

Plymouth Citybus Limited

Report and Financial Statements

28 June 2014



Directors

K Down
R Stevens
D A Brown
N J D Woods
M B Horide

Secretary

C Ferguson

Auditor

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

Solicitors

Dickinson Dees LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 3UR

Registered office

3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

Strategic Report

Results

The operating profit for the year amounted to £156,000 (2013; £808,000). The profit for the year, after taxation, amounted to £259,000 (2013; £621,000).

Principal activities and review of the business

The principal activities of the business are as follows:

- Commercial, tendered and contracted bus and coach services in Plymouth, South East Cornwall and West Devon.
- Coach tours and coach hire throughout the United Kingdom.
- Servicing, repair and refurbishment of cars, commercial vehicles, buses and coaches.

Key performance indicators

Turnover, operating profit and the number of passenger journeys, schedule adherence and route costing analysis are some of the key financial performance indicators used. Other performance indicators measured and monitored by management include customer satisfaction, employee engagement surveys alongside the more traditional employee absenteeism and turnover ratios.

The Company embarked on a significant network expansion program; adding new destinations of Torpoint, Tavistock, Keyham and Okehampton improving its offering within the travel to work area. To compliment this expansion, the company launched its exciting new premium brand “FLASH” showcasing the investment in twenty Enviro 400 double deck buses that were introduced on services to Plympton and Tavistock.

The Company developed and invested in digital marketing, including the continued growth of smart phone ticketing of an average of 240% and expanded the sales channels that customers can choose from to buy their bus ticket. The company experienced a significant increase in its customer database, enabling increased communication to customers via e-CRM by 38%.

The Company further increased its score in the Passenger Focus UK Satisfaction Survey to achieve 91%. This result is particularly pleasing against a backdrop of 5.7% growth in passenger numbers and gives testament to the focus and investment given to achieving excellent standards of customer service.

Increased activity in stakeholder engagement within the City, moved forward the agenda of being a good community partner resulting in recognition of the company's efforts when it won The Plymouth Herald Business Award for Corporate Social Responsibility.

Building on the success of obtaining Investors In People Accreditation the Company went on to achieve the coveted Investors in People Silver award; joining the 2.8% of companies who form an elite group within the UK who have also achieved Silver.

Strategic Report (continued)

Future developments

The autumn of 2014 will see the launch of a unique learning based product “GET ON” offering a discount to customers engaged in further education, training and apprenticeships for the first time. Complimenting this is a revised range of products for children with an increased discount structure.

The focus of staff engagement for the company is targeted on the battle for quality and is supported by a range of innovative communication materials and competitions designed to raise staff awareness and achieve buy in at all levels throughout every department.

During October the company will undertake the next stage in the Investors In People journey when it will be assessed against the Gold standard; which when achieved would make Plymouth Citybus the first bus company in the UK to achieve Gold.

Marketing developments will include a Business to Business portal allowing customers to manage their own travel requirements and products. A mobile journey App and a new mobile friendly reactive website are planned to be delivered.

Building on the success of the FLASH brand the company has identified future key corridors that will join the current Blue and Red premium brand.

Risk management objectives and policies

The main risks associated with the company's financial assets and liabilities are set out below. Given that the majority of the risks below derive from transactions with other group companies, the Company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

Interest rate risk

All surplus cash is swept by the ultimate parent company, which is invested at a group level. Interest is charged at a variable rate on group loans. Therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates. However, the exposure is reduced because of the group control.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates.

Credit risk

The Company manages its debtors on an ongoing basis and significant resource is put into mitigating credit risk.

Liquidity risk

The Company aims to mitigate liquidity risk by managing cash generated by its operations in line with group policies. A cash sweeping facility exists with the ultimate parent company and therefore further information regarding the liquidity risk can be found in the group financial statements. Capital expenditure is approved at group level.

Foreign currency risk

The Company has no foreign currency risk, all of the transactions, assets and liabilities are in sterling.

The strategic report was approved by the Board of Directors on 12th March 2015 and signed on their behalf by :



K Down
12 March 2015

Directors' Report

The directors present their report for the year ended 28 June 2014

Directors

The directors who served the Company during the year and up to date of approval of the financial statements were as follows:

K Down
D A Brown
R Stevens
N J D Woods
M B Horide

Messrs Brown and Down were directors of the ultimate parent company, The Go-Ahead Group plc during the year.

Dividends

The directors do not recommend the payment of an ordinary dividend.

Management and staff

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, on matters likely to affect employees' interests.

Information on matters of concern to employees is provided through information bulletins and reports to achieve a common awareness of the financial and economic factors affecting the Company's performance.

It is the policy of the Company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

As part of our staff engagement training the Company has incorporated Dementia awareness in its induction training as well as retrospectively rolling it out to existing staff.

Health and Safety

Health and Safety is at the forefront of every process and decision the company undertakes. This is managed through a process of established policies and procedures, safe systems of work and risk assessments. Our safety culture is embedded in everything we do and reviewed at regular intervals in a process led by the Engineering Director engaging with staff representatives; There were no serious incidents or near misses relating to Health and Safety reported during this financial year.

Going concern

The directors have considered the Company's current and future prospects and its availability of financing from its ultimate group undertaking and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements. For further information please see additional commentary in Note 1 of the accounts.

Directors' Report (continued)

Directors' responsibilities for audit information

Insofar as the directors are aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

The auditor, Grant Thornton UK LLP will be proposed for re-appointed in accordance with Section 485 of the Companies Act 2006.

Registered office:
3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

On behalf of the Board



K Down
Director
12 March 2015

Statement of directors' responsibilities of financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements for the year ended 28 June 2014 in accordance with applicable laws and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make 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;

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Plymouth Citybus Limited

We have audited the financial statements of Plymouth Citybus Limited for the period ended 28 June 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. 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 set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 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 28 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

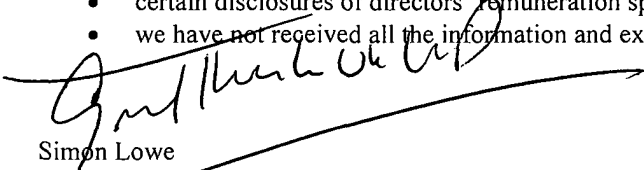
Independent auditor's report

to the members of Plymouth Citybus Limited

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.



Simon Lowe
for and on behalf of Grant Thornton UK LLP, Statutory Auditor
London

12 March 2015

Profit & Loss Account

		<i>Year ended</i> <i>28 June</i> <i>2014</i> <i>£000</i>	<i>Year ended</i> <i>29 June</i> <i>2013</i> <i>£000</i>
	<i>Notes</i>		
Turnover	2	20,477	19,307
Operating costs	3	20,321	18,499
Operating profit	4	156	808
Interest receivable	7	24	1
Interest payable and similar charges	8	(41)	(119)
Profit on ordinary activities before taxation		139	690
Tax on profit on ordinary activities	9	120	(69)
Profit for the financial year transferred to reserves		259	621

All activities are continuing.

Statement of total recognised gains and losses for the year ended 28 June 2014

		<i>Year ended</i> <i>28 June 2014</i> <i>£000</i>	<i>Year ended</i> <i>29 June 2013</i> <i>£000</i>
Profit for the financial year		259	621
Actuarial gain/(loss) on pension scheme	18	(28)	204
Movement on deferred tax relating to pension deficit		(82)	(77)
Total recognised gains relating to the year		149	748


Balance sheet

At 28 June 2014

Registered No. 02004966

	Notes	28 June 2014 £000	29 June 2013 £000
Fixed assets			
Tangible assets	11	9,138	6,614
		<u>9,138</u>	<u>6,614</u>
Current assets			
Stocks		169	188
Debtors	12	7,658	9,815
Cash at bank		141	166
		<u>7,968</u>	<u>10,169</u>
Creditors: amounts falling due within one year	13	(8,030)	(7,940)
Net current assets/(liabilities)		<u>(62)</u>	<u>2,229</u>
Total assets less current liabilities		<u>9,076</u>	<u>8,843</u>
Creditors: amounts falling due after more than one year	14	(75)	(194)
Provisions for liabilities	17	(1,771)	(1,670)
Net assets excluding pension liability		<u>7,230</u>	<u>6,979</u>
Pension liability	18	(2,274)	(2,175)
Net assets including pension liability		<u>4,956</u>	<u>4,804</u>
Capital and reserves			
Equity share capital	19	1,290	1,290
Profit and loss account	20	3,666	3,514
	20	<u>4,956</u>	<u>4,804</u>

Approved by the Board and signed on its behalf by:


K. Down
Director

12 March 2015

Notes to the financial statements

At 28 June 2014

1. Accounting policies

Basis of preparation

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The Company has net current assets of (£62,000), including net amounts due from group undertakings of £64,000. The Company is dependent on continuing financial support being available from its ultimate parent undertaking. The directors have received confirmation from the company's ultimate parent undertaking that the necessary financial support will continue to be available to the company for the foreseeable future and, in particular, for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors of the Company believe that it is appropriate to prepare the financial statements on a going concern basis. Should the financial support from the company's ultimate parent undertaking not be available, the going concern basis may be invalid and adjustments would have to be made to reduce the value of assets to their realizable amount, to provide any financial commitments or further liabilities which might arise and to reclassify fixed assets and long term liabilities to current assets and liabilities.

Turnover

Turnover comprises revenue from bus transport services in the United Kingdom. Where appropriate amounts are shown excluding value added tax.

Bus revenue principally comprises amounts receivable from ticket sales and concessionary fare schemes. Concessionary amounts are recognised in the period in which the service is provided based on a predetermined formula as agreed with the relevant local authority.

Other bus revenue comprises amounts receivable from contracts with local authorities and are recognised as the services are provided. Non bus revenue includes amounts receivable from commercial engineering, advertising, tours, excursions and private hire contracts and other income and are recognised as the services are provided.

Fixed assets and depreciation

The cost of all tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold buildings	-	10 years
Plant & equipment	-	3 to 15 years
Rolling stock	-	8 to 15 years
Other motor vehicles	-	5 years

Freehold land is not depreciated. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

At 28 June 2014

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided for on all timing differences which have originated but not reversed at the balance sheet date. Except where otherwise required by accounting standards, no timing differences are recognised in respect of: Deferred tax assets except to the extent that it is more likely than not that they will be recovered. Deferred tax is calculated at the enacted rates at which it is estimated the tax will be payable. The deferred tax provision is not discounted to net present value.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Operating lease agreements

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

Insurance

The Company limits its exposure to the cost of motor, employer and public liability claims through insurance policies issued by third parties. These provide individual claim cover, subject to high excess limits and an annual aggregate stop loss for total claims within the excess limits. An amount is recognised within Provisions for liabilities for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, subject to the overall stop loss.

The estimation of this liability is made after taking appropriate professional advice and is based on an assessment of the expected settlement of known claims, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but that have not yet been reported to the Company by the insurer.

The pre existing policy was that the expenditure cap was written to in full for the current year. At the end of the following financial year the claim year was reviewed and revised to the insurance claims position with any respective adjustment being released to the profit and loss account.

Notes to the financial statements

At 28 June 2014

1. Accounting policies (continued)

Pensions

The Company participates in the Local Government Superannuation Scheme, which is a defined benefit scheme. The proportion of the schemes assets and liabilities relating to the company, have been determined by an independent actuary.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax.

The Company also operates the Plymouth Citybus Pension Scheme. This is a defined contribution scheme. Premiums are charged to the profit and loss account in the period to which they relate.

The company is also a member of the Go-Ahead Group Pension Scheme operated by The Go-Ahead Group plc for the majority of its employees. Plymouth Citybus Limited is part of the defined contribution section.

For the defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they related.

Notes to the financial statements

At 28 June 2014

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
United Kingdom	<u>20,477</u>	<u>19,307</u>

3. Operating costs

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
Materials and external charges	7,318	6,467
Staff costs	11,921	11,071
Depreciation of tangible fixed assets	1,314	1,210
Other operating income	(232)	(249)
	<u>20,321</u>	<u>18,499</u>

4. Operating profit

This is stated after charging/(crediting):

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
Auditor's remuneration - audit services	8	8
- non-audit services	-	-
	<u>930</u>	<u>799</u>
Depreciation of owned fixed assets	384	411
Depreciation of assets held under hire purchase contracts	<u>1,314</u>	<u>1,210</u>
Profit on disposal of tangible assets	(7)	(2)
Deferred capital grant released into profit	(11)	(11)
Rent receivable	<u>(39)</u>	<u>(43)</u>

Notes to the financial statements

At 28 June 2014

5. Staff costs

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
Wages and salaries	10,633	9,889
Social security costs	923	866
Other pension costs – defined benefit	82	83
– defined contribution	283	233
	<u>11,921</u>	<u>11,071</u>

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

	<i>Year ended 28 June 2014 No.</i>	<i>Year ended 29 June 2013 No.</i>
Bus operations and other activities	451	424
Administration	33	32
	<u>484</u>	<u>456</u>

6. Directors' emoluments

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
Aggregate emoluments in respect of qualifying services	<u>187</u>	<u>153</u>
Company pension contributions to money purchase schemes	<u>12</u>	<u>6</u>

	<i>Year ended 28 June 2014 No.</i>	<i>Year ended 29 June 2013 No.</i>
Number of directors accruing benefits under defined benefit schemes	<u>-</u>	<u>-</u>
Number of directors accruing benefits under money purchase pension schemes	<u>2</u>	<u>2</u>

The amounts in respect of the highest paid director are as follows:

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
Emoluments	<u>100</u>	<u>97</u>
Company pension contributions to money purchase schemes	<u>8</u>	<u>4</u>

Notes to the financial statements

At 28 June 2014

7. Interest receivable and similar income

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
Interest receivable	-	1
Interest receivable on defined benefit pension scheme	24	-
	<u>24</u>	<u>1</u>

8. Interest payable and similar charges

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
Finance lease and hire purchase interest	53	65
Unwinding of discounting on provisions	(12)	9
Interest payable on defined benefit pension scheme	-	45
	<u>41</u>	<u>119</u>

Notes to the financial statements

At 28 June 2014

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
<i>Current tax:</i>		
UK corporation tax	(180)	(122)
Total current tax (note 9(b))	<u>(180)</u>	<u>(122)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 17)	190	292
Adjustment in respect of previous periods (note 17)	-	(52)
Adjustment in respect of rate change (note 17)	(132)	(34)
Deferred tax charge on movement in FRS17 Pension scheme liability	2	(15)
Tax on profit on ordinary activities	<u>(120)</u>	<u>69</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 22.5% (2013 – 23.75%).

	<i>Year ended 28 June 2014 £000</i>	<i>Year ended 29 June 2013 £000</i>
Profit on ordinary activities before tax	<u>139</u>	<u>690</u>
Profit on ordinary activities by rate of tax 22.5%	29	164
Accelerated capital allowances	(191)	(292)
Short term timing differences (including pension)	2	15
Expenses not deductible for tax purposes/income not taxable	4	5
Deferred tax rate difference	(24)	(10)
Adjustments in respect of current year tax of previous years	-	(4)
Total current tax (note 9(a))	<u>(180)</u>	<u>(122)</u>

(c) Deferred tax

	<i>28 June 2014 £000</i>	<i>29 June 2013 £000</i>
Accelerated capital allowances	1,066	1,008
Other timing differences	-	-
Deferred tax excluding that relating to the pension liability	<u>1,066</u>	<u>1,008</u>
Pension liability (note 18)	(568)	(650)
Total deferred tax liability	<u>498</u>	<u>358</u>

Notes to the financial statements

At 28 June 2014

9. Taxation on ordinary activities (continued)

(d) Factors affecting future tax charges

The UK Government has announced its intention to reduce the UK corporation tax rate to 20% by 1 April 2015. A reduction in the UK corporation tax rate from 23% to 21% came into effect on 1 April 2014. Finance Bill 2013 was substantively enacted on 2 July 2013 and given Royal Assent on 17 July 2013, giving effect to a 20% rate effective from 1 April 2015

10. Dividends

No dividends were payable during the year (2013: nil)

Notes to the financial statements

At 28 June 2014

11. Tangible fixed assets

	<i>Freehold land & buildings £000</i>	<i>Plant & machinery £000</i>	<i>Rolling Stock £000</i>	<i>Total £000</i>
Cost:				
At 29 June 2013	174	2,695	17,036	19,905
Additions	-	17	3,619	3,636
Disposals	-	-	(664)	(664)
Transfers from other group undertakings	-	-	2,101	2,101
At 28 June 2014	<u>174</u>	<u>2,712</u>	<u>22,092</u>	<u>24,978</u>
Depreciation:				
At 29 June 2013	6	1,908	11,377	13,291
Provided during the year	17	175	1,122	1,314
Disposals	-	-	(665)	(665)
Transfers from other group undertakings	-	-	1,900	1,900
At 28 June 2014	<u>23</u>	<u>2,083</u>	<u>13,734</u>	<u>15,840</u>
Net book value:				
At 28 June 2014	<u>151</u>	<u>629</u>	<u>8,358</u>	<u>9,138</u>
At 29 June 2013	<u>168</u>	<u>787</u>	<u>5,659</u>	<u>6,614</u>

The net book value of assets above includes an amount of £1,475,000 (2013 - £1,858,000) in respect of assets held under hire purchase contracts.

12. Debtors

	<i>28 June 2014 £000</i>	<i>29 June 2013 £000</i>
Trade debtors	449	411
Amounts due from group undertakings	6,078	8,890
Other debtors	88	93
Prepayments and accrued income	884	377
Corporation tax debtor	159	44
	<u>7,658</u>	<u>9,815</u>

Notes to the financial statements

At 28 June 2014

13. Creditors: amounts falling due within one year

	<i>28 June 2014 £000</i>	<i>29 June 2013 £000</i>
Amounts owed to group undertakings	6,014	5,876
Obligations under finance leases (note 15)	108	243
Trade creditors	469	568
Other taxation and social security	253	282
Accruals and deferred income	1,175	960
Deferred capital grant (note 16)	11	11
	<u>8,030</u>	<u>7,940</u>

14. Creditors: amounts falling due after more than one year

	<i>28 June 2014 £000</i>	<i>29 June 2013 £000</i>
Obligations under finance leases (note 15)	0	108
Deferred capital grant (note 16)	75	86
	<u>75</u>	<u>194</u>

15. Obligations under finance leases

The maturity of these amounts is as follows:

	<i>28 June 2014 £000</i>	<i>29 June 2013 £000</i>
Amounts payable:		
Within one year	112	257
In two to five years	0	111
	<u>112</u>	<u>368</u>
Less: Finance charges allocated to future periods	(4)	(17)
	<u>108</u>	<u>351</u>

16. Deferred capital grants

	<i>£000</i>
At 29 June 2013	97
Grants released to profit and loss account	(11)
At 28 June 2014	<u>86</u>

Notes to the financial statements

At 28 June 2014

17. Provisions for liabilities and charges

	£000
<i>Deferred tax</i>	
At 29 June 2013	1,008
Deferred tax charge in profit and loss account (note 9(a))	58
At 28 June 2014 (note 9(c))	1,066
<i>Insurance provision</i>	
At 29 June 2013	662
Provided during the year (after discounting)	282
Utilised during the year	(227)
Unwinding of discounting	(12)
At 28 June 2014	705
It is estimated that the majority of uninsured claims will be settled within the next six years.	
Provisions for liabilities and charges	
At 28 June 2014	1,771
At 29 June 2013	1,670

18. Pension commitments

The company participates in both a defined contribution scheme and a defined benefit scheme:

Defined contribution:

The company participates in the defined contribution scheme of The Go-Ahead Group Pension Plan. This scheme is not contracted-out of the State Second Pension Scheme and is open to new entrants. The expense recognised in these accounts for the year is £283,000 (2013: £233,000) being the contributions paid and payable. The pre-existing scheme was transferred to the Go-Ahead Group Pension Plan in April 2010.

Defined benefit:

Plymouth Citybus participates in the Local Government Pension Scheme administered by Devon county council. In accordance with FRS17, Plymouth Citybus is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. The Local Government Pension Scheme is a UK defined benefit scheme based on final pensionable salary and is contracted out of the State second pension.

The most recent full actuarial valuation was carried out as at 31 March 2013 using the projected unit method, and has been updated by independent actuaries to the Devon County Council Pension Fund to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 28 June 2014. The expected return on assets is based on the long term future expected investment for each asset class as at the beginning of the period. The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

Notes to the financial statements

At 28 June 2014

18. Pension commitments (continued)

The company has paid contributions to the scheme 20.0% of pensionable salaries plus expenses and costs of running the plan up until 31 March 2014. Weekly paid members contributed at the rate of 6.5% of gross salaries and monthly paid members contributed at the rate 6.5% of pensionable salaries. From 1 April 2014, these rates were reviewed to 23.8% and 6.5% respectively. The contribution rate is subject to review at future actuarial valuations.

The group's contributions made in the year were £69,000 (2013: £83,000). There were £2,134 outstanding contributions due to the scheme at the balance sheet date.

Main assumptions:

	28 June 2014	29 June 2013	30 June 2012
	%	%	%
Rate of increase in salaries	4.4	4.4	4.2
Discount rate	4.1	4.2	4.2
Inflation RPI assumption	3.4	3.0	2.8
Inflation CPI assumption	2.6	2.2	2.0

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit are:

	28 June 2014	29 June 2013	30 June 2012
	Long-term rate of return expected	Long-term rate of return expected	Long-term rate of return expected
	%	%	%
	Value £000	Value £000	Value £000
Equities	6.5	6.5	5.9
Bonds	3.5	3.5	2.9
Properties	4.5	5.5	4.9
Cash	0.5	0.5	3.0
Absolute return funds	6.3	4.9	4.4
Infrastructure	4.1	-	-
Other Bonds	4.1	-	-
Total market value of assets	11,758	10,414	9,914
Present value of scheme liabilities	(14,600)	(13,239)	(12,878)
Pension liability before deferred tax	(2,842)	(2,825)	(2,964)
Related deferred tax asset	568	650	711
Net pension liability	(2,274)	(2,175)	(2,253)

An analysis of the defined benefit cost for the year is as follows:

	28 June 2014 £000	29 June 2013 £000
Current service cost	(82)	(95)
Total operating charge	(82)	(95)

Notes to the financial statements

At 28 June 2014

18. Pension commitments (continued)

	2014 £000	2013 £000
Other finance cost: expected return on assets in the scheme	569	483
Other finance cost: interest cost	(545)	(528)
Net other finance costs	<u>24</u>	<u>(45)</u>
STRGL: difference between expected and actual return on assets	361	553
STRGL: experience gains arising from scheme liabilities	611	-
STRGL: effect of changes in assumptions underlying the present value of scheme liabilities	(1,000)	(349)
Actuarial gain/(losses)	<u>(28)</u>	<u>204</u>

A history of experience gains and losses is shown below:

	28 June 2014	29 June 2013	30 June 2012	2 July 2011	3 July 2010
Gain/(losses) on section assets					
- amount (£000)	1,267	553	(839)	2,723	626
- % of scheme assets	10.8	5.3	(8.4)	25.6	7.9
Experience gains/(losses) arising on scheme liabilities					
- amount (£000)	(295)	-	82	(4,131)	(99)
- % of the present value of scheme liabilities	(2.0)	-	0.6	(34.1)	(1.2)

Changes in the fair value of the scheme assets are analysed as follows;

	2014 £000	2013 £000
Fair value of assets at the start of the year	10,414	9,914
Expected return on assets	569	483
Actuarial gain/(loss) on assets	1,267	553
Actual company contributions	69	100
Actual member contributions	21	28
Actual benefit payments	(582)	(664)
Fair value of assets at end of the year	<u>11,758</u>	<u>10,414</u>

Notes to the financial statements

At 28 June 2014

18. Pension commitments (continued)

Changes in the present value of the plan liabilities are analysed as follows;

	2014 £000	2013 £000
Present value of liabilities at the start of the year	13,239	12,878
Current service cost	82	95
Interest cost	545	528
Actual member contributions	21	28
Actuarial loss	1,295	349
Actual benefit payments	(580)	(662)
Losses on curtailments	-	25
Unfunded pension payments	(2)	(2)
Present value of liabilities at end of the year	14,600	13,239

19. Share capital

	<i>Allotted, called up and fully paid</i>	
	28 June 2014	29 June 2013
	No. £000	No. £000
Ordinary shares of £1 each	1,290,100 1,290	1,290,100 1,290

20. Reconciliation of shareholders' funds and movement on reserves

	<i>Equity share capital</i> £000	<i>Profit and loss account</i> £000	<i>Total shareholders' funds</i> £000
At 30 June 2012	1,290	2,766	4,056
Profit for the financial period		621	621
Actuarial loss on pension scheme (net of taxation)		127	127
At 29 June 2013	1,290	3,514	4,804
Profit for the financial year		259	259
Actuarial gain on pension scheme (net of taxation)		(107)	(107)
At 28 June 2014	1,290	3,666	4,956

21. Operating lease commitments

At 28 June 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	28 June 2014 £000	29 June 2013 £000
Operating leases which expire:		
Within one year	4	3
In two to five years	8	-
	12	3

Notes to the financial statements

At 28 June 2014

22. Related party transactions

The company is a 100% subsidiary of The Go-Ahead Group plc. Advantage has been taken of the exemptions in paragraph 3 of Financial Reporting Standard 8 and transactions with entities that are part of the group have not been disclosed.

23. Ultimate parent company and controlling party

The company's immediate parent undertaking is Go-Ahead Holding Limited. In the directors' opinion the company's ultimate parent company and controlling party is The Go-Ahead Group plc which is also the parent undertaking of the group of undertakings for which group financial statements are drawn up. The Go-Ahead Group plc is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.