

Docklands Minibuses Limited

Report and Financial Statements

30 June 2007

FRIDAY



AQ5XRZ6Y

A29

25/04/2008

47

COMPANIES HOUSE

Directors

K L Ludeman
N Swift
J Trayner
P W J Reeves
D A Cutts
P R Margrave

Secretary

C Sephton

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

The Royal Bank of Scotland plc
135 Bishopgate
London
EC2M 3UR

Solicitors

Dickinson Dees LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 3UR

Registered office

3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

Directors' report

The directors present their report and financial statements for the 15 month period ended 30 June 2007

Results and dividends

The loss for the period, after taxation, amounted to £850,541

Principal activity and review of the business

On 15 September 2006, 100% of the share capital of the Company was acquired by London General Transport Services, a subsidiary of the Go-Ahead Group plc. Consequently, the accounting reference date has been changed to 30 June in order to align with the new parent company.

On the same date the company's coach business was disposed of and so the principal activity is now the provision of bus services in the East London area, under contract to Transport for London (TfL).

Turnover increased by £2,018,115 as a result of winning new TfL contracts. Operating costs also rose accordingly but they were also increased by adjustments caused by adopting revised accounting estimates, particularly depreciation rates.

Principal risks and uncertainties

Failure to retain TfL route contract via the tendering process is the principal risk but this is offset by the high quality of services being provided and by continually focusing on cost control, particularly staff utilisation efficiencies.

Key performance indicators

The negative operating margin worsened as a result of the changes to accounting policies and increased fuel prices. Positive returns are expected in future periods.

Financial risk management objectives and policies

The main risks associated with the company's financial assets and liabilities are set out below. Given that the majority of the risks below derive from transactions with other group companies, the company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

Interest rate risk

All surplus cash is swept by the ultimate parent company, which is invested at a group level. Interest is charged at a variable rate on group loans. Therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates. However, the exposure is reduced because of the group control.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at fixed rates.

Credit risk

The majority of company debtors are with public or quasi public bodies (TfL, etc) and the company does not consider these parties to be a significant credit risk.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations in line with group policies. A cash sweeping facility exists with the ultimate parent company and therefore further information regarding the liquidity risk can be found in the group financial statements. Capital expenditure is approved at group level.

Directors' report

Financial risk management objectives and policies (continued)

Foreign currency risk

The company has no foreign currency risk as all of the transactions, assets and liabilities are in sterling

Directors

The directors who served the company during the period were as follows

K L Ludeman	(appointed 15 September 2006)
I P Butcher	(served from 15 September 2006 to 1 July 2007)
P R Margrave	(appointed 15 September 2006)
P W J Reeves	(appointed 15 September 2006)
J Trayner	(appointed 15 September 2006)
D A Cutts	(appointed 15 September 2006)
F Cheroomi	(resigned 15 September 2006)

Subsequent to the period end, the following was appointed as a director of the company

N Swift (appointed 17 July 2007)

Management and staff

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

It is the company's policy to give full consideration to suitable applications for employment by disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees who become disabled to continue in their employment or to be trained for other positions in the company.

Creditor payment policy and practice

The company agrees terms and conditions for its business transactions with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the suppliers.

At 30 June 2007, the company had an average of 28 days purchases outstanding in trade creditors.

Directors' report

Directors' responsibilities for audit information

Insofar as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

A resolution in accordance with Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 22 February 2000 and accordingly Ernst & Young LLP shall be deemed reappointed as auditors

Registered office
3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

By order of the board

A handwritten signature in black ink, appearing to read 'C Sephton', written over a horizontal line.

C Sephton
Secretary

23 April 2008

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company will continue in business.

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 financial statements 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.

Independent auditor's report

to the members of Docklands Minibuses Limited

We have audited the company's financial statements for the period ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 auditor's report

to the members of Docklands Minibuses Limited (continued)

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 30 June 2007 and of its loss for the period 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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

23 April 2008

Profit and loss account

for the period ended 30 June 2007

	<i>Notes</i>	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
Turnover	2	4,775,687	2,757,572
Operating costs	3(a)	5,818,376	2,793,284
Operating loss	3 (b)	(1,042,689)	(35,712)
Interest receivable and similar income	6	183	17
Interest payable and similar charges	7	(90,497)	(25,389)
Loss on ordinary activities before taxation		(1,133,003)	(61,084)
Tax on loss on ordinary activities	8	282,462	9,691
Loss for the financial year		<u>(850,541)</u>	<u>(51,393)</u>

There were no other recognised gains or losses other than those included above

Balance sheet

at 30 June 2007

	Notes	At 30 June 2007 £	At 31 March 2006 £
Fixed assets			
Intangible assets	9	—	2,550
Tangible assets	10	—	1,635,615
		<u>—</u>	<u>1,638,165</u>
Current assets			
Stocks		—	30,000
Debtors	11	—	546,397
Cash at bank		—	16,034
		<u>—</u>	<u>592,431</u>
Creditors amounts falling due within one year	12	527,238	830,958
Net current liabilities		<u>(527,238)</u>	<u>(238,527)</u>
Total assets less current liabilities		<u>(527,238)</u>	<u>1,399,638</u>
Creditors amounts falling due after more than one year	13	—	1,020,135
Provisions for liabilities	15	—	56,200
		<u>(527,238)</u>	<u>323,303</u>
Capital and reserves			
Equity share capital	19	4	4
Profit and loss account	20	(527,242)	323,299
	20	<u>(527,238)</u>	<u>323,303</u>


N Swift
Director

23 April 2008

Notes to the financial statements

at 30 June 2007

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards

The company has net current liabilities of £527,238. However, the directors have a reasonable expectation that the company has adequate resources to continue for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing the financial statements. In making this assessment the directors have taken account of the ongoing commitment of financial support from the parent undertaking.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Fixed assets and depreciation

Tangible fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant & equipment	- 3 to 15 years
Rolling stock	- 8 to 15 years

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 30 June 2007

1. Accounting policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred Tax is provided for on all timing differences which have originated but not reversed at the balance sheet date. Except where otherwise required by accounting standards, no timing differences are recognised in respect of

- Deferred tax assets except to the extent that it is more likely than not that they will be recovered

Deferred tax is calculated at the enacted rates at which it is estimated the tax will be payable. The deferred tax provision is not discounted to net present value.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Insurance

The company limits its exposure to the cost of motor, employer and public liability claims through third party insurance policies. These provide individual claim cover subject to high excess limits and an annual aggregate stop loss for total claims within the excess limits. An accrual is made within "Creditors amounts falling due within one year" for the estimated cost to the company to settle claims for incidents occurring prior to the balance sheet date. The estimation of the balance sheet insurance accrual is made after taking appropriate professional advice and is based on an assessment of the expected settlement on known claims, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but have not yet been reported to the company.

Notes to the financial statements

at 30 June 2007

1. Accounting policies (continued)***Pensions***

The Company operates a defined contribution scheme only. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Intangible assets

Intangible assets are capitalised at cost and amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below.

	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
United Kingdom	<u>4,775,687</u>	<u>2,757,572</u>

3. Operating profit**a) Operating costs**

	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
Materials and external charges	1,996,481	1,060,100
Staff Costs	3,202,999	1,662,097
Depreciation of fixed assets	524,507	115,251
Other operating charges	94,389	23,028
Other operating income	—	(67,192)
	<u>5,818,376</u>	<u>2,793,284</u>

Notes to the financial statements

at 30 June 2007

3. Operating profit (continued)

b) Operating profit is stated after charging/(crediting)

	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
Auditor's remuneration - audit services	—	—
Depreciation of owned fixed assets	118,315	23,988
Depreciation of assets held under hire purchase contracts	406,192	89,563
	<u>524,507</u>	<u>113,551</u>
Operating lease rentals – other	172,800	189,733
Profit on disposal of tangible assets	2,143	(67,192)
Goodwill written off	2,550	1,700
Pension costs	<u>1,750</u>	<u>8,009</u>

The audit fees for the company are borne by another group undertaking

4. Staff costs

	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
Wages and salaries	2,897,131	1,496,950
Social security costs	304,118	157,138
Other pension costs	1,750	8,009
	<u>3,202,999</u>	<u>1,662,097</u>

The monthly average number of employees during the period was as follows

	<i>Period to 30 June 2007 No</i>	<i>Year to 31 March 2006 No</i>
Operations	<u>88</u>	<u>60</u>

Notes to the financial statements

at 30 June 2007

5. Directors' emoluments

	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
Aggregate emoluments in respect of qualifying services	<u>7,328</u>	<u>16,205</u>
Aggregate of company contributions paid in respect of money purchase schemes	<u>1,750</u>	<u>8,009</u>
	<i>2007 No</i>	<i>2006 No</i>
Number of directors accruing benefits under money purchase schemes	<u>1</u>	<u>1</u>
The amounts in respect of the highest paid director are as follows		
	<i>2007 £</i>	<i>2006 £</i>
Emoluments	<u>7,328</u>	<u>16,205</u>
Company contributions paid in respect of money purchase schemes	<u>1,750</u>	<u>8,009</u>

6. Interest receivable and similar income

	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
Interest receivable	<u>183</u>	<u>17</u>
	<u>183</u>	<u>17</u>

7. Interest payable and similar charges

	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
Finance charges payable under hire purchase contracts	81,206	24,250
Interest on other loans	9,291	1,139
	<u>90,497</u>	<u>25,389</u>

Notes to the financial statements

at 30 June 2007

8. Taxation on ordinary activities**(a) Tax on loss on ordinary activities**

The tax credit is made up as follows

	<i>Period to 31 June 2007 £</i>	<i>Year to 30 March 2006 £</i>
<i>Current tax</i>		
UK corporation tax charge / (credit)	13,078	(12,391)
Total current tax (note 8(b))	<u>13,078</u>	<u>(12,391)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 15)	(295,540)	2,700
Tax on loss on ordinary activities	<u>(282,462)</u>	<u>(9,691)</u>

(b) Factors affecting current tax charge / (credit)

The tax assessed on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	<i>2007 £000</i>	<i>2006 £000</i>
Loss on ordinary activities before tax	<u>(1,133,003)</u>	<u>(61,084)</u>
Profit on ordinary activities by rate of tax	(339,901)	(18,325)
Expenses not deductible for tax purposes	1,047	—
Deferred taxation movement due to rate change	49,901	—
Other timing differences	6,027	8,634
Tax losses carried forward	173,448	—
Capital allowances in excess of depreciation	122,556	—
Total current tax (note 8(a))	<u>13,078</u>	<u>(9,691)</u>

Notes to the financial statements

at 30 June 2007

8. Taxation on ordinary activities (continued)

(c) Deferred tax

	<i>Period to 30 June 2007 £</i>	<i>Year to 31 March 2006 £</i>
Capital allowances in advance of depreciation	—	137,300
Other timing differences	—	(81,100)
Provision for deferred taxation (note 15)	<u>—</u>	<u>56,200</u>

(c) Factors affecting future tax charge

The standard rate of corporation tax will be 28% from 1 April 2008. This has been taken into account in the calculation of the deferred tax timing difference.

9. Intangible fixed assets

	<i>Goodwill £</i>
Cost	
At 1 April 2006 and 30 June 2007	<u>17,000</u>
Amortisation	
At 1 April 2006	14,450
Provided during the period	2,550
At 30 June 2007	<u>17,000</u>
Net book value	
At 30 June 2007	<u>—</u>
At 1 April 2006	<u>2,550</u>

Notes to the financial statements

at 30 June 2007

10. Tangible fixed assets

	<i>Plant & Equipment £</i>
Cost	
At 1 April 2006	2,213,157
Additions	1,379,154
Disposals	(1,517,306)
Transfers to other group undertakings	2,075,005
At 30 June 2007	<u> — </u>
Depreciation	
At 1 April 2006	577,542
Provided during the period	524,507
Disposals	(652,579)
Transfers to other group undertakings	(449,470)
At 30 June 2007	<u> — </u>
Net book value	
At 30 June 2007	<u> — </u>
At 1 April 2006	<u>1,635,615</u>

The net book value of assets above includes an amount of £nil (2006 £1,392,331) in respect of assets held under hire purchase contracts

11. Debtors

	<i>2007 £</i>	<i>2006 £</i>
Trade debtors	—	285,816
VAT	—	170,395
Taxation recoverable	—	13,078
Other debtors	—	41,128
Prepayments and accrued income	—	35,980
	<u> — </u>	<u>546,397</u>

Notes to the financial statements
at 30 June 2007

12. Creditors: amounts falling due within one year

	2007 £	2006 £
Obligations under hire purchase contracts (note 14)	—	376,417
Trade creditors	—	170,998
Amounts owed to group undertakings	527,238	—
Bank loans and overdrafts	—	31,068
Other taxation and social security	—	52,471
Other creditors	—	200,004
	<u>527,238</u>	<u>830,958</u>

13. Creditors: amounts falling due after more than one year

	2007 £	2006 £
Obligations under hire purchase contracts (note 14)	—	1,020,135
	<u>—</u>	<u>1,020,135</u>

14. Obligations under hire purchase contracts

	2007 £	2006 £
Amounts payable		
Within one year	—	376,417
In two to five years	—	1,020,135
	<u>—</u>	<u>1,396,552</u>

15. Provisions for liabilities and charges

	Deferred tax £
At 1 April 2006	56,200
Deferred tax credit in profit and loss account (note 8(a))	(295,540)
Business transfer (note 22)	239,340
As at 30 June 2007	<u>—</u>

16. Pension commitments

The Company operates a defined contribution Pension Scheme. The expense recognised in these accounts for the period is £1,750 being the contributions paid and payable.

Notes to the financial statements

at 30 June 2007

17. Commitments under operating leases

At 30 June 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire				
Within one year	–	–	–	173,000
In two to five years	–	–	74,000	–
In over five years	–	–	–	–
	<u>–</u>	<u>–</u>	<u>74,000</u>	<u>173,000</u>

18. Related party transactions

The company is a 100% subsidiary of The Go-Ahead Group plc. Advantage has been taken of the exemptions in paragraph 3 of Financial Reporting Standard 8 and transactions with entities that are part of the group have not been disclosed.

19. Share capital

	2007		Authorised 2006	
		£		£
Ordinary shares of £1 each		<u>1,000</u>		<u>1,000</u>

	Allotted, called up and fully paid 2007		2006	
	No	£	No	£
Ordinary shares of £1 each	4	<u>4</u>	4	<u>4</u>

20. Reconciliation of shareholders' funds / (deficit) and movement on reserves

	<i>Equity share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds / deficit</i>
	£	£	£
At 1 April 2005	4	374,692	374,696
Retained loss for the year	–	(51,393)	(51,393)
At 31 March 2006	<u>4</u>	<u>323,299</u>	<u>323,303</u>
Retained loss for the period	–	(850,541)	(850,541)
At 30 June 2007	<u>4</u>	<u>(527,242)</u>	<u>(527,238)</u>

Notes to the financial statements

at 30 June 2007

21. Ultimate parent company and controlling party

The company's immediate parent undertaking is London General Transport Services Limited. In the Directors' opinion the company's ultimate parent company and controlling party is The Go-Ahead Group plc which is also the parent undertaking of the group of undertakings for which group financial statements are drawn up. The Go-Ahead Group plc is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.

22. Business transfer

On 30 June 2007 the Company sold, under a business transfer agreement, its trade and assets to London General Transport Services Limited, its immediate parent company, for a consideration of £446,000, equal to the book and fair value of the assets disposed.

Net assets at date of sale

	Book and Fair Value Transferred
	£000
Tangible fixed assets	1,626
Cash	4
Stock	15
Debtors	94
Creditors	(1,532)
Deferred Tax	239
Discharged by inter-company loan	446