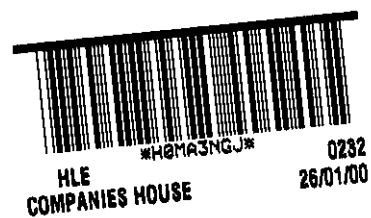


**RIDER HOLDINGS LIMITED**

**Report and Financial Statements**

**31 March 1999**

**Deloitte & Touche  
PO Box 500  
201 Deansgate  
Manchester  
M60 2AT**



## **RIDER HOLDINGS LIMITED**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R O'Toole (Chairman)  
I J Buchan  
R A Duncan  
R J Noble  
P V Savage (resigned 25 March 1999)

**SECRETARY**

P V Savage (resigned 25 March 1999)  
T Wignall (appointed 25 March 1999)

**REGISTERED OFFICE**

Kirkstall Road  
Leeds  
West Yorkshire  
LS3 1LH

**BANKERS**

Midland Bank  
PO Box 120  
49 Corn Street  
Bristol  
BS99 7PP

**SOLICITORS**

Burges Salmon  
Narrow Quay House  
Narrow Quay  
Prince Street  
Bristol  
BS1 4AH

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
201 Deansgate  
Manchester  
M60 2AT

## DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 1999.

### PRINCIPAL ACTIVITIES

The principal activity of the company is as a holding company.

### REVIEW OF THE BUSINESS

During the year, the company transferred fixed asset investments of £33.3 million (see note 9) to the ultimate parent undertaking realising a profit on disposal of £85.8 million. The directors are satisfied with the future trading and activities of the company.

### FINANCIAL MATTERS

The results for the year are given in the profit and loss account on page 6.

The directors do not recommend payment of a final dividend (1998 - same).

### FIXED ASSETS

In the opinion of the directors, there were no material differences between the market values of the company's properties and their net book values.

### DIRECTORS

The directors who held office during the year are as follows:

I J Buchan  
R A Duncan  
R J Noble  
P V Savage (resigned 25 March 1999)  
R O'Toole

The directors who held office at the end of the year had the following interests in the ordinary shares of FirstGroup plc:

	Ordinary shares		Share options under long term incentive plan	
	At end of year	At beginning of year	At end of year	At beginning of year
Directors	5p shares	5p shares	5p shares	5p shares
I J Buchan	100,100	1,101,000	37,388	24,056
R J Noble	257	257	-	-
R O'Toole	25,075	25,032	35,516	22,790

Information, including details of exercise prices, relating to the long term incentive plan are given in Note 31 of the financial statements of FirstGroup plc.

Mr Buchan has an interest in some of the floating rate guaranteed loan notes issued by FirstGroup Holdings Limited (previously Badgerline Yorkshire Limited) and details of these are given in note 18 to the financial statements of FirstGroup plc.

There is no contract or arrangement with the company or any of its fellow group undertakings, other than service contracts or loan notes mentioned above, in which any of the directors is materially interested and which is significant in relation to the business of the company or any of its fellow group undertakings taken as a whole.

## **DIRECTORS' REPORT**

### **YEAR 2000**

An executive committee sponsored by the Group Finance Director was established with responsibility to ensure that all operating companies within the Group have identified the systems (including those using embedded chips) which require change and are associated with business criticality. The work to date has been reviewed by external consultants and formally reported to the FirstGroup plc board.


The company has made appropriate plans to ensure that all changes required will be successfully implemented by mid 1999. Phase one of this programme has been completed with a full assessment of the company's readiness for the Year 2000 having been completed. Currently we are on schedule and it is anticipated that all critical systems will be compliant by mid 1999. This includes the underlying hardware and operating software.

The costs of the programme do not have a material impact on the company's accounts.

### **AUDITORS**

During the year Deloitte & Touche were appointed as auditors to fill the casual vacancy resulting from the resignation of KPMG Audit Plc. In accordance with Section 385 of the Companies Act 1985, a resolution concerning the reappointment and remuneration of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Secretary

Kirstall Road  
Leeds  
West Yorkshire  
LS3 1LH

16 August

1999

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements 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 for that period. In preparing those 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **REPORT OF THE AUDITORS TO THE MEMBERS OF RIDER HOLDINGS LIMITED**

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on page 9.

### **Respective responsibilities of directors and auditors**

As described on page 4 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.

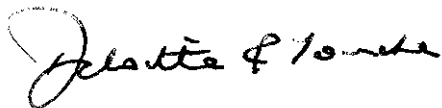
### **Basis of opinion**

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 as at 31 March 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors

17 August 1999

Hill House  
1 Little New Street  
London  
EC4A 3TR

# RIDER HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 March 1999

	Notes	Year to 31 March 1999 £'000	Year to 31 March 1998 £'000
<b>Turnover</b>			
– continuing operations	2	1,046	1,067
<b>Operating profit</b>			
– continuing operations		1,046	1,067
Loss on disposal of fixed asset properties		(926)	(294)
Profit on disposal of fixed asset investments		85,855	-
Income from fixed asset investments	5	-	18,792
<b>Profit on ordinary activities before interest</b>		85,975	19,565
Interest receivable and similar income		1	1
<b>Profit on ordinary activities before taxation</b>	2,6	85,976	19,566
Tax on profit on ordinary activities	7	(277)	(1,009)
<b>Retained profit for the financial year</b>	14	85,699	18,557

No statement of total recognised gains and losses is given as all gains or losses for the current and preceding year passed through the profit and loss account.




# RIDER HOLDINGS LIMITED

## BALANCE SHEET

At 31 March 1999

	Note	31 March 1999		31 March 1998	
		£'000	£'000	£'000	£'000
<b>Assets employed:</b>					
<b>Fixed assets</b>					
Tangible assets	8		7,283		8,212
Investments	9		458		33,803
			<u>7,741</u>		<u>42,015</u>
<b>Current assets</b>					
Debtors	10	119,251		27,449	
Cash at bank and in hand		<u>5,465</u>		<u>-</u>	
		124,716		27,449	
<b>Creditors: amounts falling due within one year</b>	11	<u>(19,240)</u>		<u>(41,947)</u>	
<b>Net current assets/(liabilities)</b>			105,476		(14,498)
<b>Total assets less current liabilities</b>			113,217		27,517
<b>Provisions for liabilities and charges</b>	12		<u>(1)</u>		<u>-</u>
			<u>113,216</u>		<u>27,517</u>
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Called up share capital	14		500		500
Revaluation reserve	15		707		816
Profit and loss account	15		<u>112,009</u>		<u>26,201</u>
<b>Equity shareholders' funds</b>			<u>113,216</u>		<u>27,517</u>

These financial statements were approved by the board of directors on 16 August 1999 and were signed on its behalf by:

16 August - Director  


## RIDER HOLDINGS LIMITED

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 March 1999

	Year to 31 March 1999 £'000	Year to 31 March 1998 £'000
Profit for the financial year	85,699	18,557
Net addition to shareholders' funds	85,699	18,557
Shareholders' funds at beginning of year	27,517	8,960
Shareholders' funds at end of year	113,216	27,517

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

	Year to 31 March 1999 £'000	Year to 31 March 1998 £'000
Profit on ordinary activities before taxation	85,976	19,566
Realisation of property revaluation gains of prior years	102	2,640
Difference between historical cost depreciation and actual depreciation charge for the year calculated on the revalued amount	7	7
Historical cost profit on ordinary activities before taxation	86,085	22,213
Historical cost profit for the year retained after taxation	85,808	21,204

**NOTES TO THE ACCOUNTS**  
**31 March 1999**

**1. PRINCIPAL 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.

**(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of land and buildings, and in accordance with applicable accounting standards.

The ultimate holding company has included within its financial statements a consolidated Cash Flow Statement in accordance with FRS No. 1 (revised). Therefore, the company is not required to give its own separate Cash Flow Statement.

**(b) Fixed assets and depreciation**

Depreciation is provided to write off the cost or valuation less residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	- 50 years straight line
Long leasehold properties	- 50 years straight line
Short leasehold properties	- period of lease

No depreciation is provided on freehold land or the land element of long leasehold properties.

Surpluses or deficits arising on the revaluation of tangible fixed assets are credited or debited to a revaluation reserve. On a subsequent disposal of a revalued asset, the revaluation surplus or deficit relating to this asset is transferred to the profit and loss account reserve.

**(c) Goodwill**

In previous years, purchased goodwill was written off to reserves in full in the year in which it was acquired. With the adoption of FRS 10 for the first time in 1998/99, the new policy is to capitalise purchased goodwill and classify it as an asset on the balance sheet. Goodwill previously written off has not been reinstated.

Where capitalised goodwill is regarded as having a limited useful economic life, it is amortised over that life, but where capitalised goodwill is regarded as having an indefinite useful economic life, it is not amortised. Where capitalised goodwill is amortised over a life of greater than 20 years, or is not amortised, annual impairment reviews are conducted to compare the book value with the recoverable amount. If the recoverable amount has fallen below the book value, the goodwill is written down to the recoverable amount immediately.

**(d) 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. Provision is made for deferred tax to the extent that it is probable that a liability or asset will crystallise.

**2. TURNOVER AND PROFIT BEFORE TAXATION**

Turnover represents the amounts receivable for services supplied to customers during the year.

The whole of the turnover and profit before taxation derives from the company's principal activities within the United Kingdom.

**NOTES TO THE ACCOUNTS**  
**31 March 1999**

**3. EMPLOYEES**

Employees costs during the year were £Nil (1998 - £Nil) as the company had no employees during the year or during the previous year.

**4. DIRECTORS' REMUNERATION**

No directors' emoluments were paid in either the current or preceding year. Details of directors' options are given in the Directors' report.

**5. INCOME FROM FIXED ASSET INVESTMENTS**

	Year to 31 March 1999 £'000	Year to 31 March 1998 £'000
Income from shares in subsidiary undertakings	-	18,792

**6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	Year to 31 March 1999 £'000	Year to 31 March 1998 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration - Deloitte & Touche audit fee	2	-
Depreciation and other amounts written off tangible fixed assets		
Owned assets	111	146
Leased assets	6	6
Net rents receivable from property	(1,046)	(1,067)

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	Year to 31 March 1999 £'000	Year to 31 March 1998 £'000
UK corporation tax at 31%		
Current year	276	837
Prior years	-	(1)
Transfer to/(from) deferred tax		
Current year	-	286
Prior years	1	(113)
	277	1,009

The tax charge is very low as income relates to the profit on disposal of shares in a fellow group company and this disposal is intra-group therefore the gain realised by the company is not subject to UK chargeable gains tax.

**NOTES TO THE ACCOUNTS**  
**31 March 1999**

**8. TANGIBLE FIXED ASSETS**

	<b>Land and buildings £'000</b>
<b>Cost or valuation</b>	
At beginning of year	8,573
Additions	18
Intra group transfers	3,783
Disposals	(4,618)
At end of year	<u>7,756</u>
<b>Depreciation</b>	
At beginning of year	361
Charge for year	117
Intra group transfers	181
Disposals	(186)
At end of year	<u>473</u>
<b>Net book value</b>	
At 31 March 1999	<u>7,283</u>
At 31 March 1998	<u>8,212</u>

The net book value of land and buildings comprises:

	<b>31 March 1999 £'000</b>	<b>31 March 1998 £'000</b>
Freehold	7,121	8,044
Long leasehold	34	34
Short leasehold	128	134
	<u>7,283</u>	<u>8,212</u>

Depreciation is not provided on the land element of freehold property which amounts to £2.412m (1998 - £3.2m).

NOTES TO THE ACCOUNTS

31 March 1999

8. TANGIBLE FIXED ASSETS (continued)

The assets which have been revalued comprise the following land and buildings:

	31 March 1999 £'000	31 March 1998 £'000
At March 1994 professional valuation	4,378	5,213
Aggregate depreciation thereon	(278)	(237)
Net book value	4,100	4,976
Historical cost of revalued assets	3,645	4,378
Aggregate depreciation based on historical cost	(252)	(218)
Historical net book value	3,393	4,160

The company's properties were revalued by King Sturge & Co on 1 March 1994 on the basis of open market value for existing use. The company does not intend to dispose of these properties without reinvestment of the sale proceeds.

9. FIXED ASSET INVESTMENTS

Shares	Subsidiary undertakings unlisted £'000	Other investments £'000	Total £'000
Cost			
At beginning and end of year	458	33,345	33,803
Intra group transfer	-	(33,345)	(33,345)
Net book value			
At 31 March 1999 and 31 March 1998	458	-	458

NOTES TO THE ACCOUNTS

31 March 1999

9. FIXED ASSET INVESTMENTS (continued)

The subsidiary undertakings at the end of the year, and the nature of their business are:

Subsidiary undertakings	Principal activity
Rider Engineering Services Limited	Dormant
Rider Holdings Trustees No 1 Limited	Employees' benefit trustee
Rider Holdings Trustees No 2 Limited	Employees' benefit trustee
Rider Holdings Trustees No 3 Limited	Employees' benefit trustee
York Cityrider Limited	Dormant
York City and District Travel Company	Dormant
Target Travel Services Limited	Dormant
West Yorkshire Road Car Company Limited	Dormant
Rider Travel Limited	Dormant
Sovereign Quay Limited	Property holding company
Tramrider Limited	Dormant

All subsidiary undertakings are wholly owned at the end of the year. All these companies are incorporated in Great Britain and registered in England and Wales. All shares held in subsidiary undertakings are ordinary shares.

The aggregate amount of capital and reserves at 31 March 1999 and the profit/(loss) for the year then ended of the trading subsidiary companies are as follows:

	Capital and reserves £	Profit/(loss) for the year £
Rider Holdings Trustees No. 1 Limited	100	-
Rider Holdings Trustees No. 2 Limited	100	-
Rider Holdings Trustees No. 3 Limited	100	-

The interest in other investments at the start of the year represented ordinary shares held in FirstBus (North) Limited. This company, incorporated in Great Britain and registered in England and Wales, is an intermediate holding company. All its shares are held by a number of subsidiary undertakings of FirstGroup plc as well as by FirstGroup plc. At 31 March 1999, the entire holding of shares in FirstBus (North) Limited was transferred to FirstGroup plc at proceeds of £119.200m representing, in the opinion of the directors, the fair value of the investment at that time and realising a profit on disposal of £85.855m. These proceeds remain outstanding at the year end (note 10).

Group accounts are not presented as the company is a wholly owned subsidiary undertaking of FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

**NOTES TO THE ACCOUNTS**  
**31 March 1999**

**10. DEBTORS**

	31 March 1999 £'000	31 March 1998 £'000
<b>Amounts due within one year:</b>		
Amounts owed from group undertakings	119,200	25,517
Other debtors	10	1,908
Other prepayments and accrued income	41	24
	<u>119,251</u>	<u>27,449</u>

**11. CREDITORS**

	31 March 1999 £'000	31 March 1998 £'000
<b>Amounts falling due within one year:</b>		
Bank overdraft	-	9
Amounts owed to group undertakings	18,657	40,490
Corporation tax	448	-
Other creditors	65	1,448
Accruals and deferred income	70	-
	<u>19,240</u>	<u>41,947</u>

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred tax £'000
At beginning of year	-
Transfer from profit and loss account	1
At end of year	<u>1</u>

**13. DEFERRED TAXATION**

The amounts provided for deferred taxation and the amounts not provided are set out below. The amounts unprovided represent contingent liabilities and are calculated using a tax rate of 31%.

	31 March 1999		31 March 1998	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Accelerated capital allowances	-	-	-	(89)
Unrealised capital gains	1	-	-	1,386
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1,297</u>



**NOTES TO THE ACCOUNTS**  
**31 March 1999**

**14. CALLED UP SHARE CAPITAL**

	31 March 1999 £'000	31 March 1998 £'000
<b>Authorised</b>		
Ordinary shares of 5p each	500	500
<b>Allotted, called up and fully paid</b>		
Ordinary shares of 5p each	500	500

The number of ordinary shares of £1 each in issue at the end of the year was 10,000,000 (1998 - 10,000,000).

**15. RESERVES**

	Revaluation reserve £'000	Profit and loss account £'000
At beginning of year	816	26,201
Transfer on sale of revalued properties	(102)	102
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(7)	7
Retained profit for the year	-	85,699
At end of year	707	112,009

**16. COMMITMENTS**

The company had no capital or any other commitments at 31 March 1999 or at 31 March 1998.

**17. CONTINGENT LIABILITIES**

The company has guaranteed the overdrafts of certain fellow subsidiary undertakings. The amount outstanding at the end of the year under the guarantees was £2.1m (1998 - £Nil).

The company has guaranteed the bank loans of its holding company under various term facilities. The amount of guaranteed bank loans at the end of the year was £161.0m (1998 - £67.4m).

The company is a member of a VAT group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to HM Customs and Excise.

**18. ULTIMATE PARENT UNDERTAKING**

The ultimate parent company and ultimate controlling party is FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. Copies of the accounts of FirstGroup plc can be obtained from the Corporate Headquarters of this company at 32a Weymouth Street, London, WIN 3FA.