

31 MAR 2006

# Gibraltar Bus Company Limited

## REPORT AND FINANCIAL STATEMENTS

31 March 2006

**DATA ENTERED 10**

# Gibraltar Bus Company Limited

## DIRECTORS, OFFICERS AND OTHER INFORMATION

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### **DIRECTORS**

Andrew Perera  
Brian Delaney

### **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 year ended 31 March 2006.

### PRINCIPAL ACTIVITIES

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

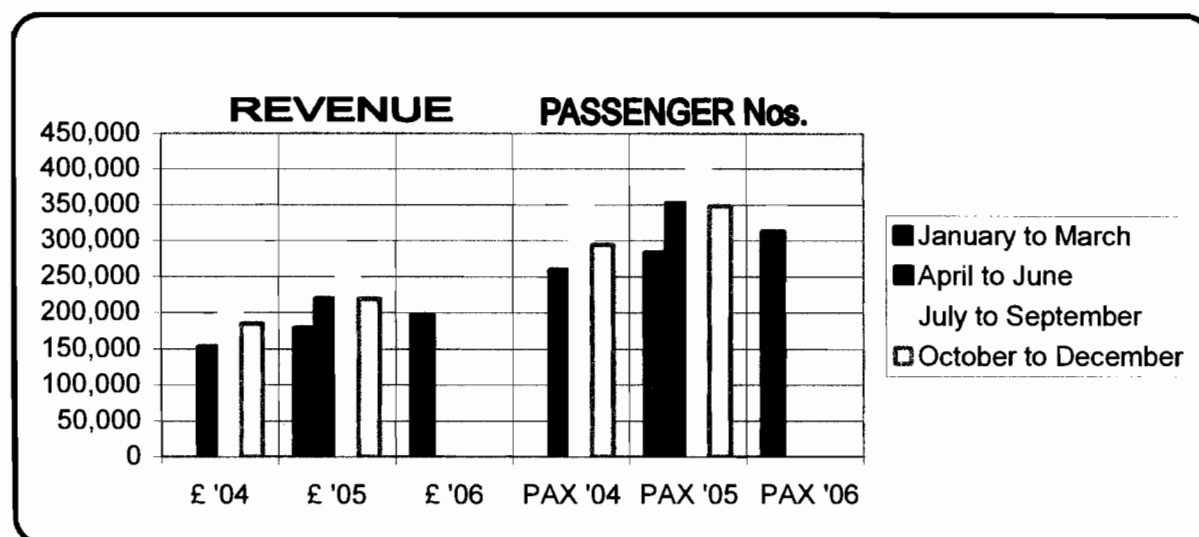
### REVIEW OF THE BUSINESS

During the year ended 31st March 2006, operating losses have been contained at £0.6m.

There was an increase in turnover of around 18% over the previous year reflecting the continuous increase in passenger usage of the bus service. This is in line with the main objective of the company, which is to encourage the use of public transport by providing a first class bus service.

The table and chart below show the increase in monthly passenger usage since the company commenced operations in April 2004.

	Revenue £	Passenger Usage
<b>2004</b>		
April – June	152,354	258,567
July – September	240,308	388,018
October – December	184,448	294,482
	<u>577,110</u>	<u>941,067</u>
<b>2005</b>		
January – March	178,367	282,736
April – June	218,756	352,121
July – September	266,398	421,175
October – December	218,970	348,152
	<u>882,491</u>	<u>1,404,184</u>
<b>2006</b>		
January – March	195,591	312,465



# Gibraltar Bus Company Limited

## DIRECTORS' REPORT

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### Future developments

A number of marketing and advertising products were introduced during 2006. These include the sale of electronic advertising space inside the fleet of 18 new Dennis buses and logos on travel cards and bus passes. Increased passenger usage together with advertising revenue should contribute towards a reduction in operating losses.

### Results, dividends and movements on reserves

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

The directors do not recommend the payment of a dividend. The retained loss for the year of £593,088 has been taken to reserves.

### DIRECTORS

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

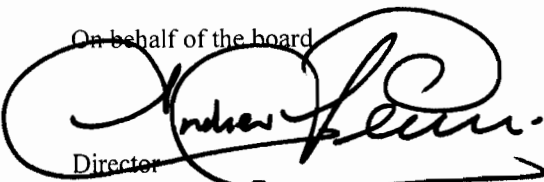
### AUDITORS

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

  
Date 31st January 2007



# Gibraltar Bus Company Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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;
- c. state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- d. 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 Gibraltar Companies Act and Companies (Accounts) Act 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 AUDITOR'S REPORT TO THE MEMBERS OF  
THE GIBRALTAR BUS COMPANY LIMITED**

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We have audited the financial statements of the Gibraltar Bus Company Limited for the year ended 31 March 2006 which comprise the Profit and Loss account, the Balance Sheet and the related notes. 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 182 of the Gibraltar Companies Act. 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.

**Directors' responsibilities**

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Gibraltar Companies Act, the Companies (Accounts) Act 1999 and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practice). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its results for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- (a) Report to you our opinion as to whether the financial statements have been properly prepared in accordance with the Gibraltar Companies Act and the Companies (Accounts) Act 1999.
- (b) State in our report whether in our opinion the information given in the Directors' Report is consistent with the financial statements.
- (c) 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.

**Opinion**

In our opinion, the financial statements have been properly prepared in accordance with the Gibraltar Companies Act and the Companies (Accounts) Act 1999 and the information given in the Directors' Report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.

*Baker Tilly Gibraltar*

**BAKER TILLY (GIBRALTAR) LIMITED**  
Registered auditors

Chartered Accountants  
Suite 5, International House  
Bell Lane  
Gibraltar

Date ..... *8<sup>th</sup> February 2007*

# Gibraltar Bus Company Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2006

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	<i>Notes</i>	2006 £	2005 £
<b>TURNOVER</b>	1	1,054,467	896,544
Cost of sales	2	(1,501,482)	(1,334,743)
Gross loss		<u>(447,015)</u>	<u>(438,199)</u>
Administrative expenses	3	(220,909)	(262,929)
Release of European Union grant		61,484	59,394
<b>OPERATING LOSS</b>		<u>(606,440)</u>	<u>(641,734)</u>
Exceptional item – write off of goodwill	4	-	(935,943)
Other interest receivable and similar income		13,352	8,433
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(593,088)</u>	<u>(1,569,244)</u>
Tax on profit on ordinary activities	7	-	-
<b>RETAINED LOSS FOR THE YEAR</b>	13	<u>(593,088)</u>	<u>(1,569,244)</u>

The operating loss for the year 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

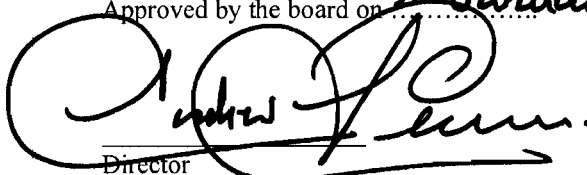
## BALANCE SHEET

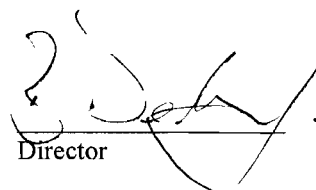
as at 31 March 2006

	<i>Notes</i>	<i>2006</i> £	<i>2005</i> £
<b>FIXED ASSETS</b>			
Tangible assets	8	2,025,753	2,025,648
<b>CURRENT ASSETS</b>			
Debtors	9	287,861	754,111
Cash at bank and in hand		221,094	229,102
		<u>508,955</u>	<u>983,213</u>
<b>CREDITORS: Amounts falling due and payable within one year</b>	10	(142,905)	(43,557)
<b>NET CURRENT ASSETS</b>		<u>366,050</u>	<u>939,656</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,391,803	2,965,304
<b>CREDITORS: Amounts falling due and payable after more than one year</b>	11	(554,135)	(534,548)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,837,668</u>	<u>2,430,756</u>
<b>EQUITY CAPITAL AND RESERVES</b>			
Called up share capital	12	4,000,000	4,000,000
Profit and loss account	13	(2,162,332)	(1,569,244)
<b>SHAREHOLDERS' FUNDS</b>	13	<u>1,837,668</u>	<u>2,430,756</u>

Approved by the board on

31<sup>st</sup> January 2007

  
Director

  
Director

# Gibraltar Bus Company Limited

## PRINCIPAL ACCOUNTING POLICIES

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### **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 the Government of Gibraltar 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.

### **TURNOVER**

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

### **EUROPEAN UNION GRANTS**

European Union grants on capital expenditure are credited to a deferral account and are released to the profit and loss account 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.

### **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
Premises	over between 3 and 10 years
Plant & machinery	over between 3 and 10 years
Office equipment	over 2 years
Fixtures & fittings	over between 3 and 10 years

### **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.

### **COMPARATIVES**

The company was incorporated on the 25 September 2003 however the bus service did not come into operation until 10 April 2004. Accordingly the comparative figures for the profit and loss account show the results for the trading period 10 April 2004 to 31 March 2005. The comparative balance sheet shows the position of the company as at 31 March 2005.

**Gibraltar Bus Company Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2006**

**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:	2006	2005
	£	£
Bus fares	932,467	786,115
Re-imbursement in respect of free bus service for school children	38,000	26,694
Re-imbursement in respect of subsidised pensioner's bus fares	84,000	83,735
	<u>1,054,467</u>	<u>896,544</u>

**2 COST OF SALES**

	2006	2005
	£	£
Depreciation		
Buses	202,479	191,567
Plant and machinery	34,040	23,507
Fuel and oil	102,841	83,346
Miscellaneous motor expenses	13,422	9,387
Security guards	16,442	13,808
Staff costs	965,294	843,468
Vehicle insurance	48,257	46,162
Vehicle maintenance	118,707	109,704
Write off of fixed assets	-	13,794
	<u>1,501,482</u>	<u>1,334,743</u>

**3 ADMINISTRATION**

	2006	2005
	£	£
Advertising	-	5,254
Audit and accountancy fees	9,000	13,600
Cleaning	6,016	2,360
Computer maintenance	8,742	458
Depreciation - computer & office equipment	4,752	2,169
Depreciation - furniture/fittings	4,531	9,560
Depreciation - premises	19,869	-
Electricity and water	1,048	1,937
Equipment hire	1,633	2,523
Miscellaneous expenses	1,818	1,552
Office stationery	10,198	8,635
Payroll services	7,500	4,169
Premises expenses	1,733	19,233
Printing, postage and carriage	1,729	4,638
Professional fees	12,943	7,128
Repairs and renewals	13,588	6,534
Staff costs	95,787	120,455
Stamp duty	-	19,995
Telephone	11,420	15,759
Training costs	2,350	2,498
Travel and entertainment	556	1,176
Uniforms	5,696	13,296
	<u>220,909</u>	<u>262,929</u>

**Gibraltar Bus Company Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2006

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**4 EXCEPTIONAL ITEM – WRITE OFF OF GOODWILL**

The company is 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 was deemed to be impaired and was written off in the first trading period ended 31 March 2005.

	2006	2005
	£	£
Goodwill brought forward	-	-
Fair value of the identifiable assets and liabilities acquired		-
Fair value of the consideration paid	-	935,943
Goodwill arising	-	935,943
Impairment of goodwill	-	(935,943)
Goodwill carried forward	-	-

**5 EMPLOYEES**

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

	2006	2005
	No.	No.
Management and administration	6	6
Drivers	32	32
	38	38

	2006	2005
	£	£
Staff costs for above persons:		
Wages and salaries	967,315	887,625
Social security costs	58,505	52,858
Other pension costs	35,261	23,440
	1,061,081	963,923

**6 DIRECTORS' EMOLUMENTS**

The directors are salaried employees and do not receive emoluments for their services as directors.

**7 TAXATION**

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

**Gibraltar Bus Company Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2006

**8 TANGIBLE FIXED ASSETS**

	<i>Buses</i>	<i>Premises and improve- ments thereon</i>	<i>Plant and machinery</i>	<i>Fixtures, fittings and equipment</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 2005	1,966,915	-	184,500	92,794	8,242	2,252,451
Reclassification	-	77,403	-	(77,403)	-	-
Additions	97,796	103,171	16,386	38,688	9,735	265,776
<b>At 31 March 2006</b>	<b>2,064,711</b>	<b>180,574</b>	<b>200,886</b>	<b>54,079</b>	<b>17,977</b>	<b>2,518,227</b>
<b>Depreciation</b>						
At 1 April 2005	191,567	-	23,507	9,560	2,169	226,803
Reclassification	-	7,060	-	(7,060)	-	-
Charged in the year	202,479	19,869	34,040	4,531	4,752	265,671
<b>At 31 March 2006</b>	<b>394,046</b>	<b>26,929</b>	<b>57,547</b>	<b>7,031</b>	<b>6,921</b>	<b>492,474</b>
<b>Net book value</b>						
At 31 March 2006	1,670,665	153,645	143,339	47,048	11,056	2,025,753
At 31 March 2005	1,775,348	-	160,993	83,234	6,073	2,025,648

**9 DEBTORS**

	2006	2005
	£	£
Prepayments and accrued income	55,432	49,741
Amounts owed by Government of Gibraltar	232,429	704,370
	<b>287,861</b>	<b>754,111</b>

**10 CREDITORS: Amounts falling due within one year**

	2006	2005
	£	£
Accruals and deferred income	142,905	43,557

# Gibraltar Bus Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

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<b>11</b>	<b>CREDITORS:</b> Amounts falling due in more than one year	2006	2005
		£	£
	Deferred income - EU Grant		
	Brought forward	534,548	-
	Received	81,071	593,942
	Released in year	(61,484)	(59,394)
	As at 31 March	<u>554,135</u>	<u>534,548</u>

<b>12</b>	<b>SHARE CAPITAL</b>	2006	2005
		£	£
	Authorised:		
	4,000,000 Ordinary shares of £1.00 each	<u>4,000,000</u>	<u>4,000,000</u>
	Allotted, issued and fully paid:		
	4,000,000 Ordinary shares of £1.00 each	<u>4,000,000</u>	<u>4,000,000</u>

### 13 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Profit &amp; Loss account</i>	<i>Total</i>
	£	£	£
Brought forward	4,000,000	(1,569,244)	2,430,756
Loss for the year	-	(593,088)	(593,088)
At 31 March 2006	<u>4,000,000</u>	<u>(2,162,332)</u>	<u>1,837,668</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.