

EUROLINES (UK) LTD
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

COMPANY NUMBER 1991069



EUROLINES (UK) LIMITED DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 31 December 2000.

Directors

P M White
J W G Engelsman (Netherlands)
J Gilbert
J C Myers
I Royle
R O'Toole
E A Pike
W P Rollason
R H Brown (appointed 4th October 2000)

Principal activities and review of business developments

The Company administers and markets express coach services to Europe.

The results for the year were considered satisfactory and it is envisaged that this satisfactory situation will be maintained.

Results and dividends

The profit for the year attributable to ordinary shareholders amounted to £685,000 (1999: profit of £811,000) and has been transferred from reserves.

No dividends were paid or proposed during the year (1999: £nil).

Directors

The Directors of the Company who served during the year and up to the date of signing were those listed above.

EUROLINES (UK) LIMITED

DIRECTORS' REPORT

Directors' interests

Messrs. White, Myers, O'Toole and Rollason are also Directors of National Express Group PLC, the ultimate holding company, and their interests are disclosed in the Annual Report of that company.

The interests of the other directors in the shares and options of National Express Group PLC at 31 December 2000 are as follows:

	No of ordinary shares		Number of share options						
	As at 31/12/00	As at 31/12/99	As at 31/12/99	During Year			As at 31/12/00	Date Granted	Exercise Price
				Granted	Exercised	Lapsed			
J Gilbert	-	-	1,000 500 3,453 4,047	2,261 7,739	1,000 500	-	- - 3,453 4,047 2,261 7,739	15/09/99 25/03/96 24/03/97 24/03/97 20/04/00 20/04/00	A A A A B A 412.5p 513p 525p 525p 525p 525p
JWG Engelsman	-	-	15,000 3,333 -	10,000	-	-	15,000 3,333 10,000	23/03/98 14/09/98 20/04/00	A A A 846.5p 946.5p 525p
I Royle	-	-	5,714 9,286 1,502 15,000 10,000 -	- - - - - 20,000	- - - - - -	- - - - - -	5,714 9,286 1,502 15,000 10,000 20,000	24/3/97 24/3/97 22/3/99 13/9/99 31/10/97 20/4/00	B A A A C A 525p 525p 1224p 963p 427p 525p
EA Pike	183	-	3,544 6,456 20,000 10,000 -	- - - - 10,000	- - - - -	- - - - -	3,544 6,456 20,000 10,000 10,000	23/3/98 23/3/98 13/9/99 22/3/99 20/4/00	B A A A A 846.5p 846.5p 963p 1224p 525p

- A Options granted under NEG Executive Share Option Scheme (Unapproved)
- B Options granted under NEG Executive Share Option Scheme
- C Options granted under NEG Sharesave Scheme

Share Options were exercised at a price of 785p.

Details of each of the above share option schemes are given in the Annual Report and Accounts of National Express Group PLC for the year ended 31 December 2000.

Payment policy and practice

It is not the Company's policy to follow a code of standard payment practice. Payments are made in accordance with terms agreed in advance with each individual supplier.

Trade creditor days of the Company for the year ended 31 December 2000 were 4 days, based on a ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors (1999:10 days).

EUROLINES (UK) LIMITED DIRECTORS' REPORT

Employees

The Company recognises its responsibilities for the employment of disabled persons. Having regard to their aptitudes and abilities, the Company gives full and fair consideration to applications for employment from disabled persons.

So far as particular disabilities permit, it will give employees disabled during their period of employment continued employment in the same job, or if this is not practicable, a suitable alternative job wherever possible.

Equal opportunities for appropriate retraining, career development and promotion are available to all employees regardless of any physical disability or their sex, religion, colour or nationality.

Employee involvement

The Company is committed to involve all employees in the performance and development of the Company. Employees are encouraged to discuss with management matters of interest to the employee and subjects affecting day-to-day operations of the Company. Discussions take place regularly with the trade unions representing the Company's employees on a wide range of issues.

EUROLINES (UK) LIMITED

DIRECTORS' REPORT

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that these accounts comply with the above requirements.

The Directors are responsible for keeping 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young to Ernst & Young LLP with effect from 28 June 2001.

In accordance with Section 386 of the Companies Act 1985, a resolution has been passed to dispense with the obligation to appoint auditors. Accordingly, Ernst & Young LLP shall be deemed re-appointed as auditors 28 days after the accounts are sent to the members.

By order of the Board


J Gilbert

Director

Date Approved by the Directors:

Registered Office:

Ensign Court

4 Vicarage Road

Edgbaston

Birmingham, B15 3ES

**REPORT OF THE AUDITORS TO THE MEMBERS OF
EUROLINES (UK) LIMITED**

We have audited the accounts on pages 7 to 16, which have been prepared under the historical cost convention and the accounting policies, set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on page 5, the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practice Board and by our profession's ethical guidance.

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham

Date approved: 31 October 2001.

EUROLINES (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

		2000 £'000	1999 £'000
	<i>Note</i>		
Turnover – continuing operations	2	18,066	18,670
Operating costs	3	<u>(17,085)</u>	<u>(17,593)</u>
Operating profit – continuing operations		981	1,077
Interest Receivable	6	<u>154</u>	<u>109</u>
Profit on ordinary activities before taxation		1,135	1,186
Taxation	7	(450)	(375)
Retained Profit for the financial year	13	<u>685</u>	<u>811</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company as stated above.

EUROLINES (UK) LIMITED

BALANCE SHEET

AT 31 DECEMBER 2000

		2000	1999
		£'000	£'000
	<i>Note</i>		
Fixed assets			
Tangible assets	8	48	103
		<u>48</u>	<u>103</u>
Current assets			
Debtors	9	2,646	1,685
Cash at bank and in hand		<u>3,532</u>	<u>2,316</u>
		6,178	4,001
Creditors: amounts falling due within one year	10	<u>(3,325)</u>	<u>(1,888)</u>
Net current assets		<u>2,853</u>	<u>2,113</u>
Net assets		<u>2,901</u>	<u>2,216</u>
Capital and reserves			
Called up Share Capital	12	100	100
Capital Reserve	13	(223)	(223)
Profit and loss account	13	<u>3,024</u>	<u>2,339</u>
Equity shareholders' funds	14	<u>2,901</u>	<u>2,216</u>


J Gilbert

Director

Date approved by the Directors:

31/10/01.

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

1. Accounting policies

A summary of the accounting policies, which have been applied consistently, are set out below:

(a) Basis of preparation

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards and the accounting policies below.

(b) Fixed assets and depreciation

Tangible fixed assets are stated at cost together with any direct incidental costs of acquisition.

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

Plant & equipment	3 – 7 years
Leasehold improvements	Over the period of the lease

(c) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Deferred taxation is accounted for in respect of all material timing differences to the extent that it is probable that a liability will crystallise using the liability method. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

(d) Leases and hire purchase contracts

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

(e) Cash Flow Statement

As the Company is a wholly owned subsidiary undertaking of National Express Group PLC, a company registered in England and Wales, and which prepares a consolidated cash flow statement, the Company has taken advantage of the exemption provided under FRS 1 (Revised) not to prepare a cash flow statement.

(f) Pensions

The Company is a member of the group defined benefit scheme. Pension costs are recognised on a systematic basis so that the costs providing retirement benefits are to employees are evenly matched, so far as possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the pension scheme is allocated over the average remaining service lives of current employees.

(g) Foreign currencies

Assets and liabilities in foreign currencies, which are of a trading nature, are expressed in sterling at the rates of exchange ruling at the balance sheet date. Any exchange differences arising are dealt with through the profit & loss account.

2. Turnover

The turnover is revenue from road passenger transport and related activities. Revenue, all of which arises in the United Kingdom, is stated net of value added tax where applicable.

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

3. Operating costs

	2000 £'000	1999 £'000
Materials and consumables		
External charges	15,842	16,197
Auditors remuneration – audit services	12	12
Staff costs (Note 5)	995	1,173
Depreciation - Owned Assets	73	87
Operating lease charges – Land & Buildings	163	124
	<u>17,085</u>	<u>17,593</u>

4. Directors' remuneration

The remuneration of the Directors' during the year comprised the following:

	2000 £'000	1999 £'000
Aggregate emoluments	<u>97</u>	<u>179</u>

Retirement benefits are accruing to three directors under defined benefit schemes operated on behalf of the Company. One Director is a member of the Group's Defined contribution scheme.

One Director exercised share options during the year.

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

5. Staff costs

	2000 £'000	1999 £'000
Wages and salaries	891	1,084
Social security costs	60	63
Redundancy Costs	20	-
Pension costs (Note 15)	24	26
	<u>995</u>	<u>1,173</u>

The average number of full time equivalent employees during the year, including Directors, was:

	Number	Number
Management and administration	16	10
Operational	55	70
	<u>71</u>	<u>80</u>

6. Interest Receivable

	2000 £'000	1999 £'000
Bank Interest	<u>154</u>	<u>109</u>

7. Taxation

	2000 £'000	1999 £'000
UK Corporation tax	<u>450</u>	<u>375</u>

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

8. Tangible assets

The owned tangible fixed assets at 31 December 2000 as shown in the balance sheet are analysed as follows:

	Leasehold Improvements £'000	Plant & Equipment £'000	Total £'000
Cost:			
At 31 December 1999	25	442	467
Additions	-	17	17
At 31 December 2000	<u>25</u>	<u>459</u>	<u>484</u>
Depreciation:			
As at 31 December 1999	25	339	364
Charge for the year	-	72	72
As at 31 December 2000	<u>25</u>	<u>411</u>	<u>436</u>
Net Book Value:			
At 31 December 2000	<u>-</u>	<u>48</u>	<u>48</u>
At 31 December 1999	<u>-</u>	<u>103</u>	<u>103</u>

9. Debtors: amounts due within one year

	2000 £'000	1999 £'000
Trade debtors	203	140
Amounts due from group undertakings	1,032	676
Other debtors	1,379	80
Prepayments and accrued income	32	789
	<u>2,646</u>	<u>1,685</u>

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

10. Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Trade creditors	163	428
Corporation tax payable	509	434
Amounts due to group undertakings	112	208
Other creditors & Accruals	2,541	818
	<u>3,325</u>	<u>1,888</u>

11. Deferred taxation

There was no provided or unprovided deferred tax at 31 December 2000 and 1999.

12. Share capital

	Authorised		Issued, called up and fully paid	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>100</u>	<u>100</u>

7

13. Reserves

	Capital Reserve £'000	Profit & Loss Account £'000
At 1 January 2000	(223)	2,339
Retained Profit for the year	-	685
At 31 December 2000	<u>(223)</u>	<u>3,024</u>

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

14. Reconciliation of Movements in Shareholders' Funds

	2000 £'000	1999 £'000
Profit attributable to members of the Company	685	811
Opening shareholders' funds	2,216	1,405
Closing shareholders' funds	<u>2,901</u>	<u>2,216</u>

15. Pension commitments

The Company is a participating company in defined benefit pension schemes operated by National Express Group PLC. Details of these schemes and the underlying actuarial assumptions thereto can be found in the 2000 Annual Report of National Express Group PLC.

The Company's combined contributions to the schemes for the year ended 31 December 2000 amounted to £24,000 (1999 - £26,000).

16. Contingent liabilities

The Company is a party to guarantees supported by charges in respect of overdraft facilities, which have been granted by the Group's bankers.

17. Annual commitments under non – cancellable operating lease agreements

	Land & Buildings		Plant & Equipment	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Lease expiring:				
Within One Year	-	-	-	5
Two to Five Years	79	77	7	7
Thereafter	-	36	-	-
	<u>79</u>	<u>113</u>	<u>7</u>	<u>12</u>

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

18. Related party transactions

The Company has taken advantage of the exemption in paragraph 3c of FRS8 from disclosing transactions with related parties that are part of the National Express Group PLC or investees of the Group.

19. Ultimate parent and controlling company

The Company is a wholly owned subsidiary undertaking of National Express Holdings Limited, registered in England and Wales.

The Company's ultimate parent and controlling company and the only company in which the Company's results are consolidated is National Express Group PLC, registered in England and Wales.

The Group accounts are available to the public and may be obtained from:

The Secretary
National Express Group PLC
75 Davies Street
London
W1K 5HT