

# Faiveley Transport Birkenhead Limited

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Annual report and financial statements

## **Faiveley Transport Birkenhead Limited**

For the Year Ended 31st December 2017

Company number 01841352

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# **Faiveley Transport Birkenhead Limited**

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## **Company Information**

<b>Directors</b>	L Leroux X De Lavallade I S Dolman W Costigan S Charlesworth A Vidal
<b>Company secretary</b>	W Costigan
<b>Registered number</b>	01841352
<b>Registered office</b>	Morpeth Wharf Twelve Quays Birkenhead Wirral CH41 1LF
<b>Independent auditors</b>	Ernst & Young LLP 24 Marina Court Castle Street Hull HU1 1TJ

# Faiveley Transport Birkenhead Limited

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## Strategic Report for the year ended 31 December 2017

### Introduction

The directors present their strategic report on the Company for the year ended 31 December 2017.

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.

### Results

The Company's profit after tax for the year is £2.5 million (nine months ended Dec 2016 - £2.0 million), which will be transferred to reserves.

### Key performance indicators

Turnover, at £31.3 million for 2017, shows an increase on the £22.9m for the nine months to Dec 2016. (Pro-rate £30.5m)

Gross profit at £6.5 million (nine months ended Dec 2016 - £5.3 million) shows a slight drop from 23.3% of turnover to 20.9%.

As a result, operating profit has decreased in 2017 from 11.8% of turnover (£2.7 million) for the nine months ended Dec 2016 to 10.8% (£3.4 million) for the year ended December 2017.

### Business review and future developments

The directors are satisfied with the operating results and anticipate sustainable results in the future. The Company's profit after tax for the financial period is £2.5 million (9 months ended Dec 2016 - £2.0 million), which will be transferred to reserves.

The directors anticipate that economic conditions will remain challenging in 2018, particularly for the freight sector. Revenues in 2018 are expected to be similar to 2017.

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.

On 23rd June 2016 a referendum was held in the United Kingdom and the result of the vote was that the United Kingdom would leave the European Union on 29<sup>th</sup> March 2019. At the time of signing these statutory financial statements it is still unclear as to what the impact on this company will be in respect of the trading relationship between the United Kingdom and the European Union.

# Faiveley Transport Birkenhead Limited

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## Strategic Report for the year ended 31 December 2017 (continued)

### 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.

#### Financial risk management

The process of risk management is addressed through a framework of policies, procedures and internal controls, and the Company's risk profile is regularly reviewed by the directors and senior managers.

#### 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.

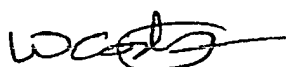
#### Foreign exchange risk

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 used to mitigate this risk.

#### Non-financial risks and mitigations

The Company identifies loss of reputation due to product failure as a principal risk and tracks weekly warranty returns data as a key performance indicator.

This report was approved by the board on 19<sup>th</sup> December 2018 and signed on its behalf.



W Costigan  
Director

# Faiveley Transport Birkenhead Limited

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## Directors' Report for the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

### Principal activities

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

### Business review

The review of the business, future developments, financial risk management policies and key performance indicators can be found in the strategic report on pages 2 and 3 of these financial statements.

### Results and dividends

The profit after tax for the financial year amounted to £2.543million (9 months ended Dec 2016 - £2.048million).

No dividend was proposed or paid in the period ended 31 December 2017 (9 months ended Dec 2016 - £Nil).

### Directors

The directors who were in office during the period and up to the date of approving the financial statements were:

L Leroux  
X De Lavallade  
I S Dolman  
W Costigan  
S Charlesworth  
A Vidal

### Directors' indemnities

The Group maintains a qualifying third party indemnity insurance policy for its directors and officers for the whole period and including up to the approving of these financial statements.

### Political contributions

The Company donated £1,031 (9 months ended Dec 2016 - £406) to charities during the period. The Company made no political donations.

### Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approving these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### Future Developments

The directors expect the business to continue to perform in line with the current period. Please refer to the review of the business and future developments in the strategic report.

# Faiveley Transport Birkenhead Limited

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## Directors' Report for the year Ended 31 December 2017 (continued)

### Disclosure of information to auditors

Each of the persons who are directors 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 relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

On 14 February 2017 PricewaterhouseCoopers LLP resigned as auditors of the company, and Ernst & Young LLP were subsequently appointed as auditors.

A resolution to reappoint Ernst & Young LLP as auditors will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The financial statements were approved by the Board of Directors on <sup>14</sup>19 December 2018 and signed on its behalf by W Costigan.



W Costigan  
Director

# **Faiveley Transport Birkenhead Limited**

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## **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, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", 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 comprising FRS 102 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 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.

The directors 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.



# Faiveley Transport Birkenhead Limited

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIVELEY TRANSPORT BIRKENHEAD LIMITED

### Opinion

We have audited the financial statements of Faiveley Transport Birkenhead Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# Faiveley Transport Birkenhead Limited

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIVELEY TRANSPORT BIRKENHEAD LIMITED

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Faiveley Transport Birkenhead Limited

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIVELEY TRANSPORT BIRKENHEAD LIMITED

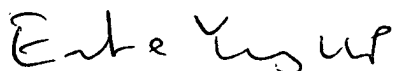
### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



Richard Frostick (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Hull

19 December 2018

# Faiveley Transport Birkenhead Limited

## Statement of Comprehensive Income for the year ended 31 December 2017

	Note	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Turnover	4	31,278	22,933
Cost of sales		(24,749)	(17,600)
<b>Gross profit</b>		<b>6,529</b>	<b>5,333</b>
Distribution costs		(445)	(321)
Administrative expenses		(2,748)	(2,345)
Other operating income/(charges)	5	30	47
<b>Operating profit</b>	6	<b>3,366</b>	<b>2,714</b>
Interest receivable and similar income	10	13	12
Interest payable and similar expenses	11	(57)	(28)
Other finance charges	12	(297)	(107)
<b>Profit on ordinary activities before taxation</b>		<b>3,025</b>	<b>2,591</b>
Tax on profit on ordinary activities	13	(490)	(543)
<b>Profit for the financial period</b>		<b>2,535</b>	<b>2,048</b>
<b>Other comprehensive income/(loss) for the period</b>			
Actuarial losses on defined benefit pension scheme	25	3,465	(7,161)
Movement in deferred tax thereon	20	(589)	1,217
<b>Other comprehensive income/(loss) for the period</b>		<b>2,876</b>	<b>(5,944)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>5,411</b>	<b>(3,896)</b>

The notes on pages 13 to 32 form an integral part of these financial statements.

All amounts relate to continuing operations.

# Faiveley Transport Birkenhead Limited

## Statement of Financial Position as at 31 December 2017

	Note	£000	Dec 2017 £000	£000	Dec 2016 £000
<b>Fixed assets</b>					
Tangible assets	14		792		904
Investments	15		4,000		4,000
			<u>4,792</u>		<u>4,904</u>
<b>Current assets</b>					
Stocks	16	2,566		3,189	
Debtors	17	11,764		9,991	
Cash and cash equivalents	18	19,422		19,068	
		<u>33,752</u>		<u>32,248</u>	
Creditors: amounts falling due within one year	19	<u>(21,517)</u>		<u>(20,633)</u>	
<b>Net current assets</b>			<b>12,235</b>		<b>11,615</b>
<b>Total assets less current liabilities</b>			<u><b>17,027</b></u>		<u><b>16,519</b></u>
Provisions for liabilities	21	<u>(203)</u>		<u>(239)</u>	
Pension liability	25		<u>(203)</u> <u>(6,023)</u>		<u>(239)</u> <u>(10,890)</u>
<b>Net assets</b>			<u><b>10,801</b></u>		<u><b>5,390</b></u>
<b>Capital and reserves</b>					
Called up share capital	22		1		1
Retained earnings	23		10,800		5,389
<b>Total equity</b>			<u><b>10,801</b></u>		<u><b>5,390</b></u>

The financial statements were approved by the Board of Directors on <sup>14</sup>December 2018 and signed on its behalf by W Costigan



W Costigan  
Director  
Company registration no: 001841352

The notes on pages 13 to 32 form an integral part of these financial statements.

# Faiveley Transport Birkenhead Limited

## Statement of Changes in Equity for the year Ended 31 December 2017

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2017	1	5,389	5,390
Profit for the financial year	-	2,535	2,535
<b>Other comprehensive income for the year</b>			
Actuarial gains on pension scheme	-	3,465	3,465
Deferred tax attributable to actuarial gain	-	(589)	(589)
<b>Total comprehensive income for the year</b>	-	2,876	2,876
At 31 December 2017	<b>1</b>	<b>10,800</b>	<b>10,801</b>

## Statement of Changes in Equity for the year Ended 31 December 2016

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 April 2016	1	9,285	9,286
Profit for the financial period	-	2,048	2,048
<b>Other comprehensive (loss) for the period</b>			
Actuarial losses on pension scheme	-	(7,161)	(7,161)
Deferred tax attributable to actuarial loss	-	1,217	1,217
<b>Total comprehensive loss for the period</b>	-	(3,896)	(3,896)
At 31 December 2016	<b>1</b>	<b>5,389</b>	<b>5,390</b>

The notes on pages 13 to 32 form an integral part of these financial statements.

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 1. General information

Faiveley Transport Birkenhead Limited is a private company limited by shares and was incorporated in England & Wales under the Companies Act 2006. The address of the registered office is Morpeth Wharf, Twelve Quays, Birkenhead, Wirral, CH41 1LF. The nature of the Company's operations and its principal activity is the distribution, sale, overhaul, repair and servicing of braking and coupler equipment for railway vehicles.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements are prepared in Sterling (£).

#### Statement of compliance

The individual financial statements of Faiveley Transport Birkenhead Limited have been prepared in compliance with United Kingdom Accounting Standards, including financial Reporting 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of preparation

These financial statements are prepared on a 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 preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publically available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Wabtec Corporation, which are publicly available.

As a qualifying entity, the Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.1A.

This information is included in the consolidated financial statements of the Wabtec Corporation as at 31 December 2017 and these financial statements may be obtained from Wabtec Corporation, 1001 Air Brake Avenue, Wilmerding, PA 15148 - USA.

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 2. Accounting policies (continued)

#### 2.3 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

#### 2.4 Turnover

Turnover represents sales to external customers at invoiced amounts less Value Added Tax, discounts or local taxes on sales. Turnover is recognised upon delivery of the goods or completion of a service.

#### 2.5 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. Royalty income is charged based on sales made by the third parties using Group patents and is recognised when the right to receive such payment is established.

#### 2.6 Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

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

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

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income and included in 'Administrative Expenses'.

#### 2.7 Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Income 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 life of the lease.



# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 2. Accounting policies (continued)

#### 2.8 Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

#### 2.9 Investment in subsidiary company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

#### 2.10 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income as the difference between the reported turnover and related costs for that contract.

#### 2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 2. Accounting policies (continued)

#### 2.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a Market rate or in case of an out-right short-term loan not at Market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a Market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.15 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 Statement of Comprehensive Income. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

#### 2.16 Interest payable

Interest payable is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 2. Accounting policies (continued)

#### 2.17 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and pension plans.

##### (I) Annual bonus

The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has an obligation to make payment under the plan as a result of past performance.

##### (II) Defined benefit pension scheme

The Company has two closed defined benefit plans. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Tri-annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using Market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss comprises of current service costs and net interest on the defined benefit scheme assets /(liabilities).

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

##### (III) Defined contribution pension scheme

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 2. Accounting policies (continued)

#### 2.18 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 2.19 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.

#### 2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.21 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### (I) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (II) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 2. Accounting policies (continued)

#### 2.22 Research and development

Development costs are charged to the Statement of Comprehensive Income 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.

#### 2.23 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company's financial statements.

#### 2.24 Impairment of Investments

At each balance sheet date investments are assessed to determine whether there is an indication that the asset may be impaired. This assessment is based on future cash flows. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgments:

- Determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 15)

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future Docket conditions, the remaining life of the asset and projected disposal values.

- Investments (see note 16)

The most critical estimates, assumptions and judgments relate to the determination of carrying value of investments at fair value through the income statement, the Company follows the International Private Equity and Venture Capital Valuation Guidelines, applying the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the valuation methodology.

- Defined benefit pension scheme (see note 27)

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds.

# Faiveley Transport Birkenhead Limited

## Notes to the Financial Statements for the year Ended 31 December 2017

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

(continued)

Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 27 for the disclosures relating to the defined benefit pension scheme.

- **Inventory provisioning**

The Company operates in a Docket whereby each specific customer need can be different. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 17 for the net carrying amount of the inventory and associated provision.

- **Impairment of debtors**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 18 for the net carrying amount of the debtors and associated impairment provision.

- **Warranty Provisions**

The Company's products are sold under warranty to its customers with a typical warranty period of two years from the date of sale. The provision is calculated using the historical warranty costs on a project by project basis.

### 4. Turnover

The whole of turnover is attributable to the principal activity of the Company, which is that of the distribution, sale, overhaul, repair and servicing of braking and coupler equipment for railway vehicles.

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Sales of goods	30,662	22,242
Rendering of services	616	691
	<b>31,278</b>	<b>22,933</b>

Analysis of turnover by country of destination:

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
United Kingdom	27,574	19,337
Rest of European Union	2,703	2,939
Rest of the world	1,001	657
	<b>31,278</b>	<b>22,933</b>

£1,087,962 has been recognised as turnover in the period in respect of amounts earned on long term contracts (year ended Dec 2016 - £5,772,000)

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 5. Other operating income / (charges)

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Royalty income receivable	<u>30</u>	<u>47</u>

### 6. Operating profit

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

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Depreciation of tangible fixed assets	218	168
Other operating rentals - plant and machinery	118	101
- other operating leases	395	295
Difference on foreign exchange	(399)	(197)
Staff pension current service costs (note 27)	43	64
Defined contribution pension cost	375	220
Stock recognised as an expense	<u>17,289</u>	<u>12,186</u>

### 7. Auditors' remuneration

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>19</u>	<u>18</u>

There were no fees payable to the auditors in respect of non-audit services.

# Faiveley Transport Birkenhead Limited

## Notes to the Financial Statements for the year Ended 31 December 2017

### 8. Employees

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

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Wages and salaries	5,537	4,118
Social security costs	418	448
Other pension costs	606	284
	<b>6,561</b>	<b>4,850</b>

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

	12 months ended 31 Dec 2017 No.	9 months ended 31 Dec 2016 No.
General and administrative	16	16
Sales and Marketing	9	11
Engineering	19	17
Manufacturing	110	101
	<b>154</b>	<b>145</b>

### 9. Directors' remuneration

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Directors' emoluments	305	254
Company pension contributions to defined contribution pension schemes	41	18
	<b>346</b>	<b>272</b>

During the period retirement benefits were accruing to 2 directors (nine months ended Dec 2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £193,000 (nine months ended Dec 2016 - £176,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,000 (nine months ended Dec 2016 - £12,000).

During the period Nil directors received shares under the long term incentive schemes (year ended Dec 2016 - Nil).

During the period Nil directors exercised share options (year ended Dec 2016 - Nil).



# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 10. Interest receivable and similar income

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
On loans receivable from group undertakings	1	11
On other bank accounts	12	1
	<u>13</u>	<u>12</u>

### 11. Interest payable and similar expenses

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
On bank loans and overdrafts	57	28
	<u>57</u>	<u>28</u>

### 12. Other financial (charges)/income

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Net interest on net defined benefit liability (note 27)	297	107
	<u>297</u>	<u>107</u>

# Faiveley Transport Birkenhead Limited

## Notes to the Financial Statements for the year Ended 31 December 2017

### 13. Tax on profit on ordinary activities

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
<b>Current tax</b>		
Current tax on profits for the period	-	2
Adjustments in respect of prior years	(8)	-
<b>Total current tax</b>	<b>(8)</b>	<b>2</b>
<b>Deferred tax</b>		
Original and reversal of timing differences	523	541
Adjustment in respect of previous periods	36	-
Effect of changes in tax rates	(61)	-
<b>Total deferred tax</b>	<b>498</b>	<b>541</b>
<b>Tax on profit on ordinary activities</b>	<b>490</b>	<b>543</b>

### Factors affecting tax charge for the period

The tax assessed for the period is lower than (Dec 2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (Dec 2016 - 20%). The differences are explained below:

	12 months ended 31 Dec 2017 £000	9 months ended 31 Dec 2016 £000
Profit before taxation	3,025	2,591
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (Dec 2016 - 20%)	582	518
<b>Effects of:</b>		
Expenses not deductible for tax purposes	18	17
Depreciation of assets not eligible for capital allowances	-	8
Group Relief claimed	(77)	-
Adjustments to tax charge in respect of prior years - current tax	28	-
Adjustments due to changes in tax rates	(61)	-
<b>Total tax (credit)/charge for the period</b>	<b>490</b>	<b>543</b>

Tax of £589,050 (nine months ended Dec 2016 - £1,217,370) was charged to Other Comprehensive Income in respect of deferred tax movement on the actuarial losses on the pension scheme.

### Factors that may affect future tax charges

The Company's results for this accounting period are taxed at a standard rate of 19.25%. (Dec 2016 - 20.00%). Deferred tax balances were calculated at 17% (Dec 2016 - 17%) the rate substantially enacted at 31 December 2017. UK corporation tax rate the change announced reduce the main rate to 17% from 1 April 2020 and reduce the tax rate to 19% from 1 April 2017.

# Faiveley Transport Birkenhead Limited

## Notes to the Financial Statements for the year Ended 31 December 2017

### 14. Tangible assets

	Leasehold improvements £000	Plant and Machinery £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2017	1,103	4,562	5,665
Additions	9	114	123
Disposals	-	(703)	(703)
At 31 December 2017	<u>1,112</u>	<u>3,973</u>	<u>5,085</u>
<b>Accumulated Depreciation</b>			
At 1 January 2017	895	3,866	4,761
Charge for the period	90	128	218
Disposals	-	(686)	(686)
At 31 December 2017	<u>985</u>	<u>3,308</u>	<u>4,293</u>
<b>Net book value</b>			
At 31 December 2017	<u>127</u>	<u>665</u>	<u>792</u>
At 31 December 2016	<u>208</u>	<u>696</u>	<u>904</u>

There are no securities held on the assets of the Company.

Depreciation expense is charge to Cost of Sales within the Statement of Comprehensive Income.

### 15. Investments

	Investments in associates £000
<b>Cost or valuation</b>	
At 1 January 2017	5,800
At 31 December 2017	<u>5,800</u>
<b>Impairment</b>	
At 1 January 2017	1,800
At 31 December 2017	<u>1,800</u>
<b>Net book value</b>	
At 31 December 2017	<u>4,000</u>
At 31 December 2016	<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% (year ended Dec 2016 - 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 December 2017

### 16. Stocks

	Dec 2017 £000	Dec 2016 £000
Raw materials	2,436	3,046
Work in progress	130	143
	<b>2,566</b>	<b>3,189</b>

An impairment loss of £Nil (nine months ended Dec 2016 - £Nil) was recognised in cost of sales against stock during the period due to slow-moving and obsolete stock. A provision of £525,000 was held at 31 December 2017 (Dec 2016 - £593,000) in respect of slow moving and obsolete stock.

There is no significant difference between the replacement cost of raw materials, finished goods and goods for resale and their carrying amounts.

### 17. Debtors

	Dec 2017 £000	Dec 2016 £000
Trade debtors	5,038	4,002
Amounts owed by group undertakings	5,377	3,603
Other debtors	71	82
Corporation tax	48	-
Deferred tax assets (note 22)	1,044	2,130
Prepayments and accrued income	186	174
	<b>11,764</b>	<b>9,991</b>

Trade debtors are stated after provision of £38,000 (Dec 2016 - £165,000), and £34,647 (nine months ended Dec 2016 - £160,000) was charged to the Statement of Comprehensive Income during the period. Amounts owed by group undertakings of £521,417 (Dec 2016 - £520,608) 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 £150,000 is expected to be utilised within one year. The book value of debtors after impairment is considered to be the fair value.

### 18. Cash and cash equivalents

	Dec 2017 £000	Dec 2016 £000
Cash at bank and in hand	19,422	19,068
	<b>19,422</b>	<b>19,068</b>

### 19. Creditors: Amounts falling due within one year

	Dec 2017 £000	Dec 2016 £000
Trade creditors	880	1,268
Amounts owed to group undertakings	18,945	18,092
Taxation and social security	916	563
Other creditors	13	13
Accruals and deferred income	763	697
	<b>21,517</b>	<b>20,633</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. The book value of creditors is considered to be the fair value.

# Faiveley Transport Birkenhead Limited

## Notes to the Financial Statements for the year Ended 31 December 2017

### 20. Deferred taxation

	Dec 2017 £000	Dec 2016 £000
At 1 January 2017 / 1 April 2016	2,130	1,454
Adjustment in respect of prior years	(36)	
Charged to the profit or loss	(461)	(541)
Credited to other comprehensive loss	(589)	1,217
At 31 December 2017 / 31 December 2016	<u>1,044</u>	<u>2,130</u>

The deferred tax asset is made up as follows:

	Dec 2017 £000	Dec 2016 £000
Accelerated capital allowances	20	26
Other timing differences	-	40
Unrelieved tax losses	-	214
Pension deficit	1,024	1,850
At 31 December 2017 / 31 December 2016	<u>1,044</u>	<u>2,130</u>

### Deferred tax asset relating to pension deficit (note 27):

	Dec 2017 £000	Dec 2016 £000
At 1 January 2017 / 1 April 2016	1,850	865
Deferred tax credited/(charged) to the statement of comprehensive income:		
- On actuarial loss	(589)	1,217
Change in tax rate	32	(48)
Deferred tax charge in profit and loss account	(269)	(184)
At 31 December 2017 / 31 December 2016	<u>1,024</u>	<u>1,850</u>

### 21. Provisions for liabilities

	Warranty £000
At 1 January 2017	239
Credited to the profit or loss	(36)
Utilised in the period	-
At 31 December 2017	<u>203</u>

The warranty provision is in place to cover future costs of repair or replacement of parts already sold. For sales to the AfterDecket (ie spares and repairs), a rate between 1 and 2% of the sales value is provided for on a rolling 12 month basis. For sales made to the Original Equipment Decket, provisions are made on a project specific basis.

It is expected that the provision will be utilised during the life of the warranty period, which is typically two years but can vary from contract to contract.

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 22. Called up share capital

	Dec 2017 £000	Dec 2016 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,000 (Dec 2016 - 1,000) Ordinary shares of £1 each	<u>1</u>	<u>1</u>

There is only one class of share and there are no restrictions on distributions.

### 23. Capital and reserves

The Company's capital and reserves are as follows:

#### Called up Share capital

Called up share capital represents the nominal value of the shares issued.

#### Retained earnings

Retained earnings represent cumulative profits or losses net of dividends paid and other adjustments.

### 24. Capital commitments

At 31 December 2017 the Company had capital commitments as follows:

	Dec 2017 £000	Dec 2016 £000
Contracted for but not provided in these financial statements	<u>100</u>	<u>111</u>

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 period end there were no commitments for tangible assets (Dec 2016 - £10,672).

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 25. Pension liability

The Company operates two defined benefit pension scheme, The SAB Wabco Pension Scheme and the Davies and Metcalfe (1997) Scheme.

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.

The Company's funding policy of the scheme is based on a three-year agreement with the pension trustees. This agreement details the amounts to be paid each month directly to the scheme. A full actuarial valuation of the SabWabco defined benefit scheme was carried out at 6 April 2015 and updated at 31 December 2017 by a qualified independent actuary on a FRS 102 basis. A full actuarial valuation of the Davies & Metcalfe (1977) defined benefit scheme was carried out at 10 May 2016 and updated to 31 December 2017 by a qualified independent actuary on a FRS 102 basis.

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

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

Reconciliation of present value of plan liabilities:

	Dec 2017 £000	Dec 2016 £000
<b>Reconciliation of present value of plan liabilities</b>		
Opening defined benefit obligation	60,492	49,573
Current service cost	43	64
Interest expense	1,493	1,258
Actuarial losses / (gains) arising from changes in financial assumptions	(2,296)	11,085
Contribution by scheme members	9	15
Benefits paid	(2,413)	(1,503)
<b>At 31 December 2017 / 31 December 2016</b>	<b>57,328</b>	<b>60,492</b>

# Faiveley Transport Birkenhead Limited

## Notes to the Financial Statements for the year Ended 31 December 2017

### 26. Pension liability (continued)

Composition of plan liabilities:

	Dec 2017 £000	Dec 2016 £000
Schemes wholly or partly funded	57,328	60,492
<b>Total plan liabilities</b>	<b>57,328</b>	<b>60,492</b>

	Dec 2017 £000	Dec 2016 £000
Opening fair value of scheme assets	49,602	44,764
Interest income	1,239	1,151
Return on scheme assets excluding interest income	1,169	3,924
Contributions by employer	1,699	1,251
Contributions by scheme members	9	15
Benefits paid	(2,413)	(1,503)
<b>At 31 December 2017 / 31 December 2016</b>	<b>51,305</b>	<b>49,602</b>

Composition of plan assets:

	Dec 2017 £000	Dec 2016 £000
Equity securities	-	3,804
Debt securities	12,566	12,125
Real estate	-	-
Others	38,739	33,673
<b>Total plan assets</b>	<b>51,305</b>	<b>49,602</b>



# Faiveley Transport Birkenhead Limited

## Notes to the Financial Statements for the year Ended 31 December 2017

### 26. Pension commitments (continued)

	Dec 2017 £000	Dec 2016 £000
Fair value of plan assets	51,305	49,602
Present value of plan assets	(57,328)	(60,492)
<b>Net pension scheme liability</b>	<b>(6,023)</b>	<b>(10,890)</b>

The amounts recognised in profit or loss are as follows:

	Dec 2017 £000	Dec 2016 £000
Current service cost	43	64
Interest on obligation	254	107
<b>Total</b>	<b>297</b>	<b>171</b>

### Analysis of actuarial loss recognised in Other Comprehensive Loss

	Dec 2017 £000	Dec 2016 £000
Return on scheme assets	1,169	3,924
Actuarial gains/(losses) from changes in financial assumptions	2,296	(11,085)
	<b>3,465</b>	<b>(7,161)</b>

The Company expects to contribute £1,729,000 to its defined benefit pension scheme in 2018.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	Dec 2017 %	Dec 2016 %
Discount rate	2.85	2.50
Price Inflation - RPI	3.00	3.25
Price Inflation - CPI	2.00	2.25
Future pension increases	2.90	3.09
Mortality rates - for a male aged 65 now	<b>22.2 years</b>	<b>22.2 years</b>

# Faiveley Transport Birkenhead Limited

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## Notes to the Financial Statements for the year Ended 31 December 2017

### 27. Commitments under operating leases

At 31 December 2017 the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings and Other Dec 2017 £000	Land and buildings and Other Dec 2016 £000
Not later than 1 year	462	520
Later than 1 year and not later than 5 years	564	905
Later than 5 years	154	251

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Lease payments recognised as an expense in the Statement of Comprehensive Income in the period in the amount to £512,863 (9 months ended Dec - £395,560).

### 28. Related party transactions

The Company has taken advantage of the Related party transactions disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This information is included in the consolidated financial statements of Wabtec Corporation as at 31st December 2017, and these financial statements can be obtained from Wabtec Corporation, 1001 Air Brake Avenue, Wilmerding, PA 15148 - USA.

### 29. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Sab Wabco UK Limited.

The ultimate parent undertaking and controlling party is Wabtec Corporation, a company incorporated in the USA.

Wabtec Corporation is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2017, a company incorporated in USA. The consolidated financial statements of Wabtec Corporation can be obtained from Wabtec Corporation, 1001 Air Brake Avenue, Wilmerding, PA 15148 - USA ([www.wabtec.com](http://www.wabtec.com)).