Company Registration No. 01966624

First Rail Support Limited

Report and Financial Statements

29 March 2014



First Rail Support Limited

Report and financial statements 2014

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First Rail Support Limited

Strategic report

The directors present their strategic report for First Rail Support Limited for the 52 week period ended 29 March 2014.

Principal activities

The company's principal activities are the provision of bus and coach operations in the United Kingdom.

Business review

As shown in the company's profit and loss account on page 7, the company's turnover increased by 29.9% to £11.5 million (2013: £8.9 million) and operating profit increased by 34.7%. These are both largely as a result of landslides at Hatfield and Dawlish caused by extreme weather.

The balance sheet on page 8 of the financial statements shows the company's financial position at the period end. Net assets have increased from £4.8 million to £9.4 million. This increase is due to the profit of £4.6 million for the period.

Significant cost increases continue to place pressure on margins. The directors continue to carry out regular detailed reviews of contract profitability to ensure that company resources are managed as efficiently as possible whilst matching service provision with demand and driving down unit costs through operational efficiencies and higher productivity.

Safety remains the highest priority. The directors are continuously developing and improving processes to ensure that a 'Safety First' culture is embedded throughout the company and strive to make our services as safe as possible for our customers and staff.

FirstGroup plc manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the UK Bus division of FirstGroup plc, which includes the company, is discussed in the group's Annual Report which does not form part of this report.

Outlook

The trading environment for the next 12 months is set to become more challenging. In spite of this, the directors remain optimistic about the current and future opportunities to grow the business, with innovative ideas, improved service quality and reliability while retaining a tight control on costs. The company is well placed to capture opportunities from outside its core business area, such as events and other transport solutions.

Going concern

At 29 March 2014, the company had cash of £10.3 million and net assets of £9.4 million. The directors have considered the going concern assumption given the current uncertainty of the economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts (including downside sensitivities), uncertainties and the financial commitment from the parent company in forming this judgement.

The parent company has provided the directors of the company with a letter confirming that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The directors have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support.

After making enquiries and considering the above facts, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

There are a number of potential risks and uncertainties that could have an impact on the company's long-term performance. The directors have established an ongoing process for identifying, evaluating and managing the significant risks and uncertainties faced by the company, and continue to assess these on a regular basis in the light of internal and external events.

Strategic report (continued)

Principal risks and uncertainties (continued)

Specific business risks faced by the company include the following:

Competition risk

Management mitigate the competitive pressure by monitoring competitor's behaviour and strategies to ensure that the company acts appropriately under current market conditions.

Legal and regulatory risk

The directors are aware of the continual change in laws and other regulations and the increasing costs of compliance. The directors conduct regular reviews of safety procedures, equipment specifications, employment requirements, environmental procedures, insurance coverage and other areas to ensure they are appropriate and operating effectively.

Litigation and claims risk

The company has three main insurance risks, third party claims arising from vehicle and general operations, employee injuries and property damage. FirstGroup plc has a very strong focus on safety, as one of its core values, the promotion of a 'Safety First' culture at all levels throughout the business minimises insurance premiums and other related claims.

Liquidity risk

The company's principal financial assets are trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. Although certain risks, for example fuel price, are hedged on a group basis, the company does not directly enter into any derivative financial instruments. In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses intercompany financing.

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions. A number of significant purchases, such as commitments under finance leases and hire purchase contracts and under operating leases are paid by direct debit.

Labour cost and employee relation risk

Labour costs represent the most significant element of the company's operating costs. The directors continue to monitor employee recruitment, training, personal development and remuneration to ensure the company attracts and retains the right people.

To retain the right people the company believes that good communication with employees is effected mainly through regular briefing and negotiating meetings between the directors, the senior management and employee representatives on the central and depot negotiating committees. The briefing meetings enable senior management to consult employees and to ascertain their views on matters likely to affect their interests.

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

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Environmental risk

FirstGroup plc recognises the importance of its environmental policies, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the Group's Annual Report, which do not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Strategic report (continued)

Environmental risk (continued)

Through our core business activities we are committed to providing a safe, good quality, reliable and cost effective public transport to all our customers. Our core business strategy is to increase customer numbers and encourage a greater move towards the use of bus transport. This will support the needs of society to achieve more sustainable travel. We recognise the environmental impacts arising from our business activities and are committed to reducing these through effective environmental management.

Approved by the Board of directors and signed on its behalf by:



M T Davies
Director
5 November 2014

First Rail Support Limited

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the 52 week period ended 29 March 2014.

Results and dividends

The results for the financial period are given in the profit and loss account on page 7.

No dividend was paid during the period (2013: £nil).

Directors

The directors who held office throughout the period and subsequently are as follows:

D B Alexander	(Resigned 30 April 2014)
T M Broxton	(Resigned 31 March 2014)
M T Davies	
M Duckworth	(Resigned 31 March 2014)
A M Scholey	(Appointed 31 March 2014)
J M White	

Directors' and Officers' liability insurance

Directors' and Officers' liability insurance is taken out by FirstGroup plc, the company's ultimate parent undertaking, for the benefit of the Directors and Officers of the company.

Directors' indemnity

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the period and up to and including the date of the directors' report for the benefit of the directors of the company.

Audit information

Each of the persons who is a director at the date of approval of this report confirms that:

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
And signed by order of the board



M T Davies
Director
5 November 2014

First Rail Support Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST RAIL SUPPORT LIMITED

We have audited the financial statements of First Rail Support Limited for the 52 week period ended 29 March 2014 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders funds' and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report 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 financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 March 2014 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

James Boyle CA, (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Edinburgh, United Kingdom
18 November 2014

First Rail Support Limited

Profit and loss account
52 weeks ended 29 March 2014

	Notes	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Gross sales		33,630	28,078
Turnover	2	11,503	8,855
Operating costs	3	(5,502)	(4,401)
Operating profit and profit on ordinary activities before taxation	7	6,001	4,454
Tax charge on profit on ordinary activities	8	(1,385)	(1,070)
Profit for the period, transferred to reserves	14	4,616	3,384

All activities relate to continuing operations.

There are no recognised gains or losses in either the current or previous financial period other than the profit for that period and accordingly no statement of recognised gains and losses has been prepared.

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

First Rail Support Limited

Balance Sheet
At 29 March 2014

	Notes	£000	29 March 2014 £000	£000	30 March 2013 £000
Assets employed:					
Current assets					
Stocks	9	1		7	
Debtors	10	12,596		6,634	
Cash at bank and in hand		10,308		9,228	
		22,905		15,869	
Creditors: amounts falling due within one period	11	(13,525)		(11,112)	
Net current assets			9,380		4,757
Net assets			9,380		4,757
Financed by:					
Capital and reserves					
Called up share capital	13		251		251
Share premium account	14		4		4
Profit and loss account	14		9,125		4,502
Shareholders' funds			9,380		4,757

The accompanying notes are an integral part of this balance sheet.

These financial statements (Company Registration Number 01966624) were approved by the Board of directors on 5 November 2014 and were signed on its behalf by:

M T Davies
Director

First Rail Support Limited

Reconciliation of Movements in Shareholders' Funds
52 weeks ended 29 March 2014

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Profit for the financial period	4,616	3,384
Share based payments (note 6)	7	-
Net increase to shareholders' funds	4,623	3,384
Opening shareholders' funds	4,757	1,373
Closing shareholders' funds	9,380	4,757

Notes to the Financial Statements
52 weeks ended 29 March 2014

1. Principal accounting policies

The accounting policies have been applied consistently throughout the current and preceding period.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements are made up to the Saturday nearest to the period end for each financial period.

(b) Going concern

At 29 March 2014, the company had cash of £10.3 million and net assets of £9.4 million. The directors have considered the going concern assumption given the current uncertainty of the economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts (including downside sensitivities), uncertainties and the financial commitment from the parent company in forming this judgement.

The parent company has provided the directors of the company with a letter confirming that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The directors have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support.

After making enquiries and considering the above facts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(c) Cash flow statement

The company is a wholly owned subsidiary of FirstGroup plc, a company registered in Scotland. Accordingly, the company has taken advantage of the exemption offered by Financial Reporting Standard 1 enabling it not to produce a cash flow statement as the parent company has included a consolidated cash flow statement within its group financial statements.

(d) Leases

All leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

(e) Government grants and subsidies

Rebates in respect of duty paid on fuel are netted off operating costs.

(f) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liability is reduced wholly or in part by the surrender of losses by group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertaking.

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 the tax rates and laws that have been enacted or substantively been enacted by the balance sheet date.

Notes to the Financial Statements (continued)
52 weeks ended 29 March 2014

1. Principal accounting policies (continued)

(g) Pension costs

Group schemes

The company is unable to separately identify its share of the scheme assets and liabilities for the UK Bus Pension Scheme and the FirstGroup Pension Scheme. It therefore accounts for the schemes as if they were defined contribution schemes and includes certain disclosures in the financial statements in respect of the group schemes. Contributions are charged to the profit and loss account as they become payable.

Defined contribution and money purchase schemes

For defined contribution schemes the amount charged to the profit and loss account in respect of pensions costs and other post retirement benefits is the contributions payable in the period.

(h) Turnover

First Rail Support Limited turnover principally comprises amounts receivable from the provision of replacement rail services. Rail replacement amounts are recognised in the period in which the service is provided based on a predetermined formula as agreed with the relevant train operating company.

(i) Share based payments

The company's parent issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and is adjusted for the effects of non-market based vesting conditions.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2. Turnover and profit on ordinary activities before taxation

Turnover and gross sales exclude VAT (value added tax). The whole of the turnover and profit on ordinary activities before taxation derives from the company's principal activities within the United Kingdom. The company has one principal class of business, namely the provision of rail replacement services.

In accordance with its role as intermediary agent, turnover is recorded at the margin rather than the amount invoiced to customers. As a memorandum to disclosure, gross sales represents the total value of all charges to clients for rail replacement services provided by the company, as opposed to the margin earned in its role as intermediary per the company's turnover definition above.

3. Operating costs

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Staff costs (note 4)	4,278	3,463
Other external charges	1,224	938
	5,502	4,401

Notes to the Financial Statements (continued)
52 weeks ended 29 March 2014

4. Employee numbers and costs

The average number of persons employed by the company (including directors) during the period was as follows:

	52 weeks ended 29 March 2014 No.	52 weeks ended 30 March 2013 No.
Maintenance and traffic	68	42
Administration	82	78
	150	120

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Wages and salaries	3,877	3,138
Social security costs	253	231
Other pension costs	141	94
Share based payments (note 6)	7	-
	4,278	3,463

5. Directors' remuneration

Two directors (2013: four) received remuneration of £411,000 (2013: £344,000) from other FirstGroup companies. It is not considered practicable to allocate this between services provided to those companies, and services provided in their capacity as directors of First Rail Support Limited.

The remuneration of the directors who are remunerated by the company during the period was as follows (and includes services for other group companies which is not recharged):

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Aggregate emoluments (excluding pension contributions)	337	321
Company pension contributions to money purchase scheme	55	47
	392	368

Retirement benefits accrue to two (2013: three) directors under other FirstGroup plc defined benefit schemes, treated as money purchase schemes.

Directors' emoluments include salary, fees, bonuses, company contributions to money purchase pension schemes, sums paid by way of expense allowances subject to UK income tax and the money value of other non-cash benefits and exclude share options, other company pension contributions and payments made under long-term incentive schemes.

Notes to the Financial Statements (continued)
52 weeks ended 29 March 2014

5. Directors' remuneration (continued)

The emoluments of the highest paid director amounted to:

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Aggregate emoluments (excluding pension contributions)	210	195
Company pension contributions to money purchase scheme	37	29
	247	224
Defined benefit scheme		
Accrued pension at end of period	16	15
Accrued lump sum at end of period	75	71

6. Share based payments

Save as you earn (SAYE)

The group operates an HMRC approved savings related share option scheme. Grants were made as set out below. The scheme is based on eligible employees being granted options and their agreement to opening a sharesave account with a nominated savings carrier and to save weekly or monthly over a specified period. Sharesave accounts are held with Yorkshire Building Society. The right to exercise the option is at the employee's discretion at the end of the period previously chosen for a period of six months.

	SAYE Dec 2009 Options Number	SAYE Dec 2010 Options Number	SAYE Dec 2011 Options Number	SAYE Dec 2012 Options Number	SAYE Dec 2013 Options Number
Outstanding at the beginning of the year	2,092,655	2,284,801	2,530,668	2,957,100	-
Awarded during the year	-	-	-	-	7,411,980
Bonus element of rights issue	469,111	483,423	533,497	643,399	-
Exercised during the year	-	-	-	(1,049)	-
Lapsed during the year	(2,561,766)	(591,832)	(555,406)	(500,300)	(51,844)
Outstanding at the end of the year	-	2,176,392	2,508,759	3,099,150	7,360,136
Exercisable at the end of the year	-	2,176,392	-	-	-
Weighted average exercise price (pence)	310.0	319.0	271.5	143.9	94.1
Bonus element of rights issue	(57.3)	(58.9)	(50.1)	(26.6)	-
New weighted average exercise price (pence)	252.7	260.1	221.4	117.3	-
Weighted average share price at date of exercise (pence)	N/A	N/A	N/A	122.5	N/A

Notes to the Financial Statements (continued)
52 weeks ended 29 March 2014

6. Share based payments (continued)

The fair values of the options granted during the last two periods were measured using a Black-Scholes model. The inputs into the Black-Scholes model were as follows:

	2014	2013
Weighted average share price (pence)		
- SAYE December 2012	-	188.9
- SAYE December 2013	116.0	-
Weighted average exercise price (pence)		
- SAYE December 2012	-	143.9
- SAYE December 2013	94.1	-
Expected volatility		
- SAYE December 2012	-	35%
- SAYE December 2013	35%	-
Expected life (periods)		
- SAYE schemes	3	3
Rate of interest		
- SAYE December 2012	-	0.4%
- SAYE December 2013	1.0%	-
Expected dividend yield		
- SAYE December 2012	-	12.5%
- SAYE December 2013	0.0%	-

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous five periods. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Allowances have been made for the SAYE schemes for the fact that, amongst a group of recipients some are expected to leave before an entitlement vests. The accounting charge is then adjusted over the vesting period to take account of actual forfeitures, so although the total charge is unaffected by the pre-vesting forfeiture assumption, the timing of the recognition of the expense will be sensitive to it. Fair values for the SAYE include a 10% p.a. pre-vesting leaver assumption.

The group used the inputs noted above to measure the fair value of the new share options.

The group has allocated the expense amongst its trading subsidiary undertakings based on the number of employees participating in the scheme. The company has recognised a total expense of £7,000 (2013: £nil) relating to equity-settled share-based payment transactions.

Notes to the Financial Statements (continued)
52 weeks ended 29 March 2014

7. Profit on ordinary activities before taxation

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's financial statements	6	6
Rentals payable under operating leases		
- land & buildings	68	67
Government grants	(267)	(560)

There were no fees payable to Deloitte LLP and their associates for non-audit services to the company during the period (2013: £nil).

8. Tax charge on profit on ordinary activities

	52 weeks ended 29 March 2014 £000	52 weeks ended 30 March 2013 £000
Current taxation		
- Group relief payable	1,379	1,070
- Adjustments in respect of prior periods	6	1
Total current taxation	1,385	1,071
Deferred taxation		
- Origination and reversal of timing differences	3	(1)
- Effect of change in tax rate	1	-
- Adjustment in respect of prior periods	(4)	-
Total deferred taxation	-	(1)
Total tax charge on profit on ordinary activities	1,385	1,070

The standard rate of taxation for the period, based on the UK standard rate of corporation tax, is 23% (2013: 24%). The actual current tax charge for the current and previous period differed from the standard rate for the reasons set out in the following reconciliation:

	52 weeks ended 29 March 2014 %	52 weeks ended 30 March 2013 %
Standard rate of taxation	23.0	24.0
Factors affecting charge		
- Prior periods' tax charge	0.1	-
Current taxation rate for the period	23.1	24.0

Notes to the Financial Statements (continued)
52 weeks ended 29 March 2014

8. Tax charge on profit on ordinary activities (continued)

During the period the UK government enacted legislation to reduce the main rate of UK corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The impact of this rate reduction to 20% has reduced the deferred tax liability on UK timing differences.

9. Stocks

	29 March 2014 £000	30 March 2013 £000
Spare parts and consumables	1	7

There is no material difference between the balance sheet value of the stocks and their replacement cost.

10. Debtors

	29 March 2014 £000	30 March 2013 £000
Amounts due within one year		
Trade debtors	3,736	1,662
Amounts owed by group undertakings	8,526	4,292
Other debtors	98	560
Other prepayments and accrued income	227	111
Deferred tax asset (note 12)	9	9
	12,596	6,634

11. Creditors

	29 March 2014 £000	30 March 2013 £000
Amounts falling due within one year		
Trade creditors	454	-
Other creditors	30	18
Amounts owed to group undertakings	9,785	8,178
Corporation tax	-	1
Accruals and deferred income	3,256	2,915
	13,525	11,112

12. Deferred taxation

	Deferred taxation £000
At 31 March 2013	9
Credited to the profit and loss account	-
At 29 March 2014	9

The opening and closing deferred tax asset is included in note 10 within debtors.

Notes to the Financial Statements (continued)
52 weeks ended 29 March 2014

12. Deferred taxation (continued)

Deferred tax asset consists of the following amounts:

	29 March 2014 £000	30 March 2013 £000
Depreciation in excess of capital allowances	6	2
Other timing differences	3	7
Deferred tax asset	9	9

13. Called up share capital

	29 March 2014 £000	30 March 2013 £000
Allotted and called up		
250,000 (2013: 250,000) ordinary shares of £1 each fully paid	250	250
500 (2013: 500) 'A' ordinary shares of £1 each fully paid	1	1
	251	251

The same rights attach to both ordinary and class 'A' ordinary shares.

14. Reserves

	Share premium account £000	Profit and loss account £000
At 31 March 2013	4	4,502
Profit for the period	-	4,616
Share based payments (note 6)	-	7
At 29 March 2014	4	9,125

15. Commitments

Capital expenditure

The company had no capital commitments at 29 March 2014 or at 30 March 2013.

Operating leases

Commitments for payments in the next year under operating leases are as follows:

	Land and Buildings	
	29 March 2014 £000	30 March 2013 £000
Operating leases which expire:		
Within one year	68	-
Between two and five years	-	67

Notes to the Financial Statements (continued)
52 weeks ended 29 March 2014

16. Other commitments

The company participates in an overdraft facility with its parent company, FirstGroup plc and other group companies. The company has jointly and severally guaranteed the liabilities of the other parties under these arrangements. The amount outstanding at the end of the period under the guarantees was £nil (2013: £nil).

The company is a member of a Value Added Tax ("VAT") group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to H M Revenue & Customs. The value of the group commitment owed to HMRC can be found within the FirstGroup plc accounts.

17. Pension schemes

The company participates in two multi-employer pension schemes (First UK Bus Pension Scheme & FirstGroup Pension Scheme) under which benefits provided are based on employees' number of periods' service and either career average or final salary. The company is unable to separately identify its share of the schemes assets and liabilities as contributions are set for the schemes as a whole rather than reflecting the underlying actuarial characteristics of the employees of the individual employer. It therefore accounts for the schemes as if they were defined contribution schemes. Contributions are charged to the profit and loss account as they become payable.

The deficit on the First UK Bus Pension Scheme of £92.7 million (2013: £11.0 million) will affect the company through periodic adjustments to the company's contribution rate as determined by the actuary. Additional disclosures required under Financial Reporting Standard 17 have been made on a group basis in the accounts of FirstGroup plc.

The deficit on the FirstGroup Pension Scheme of £10.1 million (2013: £7.3 million) will affect the company through periodic adjustments to the company's contribution rate as determined by the actuary. Additional disclosures required under Financial Reporting Standard 17 have been made on a group basis in the accounts of FirstGroup plc.

The total contributions paid by the company in the period was £141,000 (2013: £94,000).

At 29 March 2014 contribution of £nil (2013: £12,000) were outstanding at that date.

18. Related party transactions

The company is taking advantage of the exemption under FRS8 not to disclose transactions with wholly owned group companies that are related parties.

19. Ultimate parent company

The directors regard FirstGroup plc, a company incorporated in Great Britain and registered in Scotland, as the ultimate parent and controlling company, which is the smallest and largest group that includes the company's results and for which group financial statements are prepared.

The company's immediate controlling party is First Beeline Buses Limited.

Copies of the accounts of FirstGroup plc can be obtained on request from Ground Floor, 50 Eastbourne Terrace, Paddington, London, W2 6LG.