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Report of the Directors and
Financial Statements
for the Year Ended 31 March 2011
for
Thamesdown Transport Limited

TUESDAY



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Thamesdown Transport Limited

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for the Year Ended 31 March 2011

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Thamesdown Transport Limited
Company Information
for the Year Ended 31 March 2011

DIRECTORS:	D G J Burch N A Mason K P Wildy C C Irwin P R Jenkins P N Greenhalgh B A Beauchamp K R Williams C Lovell Miss F M Foley
SECRETARY:	C Connor
REGISTERED OFFICE:	Barnfield Road Swindon Wiltshire SN2 2DJ
REGISTERED NUMBER:	1997617 (England and Wales)
AUDITORS:	Monahans Statutory Auditors 38-42 Newport Street Swindon Wiltshire SN1 3DR
BANKERS	Lloyds TSB Bank Plc 5 High Street Swindon SN1 4EX

Thamesdown Transport Limited
Chairman's Report
for the Year Ended 31 March 2011

I am pleased to present the annual report of Thamesdown Transport Limited for the year ending 31st March 2011

The year has seen some recovery from the recession which has dampened demand for bus travel in Swindon over the last two years, with passenger numbers 2.7% higher compared with 2009/10

Cost control has been good during the year, with only fuel increasing significantly beyond budgeted expectations. Management action has improved yields and efficiency by focussing on the Company's core activities of running bus services in and around Swindon.

Reliability and punctuality have continued to be good, with 99.79% of scheduled mileage run against a target of 99.8%.

The Company did well in the 2010 UK Bus Awards competition, with a Runner-Up position in the Accessibility category for the audio-visual bus stop announcing system in place on our Scania and Optare single deckers, and a Highly Commended certificate in the Shire Operator category.

Our customers' travel experience has also continued to benefit from the successful delivery of the Real Time Information System in partnership with the Borough Council.

Since the end of the year, a further example of a partnership approach with our owners has resulted in the Borough Council installing a photovoltaic solar panel array on the roof of our bus depot. We are receiving free use of the electricity generated, with the Council benefitting from revenue for the surplus energy sold on to the National Grid.

We firmly believe in the partnership approach and we will continue to work with the Borough Council to deliver public transport solutions for Swindon which offer an attractive alternative to the use of the private car, thereby helping to demonstrate the benefits for the Council and the local community of owning their local bus company.

My thanks go to all Thamesdown staff for their hard work and loyalty and to our customers, the people of Swindon, for their support.

Keith Williams
Chairman

Thamesdown Transport Limited

Report of the Directors **for the Year Ended 31 March 2011**

The directors present their report with the financial statements of the company for the year ended 31 March 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of local bus services in the Swindon urban area and surrounding districts. Contract bus, engineering and training services were also provided.

REVIEW OF BUSINESS

The year has seen some recovery in the demand for bus travel around Swindon, reflecting the improved economic situation in the town as it recovers from recession. The benefits of management action taken in the previous financial year have flowed through into the year under review, with the largest single cost borne by the company - payroll - reducing by 3.5% compared with 2009/10, as the workforce has been slimmed to match trading conditions. The resultant efficiencies have seen 2.7% more passenger journeys made on our buses in 2010/11, but using a frontline fleet 7% smaller than in 2009/10.

The company's accounts for 2010/11 have for the first time been compiled in accordance with the International Financial Reporting Standards (IFRS) to match Swindon Borough Council's accounts and 2009/10's results have been re-stated under IFRS to provide a comparison. In addition, in order to illustrate the transition from UK GAAP to IFRS, the accounts include a reconciliation of equity as at 1st April 2009 and 31st March 2010. Notes are provided to summarise the major impacts of the adoption of IFRS.

The results for the company show a profit for the year of £321,663 (2009/10 - £480,032) on revenue of £10,902,263 (2009/10 - £11,083,395). Trading was ahead of budget for the first three quarters, but fell back in the final quarter. Fuel costs remained the primary concern, with prices rising inexorably in the final third of the year. Fortunately, whilst adverse weather struck again in January 2011, the effects were not as marked as a year earlier. The reduction in fleet size generated one-off benefits from profit on sale of assets of £155,875 (2009/10 - £77,009).

At the end of the financial year agreement was reached with Swindon Borough Council (SBC) and the Wiltshire Pension Fund (Local Government Pension Scheme) for SBC to pay off the company's liabilities to the LGPS, as part of a restructuring of SBC's pension arrangements. The payments are being made over this and the next financial year and have resulted in the creation in the company's accounts of a capital contribution reserve of £4,000,000. In turn this has created distributable reserves from which an interim dividend has been paid for the 2010/11 year.

This restructuring of the company's pension liabilities has addressed a significant risk for the company. Whilst challenging trading conditions lie ahead, the company remains resilient and the directors continue to view it as a going concern.

DIVIDENDS

The total distribution of dividends for the year ended 31 March 2011 will be £300,000.

FIXED ASSETS

There is no significant anticipated difference between the current book value and the market value of the long leasehold property in its current usage.

RESEARCH AND DEVELOPMENT

The company continues to take advantage of appropriate new technology where it can improve the customer experience and provide operational benefits. Around two-thirds of our passengers now travel on buses equipped with an audio-visual bus stop announcing system and we continue to partner SBC in delivering Real Time Information about our bus services at bus stops, on pc desktops and on mobile devices.

Investment in new vehicles continued in 2010/11, with eight Optare Versa buses delivered. These meet the latest Euro 5 emissions standards and, being of a lighter weight integral construction, are more fuel efficient. We are mainly deploying them on two tendered routes which specified new vehicles, but in addition we are using them on commercial Sunday services in place of less fuel efficient buses.

Thamesdown Transport Limited

Report of the Directors **for the Year Ended 31 March 2011**

FUTURE DEVELOPMENTS

The directors have in place a Three Year Business Plan which lays out the company's objectives and its strategy for achieving them and guides management action through a series of action plans. The company is well placed to take advantage of the growth in demand which will return as economic conditions improve.

We recognise that the company faces challenges ahead, particularly with a reduction in the level of reimbursement for concessionary travel, further cutbacks in local authority support for bus services, and rising fuel prices. Traffic congestion is likely to increase as economic conditions improve and this can increase our costs by slowing down bus services.

In tackling these issues the company benefits from a stable workforce, an excellent reputation for quality, a good financial track record and a strong partnership approach with its owners. As a locally-owned and managed business it is wholly focussed on providing public transport in and around Swindon and can respond quickly to changing demand.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report.

D G J Burch
N A Mason
K P Wildy
C C Irwin
P R Jenkins
P N Greenhalgh
B A Beauchamp
K R Williams

Other changes in directors holding office are as follows:

D Heenan - resigned 22 June 2010
C Lovell - appointed 22 June 2010

Miss F M Foley was appointed as a director after 31 March 2011 but prior to the date of this report.

I M Dobie ceased to be a director after 31 March 2011 but prior to the date of this report.

FINANCIAL INSTRUMENTS

The company's financial instruments comprise cash at bank. The main purpose of this financial instrument is to raise adequate finance for the company's operations.

The main risk arising from the company's financial instruments is liquidity risk. It is the company's policy to finance its operations with cash and to review periodically the projected cash flow requirements of the company and maintain an acceptable level of risk exposure.

KEY PERFORMANCE INDICATORS

The company's directors have in place a number of KPIs which are used to monitor the business. These include passenger revenue, passenger numbers, labour costs, materials costs, reliability, customer complaints, road traffic accidents, breakdowns and staff absence.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the implementation of the company's strategy are subject to a number of risks. The key risks and uncertainties affecting the business are fuel prices, reductions in the level of reimbursement for concessionary travel and increasing traffic congestion.

EMPLOYMENT OF DISABLED PERSONS

The company has an equal opportunities policy and gives every consideration to applications for employment from persons with disabilities.

Thamesdown Transport Limited

Report of the Directors
for the Year Ended 31 March 2011

EMPLOYEE INVOLVEMENT

The company maintains a policy of close co-operation with trades unions and all employees in matters which concern them. Members of management have regular meetings with elected staff representatives which provide opportunities for employees to contribute to the success of the company.

The constitution of the Board of Directors includes two employee directors, which enhances the degree of employee involvement in policy issues.

In addition, information is disseminated to staff through regular newsletters and notices to staff.

During the period in question, the company reaffirmed its policy towards equal opportunity in employment.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance, and
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD



C Connor - Secretary

6 September 2011

**Report of the Independent Auditors to the Shareholders of
Thamesdown Transport Limited**

We have audited the financial statements of Thamesdown Transport Limited for the year ended 31 March 2011 on pages seven to thirty six. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

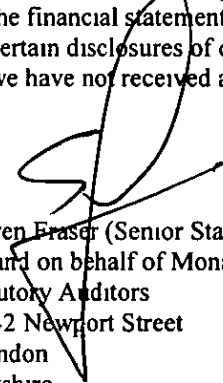
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


Steven Fraser (Senior Statutory Auditor)
for and on behalf of Monahans
Statutory Auditors
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

Date

8th September 2011

Thamesdown Transport Limited

Statement of Comprehensive Income
for the Year Ended 31 March 2011

	Notes	2011 £	2010 £
CONTINUING OPERATIONS			
Revenue	2	10,902,263	11,083,395
Other operating income	3	285,655	194,012
Administrative expenses		<u>(8,819,095)</u>	<u>(10,288,516)</u>
OPERATING PROFIT		2,368,823	988,891
Finance costs	5	(1,265,876)	(1,191,087)
Finance income	5	<u>810,373</u>	<u>595,761</u>
PROFIT BEFORE INCOME TAX	6	1,913,320	393,565
Income tax	7	<u>(1,591,657)</u>	<u>86,467</u>
PROFIT FOR THE YEAR		321,663	480,032
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) on pension scheme		2,540,000	(4,123,000)
Income tax relating to other comprehensive income		<u>(736,590)</u>	<u>1,208,540</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>1,803,410</u>	<u>(2,914,460)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,125,073</u></u>	<u><u>(2,434,428)</u></u>

The notes form part of these financial statements

Thamesdown Transport Limited

Statement of Financial Position
31 March 2011

	Notes	2011 £	2010 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	9,435,665	9,271,956
Investments	10	1,200	1,200
Deferred tax	20	524,880	2,809,240
		<u>9,961,745</u>	<u>12,082,396</u>
CURRENT ASSETS			
Inventories	11	200,342	194,058
Trade and other receivables	12	616,633	594,404
Cash and cash equivalents	13	941,750	1,234,763
		<u>1,758,725</u>	<u>2,023,225</u>
TOTAL ASSETS		<u>11,720,470</u>	<u>14,105,621</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	1,489,000	1,489,000
Capital contribution reserve	15	3,700,000	-
Retained earnings	15	(180,177)	(2,305,250)
TOTAL EQUITY		<u>5,008,823</u>	<u>(816,250)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	16	60,457	83,863
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	1,615,483	2,017,145
Pension liability	21	1,944,000	10,033,000
Deferred tax	20	726,875	773,422
		<u>4,346,815</u>	<u>12,907,430</u>
CURRENT LIABILITIES			
Trade and other payables	16	1,316,046	1,075,242
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	958,352	882,224
Tax payable		90,434	56,975
		<u>2,364,832</u>	<u>2,014,441</u>
TOTAL LIABILITIES		<u>6,711,647</u>	<u>14,921,871</u>
TOTAL EQUITY AND LIABILITIES		<u>11,720,470</u>	<u>14,105,621</u>

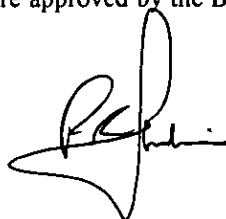
The notes form part of these financial statements

Thamesdown Transport Limited

Statement of Financial Position - continued
31 March 2011

The financial statements were approved by the Board of Directors on 6 September 2011 and were signed on its behalf by

P R Jenkins - Director

A handwritten signature in black ink, appearing to be 'P R Jenkins', written over a large, faint, stylized 'X' mark.

K R Williams - Director

A handwritten signature in black ink, appearing to be 'K R Williams', written in a cursive style.

The notes form part of these financial statements

Thamesdown Transport Limited

Statement of Changes in Equity
for the Year Ended 31 March 2011

	Called up share capital £	Profit and loss account £	Capital contribution reserve £	Total equity £
Balance at 1 April 2009	1,489,000	129,178	-	1,618,178
Changes in equity				
Total comprehensive income	-	(2,434,428)	-	(2,434,428)
Balance at 31 March 2010	<u>1,489,000</u>	<u>(2,305,250)</u>	<u>-</u>	<u>(816,250)</u>
Changes in equity				
Capital contribution from parent	-	-	4,000,000	4,000,000
Total comprehensive income	-	2,125,073	-	2,125,073
Dividend distribution	-	-	(300,000)	(300,000)
Balance at 31 March 2011	<u>1,489,000</u>	<u>(180,177)</u>	<u>3,700,000</u>	<u>5,008,823</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Statement of Cash Flows
for the Year Ended 31 March 2011

		2011 £	2010 £
Cash flows from operating activities			
Cash generated from operations	1	1,581,317	1,626,808
Interest paid		(729)	-
Interest element of finance lease payments paid		(145,147)	(166,087)
Tax paid		(56,975)	-
Net cash from operating activities		<u>1,378,466</u>	<u>1,460,721</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(529,693)	(170,419)
Sale of tangible fixed assets		196,375	77,009
Interest received		<u>1,373</u>	<u>761</u>
Net cash from investing activities		<u>(331,945)</u>	<u>(92,649)</u>
 Cash flows from financing activities			
Capital repayments in year		(1,039,534)	(909,616)
Equity dividends paid		<u>(300,000)</u>	-
Net cash from financing activities		<u>(1,339,534)</u>	<u>(909,616)</u>
 (Decrease)/Increase in cash and cash equivalents		 <u>(293,013)</u>	 <u>458,456</u>
Cash and cash equivalents at beginning of year	2	<u>1,234,763</u>	<u>776,307</u>
Cash and cash equivalents at end of year	2	<u><u>941,750</u></u>	<u><u>1,234,763</u></u>

The notes form part of these financial statements

Thamesdown Transport Limited

Notes to the Statement of Cash Flows
for the Year Ended 31 March 2011

1 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2011 £	2010 £
Profit before income tax	1,913,320	393,565
Depreciation charges	1,039,484	1,043,611
Profit on disposal of fixed assets	(155,875)	(77,009)
Finance costs	1,265,876	1,191,087
Finance income	<u>(810,373)</u>	<u>(595,761)</u>
	3,252,432	1,955,493
(Increase)/Decrease in inventories	(6,284)	7,911
(Increase)/Decrease in trade and other receivables	(22,229)	66,995
Increase/(Decrease) in trade and other payables	217,398	(66,591)
Difference between pension charge and cash contributions	<u>(1,860,000)</u>	<u>(337,000)</u>
Cash generated from operations	<u>1,581,317</u>	<u>1,626,808</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Year ended 31 March 2011

	2011 £	2010 £
Cash and cash equivalents	<u>941,750</u>	<u>1,234,763</u>

Year ended 31 March 2010

	2011 £	2010 £
Cash and cash equivalents	<u>1,234,763</u>	<u>776,307</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Notes to the Financial Statements
for the Year Ended 31 March 2011

1 ACCOUNTING POLICIES

Basis of preparation

Thamesdown Transport Limited is domiciled in the UK. These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements as at 31 March 2010 were prepared under UK GAAP.

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the company can continue in operational existence for the foreseeable future. The Directors are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future, and continue to adopt the going concern basis in preparing its financial statements.

These financial statements are presented in British Pounds (GBP), which is the company's functional and presentational currency.

Statement of compliance

These are the company's first IFRS financial statements and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company have been provided at the end of the financial statements. This note includes a reconciliation of equity and total comprehensive income for comparative periods under UK GAAP to those reported periods and at the date of transition to IFRS.

Accounting policies are chosen and applied in accordance with IAS 8 "Accounting policies, Changes in accounting estimates and errors". The accounting policies adopted are consistent with the previous financial year.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge, the actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Pension benefits

The costs of defined benefit pension schemes are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in the financial statements.

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

1 ACCOUNTING POLICIES - continued

Property, plant and equipment

All property, plant and equipment is stated at historic cost less accumulated depreciation. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Buildings comprises of vehicle depots, garages and offices. All property, plant and equipment are depreciated on a straight line basis over their useful lives at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. Depreciation rates used are as follows:

Leasehold land and buildings	- 2% on a straight line basis
Plant, machinery and equipment	- 10% - 20% on a straight line basis
Vehicles	- 10% straight line

Useful lives and residual values are reviewed annually, and adjusted if appropriate, at the end of each reporting period. Residual values are based on the estimated amount which would be currently obtainable from disposal of the asset net of disposal costs if the asset were already of the age and condition expected at the end of its useful life.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Repairs and maintenance are charged to the income statement during the financial position in which it was incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Financial assets

Financial assets are cash or the contractual right to receive cash or another financial asset from another entity or to exchange financial assets or liabilities with another entity under conditions that are potentially favourable to the entity. In addition, contracts that result in another entity delivering a variable number of its own equity instruments are financial assets. The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

1 ACCOUNTING POLICIES - continued

Financial liabilities

A financial liability exists where there is a contractual obligation to deliver cash or another financial assets to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable economic conditions. In addition contracts which result in the company delivering a variable number of its own equity instruments are financial liabilities. Equity instruments containing such obligations are classified as financial liabilities.

Trade and other payables

Trade payables are recognised and carried at their original invoiced value. Payables are not discounted to take into account the time value of money, as the effect is immaterial.

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

The cost of inventories is based on the first-in first-out basis. Net realisable value is based on estimated selling price less any further costs to be expected to be incurred on disposal.

Income tax

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognised in the income statement, except to the extent that it relates to items directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted at the reporting date, and including any adjustment to tax payable or receivable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

1 ACCOUNTING POLICIES - continued

Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability to the leasing company is included as an obligation under finance leases.

Subsequently the leased assets are treated in accordance with IAS 16 "Property, Plant and Equipment".

All other leases are operating leases. These are not recognised in the Company's statement of financial position. Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease, unless another systematic method is more representative of the time pattern of the user's benefit.

Pensions and other post-retirement benefits

The company operates various pension schemes. In respect of all those employees who transferred to the company from previous employment with Swindon Borough Council, the company participates in the Local Government Pension Scheme, which is a contributory pension scheme to provide retirement benefits based on final emoluments to all employees.

For other employees, who were not eligible to join the above scheme, the company provided a separate defined benefit scheme, The Thamesdown Transport Limited Pension Scheme. This scheme is now maintained as a "closed scheme" from 31 March 2001.

A Group Personal Pension Plan is available to all staff for employment periods commencing from 1 April 2001 onwards. This is a defined contribution scheme and the company's contributions to the scheme are charged to the income statement in the period which they become payable.

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The Company's net obligation in respect of the defined benefit schemes is calculated separately for each scheme by independent actuaries using the projected unit credit method. The net obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to its present value. Any unrecognised past service costs and the fair value of any scheme assets are deducted.

In respect of the two defined benefit schemes above, the full service cost of pension provision for the period, together with the cost of any benefits relating to past service is charged to the income statement. The expected increase in the present value of scheme liabilities and the long-term expected return on assets based on the market value of the scheme assets at the start of the period, are included in the income statement under 'other finance costs'. The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the statement of financial position. Any difference between the expected return on assets and that achieved is recognised in other comprehensive income together with the difference from experience or assumption changes.

The company has applied the option in IAS 19 to recognised actuarial gains and losses in full in other comprehensive income in the period in which they occur.

Accident claims

The company maintains full insurance cover against all third party and employee liability claims. A motor vehicle insurance fund has been established towards which the company pays 60% to the insurers of the agreed fund. The directors review the potential claims on a regular basis and where necessary make a provision in the financial statements for any additional potential liabilities in excess of the fund amount. Credit for pending claims is taken on the basis of an assessment of the likely value of the ultimate payment.

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

1 ACCOUNTING POLICIES - continued

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes. All revenue is derived from within the United Kingdom.

Bus services

All revenue is derived from bus services. Bus services revenue comprises amounts receivable from bus ticket sales and associated concessions, net of any rebates and sales tax. This is recognised as the services are provided. The relevant share of season tickets and travelcard income is deferred within liabilities and released into the income statement over the life of the season ticket or travel card.

Government grants

Government grants relating to property, plant and equipment are treated as deferred income within liabilities and are recognised in the statement of comprehensive income in other operating income on a systematic basis over the useful life of the asset. Other grants are credited to the income statement as the related expenditure is expensed. Any other forms of Government assistance are disclosed in the notes to the financial statements. Unfulfilled conditions and any other contingencies relating to government assistance are disclosed in the notes to the financial statements.

Finance income

Finance income revenue is recognised as interest accrued using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to its net carrying value.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

New standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRSs)	Effective date *
IFRS 1 First-time Adoption of IFRS	1 July 2010
IFRS 7 Financial Instruments Disclosures	1 July 2010
IAS 24 Related Party Transactions (Revised)	1 January 2011
IFRS 1 Amendment Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
IFRS 7 Amendment Disclosures – Transfers of Financial Assets	1 July 2011
IAS 12 Amendment Deferred tax Recovery of Underlying Assets	1 January 2012
IFRS 9 Financial Instruments	1 January 2013

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

1 ACCOUNTING POLICIES - continued

International Financial Reporting Interpretations Committee (IFRIC)	Effective date *
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
IFRIC 14 Amendment Prepayments of a Minimum Funding Requirement	1 January 2011

In addition there are certain requirements of annual improvements to IFRSs which are not yet effective

* The effective dates stated here are those given in the original IASB/IFRIC standards and interpretations

IFRS 9 is part of the IASB's wider project to replace IAS 39 and retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets amortised cost and fair value. The standard is effective for annual periods beginning on or after 1 January 2013 and the Company is currently assessing its impact on the financial statements, although it is not expected to be material.

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Company's financial statements in the period of initial application.

As the Company has elected to prepare its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Company's decision to early adopt standards.

2 SEGMENTAL REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal management reports about components of the company to allocate resources to the segments and to assess their performance.

During the current and prior year the company operated in one business and geographical segment, bus services in the Swindon area.

3 OTHER OPERATING INCOME

	2011 £	2010 £
Advertising revenue	55,566	15,533
Sundry receipts	48,286	22,765
Deferred income	33,407	33,406
External engineering work	<u>148,396</u>	<u>122,308</u>
	<u>285,655</u>	<u>194,012</u>

4 EMPLOYEES AND DIRECTORS

	2011 £	2010 £
Wages and salaries	5,577,406	5,791,896
Social security costs	506,043	513,023
Other pension costs	<u>71,222</u>	<u>76,120</u>
	<u>6,154,671</u>	<u>6,381,039</u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

4 EMPLOYEES AND DIRECTORS - continued

The average monthly number of employees during the year was as follows

	2011	2010
Drivers	182	194
Maintenance and engineering staff	40	38
Other staff	<u>39</u>	<u>40</u>
	<u>261</u>	<u>272</u>

	2011	2010
	£	£
Directors' remuneration	208,707	205,334
Directors' pension contributions to money purchase schemes	<u>2,451</u>	<u>2,424</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	1	1
Defined benefit schemes	<u>2</u>	<u>2</u>

Information regarding the highest paid director is as follows

	2011	2010
	£	£
Emoluments etc	90,138	88,889
Pension contributions to money purchase schemes	<u>2,451</u>	<u>2,424</u>

5 NET FINANCE COSTS

	2011	2010
	£	£
Finance income		
Deposit account interest	1,373	761
Expected return on pension scheme assets	<u>809,000</u>	<u>595,000</u>
	<u>810,373</u>	<u>595,761</u>
Finance costs		
Other interest payable	729	-
Leasing	145,147	166,087
Interest on pension scheme liabilities	<u>1,120,000</u>	<u>1,025,000</u>
	<u>1,265,876</u>	<u>1,191,087</u>
Net finance costs	<u>455,503</u>	<u>595,326</u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

6 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting)

	2011	2010
	£	£
Depreciation - owned assets	295,712	336,882
Depreciation - assets on finance leases	743,772	706,729
Profit on disposal of fixed assets	(155,875)	(77,009)
Auditors' remuneration	15,275	15,000
Auditors' remuneration - other assurance services	775	750
Auditors' remuneration - other services	6,356	6,261
Operating leases	<u>3,780</u>	<u>4,507</u>

7 INCOME TAX

Analysis of the tax charge/(credit)

	2011	2010
	£	£
Current tax		
Tax	<u>90,434</u>	<u>56,975</u>
Deferred tax		
Movement in accelerated tax allowances	9,366	54,453
Deferred tax on pension scheme	1,513,720	(26,040)
Movement in deferred tax on pension scheme arising from change in tax rates	<u>(21,863)</u>	<u>(171,855)</u>
Total deferred tax	<u>1,501,223</u>	<u>(143,442)</u>
Total tax charge/(credit) in income statement	<u><u>1,591,657</u></u>	<u><u>(86,467)</u></u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

7 INCOME TAX - continued

Factors affecting the tax charge

The tax assessed for the year is higher (2010 - lower) than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £	2010 £
Accounting profit before income tax	<u>1,913,320</u>	<u>393,565</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 - 28%)	535,730	110,198
Effects of		
Deferred tax asset derecognised - pension scheme	1,080,000	-
Change in deferred tax rates - pension scheme	(21,863)	(171,855)
Change in deferred tax rates - other timing differences	(3,463)	(1,990)
Marginal tax relief	(7,033)	(8,693)
Adjustments arising from first time adoption of IFRS	-	(9,001)
Other timing differences	<u>5,863</u>	<u>(5,126)</u>
Total income tax	<u>1,591,657</u>	<u>(86,467)</u>

**Tax effects relating to effects of
other comprehensive income**

	Before tax	2011 Tax	After tax
Actuarial gain/(loss) on pension scheme	<u>2,540,000</u>	<u>(736,590)</u>	<u>1,803,410</u>
	<u>2,540,000</u>	<u>(736,590)</u>	<u>1,803,410</u>
	Before tax	2010 Tax	After tax
Actuarial gains/(losses)	<u>(4,123,000)</u>	<u>1,208,540</u>	<u>(2,914,460)</u>
	<u>(4,123,000)</u>	<u>1,208,540</u>	<u>(2,914,460)</u>

8 DIVIDENDS

	2011 £	2010 £
Interim	<u>300,000</u>	<u>-</u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings £	Plant, machinery and equipment £	Furniture, fittings and electronic equipment £	Vehicles £	Totals £
COST					
At 1 April 2010	4,356,892	841,972	1,109,356	9,015,221	15,323,441
Additions	-	8,936	94,357	1,140,400	1,243,693
Disposals	-	-	-	(1,297,872)	(1,297,872)
At 31 March 2011	<u>4,356,892</u>	<u>850,908</u>	<u>1,203,713</u>	<u>8,857,749</u>	<u>15,269,262</u>
DEPRECIATION					
At 1 April 2010	405,699	502,783	889,105	4,253,898	6,051,485
Charge for year	87,136	52,210	111,074	789,064	1,039,484
Eliminated on disposal	-	-	-	(1,257,372)	(1,257,372)
At 31 March 2011	<u>492,835</u>	<u>554,993</u>	<u>1,000,179</u>	<u>3,785,590</u>	<u>5,833,597</u>
NET BOOK VALUE					
At 31 March 2011	<u>3,864,057</u>	<u>295,915</u>	<u>203,534</u>	<u>5,072,159</u>	<u>9,435,665</u>
At 31 March 2010	<u>3,951,193</u>	<u>339,189</u>	<u>220,251</u>	<u>4,761,323</u>	<u>9,271,956</u>

Total depreciation charge on leased vehicles in the year was £703,309 (2010 - £701,229)

The net book value of Vehicles includes £4,587,872 (2010 - £4,658,144) in respect of assets held under finance leases

The company's finance leases are secured by a fixed charge over the company's leased assets

10 INVESTMENTS

The company has subscribed to the formation of 'Transport Information Finance Limited' which is a not for profit organisation whose principle aim is to provide funding for a call centre for the Public Transport Information Service. Subscription is by way of loan finance of £1,100 and shares subscription of £100

11 INVENTORIES

	2011 £	2010 £
Fuel and parts	<u>200,342</u>	<u>194,058</u>

12 TRADE AND OTHER RECEIVABLES

	2011 £	2010 £
Current		
Trade receivables	259,003	261,371
Other receivables	212,180	203,237
Prepayments and accrued income	<u>145,450</u>	<u>129,796</u>
	<u>616,633</u>	<u>594,404</u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

12 TRADE AND OTHER RECEIVABLES - continued

Trade receivables are denominated in sterling. They are non-interest bearing and are generally on 30 days' terms. As at 31 March 2011 none of the trade receivables balance was considered impaired (2010 - £nil)

At 31 March, the analysis of trade receivables that were past due but not impaired is as follows

	Total £	Neither past due nor impaired £	Past due but not impaired		
			0-30 days £	30-60 days £	60+ days £
2011	259,003	231,987	7,463	1,055	18,498
2010	261,371	224,720	11,523	218	24,910

13 CASH AND CASH EQUIVALENTS

	2011 £	2010 £
Bank accounts	<u>941,750</u>	<u>1,234,763</u>

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2011 £	2010 £
1,489,000	Ordinary		<u>1,489,000</u>	<u>1,489,000</u>

15 RESERVES

	Retained earnings £	Capital contribution reserve £	Totals £
At 1 April 2010	(2,305,250)	-	(2,305,250)
Profit for the year	321,663		321,663
Actuarial gain on defined benefit pension scheme deficit	2,540,000	-	2,540,000
Movement on deferred tax relating to actuarial gain on pension scheme deficit	(736,590)	-	(736,590)
Capital contribution by parent	-	4,000,000	4,000,000
Dividend distribution	-	(300,000)	(300,000)
At 31 March 2011	<u>(180,177)</u>	<u>3,700,000</u>	<u>3,519,823</u>
Retained earnings excluding pension liability	1,763,823		
Pension deficit	<u>(1,944,000)</u>		
Retained earnings	<u>(180,177)</u>		

The capital contribution relates the payment of £4,000,000 by Swindon Borough Council towards the company's share of the Wiltshire Pension Fund deficit. The capital contribution constitutes realised profits for the purposes of determining total distributable reserves.

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

16 TRADE AND OTHER PAYABLES

	2011 £	2010 £
Current		
Trade payables	327,059	217,324
Other payables and accruals	835,543	824,512
Accruals and deferred income	<u>153,444</u>	<u>33,406</u>
	<u>1,316,046</u>	<u>1,075,242</u>
Non-current		
Accruals and deferred income	<u>60,457</u>	<u>83,863</u>

Accruals and deferred income

Accruals and deferred income above includes deferred government grants, the details of which are as follows,

	NHS grant £	SBC grant £	Total grant £
At 1 April 2010	107,269	10,000	117,269
Released in year	<u>(23,406)</u>	<u>(10,000)</u>	<u>(33,406)</u>
At 31 March 2011	<u>83,863</u>	<u>-</u>	<u>83,863</u>
Current	23,406	-	23,406
Non-current	<u>60,457</u>	<u>-</u>	<u>60,457</u>
At 31 March 2011	<u>83,863</u>	<u>-</u>	<u>83,863</u>

During 2002/03, £280,851 was received from the NHS to grant-aid the purchase of three low floor single-deck vehicles to be used for the commercial operation of the Hospital Express service 16. This grant is to be credited to the income statement over 12 years being the expected useful life of the vehicles acquired.

In addition, a £50,000 grant towards the cost of smart card technology relative to new on-bus ticket machines currently being acquired, has been received from Swindon Borough Council. This will be credited to the income statement over the expected life of the equipment.

17 FINANCIAL LIABILITIES - BORROWINGS

	2011 £	2010 £
Current		
Finance leases (see note 18)	<u>958,352</u>	<u>882,224</u>
Non-current		
Finance leases (see note 18)	<u>1,615,483</u>	<u>2,017,145</u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

17 FINANCIAL LIABILITIES - BORROWINGS - continued

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Finance leases	<u>958,352</u>	<u>862,198</u>	<u>746,947</u>	<u>6,338</u>	<u>2,573,835</u>

18 LEASING AGREEMENTS

Minimum lease payments fall due as follows

Finance leases

	2011 £	2010 £
Gross obligations repayable		
Within one year	1,061,507	1,011,738
Between one and five years	1,705,424	2,136,225
In more than five years	<u>6,338</u>	<u>14,627</u>
	<u>2,773,269</u>	<u>3,162,590</u>
Finance charges repayable		
Within one year	103,155	129,514
Between one and five years	<u>96,279</u>	<u>133,707</u>
	<u>199,434</u>	<u>263,221</u>
Net obligations repayable		
Within one year	958,352	882,224
Between one and five years	1,609,145	2,002,518
In more than five years	<u>6,338</u>	<u>14,627</u>
	<u>2,573,835</u>	<u>2,899,369</u>

The following operating lease payments are committed to be paid

	Land & Buildings		Other operating leases	
	2011 £	2010 £	2011 £	2010 £
Expiring				
Between one and five years	-	-	4,507	4,507
In more than five years	<u>102,790</u>	<u>102,790</u>	-	-
	<u>102,790</u>	<u>102,790</u>	<u>4,507</u>	<u>4,507</u>

On 11 July 2005 the company entered into a 150 year lease with Swindon Borough Council for its Barnfield premises. Rent reviews will be carried out at the end of each fifth anniversary of the lease with the first rent review occurring on 11 July 2015. The company has the option to terminate the lease giving six months notice prior to the 50th and 100th anniversary of the lease date.

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

19 FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash and finance leases. The principal purpose of these financial instruments is to provide finance for the Company's operations. The Company has various other financial instruments such as trade receivables and trade payables that arise directly from its operations.

Interest rate risk

As the company has no significant interest-bearing assets, other than cash and cash equivalents, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Liquidity risk

The company is primarily financed by cash and finance leases.

Cash flow forecasts are produced to assist management in identifying liquidity requirements and are stress tested for possible scenarios. Cash balances are invested such that they are readily available to settle short-term liabilities or fund capital additions.

The maturity profile for the finance leases is included in the finance lease note.

Credit risk

There are no significant concentrations of credit risk with the Company. The maximum credit risk exposure relating to financial assets is represented by their carrying value at the reporting date.

Trade and other receivables comprise a number of individual amounts due from customers and are shown net of a provision for doubtful debts. Due to the nature of the customers there are no concerns about their ability to pay and historically bad debts have been low.

Fair value of financial assets and liabilities

There is no difference between the fair value and the book value of the financial assets and liabilities at the year end.

20 DEFERRED TAX

	2011 £	2010 £
Balance at 1 April	(2,035,818)	(683,836)
Charged to income statement	1,501,223	(143,442)
Charged to other comprehensive income	<u>736,590</u>	<u>(1,208,540)</u>
Balance at 31 March	<u><u>201,995</u></u>	<u><u>(2,035,818)</u></u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

20 DEFERRED TAX - continued

Deferred tax assets and liabilities are summarised as follows,

	2011 £	2010 £
Deferred tax assets:		
Pension scheme	<u>524,880</u>	<u>2,809,240</u>
Deferred tax liabilities:		
Rolled over gain	673,161	724,942
Accelerated tax allowances	<u>53,714</u>	<u>48,480</u>
	<u>726,875</u>	<u>773,422</u>
	<hr/>	<hr/>
Total deferred tax (asset) / liability	<u>201,995</u>	<u>(2,035,818)</u>

21 EMPLOYEE BENEFIT OBLIGATIONS

Up to 31 March 2001 the Company operated two defined benefit pension schemes, which were funded by the payment of contributions to separately administered funds. As at 31 March 2001 the Company Pension Fund was 'closed' and a new Group Personal Pension Plan commenced on 1 April 2001 for future service of contributing members.

In respect of those employees who transferred to the company from previous employment with Swindon Borough Council, the company participates in the Local Government Pension Scheme.

The Company's best estimate of its likely contributions to the defined benefit schemes in the year commencing 1 April 2011 is £666,100.

The amounts recognised in the statement of financial position are as follows:

	Defined benefit pension schemes	
	2011 £	2010 £
Present value of funded obligations	(18,239,000)	(21,747,000)
Fair value of plan assets	<u>16,489,000</u>	<u>11,932,000</u>
	<hr/>	<hr/>
Present value of unfunded obligations	(1,750,000)	(9,815,000)
	<u>(194,000)</u>	<u>(218,000)</u>
	<hr/>	<hr/>
Deficit	<u>(1,944,000)</u>	<u>(10,033,000)</u>
	<hr/>	<hr/>
Net liability	<u>(1,944,000)</u>	<u>(10,033,000)</u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

21 EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the income statement are as follows

	Defined benefit pension schemes	
	2011	2010
	£	£
Current service cost	148,000	119,000
Interest cost	1,120,000	1,025,000
Expected return	(809,000)	(595,000)
Past service cost	(1,500,000)	-
	<u>(1,041,000)</u>	<u>549,000</u>
Actual return on plan assets	<u>1,047,000</u>	<u>2,828,000</u>

The current and past service costs are included within administrative expenses. The interest cost is included within finance costs. The expected return on scheme assets is included within finance income.

Changes in the present value of the defined benefit obligation are as follows

	Defined benefit pension schemes	
	2011	2010
	£	£
Opening defined benefit obligation	21,965,000	15,263,000
Current service cost	148,000	119,000
Past service cost	(1,500,000)	-
Contributions by scheme participants	36,000	41,000
Interest cost	1,120,000	1,025,000
Actuarial losses/(gains)	(2,302,000)	6,356,000
Benefits paid	(1,034,000)	(839,000)
	<u>18,433,000</u>	<u>21,965,000</u>

Changes in the fair value of scheme assets are as follows

	Defined benefit pension schemes	
	2011	2010
	£	£
Opening fair value of scheme assets	11,932,000	9,446,000
Contributions by employer	508,000	456,000
Contributions by scheme participants	36,000	41,000
Contribution by parent undertaking	4,000,000	-
Expected return	809,000	595,000
Actuarial gains/(losses)	238,000	2,233,000
Benefits paid	(1,034,000)	(839,000)
	<u>16,489,000</u>	<u>11,932,000</u>

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

21 EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised within other comprehensive income are as follows

	Defined benefit pension schemes	
	2011	2010
	£	£
Actuarial gains/(losses)	2,540,000	(4,123,000)
Deferred tax on actuarial gains and losses	<u>(736,590)</u>	<u>1,208,540</u>
	<u>1,803,410</u>	<u>(2,914,460)</u>
Cumulative amount of actuarial gains/(losses)	<u>(2,539,000)</u>	<u>(5,079,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows

	Defined benefit pension schemes	
	2011	2010
	£	£
Equities	11,217,000	8,654,360
Gilts	231,000	205,560
Bonds	2,876,000	1,772,400
Property	1,582,000	913,680
Cash	<u>583,000</u>	<u>386,000</u>
	<u>16,489,000</u>	<u>11,932,000</u>

Principal actuarial assumptions at the year end date (expressed as weighted averages)

	The Thamesdown Transport Limited Pension Scheme		Local Government Pension Scheme relating to the Company	
	2011	2010	2011	2010
Discount rate	5.5%	5.5%	5.5%	5.5%
Expected return on scheme assets	6.3%	6.6%	6.7%	7.0%
Future salary increases	3.7%	3.8%	5.1%	5.3%
Future pension increases	3.5%	3.6%	2.8%	3.8%

A breakdown of the expected return on scheme assets by category is as follows

	The Thamesdown Transport Limited Pension Scheme		Local Government Pension Scheme relating to the Company	
	2011	2010	2011	2010
Equities	6.6%	7.0%	7.5%	7.8%
Gilts	4.4%	4.5%	-	-
Bonds	5.5%	5.5%	4.9%	5.0%
Property	6.6%	7.0%	5.5%	5.8%
Cash	0.5%	0.5%	4.6%	4.8%

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

21 EMPLOYEE BENEFIT OBLIGATIONS - continued

The mortality assumptions in respect of the schemes are set out below

	The Thamesdown Transport Limited Pension Scheme		Local Government Pension Scheme relating to the Company	
	Males	Females	Males	Females
Mortality (in years at age 65)				
Current pensioners	21.8	24.1	21.3	23.6
Future pensioners	22.9	25.0	23.3	25.5

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below

Assumption	The Thamesdown Transport Limited Pension Scheme		Local Government Pension Scheme relating to the Company	
	Change in assumption	Impact on scheme liabilities	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/Decrease by 0.5%	Decrease/Increase by 9%/10%	Decrease by 0.5%	Increase by 7%
Life expectancy	-	-	Increase by 1 year	Increase by 3%
Salary increase rate	Increase/Decrease by 0.5%	Decrease/Increase by 4%	Increase by 0.5%	Increase by 1%
Pension increase rate	-	-	Increase by 0.5%	Increase by 6%

The Thamesdown Transport Limited Pension Scheme

The expected return on the assets of 6.3% was derived from the weighted expected return on each of the major categories of assets

The expected annual return on fixed-interest gilts is equal to the annualised yield on the FTSE 20-year gilts index at the reporting date. The expected annual return on corporate bonds is equal to the annualised yield on the Market iBoxx Sterling AA-rated over 15 year Corporate Bond index

The expected annual return on equities (and the small element of property) has been taken to be 6.6%. This has been derived as the yield on the FTSE-Actuaries All Share Index at the reporting date plus an allowance for dividends to increase in line with the assumed rate of inflation. The expected return on cash and net current assets has been taken to be 0.5%, which is equal to the Bank of England base rate at the year-end

Local Government Pension Scheme relating to the Company

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The assumptions used are derived from the HRAM model, the proprietary stochastic model developed and maintained by Hymans Robertson LLP

The HRAM model for equity returns is based on total returns which are specified by a risk premium relative to cash. The expected return provided by Hymans Robertson LLP is the average annualised total returns over twenty years

The next full actuarial valuations for both schemes are to be carried out as at 31st March 2012

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

21 EMPLOYEE BENEFIT OBLIGATIONS - continued

Amounts for the current and previous three periods are as follows

	2011 £	2010 £	2010 £	2009 £
Defined benefit pension schemes				
Defined benefit obligation	(18,433,000)	(21,965,000)	(21,965,000)	(15,263,000)
Fair value of scheme assets	16,489,000	11,932,000	11,932,000	9,446,000
Deficit	(1,944,000)	(10,033,000)	(10,033,000)	(5,817,000)
Experience adjustments on scheme liabilities	248,000	(16,000)	(16,000)	5,000
Experience adjustments on scheme assets	238,000	2,233,000	2,233,000	(3,510,000)

Defined contribution scheme

The company participates in a defined contribution scheme. The cost to Thamesdown Transport Limited in employer's contributions was £86,244 (2010 - £89,362)

22 ULTIMATE PARENT COMPANY

The directors regard the ultimate parent undertaking to be Swindon Borough Council

23 CONTINGENT LIABILITIES

Insurance fund

The company maintains full insurance cover against all third party and employee liability claims. A motor vehicle insurance fund has been established towards which the company pay 60% to the insurers of the agreed fund. Each year the directors review the level of outstanding claims and consider the need for any provisions in the financial statements for claims in excess of the amounts already paid into the fund. At 31 March 2011 the directors consider that adequate provision has been made for insurance claims made against the company.

Indemnities

The company has lodged counter indemnities of £2,500 (2010 - £2,500) with Lloyds TSB Bank plc in favour of National Express Coaches in respect of ticket sales.

24 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not provided for in these financial statements is as follows,

	2011 £	2010 £
Property, plant & equipment	<u>501,500</u>	<u>952,000</u>

25 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in IAS24 "Related party disclosures" from disclosing balances and transactions with its ultimate controlling party, on the basis that it is included in the consolidated financial statements of Swindon Borough Council. Copies of the consolidated financial statements of Swindon Borough Council can be obtained from www.swindon.gov.uk

Thamesdown Transport Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2011

26 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY

	2011	2010
Profit for the financial year	321,663	480,032
Dividends	<u>(300,000)</u>	<u>-</u>
	21,663	480,032
Other comprehensive income	1,803,410	(2,914,460)
Capital contribution from parent	<u>4,000,000</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	5,825,073	(2,434,428)
Opening shareholders' funds	<u>(816,250)</u>	<u>1,618,178</u>
Closing shareholders' funds	<u>5,008,823</u>	<u>(816,250)</u>

Thamesdown Transport Limited

**Reconciliation of Equity
1 April 2009
(Date of Transition to IFRSs)**

	Notes	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		9,186,098	-	9,186,098
Investments		1,200	-	1,200
Deferred tax	(b)	-	1,221,570	1,221,570
		<u>9,187,298</u>	<u>1,221,570</u>	<u>10,408,868</u>
CURRENT ASSETS				
Inventories		201,969	-	201,969
Trade and other receivables		496,271	-	496,271
Cash and cash equivalents		776,307	-	776,307
Prepayments		171,101	-	171,101
		<u>1,645,648</u>	<u>-</u>	<u>1,645,648</u>
TOTAL ASSETS		<u>10,832,946</u>	<u>1,221,570</u>	<u>12,054,516</u>
SHAREHOLDERS' EQUITY				
Called up share capital		1,489,000	-	1,489,000
Retained earnings		776,268	(647,090)	129,178
TOTAL EQUITY		<u>2,265,268</u>	<u>(647,090)</u>	<u>1,618,178</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Financial liabilities - borrowings				
Interest bearing loans and borrowings		2,038,819	-	2,038,819
Pension liability	(b)	4,595,430	1,221,570	5,817,000
Deferred tax	(c)	-	543,707	543,707
		<u>6,634,249</u>	<u>1,765,277</u>	<u>8,399,526</u>
CURRENT LIABILITIES				
Trade and other payables	(a)	1,111,663	103,383	1,215,046
Financial liabilities - borrowings				
Interest bearing loans and borrowings		821,766	-	821,766
		<u>1,933,429</u>	<u>103,383</u>	<u>2,036,812</u>
TOTAL LIABILITIES		<u>8,567,678</u>	<u>1,868,660</u>	<u>10,436,338</u>
TOTAL EQUITY AND LIABILITIES		<u>10,832,946</u>	<u>1,221,570</u>	<u>12,054,516</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Reconciliation of Equity - continued
31 March 2010

	Notes	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		9,271,956	-	9,271,956
Investments		1,200	-	1,200
Deferred tax	(b)	-	2,809,240	2,809,240
		<u>9,273,156</u>	<u>2,809,240</u>	<u>12,082,396</u>
CURRENT ASSETS				
Inventories		194,058	-	194,058
Trade and other receivables		594,404	-	594,404
Cash and cash equivalents		1,234,763	-	1,234,763
		<u>2,023,225</u>	<u>-</u>	<u>2,023,225</u>
TOTAL ASSETS		<u>11,296,381</u>	<u>2,809,240</u>	<u>14,105,621</u>
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital		1,489,000	-	1,489,000
Retained earnings		(1,507,973)	(797,277)	(2,305,250)
TOTAL EQUITY		<u>(18,973)</u>	<u>(797,277)</u>	<u>(816,250)</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
Trade and other payables		83,863	-	83,863
Financial liabilities - borrowings				
Interest bearing loans and borrowings		2,017,145	-	2,017,145
Pension liability	(b)	7,223,760	2,809,240	10,033,000
Deferred tax	(c)	48,480	724,942	773,422
		<u>9,373,248</u>	<u>3,534,182</u>	<u>12,907,430</u>
CURRENT LIABILITIES				
Trade and other payables	(a)	1,002,907	72,335	1,075,242
Financial liabilities - borrowings				
Interest bearing loans and borrowings		882,224	-	882,224
Tax payable		56,975	-	56,975
		<u>1,942,106</u>	<u>72,335</u>	<u>2,014,441</u>
TOTAL LIABILITIES		<u>11,315,354</u>	<u>3,606,517</u>	<u>14,921,871</u>
TOTAL EQUITY AND LIABILITIES		<u>11,296,381</u>	<u>2,809,240</u>	<u>14,105,621</u>

The notes form part of these financial statements

Thamesdown Transport Limited

Reconciliation of Equity - continued
31 March 2010

Transition to IFRS

For all periods to and including the year ended 31 March 2010, the company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UK GAAP). Financial statements for the year ended 31 March 2011 are the first the company is required to prepare in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Accordingly, the Company has prepared financial statements which comply with IFRSs applicable for periods beginning on or after 1 April 2010 and the significant accounting policies meeting those requirements are described in note 1.

In preparing the financial statements, the Company has started from an opening statement of financial position as at 1 April 2009, the company's date of transition to IFRS, and made those changes in accounting policies and other restatements required by IFRS 1 for the first time-adoption of IFRS. This note explains the principal adjustments made by the company in restating its UK GAAP statement of financial position as at 1 April 2009 and its previously published UK GAAP financial statements for the year ended 31 March 2010.

There is no change to the cashflows under IFRS but there are some presentational changes to the cash flow statement.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRSs retrospectively. The Company has taken the following exemptions:

- Cumulative actuarial gains and losses are recognised in full in equity at the date of transition to IFRS. This represents no change from the previous accounting policy.

Summary of major impacts of adoption of IFRS

(a) Holiday pay accrual (IAS 19)

The standard required liabilities for employee benefits to be recognised on the basis of a legal or constructive obligation. Liabilities and expenses are generally recognised in the period in which the services are rendered. In accordance with the standard the Company has recognised a provision for employee's holiday pay earned but not taken at the end of each accounting period.

The impact of this is to reduce net assets by £103,383 at 31 March 2009 and £72,335 at 31 March 2010.

(b) Pensions (IAS 19)

The company has chosen to recognise all actuarial gains and losses immediately through equity in accordance with its previous UK GAAP policy. Under IFRS, the pension deficit is shown in the statement of financial position gross of deferred tax. This is a change in presentation from UK GAAP which required the liability to be shown net of the related deferred tax asset.

(c) Income taxes (IAS 12)

The property, which is the bus depot from which the company operates, has a gain rolled into it in respect of the sale of a previous depot. This has created a temporary timing difference between the carrying value and the tax base and therefore a deferred tax liability has been recognised in respect of this.

The impact of this is to reduce net assets by £543,707 at 31 March 2009 and £724,949 at 31 March 2010.

Thamesdown Transport Limited

Reconciliation of Profit
for the Year Ended 31 March 2010

	Notes	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
Revenue		11,083,395	-	11,083,395
Other operating income		194,012	-	194,012
Administrative expenses	(a)	(10,319,564)	31,048	(10,288,516)
Finance costs		(1,191,087)	-	(1,191,087)
Finance income		595,761	-	595,761
PROFIT BEFORE TAX		362,517	31,048	393,565
Income tax	(b)	267,702	(181,235)	86,467
PROFIT FOR THE YEAR		630,219	(150,187)	480,032

Notes to the reconciliation of profit or loss

(a) Holiday pay accrual (IAS 19)

This recognition of the holiday pay accrual as at 31 March 2009 resulted in an increase in the reported profit for the year ended 31 March 2010 of £31,048

(b) Income taxes (IAS 12)

The recognition of a deferred tax liability as at 31 March 2009, in respect of the gain rolled over on sale of the previous depot, resulted in an increase in the deferred tax charge for the year ended 31 March 2010 of £181,235. The deferred tax credit arose due to the change in tax rate used to calculate deferred tax assets and liabilities, from 21% in 2009 to 28% in 2010.

Thamesdown Transport Limited
Income Statement Summaries
for the Year Ended 31 March 2011

	2011 £	2010 £
REVENUE		
Sales	<u>10,902,263</u>	<u>11,083,395</u>
	<u>10,902,263</u>	<u>11,083,395</u>
 OTHER OPERATING INCOME		
Advertising revenue	55,566	15,533
Sundry receipts	48,286	22,765
Deferred income	33,407	33,406
External engineering work	<u>148,396</u>	<u>122,308</u>
	<u>285,655</u>	<u>194,012</u>
 ADMINISTRATIVE EXPENSES		
Administrative expenses		
Directors' salaries	208,707	205,334
Directors' social security	23,035	20,532
Directors' pension contributions	2,451	2,424
Wages	5,368,699	5,586,562
Social security	483,008	492,491
Pensions	68,771	73,696
Vehicle running costs	536,861	574,971
Other lease payments	3,780	5,826
Fuel and power	1,235,502	981,504
Licences	36,649	44,306
Premises costs	373,647	230,578
Traffic operations	215,445	256,421
Office expenses	708,525	706,258
Pension service costs	(1,352,000)	119,000
Auditors' remuneration	15,275	15,000
Auditors' remuneration for non audit work	7,131	7,011
Depreciation		
Leasehold land and buildings	87,136	87,136
Plant, machinery and equipment	52,210	51,508
Furniture, fittings and electronic equipment	111,074	181,772
Vehicles	789,064	723,195
Profit/loss on sale of assets		
Vehicles	<u>(155,875)</u>	<u>(77,009)</u>
	<u>8,819,095</u>	<u>10,288,516</u>
 FINANCE COSTS		
Other interest payable	729	-
Leasing	145,147	166,087
Interest on pension scheme liabilities	<u>1,120,000</u>	<u>1,025,000</u>
	<u>1,265,876</u>	<u>1,191,087</u>

Thamesdown Transport Limited
Income Statement Summaries
for the Year Ended 31 March 2011

	2011 £	2010 £
FINANCE INCOME		
Deposit account interest	1,373	761
Expected return on pension scheme assets	<u>809,000</u>	<u>595,000</u>
	<u>810,373</u>	<u>595,761</u>