

Registered number: 01841352

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

THURSDAY



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COMPANIES HOUSE

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

COMPANY INFORMATION

Directors

L Leroux
X De Lavallade
I S Dolman
T Barel (resigned 8 April 2014)
P Johnson (resigned 31 January 2014)
G Bouhours
M Jammot (resigned 24 April 2014)
W Costigan (appointed 3 February 2014)
S Charlesworth (appointed 24 April 2014)

Company secretary

W Costigan (appointed 3 February 2014)
P Johnson (resigned 31 January 2014)

Registered number

01841352

Registered office

Morpeth Wharf
Twelve Quays
Birkenhead
Wirral
CH41 1LF

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
8 Princes Parade
St Nicholas Place
Liverpool
L3 1QJ

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10 - 23

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

Strategic Report

The directors present their strategic report on the company for the year ended 31 March 2014.

Company's Strategy

The strategy of the company is to continue to be one of the leading companies serving the needs of the UK and Ireland rail rolling stock industry, by installing, overhauling, repairing and servicing train components.

Business review and future developments

Turnover shows a year on year increase of 9.7% from £30.2 million in 2013 to £33.1 million in 2014. £2.1m of the increase was in original equipment (OE).

Gross profit at £5.9 million (2013: £6.1 million) shows a year on year decrease of 3.1% and a reduction from 20.1% of turnover to 17.7%. This reflects the higher proportion of OE sales.

As a result operating profit has decreased from £3.3 million in 2013 to £2.7 million in 2014.

The directors are satisfied with the operating results and anticipate sustainable results in the future. The company's profit after tax for the financial year is £2.0 million (2013: £1.8 million), which will be transferred to reserves.

The directors anticipate that economic conditions will remain challenging in 2015. However the order book as at the end of March 2014 is 26.8% above the previous year, reflecting a major new overhaul order received in March 2014.

The company is involved in the Faiveley Worldwide Excellence programme (FWE), a four year global programme which focuses on internal industrial performance, efficiency, processes and customer on time delivery which are all of particular importance in support of the company's strategy.

The company continues to be on target with its strategic plans for sustained growth in the customer services (CS) market and the directors anticipate further turnover growth of 2% in the year to March 2015.

Principal risks and uncertainties

Business environment

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, focused on the provision of added value services, improving on time delivery and handling of customer queries by maintaining strong relationships and local representation with key customers.

Credit risk

The only significant credit risk is attributable to the company's trade debtors. Credit checks are run on new customers, and cash collections are monitored on a regular basis against contractual obligations.

Liquidity risk

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

Foreign exchange risk

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. Foreign exchange forward contracts are managed centrally by the company's ultimate parent to mitigate this.

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2014**

Key performance indicators

The company's key performance indicators during the year were as follows:

Description	Relevance	Performance	
		<u>2014</u>	<u>2013</u>
Revenue Growth	Important indicator of the health and trajectory of the business	9.7%	18.2%
Gross Profit	Tracks underlying performance of the business and ensures sales growth translates into increased profits	£5.9m	£6.1m
On Time Delivery	Important indicator of how the business is meeting customer expectations	91.9%	74.2%
Number of accidents with a work stoppage	Ensuring safe and healthy conditions is essential to the success of the business	5	3

This report was approved by the board on 22 October 2014 and signed on its behalf.

 22.10.14.

I S Dolman
Director

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 judgments 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; and
- 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, 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 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.

Principal activities

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

Future developments

Please refer to the review of the business and future developments in the strategic report.

Dividends

No dividend was proposed or paid in the year ended 31 March 2014 (2013: £nil).

Results

The profit after tax for the financial year, amounted to £2,034,000 (2013: £1,769,000).

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

L Leroux
X De Lavallade
I S Dolman
T Barel (resigned 8 April 2014)
P Johnson (resigned 31 January 2014)
G Bouhours
M Jammot (resigned 24 April 2014)
W Costigan (appointed 3 February 2014)

Directors' indemnities

The company maintains liability insurance for its directors and officers.

Political and charitable contributions

The company donated £1,396 (2013: £2,303) to charities during the year. The company made no political donations.

Statement of disclosure of information to auditors

In accordance with section 418, each director at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 22 October 2014 and signed on its behalf.



I S Dolman
Director

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIVELEY TRANSPORT BIRKENHEAD LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Faiveley Transport Birkenhead Limited, comprise:

- the Balance Sheet as at 31 March 2014;
- the Profit and Loss Account and Statement of Total Recognised Gains and Losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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 AUDITORS' REPORT TO THE MEMBERS OF
FAIVELEY TRANSPORT BIRKENHEAD LIMITED**

Auditors' report (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 3, 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 ISAs (UK & 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.



Paul Christian (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Liverpool

22 October 2014

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £000	2013 £000
TURNOVER	2	33,133	30,209
Cost of sales		<u>(27,254)</u>	<u>(24,143)</u>
GROSS PROFIT		5,879	6,066
Distribution costs		(409)	(365)
Administrative expenses		(2,978)	(2,692)
Other operating income		<u>246</u>	<u>340</u>
OPERATING PROFIT	3	2,738	3,349
Interest receivable and similar income	6	30	42
Interest payable and similar charges	7	(26)	(49)
Other finance charges	8	<u>125</u>	<u>(324)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,867	3,018
Tax on profit on ordinary activities	9	<u>(833)</u>	<u>(1,249)</u>
PROFIT FOR THE FINANCIAL YEAR	19	<u>2,034</u>	<u>1,769</u>

All amounts relate to continuing operations.

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

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

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £000	2013 £000
PROFIT FOR THE FINANCIAL YEAR		2,034	1,769
Actuarial loss related to pension scheme	22	(560)	(812)
Movement in deferred tax thereon		(56)	128
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		1,418	1,085

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

FAIVELEY TRANSPORT BIRKENHEAD LIMITED
REGISTERED NUMBER: 01841352

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	10		842		877
Investments	11		4,000		4,000
			<u>4,842</u>		<u>4,877</u>
CURRENT ASSETS					
Stocks	12	3,198		2,728	
Debtors	13	14,378		6,737	
Cash at bank and in hand		14,132		17,176	
		<u>31,708</u>		<u>26,641</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(11,584)		(7,621)	
NET CURRENT ASSETS			<u>20,124</u>		<u>19,020</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,966</u>		<u>23,897</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		(13,774)		(13,474)
PROVISIONS FOR LIABILITIES	17		<u>(215)</u>		<u>(261)</u>
NET ASSETS EXCLUDING PENSION LIABILITIES			<u>10,977</u>		<u>10,162</u>
Pension liabilities	22		<u>(3,707)</u>		<u>(4,310)</u>
NET ASSETS INCLUDING PENSION LIABILITIES			<u><u>7,270</u></u>		<u><u>5,852</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		1		1
Profit and loss account	19		7,269		5,851
TOTAL SHAREHOLDERS' FUNDS	20		<u><u>7,270</u></u>		<u><u>5,852</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 October 2014.

 22.10.14.

I S Dolman
Director

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

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and the accounting policies have been applied consistently.

1.2 Cash flow

The company is a wholly owned subsidiary of Faiveley Transport SA, which is the ultimate parent company incorporated in France. The company has taken advantage of exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

1.3 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax, discounts or local taxes on sales. Turnover is recognised upon despatch of goods or completion of a service. For long term contracts see note 1.8.

1.4 Other operating income

Other operating income represents royalty income received by the company from third parties for the use of patents belonging to the company.

1.5 Tangible assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.6 Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Impairment reviews are performed when there has been an indication of potential impairment.

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.8 Stocks and work in progress

Stocks and work in progress 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. Provisions are made in relation to slow moving and obsolete stock lines.

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.

1.9 Deferred taxation

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. Deferred tax is measured on a non-discounted basis.

1.10 Foreign currencies

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. All differences on foreign exchange are taken to the profit and loss account. 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.

1.11 Research and development

Development costs are charged to the profit and loss account in the year of expenditure, unless individual project costs 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.

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.12 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.13 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2014.

1.14 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 ("FRS") 8 'Related party disclosures' not to disclose transactions with Faiveley SA or other wholly owned subsidiaries within the group.

1.15 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

The whole of the turnover is attributable to the principal activity of the company.

A geographical analysis of turnover is as follows:

	2014 £000	2013 £000
United Kingdom	28,338	25,469
Rest of European Union	3,931	3,005
Rest of world	864	1,735
	<hr/>	<hr/>
	33,133	30,209
	<hr/>	<hr/>

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014	2013
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the company	173	177
Auditors' remuneration	15	21
Operating lease rentals:		
- plant and machinery	34	38
- other operating leases	331	331
Difference on foreign exchange	64	(114)
Staff pension current service costs (Note 22)	89	80
Defined contribution pension cost	126	169
	<hr/> <hr/>	<hr/> <hr/>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014	2013
	£000	£000
Wages and salaries	5,230	4,930
Social security costs	556	527
Other pension costs (Note 3, 22)	215	249
	<hr/> 6,001 <hr/>	<hr/> 5,706 <hr/>

The average monthly number of employees, including the directors, during the year was as follows:

	2014	2013
	Number	Number
General and administrative	12	12
Sales and marketing	14	14
Engineering	16	17
Manufacturing	106	108
	<hr/> 148 <hr/>	<hr/> 151 <hr/>

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

5. DIRECTORS' REMUNERATION

	2014	2013
	£000	£000
Remuneration	<u>284</u>	<u>262</u>
Compensation for loss of office	<u>94</u>	<u>-</u>
Company pension contributions to defined contribution pension schemes	<u>23</u>	<u>22</u>

During the year retirement benefits were accruing to 3 directors (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £181,000 (2013 - £166,665).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,000 (2013 - £15,150).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£000	£000
On loans receivable from group undertakings	2	2
Other bank accounts	28	40
	<u>30</u>	<u>42</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£000	£000
On bank loans and overdrafts	<u>26</u>	<u>49</u>

8. OTHER FINANCE CHARGES

	2014	2013
	£000	£000
Expected return on pension scheme assets	2,028	1,646
Interest on pension scheme liabilities	(1,903)	(1,970)
	<u>125</u>	<u>(324)</u>

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax		
UK corporation tax on profits for the year	7	10
Deferred tax (note 14)		
Origination and reversal of timing differences	<u>826</u>	<u>1,239</u>
Tax on profit on ordinary activities	<u><u>833</u></u>	<u><u>1,249</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before taxation	<u>2,867</u>	<u>3,018</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	659	724
Effects of:		
Expenses not deductible for tax purposes	11	10
Capital allowances for year in excess of depreciation	(70)	(55)
FRS 17 adjustment	(350)	(255)
Depreciation on assets not eligible for capital allowances	19	20
Release of grant income	(5)	(5)
Short term timing difference leading to an increase (decrease) in taxation	(10)	-
Movements on provisions	-	(19)
Utilisation of losses	<u>(247)</u>	<u>(410)</u>
Current tax charge for the year (see note above)	<u><u>7</u></u>	<u><u>10</u></u>

Factors that may affect future tax charges

The Finance Act 2013 enacted reductions in the rate of UK Corporation Tax to 21%, with effect from 1 April 2014, and 20% with effect from 1 April 2015. The deferred tax assets have therefore been recalculated at 20%.

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10. TANGIBLE ASSETS

	Leasehold Improvements £000	Plant and machinery £000	Total £000
Cost			
At 1 April 2013	1,029	4,852	5,881
Additions	-	140	140
Disposals	-	(5)	(5)
At 31 March 2014	<u>1,029</u>	<u>4,987</u>	<u>6,016</u>
Accumulated Depreciation			
At 1 April 2013	596	4,408	5,004
Charge for the year	75	98	173
On disposals	-	(3)	(3)
At 31 March 2014	<u>671</u>	<u>4,503</u>	<u>5,174</u>
Net book value			
At 31 March 2014	<u>358</u>	<u>484</u>	<u>842</u>
At 31 March 2013	<u>433</u>	<u>444</u>	<u>877</u>

11. FIXED ASSET INVESTMENTS

	Investments in associates £000
Cost	
At 1 April 2013 and 31 March 2014	<u>5,800</u>
Provision for impairment	
At 1 April 2013 and 31 March 2014	<u>1,800</u>
Net book value	
At 31 March 2014	<u>4,000</u>
At 31 March 2013	<u>4,000</u>
Participating interests	

Faiveley Transport Birkenhead Limited has an associated undertaking of Sab Wabco (Investments) Limited which is incorporated in the UK. Faiveley Transport Birkenhead Limited holds 28% (2013: 28%) of the ordinary share capital of Sab Wabco (Investments) Limited which does not trade but which holds intercompany loans with other group undertakings.

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

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

12. STOCKS

	2014	2013
	£000	£000
Raw materials	3,028	2,624
Work in progress	125	104
Long term contract balances	45	-
	<hr/> 3,198 <hr/>	<hr/> 2,728 <hr/>

Long term contract balances consist of:

	2014	2013
	£000	£000
Costs to date less provision for losses	45	-
	<hr/> 45 <hr/>	<hr/> - <hr/>

13. DEBTORS

	2014	2013
	£000	£000
Trade debtors	6,002	2,186
Amounts owed by group undertakings	6,789	2,508
Other debtors	12	10
Prepayments and accrued income	241	178
Deferred tax asset	1,334	1,855
	<hr/> 14,378 <hr/>	<hr/> 6,737 <hr/>

Amounts owed by group undertakings attract interest at a rate of LIBOR -0.15% and are repayable on demand.

The deferred tax balance is expected to be substantially recovered after more than one year. Of this asset, approximately £300,000 is expected to be utilised within one year.

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

14. DEFERRED TAX

	2014	2013
	£000	£000
Accelerated capital allowances	149	242
Other timing differences	45	62
Unrelieved tax losses	1,140	1,551
	<hr/>	<hr/>
Total deferred tax asset	1,334	1,855
	<hr/>	<hr/>

	2014	2013
	£000	£000
At 1 April 2012 - asset	1,855	2,850
Deferred tax (charge) in profit and loss account (note 9)	(521)	(995)
	<hr/>	<hr/>
At 31 March 2013 - asset	1,334	1,855
	<hr/>	<hr/>

Deferred tax asset relating to pension deficit:

	2014	2013
	£000	£000
At 1 April	1,287	1,403
Deferred tax credited/(charged) to the statement of total recognised gains and losses:		
- on actuarial loss	112	187
- change in tax rate	(168)	(59)
Deferred tax charge in profit and loss account	(305)	(244)
	<hr/>	<hr/>
At 31 March	926	1,287
	<hr/>	<hr/>

The deferred tax asset of £926,000 (2013: £1,287,000) has been deducted in arriving at the net pension deficit on the balance sheet.

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£000	£000
Trade creditors	1,295	1,570
Amounts owed to group undertakings	7,370	4,044
Taxation and social security	957	661
Other creditors	34	42
Accruals and deferred income	1,928	1,304
	<u>11,584</u>	<u>7,621</u>

Amounts owed by group undertakings attract interest at a rate of LIBOR -0.15% and are repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£000	£000
Amounts owed to group undertakings	13,774	13,474
	<u>13,774</u>	<u>13,474</u>

17. PROVISIONS FOR LIABILITIES

	Warranty £000
At 1 April 2013	261
Additions	111
Utilisation	(31)
Reversals	(126)
At 31 March 2014	<u>215</u>

The warranty provision is in place to cover future costs of repair or replacement of parts already sold. For CS, 2% of the sales value is provided for on a rolling 12 month basis. For OE, provisions are made on a project specific basis.

18. CALLED UP SHARE CAPITAL

	2014	2013
	£000	£000
Allotted and fully paid		
1,000 (2013: 1,000) Ordinary shares of £1 each	<u>1</u>	<u>1</u>

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

19. RESERVES

	Profit and loss account £000
At 1 April 2013	5,851
Profit for the financial year	2,034
Actuarial losses on pension scheme	(560)
Deferred tax attributable to actuarial loss	(56)
	<hr/>
At 31 March 2014	7,269
	<hr/>

The closing balance on the profit and loss account includes a £3,707,000 (2013 - £4,310,000) debit, stated after deferred taxation of £926,000 (2013 - £1,287,000), in respect of pension scheme liabilities of the company pension scheme.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Opening shareholders' funds	5,852	4,767
Profit for the financial year	2,034	1,769
Other recognised gains and losses during the year	(616)	(684)
	<hr/>	<hr/>
Closing shareholders' funds	7,270	5,852
	<hr/>	<hr/>

21. CAPITAL COMMITMENTS

At 31 March 2014 the company had capital commitments as follows:

	2014 £000	2013 £000
Contracted for but not provided in these financial statements	193	1,132
	<hr/>	<hr/>

At both the current and prior year end the company has a guarantee of £100,000 in respect of HM Customs and Excise. At the year end there is also a commitment for tangible assets of £93,314. There is no guarantee in respect of the Sab Wabco Pension scheme (2013: £1,000,000).

22. PENSION COMMITMENTS

The company operates a defined benefit pension scheme. In addition the company operates a defined contribution scheme, the costs of which during the year was £126,000 (2013: £169,000).

The major scheme 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 interest 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 aged 55 with other post retirement benefits which include life insurance.

A full actuarial valuation of the SabWabco defined benefit scheme was carried out at 31 March 2012 and updated at 31 March 2014 by a qualified independent actuary on a Financial Reporting Standard ("FRS") 17 basis.

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

22. PENSION COMMITMENTS (continued)

A full actuarial valuation of the Davies & Metcalfe (1977) defined benefit scheme was carried out at 10 May 2010 and updated to 31 March 2014 by a qualified independent actuary on a Financial Reporting Standard ("FRS") 17 basis. There is another valuation currently in progress.

A full actuarial valuation of the Davies & Metcalfe defined benefit scheme was carried out at 1 May 2007 and updated to 31 March 2014 by a qualified independent actuary on a Financial Reporting Standard ("FRS") 17 basis.

There were no changes to the above schemes during the year.

The following amounts are disclosed in respect of the aggregate of the 3 schemes:

The amounts recognised in the balance sheet are as follows:

	2014	2013
	£000	£000
Present value of funded obligations	(45,462)	(45,670)
Fair value of scheme assets:	40,923	40,544
	<hr/>	<hr/>
Deficit in scheme	(4,539)	(5,126)
Surplus cap	(94)	(471)
	<hr/>	<hr/>
Deficit	(4,633)	(5,597)
Related deferred tax asset	926	1,287
	<hr/>	<hr/>
Net liability	(3,707)	(4,310)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the profit or loss are as follows:

	2014	2013
	£000	£000
Current service cost	(89)	(80)
Interest on obligation	(1,903)	(1,970)
Expected return on scheme assets	2,028	1,646
	<hr/>	<hr/>
Total	36	(404)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the statement of total recognised gains and losses of £560,000 (2013: £812,000) are as follows:

Actuarial losses on defined benefit obligation were £1,000 (2013: £3,928,000).

Actuarial losses on fair value of scheme assets were £936,000 (2013: gain of £3,096,000).

The movement in surplus cap was a reduction in surplus of £377,000 (2013: £20,000).

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

22. PENSION COMMITMENTS (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2014	2013
	£000	£000
Opening defined benefit obligation	45,670	42,245
Current service cost	89	80
Interest cost	1,903	1,970
Contributions by scheme participants	18	17
Actuarial loss	1	3,928
Benefits paid	(2,219)	(2,570)
	<hr/>	<hr/>
Closing defined benefit obligation	45,462	45,670
	<hr/>	<hr/>

Changes in the fair value of scheme assets were as follows:

	2014	2013
	£000	£000
Opening fair value of scheme assets	40,544	36,889
Expected return on assets	2,028	1,646
Actuarial (loss)/gain	(936)	3,096
Contributions by scheme participants	18	17
Contributions by employer	1,488	1,466
Benefits paid	(2,219)	(2,570)
	<hr/>	<hr/>
	40,923	40,544
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £13,792,000 (2013 - £13,232,000).

The company expects to contribute £1,350,000 to its defined benefit pension scheme in 2015.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate	4.30 %	4.25 %
Price inflation (RPI):	3.25 %	3.30 %
Price inflation (CPI):	2.25 %	2.30 %
Pension increases	3.10 %	3.15 %
Equities:	6.45 %	6.05 %
Fixed interest gilts:	2.95 %	2.55 %
Corporate Bonds:	3.70 %	3.75 %
Cash:	0.50 %	0.50 %

Mortality assumptions at age 65 are as follows:

Current pensioners 22.3 years (2013: 22.3 years)

Future pensioners 23.3 years (2013: 23.2 years)

FAIVELEY TRANSPORT BIRKENHEAD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

22. PENSION COMMITMENTS (continued)

Amounts for the current and previous four years are as follows:

Defined benefit pension schemes

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(45,462)	(45,670)	(42,245)	(40,010)	(42,955)
Scheme assets	40,923	40,544	36,889	34,829	31,971
Deficit	(4,539)	(5,126)	(5,356)	(5,181)	(10,984)
Experience adjustments on scheme liabilities	365	1,404	(80)	1,764	1,084
Experience adjustments on scheme assets	(936)	3,096	466	(108)	5,491

23. OPERATING LEASE COMMITMENTS

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Within 1 year	-	-	5	62
Between 2 and 5 years	254	-	76	38
After more than 5 years	-	254	-	-

24. RELATED PARTY TRANSACTIONS

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

25. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP

The immediate parent undertaking is Sab Wabco UK Limited.

The ultimate parent undertaking and controlling party is Faiveley SA, a company incorporated in France.

Faiveley SA is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2014. The consolidated financial statements of Faiveley SA can be obtained from Faiveley SA, Le Delage Building, Hall Parc - Bâtiment 6A, 6ème étage, 3, rue du 19 mars 1962, 92230 Gennevilliers, Cedex - France.