Stagecoach (South) Limited

Financial statements for the year ended 30 April 2013

Registered number 1673542

Directors' report
For the year ended 30 April 2013

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 April 2013

Business review and principal activities

Stagecoach (South) Limited operates a fleet of 624 buses and employs 1,867 people in Surrey, Sussex, Hampshire, Northamptonshire and Bedfordshire

On 1 April 2013 the Company transferred the business and assets of its Bedford depot to fellow group undertaking, Cambus Limited

The results of the Company for the year ended 30 April 2013 show a pre-tax profit of £13,599,000 (2012 £13,518,000) and turnover of £93,251,000 (2012 £92,551,000) The Company has net assets of £4,028,000 (2012 £4,188,000)

Business environment

The Company operates predominantly local bus services, carrying around 172,300 passengers a day These services are mainly operated on a commercial basis in a largely deregulated market We also operate tendered services, including school contracts, on behalf of local authorities and other public bodies The Company benefits from being part of the UK Bus (regional operations) Division of Stagecoach Group plc, a nationwide public transport operator

The Company operates in a competitive environment and differentiates itself from its competitors by

- Improving operational and engineering facilities,
- Focusing on recruitment and retention of drivers,
- Investment in new vehicles, and
- Strong focus on technology and innovation

Strategy

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate

There are several elements to the Company's strategy for growth They are

- Continued focus on value-for-money ticket offerings,
- Investment in new vehicles to maximise our customers' experience,
- Commitment to excellent customer service,
- Strong focus on the safety and security of passengers and staff, and
- Consistent excellent operational performance

Training and development

We have consistently sought to recruit and retain the best employees in the markets in which we operate

The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service The Company, under guidance from central UK Bus (regional operations) management, operates staff development, graduate trainee and apprentice engineer programmes

Future outlook

The current financial year to 30 April 2014 has started well and trading is broadly in line with our expectations The company does, however, face strong headwinds in light of the ongoing economic situation and the effects of government spending cuts imposed on local authorities

We believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to maximise our performance in the future

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

The management and reporting of risk is undertaken at group level, rather than at an individual business unit level The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the Group's 2013 annual report (paragraph 2 3 6 of the Operating and Financial Review), which does not form part of this report

Key performance indicators (KPI's)

The directors of Stagecoach Group plc manage the group's performance on a divisional basis For this reason, the Company's directors believe that analysis using KPI's for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company The development, performance and position of the UK Bus (regional operations) Division of Stagecoach Group plc, which includes the Company, is discussed in the Operating and Financial Review (paragraph 2 3 7) of the Group's 2013 annual report which does not form part of this report

Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices The effects of changes in interest rates and commodity prices are managed at a group level by a central group treasury function The Company has implemented policies which require appropriate credit checks to be performed on potential customers before sales are made All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company

Results and dividends

The profit on ordinary activities after taxation amounted to £10,840,000 (2012 £10,645,000) It is recommended that this amount be appropriated as follows

	2013	2012
	£000	£000
Profit for the financial year	**10,840**	10,645
Interim dividend paid to parent company	**(11,000)**	(12,000)
Loss transferred to profit and loss account	**(160)**	(1,355)

Directors

The directors who held office during the year under review and up to the date of approval of these financial statements were

Mr L B Warneford	(resigned on 26 April 2013)
Mr A W Dyer	
Mr C Brown	
Mr R G Andrew	
Mr R Montgomery	
Mr M J Vaux	
Mr S Greer	
Mr G Nolan	(appointed on 2 May 2013)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

The directors are responsible for the maintenance and integrity of the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Donations

Donations to charitable organisations amounted to £3,217 (2012 £3,654)

The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2012 £Nil)

Disabled persons

The Company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirements that have to be met for certain grades of staff Wherever reasonable and practicable, the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people

Employee involvement

The Company is committed to employee participation and uses a variety of methods to inform, consult and involve its employees Employees participate directly in the success of the business through the Stagecoach Group's bonus and other remuneration schemes and are encouraged to invest through participation in share option schemes

Supplier payment policy

It is the Company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them Responsibility for the payment of suppliers lies with Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the year end represented Nil days' purchases (2012 Nil days)

Fixed assets

In the opinion of the directors there is no material difference between the book value and current open market value of interests in land and buildings

Independent auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company

Other

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its directors The Company has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices

By order of the Board

M J Vaux
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

16 September 2013

Independent auditors' report to the members of Stagecoach (South) Limited

For the year ended 30 April 2013

Independent auditors' report to the members of Stagecoach (South) Limited

We have audited the financial statements of Stagecoach (South) Limited for the year ended 30 April 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Graham McGregor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

16 September 2013

Profit and loss account

For the year ended 30 April 2013

	Note	2013 £000	2012 £000
Turnover	2	**93,251**	92,551
Cost of sales		**(80,043)**	(79,595)
Other operating income	3	**579**	576
Operating profit		**13,787**	13,532
Loss on sale of land and buildings	4	**-**	(361)
Profit on Ordinary activities before interest		**13,787**	13,171
Finance (charges)/income (net)	5	**(188)**	347
Profit on ordinary activities before taxation	6	**13,599**	13,518
Tax on profit on ordinary activities	10	**(2,759)**	(2,873)
Profit for the financial year	18	**10,840**	10,645

The results for the year arise wholly from continuing operations

The accompanying notes form an integral part of this profit and loss account

The Company has no gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year above and their historical cost equivalents

Balance sheet

As at 30 April 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	11(a)	**39,776**	46,979
Investments	11(b)	**50**	50
		39,826	47,029
Current assets			
Stocks	12	**418**	620
Debtors	13	**16,648**	8,941
Cash at bank and in hand		**8,168**	5,180
		25,234	14,741
Creditors: Amounts falling due within one year	14	**(51,921)**	(44,432)
Net current liabilities		**(26,687)**	(29,691)
Total assets less current liabilities		**13,139**	17,338
Creditors Amounts falling due after more than one year	14	**(5,461)**	(9,127)
Provisions for liabilities and charges	16	**(3,650)**	(4,023)
Net assets		**4,028**	4,188
Capital and reserves			
Called up share capital	17	**495**	495
Contribution reserve	18	**679**	679
Profit and loss account	18	**2,854**	3,014
Total shareholders' funds		**4,028**	4,188

The financial statements on pages 8 to 23 were approved by the board of Directors on 16 September 2013 and were signed on its behalf by

C Brown
Director

The accompanying notes form an integral part of this balance sheet

Reconciliation of movements in shareholders' funds

For the year ended 30 April 2013

	Note	2013 £000	2012 £000
Profit for the financial year		**10,840**	10,645
Credit in respect of equity settled share based payments	8	**-**	58
Dividends	7	**(11,000)**	(12,000)
Net decrease in shareholders' funds		**(160)**	(1,297)
Opening shareholders' funds		**4,188**	5,485
Closing shareholders' funds		**4,028**	4,188

The accompanying notes form an integral part of these statements

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are

a) Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The Company is not required to prepare a cash flow statement under FRS 1 (revised), because it is a wholly owned subsidiary of Stagecoach Group plc, which prepares consolidated financial statements which are publicly available

The Company is a wholly-owned subsidiary of Stagecoach Group plc and is included in the consolidated financial statements of Stagecoach Group plc which are publicly available Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006

At 30 April 2013, the Company had net current liabilities of £26,687,000 The directors have received confirmation of continuing financial support from the ultimate holding company Accordingly, the financial statements have been prepared on the going concern basis

b) Tangible fixed assets

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Land and buildings and other fixed assets are shown at cost, net of depreciation and any provision for impairment as set out in note 11(a)

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows

Freehold Property	50 years
Leasehold land and buildings	10 to 50 years
Public service vehicles (PSVs), depending on type	7 to 16 years
Plant and equipment and furniture and fittings	3 to 10 years

Freehold land is not depreciated

c) Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment

d) Stocks

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items Cost is determined using the first-in, first-out ("FIFO") method for fuel stocks and average cost method for all other stocks

1 Accounting policies (continued)

e) Taxation

In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the related pre tax item

In accordance with FRS 19, full provision is made for deferred tax on a non-discounted basis

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

f) Turnover

Turnover represents fare revenue receivable in respect of the period The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class

g) Other operating income

Revenues incidental to the Company's principal activity are reported as other operating income, and are recognised in the profit and loss account in the period in which they are earned

Rentals under operating leases are recognised on a straight line basis over the lease term The Company's accounts fall within the scope of The Finance and Leasing Association Statement of Recommended Practice (FLA SORP) and have been prepared in accordance with the provisions thereof

h) Hire purchase and lease obligations

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals Assets held under hire purchase arrangements are depreciated over their useful life

Obligations from hire purchase contracts and finance leases within creditors represent the total of the capital payments outstanding at the balance sheet date Future finance charges are not included

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease

Rentals under operating leases are charged on a straight-line basis over the lease term

1 Accounting policies (continued)

h) Hire purchase and lease obligations(continued)

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals Assets held under hire purchase arrangements are depreciated over their useful life

Obligations from hire purchase contracts and finance leases within creditors represent the total of the capital payments outstanding at the balance sheet date Future finance charges are not included

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease

Rentals under operating leases are charged on a straight-line basis over the lease term

i) Pension costs and other post retirement benefits

The Company operates both a defined benefit and a defined contribution scheme The Stagecoach Group Pension Scheme is a defined benefit scheme For the purposes of FRS 17, the contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme

For defined contribution schemes, the Company pays contributions to a separately administered pension scheme Once the contributions have been paid, the Company has no further payment obligations The Company's contributions to a defined contribution scheme are charged to the profit and loss in the period to which the contributions relate

j) Grants

Bus service operators grant is credited to operating costs Other grants are credited to the profit and loss account as the expenditure is expensed

k) Dividends

Dividends on ordinary shares are recorded in the financial statements in the period in which they are approved by the shareholders, or in the case of interim dividends, on the period in which they are paid

l) Share based payments

Certain of the Company's employees are granted equity settled share based payments by the parent company The Company has applied the optional exemption contained within FRS 20, which allows it to apply the standard only to share options granted after the 7 November 2002 that have not vested by 1 May 2005

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period Fair value for equity-settled share based payments is estimated by use of the Black-Scholes pricing model

1 Accounting policies (continued)

l) Share based payments (continued)

At each balance sheet date, before vesting, the cumulative expense is calculated based on management's best estimate of the number of equity instruments that will ultimately vest taking into consideration the likelihood of achieving non-market based vesting conditions The movement in the cumulative expense is recognised in the profit and loss account, with a corresponding entry in reserves

2 Turnover

The turnover and profit on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom

3 Other operating income

	2013 £000	2012 £000
Advertising income	**388**	362
Property rental income	**64**	87
Other miscellaneous revenue	**127**	127
	579	576

4 Loss on sale of land and buildings

In the prior year, the Company transferred land and buildings at a net book value of £858,790 to a fellow group subsidiary company, Scoto Limited, incurring a loss on disposal of £361,448 The company also simultaneously entered into a 7 year operating lease with Scoto Limited for the land and buildings

5 Finance charges/(income) (net)

	2013 £000	2012 £000
Bank interest receivable	**(33)**	(680)
Bank loans and overdrafts	**42**	-
Hire purchase and lease interest payable	**179**	333
	188	(347)

6 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the year is stated after charging

	2013 £000	2012 £000
Loss on sale of tangible fixed assets other than property	**85**	226
Depreciation		
- owned	**3,867**	3,487
- held under hire purchase and finance leases agreements	**1,574**	2,114
Amortisation of goodwill	**-**	40
Operating lease rentals		
- land and buildings	**1,670**	1,431
- other	**13**	242

No auditors' fees have been settled directly by the Company Audit fees of £2,340 (2012 £8,271) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK

7 Dividends

	2013 £000	2012 £000
Interim dividend paid to parent company £22 22 per ordinary share (2012 £24 24 per ordinary share)	11,000	12,000

8 Staff costs

The average monthly number of persons employed by the Company (including executive directors) during the year was

	2013 Number	2012 Number
Operations	**1,735**	1,765
Administration and supervisory	**132**	137
	1,867	1,902

The aggregate remuneration comprised

	2013 £000	2012 £000
Wages and salaries	**39,398**	39,484
Social security costs	**3,806**	3,595
Other pension costs (see note 19)	**2,408**	3,194
Redundancy payments	**10**	60
Share based payment expense – cash settled (see note 21)	**91**	37
Share based payment expense – equity settled (see note 21)	**-**	58
	45,713	46,428

9 Directors' remuneration

	2013	2012
	£000	£000
Emoluments of directors	**143**	108

The above details of directors' emoluments include an apportionment of the emoluments of M L B Warneford, Mr C Brown, Mr R G Andrew, Mr S Greer and Mr R Montgomery which are paid by Stagecoach Holdings Limited £85,414 (2012 £45,759) of their total emoluments received is apportioned to their services as directors of Stagecoach (South) Limited

No part of the remuneration of Mr M J Vaux is directly attributable to the Company

The number of directors who were members of pension schemes during the year was as follows

	2013	2012
	Number	Number
Defined benefit scheme	**6**	6
Defined contribution scheme	**1**	1
	7	7

The number of directors who exercised share options during the year was as follows

	2013	2012
	Number	Number
Share option scheme	**6**	-

10 Taxation on profit on ordinary activities

a) Charge for the year	**2013 £000**	2012 £000
Current tax		
UK corporation tax on profits of the year	**3,121**	3,023
Adjustments in respect of prior years	**11**	(1,405)
Total current tax	**3,132**	1,618
Deferred tax		
Origination and reversal of timing differences	**(311)**	(71)
Adjustments in respect of prior years	**(62)**	1,326
Total deferred tax (note 16)	**(373)**	1,255
Tax on profit on ordinary activities	**2,759**	2,873

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2012 lower) than the standard rate of corporation tax in the UK The differences are explained below	**2013 £000**	2012 £000
Profit on ordinary activities before tax	**13,599**	13,518
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23 92% (2012 25 84 %)	**3,253**	3,493
Effect of		
Non tax deductible expenditure and other permanent differences	**77**	183
Treatment of intercompany transactions	**(361)**	(405)
Capital allowances less/(more) than depreciation	**152**	(272)
Share based payments	**-**	24
Adjustment to tax charge in respect of previous years	**11**	(1,405)
Current tax charge for year	**3,132**	1,618

c) Factors that may effect future tax charges

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 which was substantively enacted in July 2012 The relevant deferred tax balances have been re-measured accordingly Further changes to the UK Corporation tax rates were enacted as part of Finance Act 2013 on 2 July 2013 These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £476,004 from £3,649 366 to £3,173,362

11 Fixed Assets

a) Tangible assets

The movement in the year is summarised below	Freehold Land and buildings £000	Leasehold Land and buildings £000	PSVs £000	Other Plant and equipment and furniture and fittings £000	Total £000
Cost or valuation					
Beginning of year	-	5,390	78,327	7,318	91,035
Additions	-	18	4,968	270	5,256
Disposals	-	(8)	(5,523)	(123)	(5,654)
Intercompany transfers	755	(1,311)	(13,627)	(756)	(14,939)
End of year	**755**	**4,089**	**64,145**	**6,709**	**75,698**
Accumulated depreciation					
Beginning of year	-	(1,926)	(36,389)	(5,741)	(44,056)
Charge for year	-	(289)	(4,672)	(480)	(5,441)
Disposals	-	6	4,583	120	4,709
Intercompany transfers	(266)	358	8,574	689	9,355
End of year	**(266)**	**(1,851)**	**(27,904)**	**(5,412)**	**(35,433)**
Net book value					
Beginning of year	-	3,464	41,938	1,577	46,979
End of year	**489**	**2,238**	**36,241**	**1,297**	**40,265**

The net book value of PSV assets leased under finance leases or hire purchase agreements, which have been capitalised and included in the above is £9,270,713 (2012 £14,647,026) Depreciation of £1,573,919 (2012 £2,114,343) has been charged in the year in respect of these assets held under hire purchase or finance lease agreements

Freehold land amounting to £170,000 (2012 £Nil) has not been depreciated

11 Fixed Assets (continued)

b) Investments

	Shares in subsidiary undertakings at cost
	£000
At beginning and end of year	50

The directors believe that the carrying value of the investments is supported by their underlying net assets

The Company owns 100% of the issued share capital of the following companies, which are all registered in England and Wales

Company	**Principal activity**
Formia Limited	Dormant
Hastings & District Transport Limited (owned indirectly through Formia Limited)	Dormant
Stagecoach Rail Replacement (South) Limited (formerly Yellow Taxibus Limited)	Trading

12 Stocks

	2013	2012
	£000	£000
Spares, consumables and fuel	**418**	620

In the opinion of the directors, the difference between the replacement cost of these stocks and their balance sheet value is not material

13 Debtors

	2013	2012
	£000	£000
Amounts falling due within one year.		
Amounts owed by group undertakings	**14,744**	5,114
Prepayments and accrued income	**1,904**	3,827
	16,648	8,941

Amounts owed by group undertakings within one year accrue no interest and are repayable on demand

14 Creditors

	2013 £000	2012 £000
Amounts falling due within one year·		
Bank overdraft	-	3,641
Hire purchase and finance lease obligations (note 15)	1,322	1,841
Amounts owed to group undertakings	41,492	26,545
UK corporation tax payable	3,121	3,023
Other taxes and social security costs	958	1,407
Accruals and deferred income	5,028	7,975
	51,921	44,432
Amounts falling due after more than one year·		
Hire purchase and finance lease obligations (note 15)	5,461	9,127

Amounts owed to group undertakings within one year accrue no interest and are repayable on demand

15 Obligations under hire purchase and finance lease agreements

Amounts are repayable as follows

	2013 £000	2012 £000
Amounts payable,		
- within one year	1,322	1,841
- between one and two years	1,322	1,780
- between two and five years	4,139	7,347
	6,783	10,968

16 Provisions for liabilities and charges

Deferred Tax	2013 £000	2012 £000
Accelerated capital allowances	3,721	4,121
Other timing differences	(71)	(98)
Provision for deferred tax	3,650	4,023

	2013 £000	2012 £000
Provision at start of year	4,023	2,768
Deferred tax (credit)/charge in profit and loss account for year (note 10a)	(373)	1,255
Provision at end of year	3,650	4,023

17 Called up share capital

	2013 £000	2012 £000
Authorised		
495,000 Ordinary shares of £1 each	**495**	495
Allotted, called up and fully paid		
495,000 Ordinary shares of £1 each	**495**	495

18 Reserves

The movement on reserves is summarised below

	Contribution reserve £000	Profit and loss account £000
At beginning of year	679	3,014
Profit for year	-	10,840
Dividends	-	(11,000)
At end of year	**679**	**2,854**

19 Pensions

The Company accounts for pensions in accordance with FRS 17 "Retirement Benefits"

The Stagecoach Group Pension scheme is a defined benefit scheme The Company, together with a number of companies within the Group headed by Stagecoach Group plc, makes contributions to the Scheme For the purposes of FRS17, the contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme In the consolidated financial statements of Stagecoach Group plc, the scheme as a whole is accounted for as a defined benefit scheme The consolidated financial statements of Stagecoach Group plc provide further details of the scheme

The costs of contributions to the Group scheme amount to £1,914,000 (2012 £2,744,000), being 8 55% (2012 11 85%) of pensionable salary, and are based on pension costs across the Group as a whole An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2011 and a surplus of £72,200,000 was identified

Additionally, contributions of £494,000 (2012 £450,000), were made to a defined contribution scheme by the Company At 30 April 2013 there was a creditor of £240,000 (2012 £298,000) in relation to these contributions

20 Guarantees and other financial commitments

a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2013 Land and Buildings	2013 Other	2012 Land and Buildings	2012 Other
	£000	£000	£000	£000
Expiry date				
- within one year	70	25	20	28
- between one and five years	1,225	203	1,238	200
- after five years	55	-	26	-
	1,350	228	1,284	228

b) Contingent liabilities

The Company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking

c) Cross guarantees

The company is subject to a cross corporate guarantee in relation to the Stagecoach Group plc banking arrangements with the Bank of Scotland There have been no instances where this guarantee has been called upon during the year and none are expected in the future

21 Share based payments

The Company operates both a a Buy as You Earn Scheme ("BAYE") details of which are given below, and in the prior year also operated a save as you earn scheme ("SAYE")

All share options referred to relate to ordinary shares of Stagecoach Group plc, the ultimate parent Company

Save as You Earn (SAYE) Scheme

In August 2008, all eligible employees were invited to participate in a new SAYE scheme with a three-year duration starting in September 2008

Share based payment charges of £Nil (2012 £57,414) have been recognised in the profit and loss account during the year in relation to the scheme

21 Share based payments (continued)

Buy as You Earn (BAYE) Scheme

BAYE enables eligible employees to purchase shares from their gross income The Company provides two matching shares bought from the first £10 of monthly investment subject to a maximum Company contribution of shares to the value of £20 per employee per month

If the shares are held in trust for five years or more, no income tax and national insurance will be payable The matching shares will be forfeited if the corresponding partnership shares are removed from trust within three years of award

At 30 April 2013 there were 478 (2012 445) participants in the BAYE scheme who have cumulatively purchased 109,004 (2012 35,028) shares with the Company contributing 44,984 (2012 13,298) matching shares on a cumulative basis Dividends had been reinvested in a further 2,719 (2012 83) shares for these participants

Share based payment charges of £90,525 (2012 £36,599) have been recognised in the profit and loss account during the year in relation to the scheme

22 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 13 and 14

The fellow group undertaking National Transport Tokens Limited is a 99 9% owned subsidiary of Stagecoach Group plc For the year ended 30 April 2013, National Transport Tokens Limited redeemed tokens presented by the Company with a value of £2,575 (2012 £13,620)

23 Ultimate parent company

The Company's immediate parent undertaking is Magicbus Scotland Limited, registered in Scotland (number SC102049) The ultimate parent company is Stagecoach Group plc, registered in Scotland (number SC100764), which heads the only group into which the results of the Company are consolidated The financial statements of the ultimate parent company are available from the following address

Stagecoach Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW