



Gibraltar Bus Company Limited

REPORT AND FINANCIAL STATEMENTS

Period from incorporation on 25 September 2003 to 31 March 2005

DATA ENTERED 

Gibraltar Bus Company Limited

DIRECTORS, OFFICERS AND OTHER INFORMATION

DIRECTORS

Andrew Perera
Brian Delaney
Richard Armstrong

(Appointed 16 March 2004)
(Appointed 16 March 2004)
(Appointed and resigned 16 March 2004)

SECRETARY

Dilip Dayaram Tirathdas

REGISTERED OFFICE

6 Convent Place
Gibraltar

AUDITORS

Baker Tilly (Gibraltar) Limited
Chartered Accountants
Suite 5, International House, Bell Lane
Gibraltar

Gibraltar Bus Company Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of the Gibraltar Bus Company Limited for the period from incorporation on 25 September 2003 to 31 March 2005.

PRINCIPAL ACTIVITIES

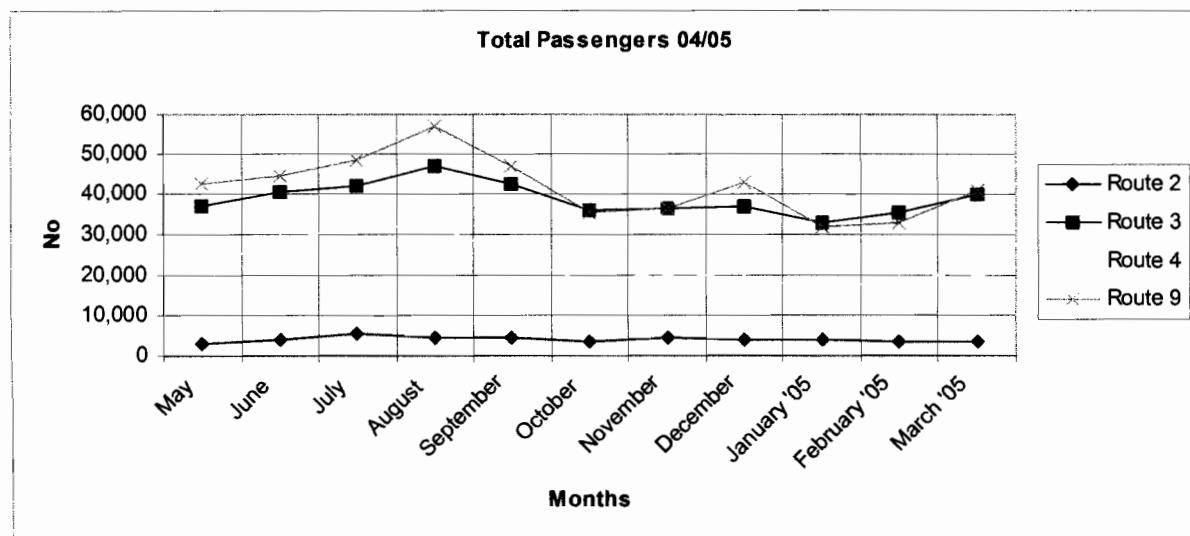
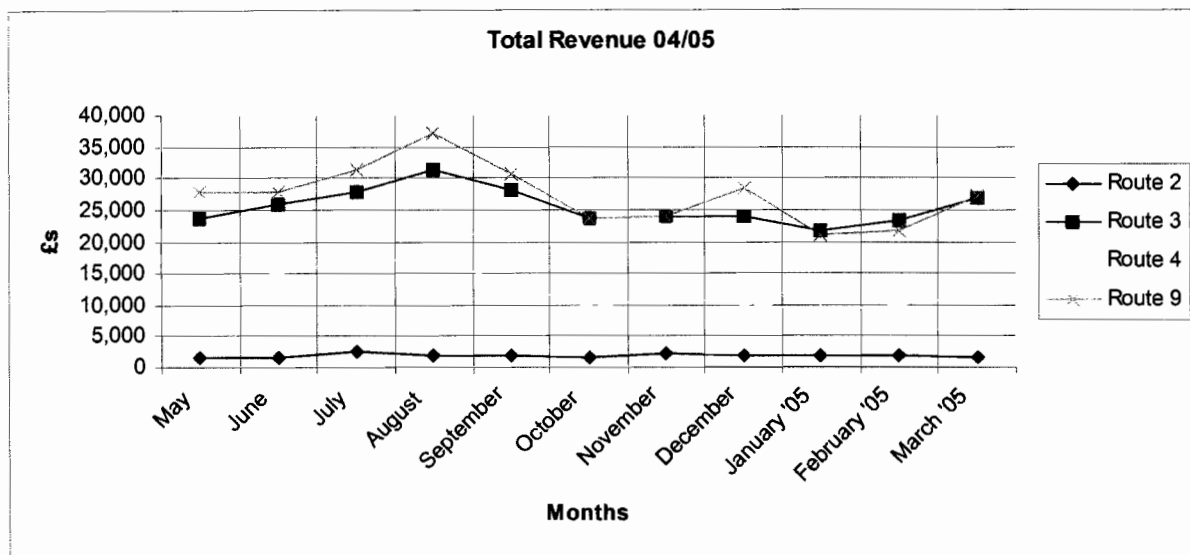
The principal activity of the company during the period was the provision of a public bus service for Gibraltar.

REVIEW OF THE BUSINESS

The company commenced operations on the 10th April 2004 having taken over the then existing bus services from Rock City Services Ltd.

The main objective for the company was to transform the business into a first class bus service and thereby encourage the usage by the public and provide a reliable scheduled operation for the benefit of the community and visitors who would make use of our fleet of new buses.

The charts below show the increase in usage by the public since the company commenced operations both in passenger movements and revenue.



Gibraltar Bus Company Limited

DIRECTORS' REPORT

During the twelve month trading period from 10th April 2004 to 31st March 2005, operating losses amounted to £0.64 million, that is around £53,300 per-month. However, the company achieved its target increase in passenger usage as reflected in the following table:

	Passenger Usage	Daily Average Number of Passengers	Increase
2004			
April – June	258,567		
July – September	388,018		
October – December	294,482		
	<u>941,067</u>	3,537	
2005			
January – March	282,736		
April – June	352,121		
July – September	421,175		
October – December	348,152		
	<u>1,404,184</u>	3,847	8.8%

Future Developments

The continued increase in usage of the bus service together with a number of marketing and advertising projects scheduled for commencement during the first quarter of 2006 are expected to reduce the company's operating losses. This includes the sale of advertising space inside the fleet of buses and the proposed introduction of the travelling cards. The travelling cards will also enhance efficiency in the handling of the Wayfarer system by the bus drivers and will incorporate logos from companies for advertisement.

Results, dividends and movements on reserves

The company commenced the provision of bus services on the 10 April 2004.

The directors do not recommend the payment of a dividend. The retained loss for the period of £1,569,244 has been taken to reserves.

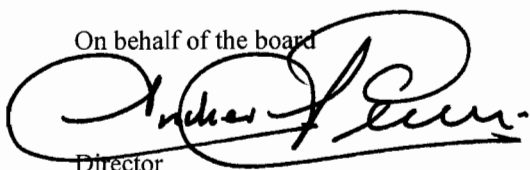
DIRECTORS

The directors of the company during the period and to the date of signing these accounts were as stated on page 1.

AUDITORS

A resolution to reappoint Baker Tilly (Gibraltar) Limited, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

On behalf of the board



Director

Date: 14th March 2006

Gibraltar Bus Company Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 requirements of the Companies Ordinance 1930 and Companies (Accounts) Ordinance 1999. 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 AUDITORS' REPORT TO THE MEMBERS OF
GIBRALTAR BUS COMPANY LIMITED**

We have audited the financial statements on pages 7 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 182 of the Companies Ordinance 1930. 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 auditor's 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and Gibraltar Accounting Standards.

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

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 Ordinance 1930 and the Companies (Accounts) Ordinance, 1999. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, 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 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 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 the company's affairs as at 31 March 2005 and of its results for the period then ended and have been properly prepared in accordance with the Companies Ordinance 1930 and the Companies (Accounts) Ordinance 1999.

Baker Tilly Gibraltar

BAKER TILLY (GIBRALTAR) LIMITED

Chartered Accountants
Suite 5, International House, Bell Lane
Gibraltar

Date..... *14th March 2006*

Gibraltar Bus Company Limited

PROFIT AND LOSS ACCOUNT

for the period from incorporation on 25 September 2003 to 31 March 2005

	<i>Notes</i>	<i>£</i>
TURNOVER	1	896,544
Cost of sales	2	(1,334,743)
Gross loss		<u>(438,199)</u>
Administrative expenses	3	(262,929)
Release of European Union grant		59,394
OPERATING LOSS		<u>(641,734)</u>
Exceptional item – write off of goodwill	4	(935,943)
Other interest receivable and similar income		8,433
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,569,244)</u>
Tax on profit on ordinary activities	7	-
RETAINED LOSS FOR THE PERIOD	13	<u><u>(1,569,244)</u></u>

The operating loss for the period arises from the company's continuing operations. This loss is stated on a historical cost basis.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Gibraltar Bus Company Limited

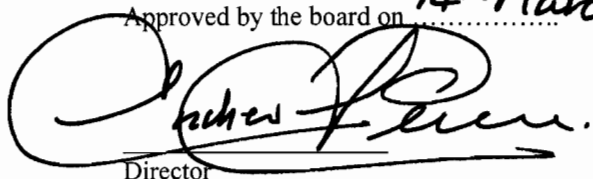
BALANCE SHEET

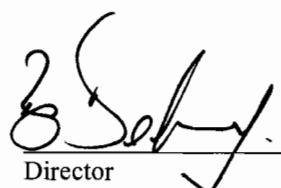
as at 31 March 2005

	<i>Notes</i>	<i>£</i>
FIXED ASSETS		
Tangible assets	8	2,025,648
CURRENT ASSETS		
Debtors	9	754,111
Cash at bank and in hand		229,102
		<u>983,213</u>
CREDITORS: Amounts falling due and payable within one year	10	(43,557)
NET CURRENT ASSETS		<u>939,656</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,965,304
CREDITORS: Amounts falling due and payable after more than one year	11	(534,548)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,430,756</u>
EQUITY CAPITAL AND RESERVES		
Called up share capital	12	4,000,000
Profit and loss account	13	(1,569,244)
SHAREHOLDERS' FUNDS	13	<u>2,430,756</u>

Approved by the board on

14th March 2006


Director


Director

Gibraltar Bus Company Limited

PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with Gibraltar Accounting Standards.

The financial statements have been prepared on a going concern basis as Government has confirmed to the directors that it will continue to support the company financially in order that it can meet its liabilities as they fall due.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Buses	over 10 years
Plant & machinery	over between 3 and 10 years
Office equipment	over 2 years
Fixtures & fittings	over between 3 and 10 years.

EUROPEAN UNION GRANTS

European Union grants on capital expenditure are credited to a deferral account and are released to turnover over the life of the asset to which they relate.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

RETIREMENT BENEFITS

For defined contribution schemes 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.

TURNOVER

Turnover represents income earned from the provision of the local bus service.

COMPARATIVES

The company was incorporated on the 25 September 2003 however the bus service did not come into operation until 10 April 2004. Accordingly there are no comparative figures.

The profit and loss account shows the results for the trading period 10 April 2004 to 31 March 2005. The balance sheet shows the position of the company as at 31 March 2005.

Gibraltar Bus Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from incorporation on 25 September 2003 to 31 March 2005

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from the provision of a public bus service in Gibraltar.

Analysis of turnover:

	£
Bus fares	786,115
Re-imburement in respect of free bus service for school children	26,694
Re-imburement in respect of subsidised pensioner's bus fares	83,735
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	896,544
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2 COST OF SALES

	£
Depreciation	
Buses	191,567
Plant and machinery	23,507
Fuel and oil	83,346
Miscellaneous motor expenses	9,387
Security guards	13,808
Staff costs	843,468
Vehicle insurance	46,162
Vehicle maintenance	109,704
Write off of fixed assets	13,794
	<hr/>
	1,334,743
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3 ADMINISTRATION

	£
Advertising	5,254
Audit and accountancy fees	13,600
Cleaning	2,360
Computer maintenance	458
Depreciation - computer & office equipment	2,169
Depreciation - furniture/fitings	9,560
Electricity and water	1,937
Equipment hire	2,523
Miscellaneous expenses	1,552
Office stationery	8,635
Payroll services	4,169
Premises expenses	19,233
Printing, postage and carriage	4,638
Professional fees	7,128
Repairs and renewals	6,534
Staff costs	120,455
Stamp duty	19,995
Telephone	15,759
Training costs	2,498
Travel and entertainment	1,176
Uniforms	13,296
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	262,929
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Gibraltar Bus Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from incorporation on 25 September 2003 to 31 March 2005

4 EXCEPTIONAL ITEM – WRITE OFF OF GOODWILL

The company is currently loss making and the intention is not to run it on a profit-making basis. Accordingly the goodwill arising on the purchase of the existing bus services is deemed to be impaired and has been written off in the current period.

	£
Fair value of the identifiable assets and liabilities acquired	-
Fair value of the consideration paid	935,943
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Goodwill arising	935,943
Impairment of goodwill	(935,943)
	<hr/>
Goodwill carried forward	-
	<hr/> <hr/>

5 EMPLOYEES

The average number of persons (including directors) employed by the company during the period was:

	<i>No.</i>
Management and administration	6
Drivers	32
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	38
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	£
Staff costs for above persons:	
Wages and salaries	887,625
Social security costs	52,858
Other pension costs	23,440
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	963,923
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6 DIRECTORS' EMOLUMENTS

The directors do not receive emoluments for their services as directors.

7 TAXATION

The company has no liability to tax in the current financial period as a result of the losses incurred.

Gibraltar Bus Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from incorporation on 25 September 2003 to 31 March 2005

8 TANGIBLE FIXED ASSETS

	<i>Buses</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost					
Additions	1,966,915	184,500	92,794	8,242	2,252,451
As at 31 March 2005	<u>1,966,915</u>	<u>184,500</u>	<u>92,794</u>	<u>8,242</u>	<u>2,252,451</u>
Depreciation					
Charged in the period	191,567	23,507	9,560	2,169	226,803
As at 31 March 2005	<u>191,567</u>	<u>23,507</u>	<u>9,560</u>	<u>2,169</u>	<u>226,803</u>
Net book value					
As at 31 March 2005	<u><u>1,775,348</u></u>	<u><u>160,993</u></u>	<u><u>83,234</u></u>	<u><u>6,073</u></u>	<u><u>2,025,648</u></u>

9 DEBTORS

Prepayments and accrued income	£ 49,741
Amounts owed by Government of Gibraltar	704,370
	<u>754,111</u>

10 CREDITORS: Amounts falling due within one year

Accruals and deferred income	£ 43,557
	<u>43,557</u>

11 CREDITORS: Amounts falling due in more than one year

Deferred income - EU Grant	£
Received	593,942
Released in period	(59,394)
As at 31 March	<u>534,548</u>

Gibraltar Bus Company Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from incorporation on 25 September 2003 to 31 March 2005

12 SHARE CAPITAL

	£
Authorised:	
4,000,000 Ordinary shares of £1.00 each	4,000,000
	<u>4,000,000</u>
Allotted, issued and fully paid:	
4,000,000 Ordinary shares of £1.00 each	4,000,000
	<u>4,000,000</u>

13 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Profit & loss account</i>	<i>Total</i>
	£	£	£
Issue of shares	4,000,000	-	4,000,000
Loss for the period	-	(1,569,244)	(1,569,244)
At 31 March 2005	<u>4,000,000</u>	<u>(1,569,244)</u>	<u>2,430,756</u>

14 PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company's immediate parent undertaking is Gibraltar Investment (Holdings) Limited. The ultimate controlling party is the Government of Gibraltar.