Greater Manchester Buses North Limited

Report and Financial Statements
for the year
to 31 March 1995



Company No. 02818607

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COMPANIES HOUSE 21/1/96

Greater Manchester Buses North Limited

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Greater Manchester Buses North Limited
Report of the directors

The directors present their report and the audited financial statements for the year ended 31 March 1995.

Principal activities

The principal activity of the company is the provision of public transport by road.

Review of business

The company's first full year of trading produced profits before tax of £5,755,000 and notwithstanding a substantial investment in new vehicles during the year additional cash balances of some £3m by the close of the year.

On 8 February 1995 the company, through its subsidiary Citibus 1995 Limited, acquired the business previously carried out by Citibus Tours Limited. Details of the assets acquired and consideration paid are set out in the financial statements of Citibus 1995 Limited. The assets and liabilities of Citibus 1995 Limited are consolidated in the financial statements of GMBN (Holdings) Limited.

Future developments

The company is commited to ongoing investment in both assets and its workforce with the objective of developing organically.

Research and development

The company does not undertake research due to the nature of its business.

Dividends and transfers to reserves

Dividends of £22,500 per share totalling £2,250,000 were paid during the year ended 31 March 1995. The directors do not recommend the payment of a further dividend.
A profit of £3,505,000 for the financial year will be transferred to the company's reserves.

Greater Manchester Buses North Limited
Report of the directors

Directors

At 31 March 1995 the directors of the company, all of whom have been directors for the whole of the year except where noted below, were as follows:

	Appointed
A. R. Westwell	
R. W. Dickinson	
I. Bevan	
P. M. Simpson	7 December 1994

A. R. Westwell holds jointly with GMBN (Holdings) Limited, one share in the company. No other person who was a director at 31 March 1995 has any interest in the share capital of the company. Details of the directors' shareholdings in the parent company are disclosed in the financial statements of that company.

Changes in fixed assets

The movements in fixed assets during the year, are set out in note 11 to the financial statements.

Events since the balance sheet date

The bus operating activities of Citibus 1995 Limited were transferred to the company on 18 June 1995. Assets and liabilities were transferred at their book values.

Employee involvement

Regular meetings between staff and directors (two employees sit on the main board of the holding company), enable staff to be kept fully informed of key issues. Group briefings and staff bulletins also play an important part of communications with staff.

More than 90% of the company's employees own shares in the holding company.

Disabled employees

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a disabled person. With regard to existing employees and those who have become disabled during the year, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Ian Bevan
Secretary

14 August 1995

Greater Manchester Buses North Limited
Statement of the directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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 of the company for that year.

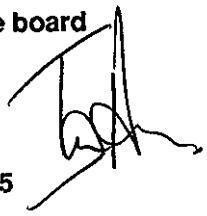
The directors confirm suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

Ian Bevan
Secretary

14 August 1995



Report of the auditors, to the members of Greater Manchester Buses North Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of the directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

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

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Manchester.

14 August 1995

Greater Manchester Buses North Limited
Profit and loss account
For the year ended 31 March 1995

	Notes	£000	13 Dec 93 to 31 Mar 94 £000
Turnover	2	62312	20657
Staff costs	5	37965	13153
Raw materials and consumables		8760	2737
Other external charges	4	5796	2173
Depreciation and amortisation		2905	933
Other operating charges		270	84
		55696	19080
Operating profit	3	6616	1577
Restructuring of continuing operations	6	–	(1610)
Interest receivable	7	189	24
Interest payable	8	(1050)	(184)
Profit (loss) on ordinary activities before taxation		5755	(193)
Tax on profit (loss) on ordinary activities	9	–	–
Profit (loss) on ordinary activities after taxation		5755	(193)
Dividends	10	(2250)	–
Retained profits (losses)	21	3505	(193)

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

There are no other recognised gains or losses other than the profit for the year as stated above.

All profits derive from continuing operations.

The notes on pages 7 to 14 form part of these financial statements.

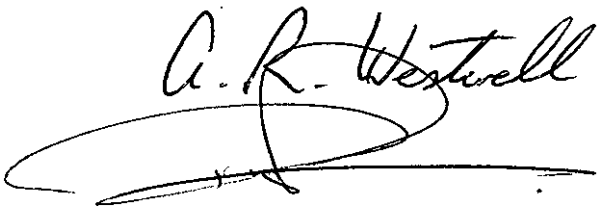
Greater Manchester Buses North Limited
Balance sheet
31 March 1995

	Notes	£000	1994 £000
Fixed assets			
Tangible assets	11	22988	22349
Investment in subsidiary undertakings	12	1405	–
		24393	22349
Current assets			
Pension fund surplus	24	9163	10393
Stocks	13	747	814
Debtors	14	4659	3029
Cash at bank and in hand		3682	841
		18251	15077
Creditors: amounts falling due within one year	15	(14288)	(15878)
Net current assets (liabilities)		3963	(801)
Total assets less current liabilities		28356	21548
Creditors: amounts falling due after more than one year	16	(8791)	(8006)
Provisions for liabilities and charges	19	(5390)	(5256)
		14175	8286
Capital and reserves			
Called up share capital	20	–	–
Reserve arising on acquisition	21	10863	8479
Profit and loss account	21	3312	(193)
Equity shareholders' funds	22	14175	8286

These accounts were approved by the board of directors on 14 August 1995.

A.R. Westwell Director

P. M. Simpson Director



The notes on pages 7 to 14 form part of these financial statements.

1. Accounting policies

Accounting convention
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently is set out below.
Group accounts have not been prepared in accordance with Section 228 of the Companies Act 1985.

Pension costs
Pension costs are charged to the profit and loss account so as to spread the cost as a substantially level percentage of current and anticipated pensionable earnings over the expected service lives of employees.

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold buildings	– 40 years
Leasehold land and buildings	– 40 years or the lease term, whichever is less
Public service and other vehicles	– 3 to 15 years
Plant and equipment	– 5 to 10 years

Capital grants
Capital grants received are included in creditors and released to the profit and loss account evenly over the expected useful life of the asset to which they relate.

Stocks
Stocks represent operational supplies and are stated at weighted average cost less provisions for obsolescence.

Deferred taxation
Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Leasing commitments
Assets obtained under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. Future obligations under finance leases are included in creditors. The interest element of the 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.

Goodwill
Goodwill arising on the acquisition of a business represents the shortfall of consideration given versus the fair value of the identifiable net assets acquired. It is written off immediately against reserves.

2. Turnover

Turnover comprises amounts receivable from the provision of public transport by road and is stated net of value added tax.

3. Operating profit

	£000	13 Dec 93 to 31 Mar 94 £000
(a) This is stated after charging:		
Directors' remuneration (see below)	351	71
Auditors' remuneration – audit	26	25
– other	17	8
Depreciation of tangible fixed assets:		
Owned	1258	364
Held under finance leases	1647	569
Rentals under operating lease: plant and machinery	230	94
(b) Directors' remuneration		
Management remuneration	330	67
Pension contributions	21	4
	351	71
Emoluments of the chairman (excluding pension contributions) who is also the highest paid director		
Management remuneration	95	25
The emoluments (excluding pension contributions) of all directors fell within the following ranges:	Number	Number
£nil – £5,000	–	5
£15,001 – £20,000	–	1
£20,001 – £25,000	–	2
£70,001 – £75,000	1	–
£75,001 – £80,000	1	–
£80,001 – £85,000	1	–
£95,001 – £100,000	1	–

4. Other external charges

Ongoing costs	6384	2173
Exceptional pre-acquisition rates rebate	(588)	–
	5796	2173

		£000	13 Dec 93 to 31 Mar 94 £000
5. Staff costs			
Wages and salaries		33977	11705
Social security costs		2546	923
Other pension costs (note 24)		1442	525
		37965	13153
The average weekly number of employees was made up as follows:		Number	Number
Platform staff		1659	1669
Engineering and miscellaneous staff		520	539
Non-manual employees		265	278
		2444	2486
		£000	£000
6. Restructuring of continuing operations			
Fundamental restructuring		–	1610
The restructuring costs were incurred in anticipation of the buyout of the company			
7. Interest receivable			
Bank interest receivable		189	24
8. Interest payable			
Interest on finance leases		1050	180
Bank interest		–	4
		1050	184
9. Tax on loss on ordinary activities			
There is no corporation tax charge due to the availability of tax losses (note 19)		–	–
10. Dividends	Per share net		
Interim, paid December 1994	£16,000	1600	
Interim, paid March 1995	£6,500	650	–
		2250	–

11. Tangible fixed assets

	Land and buildings				
	Freehold £000	Long leasehold £000	Passenger vehicles £000	Plant and equipment £000	Total £000
Cost					
At 1 April 1994	3688	5417	26602	8085	43792
Additions	2	–	3540	54	3596
Disposals	–	–	(68)	(148)	(216)
At 31st March 1995	3690	5417	30074	7991	47172
Depreciation					
At 1 April 1994	26	33	16681	4703	21443
Provided during the year	89	138	2032	646	2905
On disposals	–	–	(57)	(107)	(164)
At 31st March 1995	115	171	18656	5242	24184
Net book value at 31 March 1995	3575	5246	11418	2749	22988
Net book value at 31 March 1994	3662	5384	9921	3382	22349
The net book values at 31 March 1995 shown above include the following amounts in respect of assets held under finance leases:			10072	1952	12024

12. Investment in subsidiary undertakings

	1995 £000	1994 £000
At 31 March 1994	–	–
Adjustment to fair values	2384	–
Less dividend received relating to pre-acquisition period	(979)	–
At 31 March 1995	1405	–

The company has the following wholly owned subsidiaries incorporated in the United Kingdom and registered in England and Wales.
All shareholdings comprise ordinary shares of £1 each.

Citibus 1995 Limited	–bus operator
GMB (North) Limited	–non trading
Lancashire United Transport Limited	–non trading

13. Stocks

	1995 £000	1994 £000
Operational supplies	747	814

	£000	1994 £000
14. Debtors: amounts falling due with one year		
Trade debtors	311	424
Other debtors	1527	2482
Amounts owed by parent or fellow subsidiary undertakings	2254	–
Amount owed by subsidiary undertaking	487	–
Prepayments and accrued income	80	123
	4659	3029
15. Creditors: amounts falling due within one year		
Obligations under finance leases (note 17)	1813	2038
Trade creditors	2665	2000
Amounts owed to subsidiary undertaking	1405	2384
Other taxes and social security costs	1273	849
Other creditors	80	78
Accruals and deferred income	7052	8529
	14288	15878
16. Creditors: amounts falling due after more than one year		
Obligations under finance leases (note 17)	8602	7772
Deferred income from capital grants	189	234
	8791	8006
17. Obligations under finance leases		
Amounts payable within one year	2620	2998
Over one year:		
In the second to fifth years inclusive	9212	8457
Over five years	899	1634
	12731	13089
Less: finance charges allocated to future years	2316	3279
	10415	9810
Finance leases are shown as		
Creditors: amounts falling due within one year	1813	2038
Creditors: amounts falling due after more than one year	8602	7772
	10415	9810

	£000	1994 £000

18. Obligations under operating leases

As at 31 March 1995 the company was committed to making the following payments during the coming year in respect of operating leases.

Expiring within two to five years		
Land and buildings	–	–
Other	230	230

19. Provisions for liabilities and charges

Self insured claims	2920	2762
Internally funded pensions (note 24)	2313	2334
Ex gratia pension payments (note 24)	157	160
Deferred taxation (see below)	–	–
445390	5256	

Deferred taxation

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	£000	1994 £000	£000	1994 £000
Tax effect of timing differences because of:				
Accelerated capital allowances	2504	3365	–	–
Other	3024	3430	–	–
	5528	6795	–	–
Unutilised tax losses carried forward	(5528)	(6795)	–	–
	–	–	–	–
Tax effect of timing differences on revaluation of:				
Land and buildings	–	–	516	516
	–	–	516	516
Less: advance corporation tax	–	–	(196)	–
	–	–	320	516

No deferred taxation has been provided in these accounts. Prior year tax losses, which will be available to set off against future profits, have not yet been fully agreed with the Inland Revenue. In the directors' opinion, however, sufficient losses are available such that no provision for deferred taxation is needed.

20. Called up share capital

	£000	1994 £000
		1994 Authorised, issued and fully paid
Ordinary shares of £1 each	£100	£100

21. Reserves

	Reserve arising on acquisition £000	Profit and loss account £000
At 31 March 1994	8479	(193)
Adjustment to the fair value of assets acquired in prior year	2384	–
Profit for the year	–	3505
At 31 March 1995	10863	3312

During the year a detailed review of the fair value of the net assets acquired in the prior year was undertaken. As a result, the fair value of investment in subsidiary undertakings was increased. The reserve arising on acquisition comprises the cumulative amount of goodwill arising on acquisition.

22. Reconciliation of movements in shareholders' funds

	£000	1994 £000
Opening shareholders' funds	8286	–
Reserve arising on acquisition	2384	8479
Profit (loss) for the year	3505	(193)
Closing shareholders' funds	14175	8286

23 Capital commitments

		1994
Contracted	–	–
Authorised by the directors but not contracted	5225	–

24. Pensions

The company participates in the Greater Manchester County Superannuation Fund, which operates within the requirements of the Local Government Superannuation Regulations and provides benefits of the defined benefit type. The assets of the scheme are held in separate trustee administered funds. In addition the company provides self funded and ex gratia benefits, supplementing those payable from the Greater Manchester County Superannuation Fund; and also operates a defined contribution pension scheme.

An interim actuarial assessment of the Greater Manchester County Superannuation Fund was carried out as at 30 November 1993 by the fund's actuary. The assessment showed that the market value of the fund's assets attributable to the company was £61,100,000 and that the actuarial value of the assets was sufficient to cover 117% of the assessed liabilities.

Contribution rates are determined by the fund's actuary on the basis of triennial valuations. As a result of the surplus disclosed by the interim actuarial assessment carried out at 30 November 1993, no contributions to the fund are anticipated by the company until April 1996.

The total pension cost for the company during the year was £1,442,000 (1994 – £525,000). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the attained age method. In determining pension cost, it is assumed investment returns would be 9% per annum, earnings increases would average 6% per annum, present and future pensions would increase at the rate of 4.5% per annum and that dividends would increase at the rate of 4.5% per annum. The prepayment in respect of the funded benefits is £9,163,000 (1994 – £10,393,000) which equates to the assessed surplus within the fund attributable to the company.

Internally funded and ex gratia pension benefits, assessed at £2,470,000 (1994 – £2,494,000) in accordance with the advice of an independent qualified actuary, have been provided for in full.

25. Holding company

The results of Greater Manchester Buses North Limited are consolidated in the accounts of GMBN (Holdings) Limited, a company incorporated in Great Britain and registered in England and Wales.