,311

Notes *(continued)*

18 Analysis of cash flows

	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Returns on investment and servicing of finance				
Interest received	**19**		13	
Interest and bank fees paid	**(1,448)**		(1,059)	
		(1,429)		(1,046)
Capital expenditure				
Purchase of tangible fixed assets	**(627)**		(672)	
Purchase of intangible assets	**(232)**		(692)	
		(859)		(1,364)
Financing				
Repayment of stocking loan	**(927)**		2,351	
Repayment of bank loans	**(1,500)**		-	
Repayment of loan notes	**(6,770)**		-	
Increase in intercompany loans	**6,228**		-	
		(2,969)		2,351

19 Analysis of net debt

	Beginning of period £'000	Cash flow £'000	**At end of period £'000**
Cash in hand, at bank	5,463	401	**5,864**
Debt due within one year			
- Stocking loan	(3,088)	927	**(2,161)**
Debt due after one year			
- Loan stock (see note 13)	(6,770)	6,770	-
- Bank loans (see note 13)	(1,500)	1,500	-
	(11,358)	9,197	**(2,161)**
Total	(5,895)	9,598	**3,703**

Notes *(continued)*

20 Commitments

(a) Capital commitments at the end of the financial period, for which no provision has been made, are as follows

	2007 £000	2006 £000
Contracted	**81**	32
Authorised but not contracted	**251**	33
	332	65

(b) Annual commitments under non-cancellable operating leases are as follows

	2007 Land and buildings £000	2007 Other £000	2006 Land and buildings £000	2006 Other £000
Operating leases which expire				
Within one year	**22**	**34**	-	100
In the second to fifth years inclusive	**14**	**133**	7	116
Over five years	**717**	-	746	-
	753	**167**	753	216

21 Pension scheme

The Company operates a defined contribution pension scheme The pension cost charge for the period represents contributions payable by the Company to the scheme and amount to £232,000 *(2006 £206,000)*

There were outstanding contributions at the end of the financial period of £32,158 *(2006 £28,226)* and these are included within other creditors

22 Related party transactions

During the year, Clients of Aberdeen Murray Johnstone Private Equity Funds held 96 6% of the A ordinary shares, those clients also held 100% of the secured loan notes of £6 77m referred to in note 13 Interest included in the profit and loss account on those loans in the period amounted to £169,000 *(2006 £707,000)* as detailed in note 7

Loan notes of £6 77m were repaid in the period ending 30 April 2007, and none remained outstanding at the current period end Outstanding interest at the period end was £nil *(2006 £332,000)*

23 Ultimate parent undertaking

On 29 July 2006 the entire share capital of the company was acquired by Plaxton Holdings Limited, a company registered in England and Wales At the year end 30 April 2007 Plaxton Holdings Limited was the company's ultimate parent undertaking

24 Post balance sheet events

On 11 May 2007 the entire share capital of Plaxton Holdings Limited, the company's ultimate parent company was purchased by Alexander Dennis Limited The company has subsequently changed its financial year end to 31 December in line with the rest of the Group to which it now belongs