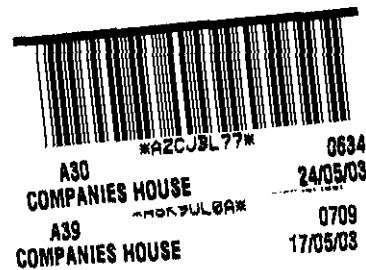


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P C COACHES OF LINCOLN LIMITED

REPORT AND ACCOUNTS 2002



HEMMING GRAHAM & CO.
CHARTERED ACCOUNTANTS

P C COACHES OF LINCOLN LIMITED

REPORT AND ACCOUNTS

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P C COACHES OF LINCOLN LIMITED

REPORT AND ACCOUNTS 2002

COMPANY INFORMATION

<u>DIRECTORS:</u>	P C Smith Mrs J Smith
<u>SECRETARY:</u>	Mrs J Smith
<u>REGISTERED NUMBER:</u>	03778521 England & Wales
<u>REGISTERED OFFICE:</u>	110 Rasen Lane Lincoln LN1 3HD
<u>AUDITORS:</u>	Hemming Graham & Co. Chartered Accountants Homer House Sibthorp Street Lincoln LN5 7SB

P C COACHES OF LINCOLN LIMITED

REPORT AND ACCOUNTS 2002

REPORT OF THE DIRECTORS

The directors present their annual report together with the accounts of the company for the year ended 31st July 2002.

BUSINESS ACTIVITIES

The company continues to engage in the business of coach operator.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the issued share capital of the company are shown below.

	Ordinary Shares of £1 each	
	2002	2001
P C Smith	500	500
Mrs J Smith	500	500

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 period. 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;
- * follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

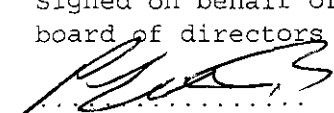
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors Hemming Graham & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the
board of directors


P C Smith - Director

Approved by the board 12/05/03

INDEPENDANT AUDITORS' REPORT TO THE
SHAREHOLDERS OF P C COACHES OF LINCOLN LIMITED

We have audited the accounts of P C Coaches of Lincoln Limited for the year ended 31st July 2002, which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Auditing Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

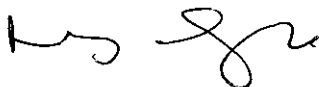
BASIS OF AUDIT OPINION

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 the company's affairs as at 31st July 2002 and of the profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



HEMMING GRAHAM & CO.
Chartered Accountants and Registered Auditors
Homer House
Sibthorp Street
Lincoln
LN5 7SB

12 May 2003

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention.

2. CASH FLOW STATEMENT

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

3. FIXED ASSETS

Fixed assets are recorded at cost and depreciation is calculated so as to write down the cost less residual value over their estimated lives. The rates used are as follows:-

Reducing balance:

Motor vehicles	25% per annum
Plant and equipment	15% per annum
Fixtures and fittings	15% per annum

Straight line:

Coaches	10% per annum
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No depreciation is provided on freehold or leasehold land.

4. DEFERRED TAXATION

Full provision is made at current rates for taxation deferred in respect of all material timing differences that have originated but not reversed at the balance sheet date.

5. STOCKS

Stocks and work-in-progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

6. LEASED ASSETS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Assets held under finance leases and hire purchase contracts are capitalised and depreciated in accordance with the company's depreciation policy. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element is charged to the profit and loss account evenly over the term of the agreements.

7. TURNOVER

Turnover represents the total amount receivable in the ordinary course of business for goods sold and services rendered during the year and is exclusive of value added tax.

P C COACHES OF LINCOLN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2002

	<u>Notes</u>	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
TURNOVER		1,757,543	1,947,294
COST OF SALES		1,139,759	1,194,256
GROSS PROFIT		617,784	753,038
ADMINISTRATION EXPENSES		357,798	276,758
		259,986	476,280
OTHER OPERATING INCOME		1,367	-
OPERATING PROFIT	1	261,353	476,280
INTEREST PAYABLE	2	44,567	49,596
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		216,786	426,684
TAXATION	3	50,558	319,201
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		166,228	107,483
DIVIDENDS		30,000	30,000
RETAINED PROFIT FOR THE YEAR		£ 136,228	£ 77,483

STATEMENT OF MOVEMENT IN RESERVES

BALANCE BROUGHT FORWARD	651,065	314,046
PRIOR YEAR ADJUSTMENT (NOTE 13)	(259,536)	-
	391,529	314,046
RETAINED PROFIT FOR THE YEAR	136,228	77,483
BALANCE CARRIED FORWARD	£ 527,757	£ 391,529

CONTINUING OPERATIONS

Turnover and operating profit derive wholly from continuing operations.

P C COACHES OF LINCOLN LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST JULY 2002

	<u>2002</u> <u>£</u>	<u>2001</u> <u>£</u>
Retained profit for the year	<u>136,228</u>	<u>77,483</u>
Total recognised gains and losses relating to the year	136,228	<u>77,483</u>
Prior year adjustment (note 13)	<u>(259,536)</u>	
Total gains and losses recognised since the last annual report	<u>(123,308)</u>	

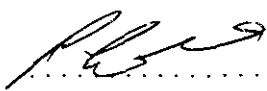
P C COACHES OF LINCOLN LIMITED

BALANCE SHEET
AS AT 31ST JULY 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
FIXED ASSETS			
Intangible	4	5,733	6,533
Tangible	5	2,339,653	2,291,957
		<u>2,345,386</u>	<u>2,298,490</u>
CURRENT ASSETS			
Stocks	6	22,197	15,670
Debtors	7	215,264	262,997
Cash at bank and in hand		100,725	110,449
		<u>338,186</u>	<u>389,116</u>
CREDITORS: Amounts falling due within one year	8	411,655	437,519
NET CURRENT LIABILITIES		<u>(73,469)</u>	<u>(48,403)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,271,917</u>	<u>2,250,087</u>
CREDITORS: Amounts falling due after more than one year	9	1,458,958	1,598,022
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	10	284,202	259,536
		<u>1,743,160</u>	<u>1,857,558</u>
		<u>£ 528,757</u>	<u>£ 392,529</u>
CAPITAL AND RESERVES			
Share capital	11	1,000	1,000
Profit and loss account		527,757	391,529
SHAREHOLDERS' FUNDS	12	<u>£ 528,757</u>	<u>£ 392,529</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

Signed on behalf of
the board of directors



P C Smith - Director

Approved by the board: 12/05/03

P C COACHES OF LINCOLN LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 2002

1 OPERATING PROFIT

	<u>2002</u> £	<u>2001</u> £
Operating profit is stated:-		
i) after charging -		
Amortisation on intangible fixed assets	800	800
Depreciation of tangible fixed assets	221,011	205,702
Directors' fees	33,155	14,484
Audit fees	1,500	1,500
	<u> </u>	<u> </u>
ii) after crediting -		
Caravan income	979	-
Bank interest received	388	-
Profit on sale of tangible fixed assets	14,886	24,126
	<u> </u>	<u> </u>

2 INTEREST PAYABLE

	<u>2002</u> £	<u>2001</u> £
Overdraft interest	509	1,868
Loan interest	5,832	1,455
Hire purchase interest	37,595	46,273
Interest on VAT	631	-
	<u> </u>	<u> </u>
	44,567	49,596
	<u> </u>	<u> </u>

3 TAXATION

	<u>2002</u> £	<u>2001</u> £
The charge for taxation consists of :-		
UK Corporation tax		
Charge for the year at 20% (2001 20%)	23,628	59,665
Prior year under provision	2,264	-
	<u> </u>	<u> </u>
	25,892	59,665
Deferred taxation (note 13)	24,666	259,536
	<u> </u>	<u> </u>
	50,558	319,201
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 2002

4 INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st August 2001	8,000
Additions	-
At 31st July 2002	8,000
AMORTISATION	
At 1st August 2001	1,467
Charge for the year	800
At 31st July 2002	2,267
NET BOOK VALUE	
At 31st July 2002	5,733
At 31st July 2001	6,533

5 TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Motor Vehicles £	Plant & Equipment £	Fixtures & Fittings £	TOTAL £
COST						
At 1st August 2001	18,279	251,711	2,290,317	65,284	4,992	2,630,583
Additions	5,144	-	543,628	14,056	4,299	567,127
Disposals	-	-	(365,785)	-	-	(365,785)
At 31st July 2002	23,423	251,711	2,468,160	79,340	9,291	2,831,925
DEPRECIATION						
At 1st August 2001	-	-	321,786	15,121	1,719	338,626
Charge for the year	-	-	209,609	9,634	1,768	221,011
Disposals	-	-	(67,365)	-	-	(67,365)
At 31st July 2002	-	-	464,030	24,755	3,487	492,272
NET BOOK VALUE						
At 31st July 2002	23,423	251,711	2,004,130	54,585	5,804	2,339,653
At 31st July 2001	18,279	251,711	1,968,531	50,163	3,273	2,291,957

The net book value of vehicles includes £1,225,980 (2001 £934,381) in respect of assets held under finance leases. The amount of depreciation in respect of such assets amounted to £99,384 for the year (2001 £74,603).

P C COACHES OF LINCOLN LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 2002

6 STOCKS

	<u>2002</u> £	<u>2001</u> £
Raw materials and consumables	21,197	15,670
Racehorse	1,000	-
	<u>22,197</u>	<u>15,670</u>

7 DEBTORS

	<u>2002</u> £	<u>2001</u> £
Trade debtors	180,879	229,195
Prepayments	16,459	16,148
Value added tax	17,926	17,654
	<u>215,264</u>	<u>262,997</u>

8 CREDITORS: Amounts falling due within one year

	<u>2002</u> £	<u>2001</u> £
Trade creditors	60,731	39,391
Corporation tax	23,628	72,232
PAYE and national insurance	11,559	11,628
Accruals	7,345	7,625
Bank loan accounts	66,728	71,825
Hire purchase	241,664	234,818
	<u>411,655</u>	<u>437,519</u>

9 CREDITORS: Amounts falling due after more than one year

	<u>2002</u> £	<u>2001</u> £
Directors' loan account	1,209,583	1,305,900
Hire purchase	249,375	292,122
	<u>1,458,958</u>	<u>1,598,022</u>

P C COACHES OF LINCOLN LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 2002

10 DEFERRED TAXATION

	<u>2002</u> £	<u>2001</u> £
Accalaterated capital allowances (note 13)	284,202	259,536

11 CALLED UP SHARE CAPITAL

	<u>2002</u> £	<u>2001</u> £
Authorised £1 ordinary shares	1,000	1,000
Issued and fully paid £1 ordinary shares	1,000	1,000

12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2002</u> £	<u>2001</u> £
Profit for the financial year after taxation	166,228	107,483
Dividends	30,000	30,000
	136,228	77,483
Opening shareholders' funds	392,529	315,046
Closing shareholders' funds	528,757	392,529

13 PRIOR YEAR ADJUSTMENT

Following the issue of Financial Reporting Standard 19 'Deferred Tax', the company has changed its policy for deferred taxation. Under the new policy deferred tax in respect of accelerated capital allowances is provided in full. Previously deferred tax was provided only to the extent that it was probable that a liability would crystallise in the foreseeable future.

14 TRANSACTIONS WITH DIRECTORS

During the year to 31st July 2002 the company purchased goods and services of £28,163 (2001:£22,958) from P C and N Fox Maintenance Services a business in which P C Smith is a partner.
All transactions were carried out on a normal commercial basis.