

Faiveley Transport (Birkenhead) Limited

Report and Financial Statements

Year Ended

31 March 2011

Company Number 01841352



Faiveley Transport (Birkenhead) Limited

**Report and financial statements
for the year ended 31 March 2011**

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Directors

L Leroux
X De Lavallade
I S Dolman
T Barel
P Johnson
G Bouhours
M Jammot

Registered office

Hall Parc Bat 6a, 3 rue du 19 mars, 1962-92230, Gennevilliers, France

Company number

01841352

Auditors

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

Faiveley Transport (Birkenhead) Limited

Report of the directors for the year ended 31 March 2011

The directors present their report together with the audited financial statements for the year ended 31 March 2011

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year

Principal activities, review of business and future developments

The company's principal activity is the distribution, sale and overhaul of braking and coupler equipment for railway vehicles

The results for the year ended 31 March 2011 show a turnover of £27,413,000 (2010 £29,276,000, 6% decrease) with a profit before interest and other income of £3,067,000 (2010 £3,320,000, 7% decrease) Even though sales are down the profitability percentage has remained the same as the previous year

The decrease in turnover in the year has arisen due to a reduction on Original Equipment (OE) sales and phasing of some Customer Service (CS) sales

Competition

The year ended March 2011 was a challenging year in a difficult external economic environment

The business was again successful in continuing to recover market share in our CS segment The order book as at the end of March 2011 is at the same level as the previous year with an increase in CS orders offsetting the more variable OE orders This is in line with our strategic objectives

Continued focus on internal Industrial performance, efficiency and on time delivery specifically are of particular importance to support our competitiveness as the Company makes every effort to maintain and improve profitability and market share in spite of the adverse external economic conditions

The Company is on target with its strategic plans for sustained growth in our Customer Services market segments The next financial year will again provide significant challenges for us with specific focus on securing new Original Equipment (OE) orders for Faiveley to support future Customer Services growth and to protect current business levels

Principal risks and uncertainties

The Customer Services market in the UK is highly competitive To manage the risk of losing customers to key competitors the company has, and will continue to be, focussed on the provision of added value services, improving on time delivery of products and the handling of customer queries and by maintaining strong relationships and local representation with key customers

Where potential exposures have been identified within the UK supplier base linked to the current economic conditions the Company is taking proactive measures to internalise these activities

The company purchases the majority of its raw materials from Europe in Euros The company is therefore exposed to movements in the Euro to Sterling exchange rate

In order to mitigate exchange rate risk regular forecasts are produced to identify Euro cash requirements and forward contracts are established to fix ongoing liabilities

The only significant credit risk is attributable to the company's trade debtors This is managed by running credit checks on new customers and by monitoring monthly payments received against contractual obligations

The company produces cash flow forecasts against which actual cash flow is monitored on a monthly basis

Faiveley Transport (Birkenhead) Limited

Report of the directors for the year ended 31 March 2011 (*continued*)

Principal risks and uncertainties (*continued*)

In the current challenging economic environment the company is ensuring that all banking and professional service relationships are maintained only with secure and AAA class providers

Directors

The directors of the company during the year were

E Haumont (resigned 1 September 2010)
R Joyeux (resigned 31 March 2011)
J P Guy (resigned 1 October 2011)
L Leroux
C Jones (resigned 21 July 2011)
X De Lavallade
T Feser (resigned 21 July 2011)
I S Dolman
T Barel
P Johnson (appointed 1 October 2011)
G Bouhours (appointed 1 September 2010)
M Jammot (appointed 1 October 2011)

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 elected to prepare 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.

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.

Faiveley Transport (Birkenhead) Limited

Report of the directors for the year ended 31 March 2011 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

 20.12.11

I S Dolman
Director

Faiveley Transport (Birkenhead) Limited

Independent auditor's report

To the members of Faiveley Transport (Birkenhead) Limited

We have audited the financial statements of Faiveley Transport (Birkenhead) Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 31 March 2011 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.

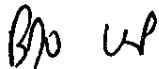
Faiveley Transport (Birkenhead) Limited

Independent auditor's report (*continued*)

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



Philip Storer (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester
United Kingdom

20 December 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Faiveley Transport (Birkenhead) Limited

Profit and loss account for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover	2	27,413	29,276
Cost of sales		21,740	22,743
		<hr/>	<hr/>
Gross profit		5,673	6,533
Distribution costs		428	363
Administrative expenses		2,611	3,167
		<hr/>	<hr/>
		2,634	3,003
Other operating income		433	317
		<hr/>	<hr/>
Operating profit	3	3,067	3,320
Other interest receivable and similar income		30	31
Interest payable and similar charges	6	(9)	(9)
Other finance charges	7	(706)	(693)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,382	2,649
Taxation on profit on ordinary activities	8	-	9
		<hr/>	<hr/>
Profit on ordinary activities after taxation		2,382	2,640
		<hr/>	<hr/>

All amounts relate to continuing activities

The notes on pages 10 to 23 form part of these financial statements

Faiveley Transport (Birkenhead) Limited

Statement of total recognised gains and losses for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Statement of total recognised gains and losses			
Profit for the financial year		2,382	2,640
Actuarial gain on pension scheme		3,877	(6,246)
Taxation in respect of gain on pension scheme		(1,738)	1,280
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		4,521	(2,326)
		<hr/>	<hr/>

The notes on pages 10 to 23 form part of these financial statements

Faiveley Transport (Birkenhead) Limited

Balance sheet at 31 March 2011

<i>Company number 01841352</i>	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Tangible assets	9		1,115		996
Investment in associates	10		4,000		4,000
			<u>5,115</u>		<u>4,996</u>
Current assets					
Stocks	11	2,872		2,787	
Debtors	12	6,915		6,239	
Cash at bank and in hand		10,455		10,208	
		<u>20,242</u>		<u>19,234</u>	
Creditors: amounts falling due within one year	13	7,306		6,980	
		<u>12,936</u>		<u>12,254</u>	
Net current assets			<u>12,936</u>		<u>12,254</u>
Total assets less current liabilities			<u>18,051</u>		<u>17,250</u>
Creditors: amounts falling due after more than one year	14	12,874		12,574	
Provisions for liabilities	15	700		661	
		<u>13,574</u>		<u>13,235</u>	
Net assets excluding pension scheme liabilities			<u>4,477</u>		<u>4,015</u>
Pension scheme liabilities	16		(4,213)		(8,272)
Net assets/(liabilities) including pension scheme liabilities			<u>264</u>		<u>(4,257)</u>


The notes on pages 10 to 23 form part of these financial statements

Faiveley Transport (Birkenhead) Limited

Balance sheet
at 31 March 2011 (*continued*)

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Capital and reserves					
Called up share capital	17		1		1
Profit and loss account	18		263		(4,258)
			<hr/>		<hr/>
Shareholders' funds/(deficit)	19		264		(4,257)
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on

 20.12.11
 I S Dolman
 Director

The notes on pages 10 to 23 form part of these financial statements

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements for the year ended 31 March 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Consolidated financial statements

The financial statements contain information about Faiveley Transport (Birkenhead) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Faiveley SA, incorporated in France and the company is included in consolidated financial statements

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates

Leasehold property	- over 15 years
Plant and machinery	- over 3 to 20 years (according to type and use)

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements for the year ended 31 March 2011 (*continued*)

1 Accounting policies (*continued*)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Research and development

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable,
- the project is technically feasible and commercially viable,
- current and future costs are expected to be exceeded by future sales, and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the company starts to benefit from the expenditure.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements for the year ended 31 March 2011 (*continued*)

1 Accounting policies (*continued*)

Pension costs

The difference between the fair value of the assets held in the company's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the company's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance, with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy above.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the company are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with Financial Reporting Standard 17 'Retirement benefits'.

Related party disclosures

The company is a wholly owned subsidiary of Faiveley SA and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Faiveley SA or other wholly owned subsidiaries within the group.

Warranty provision

Provisions for warranties are recognised when the company has a present legal or constructive obligation as a result of past events which is likely to result in an outflow of resources to settle the obligation.

2 Turnover

	2011 £'000	2010 £'000
Analysis by geographical market		
United Kingdom	22,271	24,056
Europe	2,977	4,338
Rest of the world	2,165	882
	27,413	29,276

Turnover is wholly attributable to the principal activity of the company.

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 *(continued)*

3 Operating profit

	2011 £'000	2010 £'000
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	184	162
Hire of plant and machinery - operating leases	82	96
Hire of other assets - operating leases	255	254
Exchange differences	(52)	205
Defined benefit pension cost (see below)	76	36
Audit services	24	23
Non-audit services - taxation	6	6
Defined contribution pension cost	147	179
	<u> </u>	<u> </u>

	2011 £'000	2010 £'000
Defined benefit pension costs charged in arriving at the operating loss comprise the following		
Current service cost	76	36
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of

	2011 £'000	2010 £'000
Wages and salaries	3,959	3,727
Social security costs	415	392
Other pension costs	223	215
	<u> </u>	<u> </u>
	4,597	4,334
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows

	2011 Number	2010 Number
General and administrative	13	10
Sales and marketing	15	14
Engineering	13	14
Manufacturing	83	72
	<u> </u>	<u> </u>
	124	110
	<u> </u>	<u> </u>

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

5 Directors' remuneration

	2011 £'000	2010 £'000
Directors' emoluments	216	215
Company contributions to money purchase pension schemes	19	14
	<u>235</u>	<u>229</u>

The total amount payable to the highest paid director in respect of emoluments was £148,465 (2010 - £96,661) Company pension contributions of £14,326 (2010 - £10,350) were made to a money purchase scheme on their behalf

6 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank loans and overdrafts	9	9
	<u>9</u>	<u>9</u>

7 Other finance charges

	2011 £'000	2010 £'000
Expected return on pension scheme assets	(1,704)	(1,413)
Interest on pension scheme liabilities	2,410	2,106
	<u>706</u>	<u>693</u>

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

8 Taxation on profit on ordinary activities

	2011 £'000	2010 £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	9
	<u> </u>	<u> </u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	2,382	2,649
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 - 28%)	667	742
Effect of:		
Expenses not deductible for tax purposes	8	9
Capital allowances for period in excess of depreciation	(90)	(94)
Movements on provisions	(112)	27
FRS 17 adjustment	(538)	(610)
Tax losses utilised in the year	-	(58)
Losses not utilised	51	-
Depreciation on assets not eligible for capital allowances	21	-
Release of grant income	(7)	(7)
	<u> </u>	<u> </u>
Current tax charge for the year	-	9
	<u> </u>	<u> </u>

A deferred tax asset in relation to trading losses, provisions and capital allowances in excess of depreciation has not been recognised. The amount of the asset not recognised is £3,132,454 (2010 £3,524,231). This has not been recognised as the company does not foresee the reversal of the underlying timing differences with reasonable certainty.

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>			
At 1 April 2010	1,029	4,413	5,442
Additions	-	303	303
	<hr/>	<hr/>	<hr/>
At 31 March 2011	1,029	4,716	5,745
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2010	371	4,075	4,446
Provided for the year	75	109	184
	<hr/>	<hr/>	<hr/>
At 31 March 2011	446	4,184	4,630
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2011	583	532	1,115
	<hr/>	<hr/>	<hr/>
At 31 March 2010	658	338	996
	<hr/>	<hr/>	<hr/>

10 Fixed asset investments

	Associated undertakings £'000
<i>Cost</i>	
At 1 April 2010 and 31 March 2011	4,000
	<hr/>

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Associated undertakings</i>				
Sab Wabco (Investments) Limited	UK	Ordinary	28%	The company does not trade but does hold intercompany loans with other group undertakings

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

11 Stocks

	2011 £'000	2010 £'000
Raw materials and consumables	2,791	2,595
Work in progress	81	192
	<u>2,872</u>	<u>2,787</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

12 Debtors

	2011 £'000	2010 £'000
Trade debtors	4,379	3,820
Amounts owed by group undertakings	2,243	2,227
Other debtors	101	78
Prepayments and accrued income	192	114
	<u>6,915</u>	<u>6,239</u>

All amounts shown under debtors fall due for payment within one year

13 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	1,230	1,414
Amounts owed to group undertakings	4,024	3,204
Corporation tax	-	6
Other taxation and social security	681	611
Other creditors	54	10
Accruals and deferred income	1,317	1,735
	<u>7,306</u>	<u>6,980</u>

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

14 Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	12,874	12,574

15 Provisions for liabilities

	Warranty Provisions £'000
At 1 April 2010	661
Charged to profit and loss account	317
Utilised in year	(278)
At 31 March 2011	700

16 Pensions

Several pension schemes are operated by the company. The major scheme is a defined benefit one and was established under an irrevocable Deed of Trust by Faiveley Transport (Birkenhead) Limited for its employees. The Deed determines the appointment of trustees to the fund. The scheme is managed by a corporate trustee accountable to the pension scheme members. The trustees of the fund are required to act in the best interests of the beneficiaries.

Pension benefits generally depend upon age, length of service and salary level. The company also provides retirees with at least five years of service and those who are at least age 55 with other post retirement benefits which include life insurance.

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2009 and updated at 31 March 2010 and 2011 by a qualified independent actuary on an FRS 17 basis.

There were no changes to the scheme during the year.

	2011 £'000	2010 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(42,955)	(31,061)
Current service cost	(76)	(36)
Interest cost	(2,410)	(2,106)
Contributions by participants	(10)	(11)
Actuarial gains/(losses)	3,985	(11,767)
Benefits paid	1,456	2,026
At the end of the year	(40,010)	(42,955)

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

16 Pensions (*continued*)

	2011 £'000	2010 £'000
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	40,010	42,955
	<hr/>	<hr/>
	2011 £'000	2010 £'000
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	31,971	24,684
Expected rate of return on plan assets	1,704	1,413
Actuarial (losses)/gains	(108)	5,491
Contributions by company	2,708	2,398
Contributions by participants	10	11
Benefits paid	(1,456)	(2,026)
	<hr/>	<hr/>
At the end of the year	34,829	31,971
	<hr/>	<hr/>
	2011 £'000	2010 £'000
<i>Reconciliation to balance sheet</i>		
Present value of funded obligations	(40,010)	(42,955)
Fair value of plan assets	34,829	31,971
	<hr/>	<hr/>
	(5,181)	(10,984)
	<hr/>	<hr/>
Surplus cap	(511)	(505)
Plan deficit	(5,181)	(10,984)
Related deferred tax asset	1,479	3,217
	<hr/>	<hr/>
Net liability	(4,213)	(8,272)
	<hr/>	<hr/>

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

16 Pensions (*continued*)

	2011 £'000	2010 £'000
<i>The amounts recognised in profit and loss are as follows</i>		
<i>Included in administrative expenses</i>		
Current service cost	76	36
<i>Included in other finance (income)/expense</i>		
Interest cost	2,410	2,106
Expected return of plan assets	(1,704)	(1,413)
	<u>782</u>	<u>729</u>
	2011 £'000	2010 £'000
<i>Analysis of amount recognised in statement of total recognised gains and losses</i>		
Actual return less expected return on pension plan assets	(108)	5,491
Adjustment due to surplus cap	-	30
Changes in assumptions underlying the present value of the scheme liabilities	3,985	(11,767)
	<u>3,877</u>	<u>(6,246)</u>
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	3,877	(6,246)
	2011 £'000	2010 £'000
<i>Cumulative amount of gains/(losses) recognised in the statement of total recognised gains and losses</i>	(9,883)	(13,760)
	2011 £'000	2010 £'000
<i>Composition of plan assets</i>		
Equities and bonds	24,773	21,898
Insured assets	2,906	3,383
Gilts	7,023	6,604
Cash	127	86
	<u>34,829</u>	<u>31,971</u>
Total plan assets	34,829	31,971

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

16 Pensions (*continued*)

Narrative description of the basis used to determine the overall expected rate of return of assets

Overall expected rate of return on plan assets is based upon historical returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class

	2011 £'000	2010 £'000
<i>Actual return on plan assets</i>	1,687	6,883
	<u>2011</u> %	<u>2010</u> %
<i>Principle actuarial assumptions used at the balance sheet date</i>		
Discount rates	5.60	5.70
Expected rates of return on plan assets		
Equities	6.30	6.50
Bonds	5.10	5.20
Fixed interest gilts	3.70	3.90
Insured assets	3.00	3.00
Future salary increases	5.15	5.30
Future pension increases	3.65	3.65

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
<i>Five year history</i>					
Present value of the plan liabilities	(40,010)	(42,955)	(31,061)	(35,293)	(39,673)
Fair value of the plan assets	34,829	31,971	24,684	27,080	28,568
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deficit on the pension plans	(5,181)	(10,984)	(6,377)	(8,213)	(11,105)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Experience adjustments arising on</i>					
Plan liabilities	1,764	1,084	-	-	(199)
Plan assets	(108)	5,491	(4,433)	(2,143)	(514)

The company's best estimate of the contributions expected to be paid in the year beginning on the 1 April 2011 is £2,370,000

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

17 Share capital

	2011 £'000	2010 £'000
<i>Allotted, called up and fully paid</i>		
1 ordinary shares of £1 each shares of each	1	1
	<u>1</u>	<u>1</u>

18 Reserves

	Profit and loss account £'000
At 1 April 2010	(4,258)
Profit for the year	2,382
Actuarial loss on pension scheme net of tax	2,139
	<u>263</u>
At 31 March 2011	<u>263</u>

19 Reconciliation of movements in shareholders' funds/(deficit)

	2011 £'000	2010 £'000
Profit for the year	2,382	2,640
Actuarial loss on pension scheme net of related taxation		
- Actuarial gain on pension scheme	3,877	(6,246)
- Taxation in respect of gain on pension scheme	(1,738)	1,280
	<u>4,521</u>	<u>(2,326)</u>
Net additions to/(deductions from) shareholders' funds/(deficit)	4,521	(2,326)
Opening shareholders' deficit	(4,257)	(1,931)
	<u>264</u>	<u>(4,257)</u>
Closing shareholders' funds/(deficit)	264	(4,257)

Faiveley Transport (Birkenhead) Limited

Notes forming part of the financial statements
for the year ended 31 March 2011 (*continued*)

20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £'000	Other 2011 £'000	Land and buildings 2010 £'000	Other 2010 £'000
Operating leases which expire				
Within one year	-	6	-	18
In two to five years	-	69	-	53
After five years	254	1	254	-
	<u>254</u>	<u>76</u>	<u>254</u>	<u>71</u>

21 Related party disclosures

The company is a wholly owned subsidiary of Faiveley SA and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Faiveley SA or other wholly owned subsidiaries within the group

22 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Faiveley SA which is the ultimate parent company incorporated in France

The largest and smallest group in which the results of the company are consolidated is that headed by Faiveley SA. The consolidated accounts are available to the public and may be obtained from Faiveley SA, Carrefour Pleyl, 143 Boulevard Anatole France, FR-93285 Saint-Denis Cedex, France

23 Capital commitments

	2011 £'000	2010 £'000
Contracted but not provided for	<u>1,050,000</u>	<u>1,050,000</u>

At both the current and prior year end the company has guarantees in place in respect of the SabWabco Pension Scheme of £1,000,000 and £50,000 in respect of HM Customs and Excise