

Important note

This summary financial statement is a summary of the information in the 2002 Annual Report and Accounts. It does not contain sufficient information to allow for a full understanding of the results of the Group and state of affairs of the company or the Group. For further information, the full annual accounts, the auditors' report on those accounts and the report of the directors should be consulted. All shareholders receive either the Summary Annual Report or the full Annual Report and Accounts. A copy of the full 2002 Annual Report and Accounts may be obtained, free of charge, from the company's registrar at the address and telephone number shown on page 20. If you wish to receive the full Annual Report and Accounts for all future financial years you should inform Lloyds TSB Registrars in writing, at the same address.

Summary directors' report

Activities and business review

The Group's principal activity is the provision of public transport services in the United Kingdom and overseas. A review of the business for the year ended 30 April 2002, proposed dividends, recent events, and likely future developments is contained on pages 2 to 3 and 6 to 17.

Directors

Keith Cochrane resigned as Group Chief Executive on 21 July 2002. The Board have subsequently appointed the Group Chairman, Brian Souter, as Acting Chief Executive, and Robert Speirs, Senior Independent Non-Executive Director, as Acting Non-Executive Chairman. Iain Duffin was appointed a director on 12 September 2001 and will offer himself for election at the next Annual General Meeting.

The names, biographical details and photographs of the directors are shown on pages 18 and 19. Brian Souter and Ewan Brown retire by rotation and being eligible offer themselves for re-election. Barry Sealey and Frank Gallagher retired as directors at the 2002 Annual General Meeting. Brian Cox retired as a director on 3 July 2002.

Report of the auditors

The auditors' report on the full accounts for the year ended 30 April 2002 was unqualified, and did not contain any statement under section 237(2) or section 237(3) of the Companies Act 1985.

Corporate governance – combined code statement

The Group recognises the importance of, and is committed to, high standards of corporate governance. The Stock Exchange published the Combined Code in June 1998, which incorporated the work of the Cadbury, Greenbury and Hampel Committees. The Group has complied with the requirements of the Code throughout the financial year except as follows:

- One UK executive director, who has now retired, had a service contract which was terminable by the Group with two years' notice. The Board believes it is in the best interest of shareholders to retain key executive directors.
- One director who is not independent of management is a member of the Remuneration Committee. The Remuneration Committee comprises a majority of independent non-executive directors.

A full corporate governance statement is contained in the Group's 2002 Annual Report and Accounts.

Remuneration report

In line with the Listing Rules of the London Stock Exchange, which implemented the recommendations of the Greenbury Committee on directors' remuneration and adopted the Greenbury Committee Code of Best Practice, the Board's remuneration report to the shareholders is contained in the Group's 2002 Annual Report and Accounts. Summary details for all directors of individual emoluments are shown in the table below (amounts in £'000).

	Salary/fees		Performance related bonus		Benefits in kind		Money purchase contributions		Non-pensionable allowances		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Executive directors												
Brian Souter	447	430	Nil	Nil	18	18	Nil	50	n/a	n/a	465	498
Keith Cochrane	338	325	85	50	18	18	Nil	Nil	81	60	522	453
Brian Cox	206	200	16	16	13	13	Nil	Nil	n/a	n/a	235	229
Graham Eccles	175	107	25	21	14	8	Nil	Nil	16	n/a	230	136
Frank Gallagher	93	272	Nil	Nil	Nil	Nil	Nil	Nil	n/a	n/a	93	272
Martin Griffiths	150	125	25	25	19	14	Nil	n/a	11	n/a	205	164
Barry Hinkley	n/a	65	n/a	Nil	n/a	5	n/a	n/a	n/a	n/a	n/a	70
Non-executive directors												
Ewan Brown	25	25	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	25	25
Ann Gloag	25	25	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	25	25
Barry Sealey	14	43	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	14	43
Robert Speirs	25	25	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	25	25
Russell Walls	25	21	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	25	21
Janet Morgan	25	1	Nil	Nil	Nil	Nil	n/a	n/a	n/a	n/a	25	1
Iain Duffin	16	n/a	Nil	n/a	Nil	n/a	n/a	n/a	n/a	n/a	16	n/a
Total	1,564	1,664	151	112	82	76	Nil	50	108	60	1,905	1,962