

# **The Yorkshire Traction Company Limited**

Financial statements for the year ended 30 April 2009

Registered number: 02065401

THURSDAY



\*A9HYREWZ\*

A43

12/11/2009

99

COMPANIES HOUSE

## **Directors' report**

For the year ended 30 April 2009

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 April 2009.

### **Business review and principal activities**

The Yorkshire Traction Company Limited operates a fleet of 209 buses and employs 622 people, operating in and around South Yorkshire and adjacent areas.

The results of the Company for the year ended 30 April 2009 show a pre-tax profit of £14,837,000 (2008: loss £283,000) and turnover of £24,406,000 (2008: £25,592,000). The Company has net assets of £3,985,000 (2008: £2,711,000).

### **Business environment**

The Company operates predominantly local bus services, carrying around 57,000 passengers a day. These services are mainly operated on a commercial basis in a largely deregulated market. We also operate tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company benefits from being part of the UK Bus Division of Stagecoach Group plc, a nationwide public transport operator.

The Company operates in a competitive environment and differentiates itself from its competitors by:

- Improving operational and engineering facilities;
- Focusing on recruitment and retention of drivers;
- Investment in new vehicles; and
- Strong focus on technology and innovation.

### **Strategy**

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate.

There are several elements to the Company's strategy for growth. They are:

- Continued focus on value-for-money ticket offerings;
- Investment in new vehicles to maximise our customers' experience;
- Commitment to excellent customer service;
- Strong focus on the safety and security of passengers and staff; and
- Consistent excellent operational performance.

### **Training and development**

We have consistently sought to recruit and retain the best employees in the markets in which we operate. The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service. The Company, under guidance from central UK Bus management, operates a National Vocational Qualification programme for all staff, as well as staff development, graduate trainee and apprentice engineer programmes.

## Directors' report (continued)

For the year ended 30 April 2009

### Future outlook

The current financial year to 30 April 2010 has started well and trading is in line with our expectations. We believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to improve on our current level of performance in the future.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The management and reporting of risk is undertaken at group level, rather than at an individual business unit level. The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the Group's 2009 annual report (note 29), which does not form part of this report.

### Key performance indicators ("KPIs")

The directors of Stagecoach Group plc manage the group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus Division of Stagecoach Group plc, which includes the Company, is discussed in the Operating and Financial Review (paragraph 3.5.2) of the Group's 2009 annual report which does not form part of this report.

### Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices. The effects of changes in interest rates and commodity prices are managed at a group level by a central Group treasury function. The Company has implemented policies, which require appropriate credit checks to be performed on potential customers before sales are made. All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company.

### Results and dividends

The profit on ordinary activities after taxation for the year ended 30 April 2009 was £15,765,000 (2008: £432,000).

It is recommended that this amount be appropriated as follows:

	2009	2008
	£000	£000
Profit for the financial year	15,765	432
Interim dividend paid to parent company	(14,500)	Nil
Retained profit transferred to the profit and loss account	<u>1,265</u>	<u>432</u>

## **Directors' report (continued)**

For the year ended 30 April 2009

### **Directors**

The directors who held office during the period under review and up to the date of approval of these financial statements were:

C Brown

LB Warneford

RG Andrew (Appointed 31 March 2009)

P Lynch (Appointed 18 November 2008)

R Montgomery (Appointed 31 March 2009)

M J Vaux (Appointed 31 March 2009)

### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which 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.

## **Directors' report (continued)**

For the year ended 30 April 2009

### **Disabled persons**

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

### **Employee involvement**

The Company is committed to employee participation and uses a variety of methods to inform, consult and involve its employees. Employees participate directly in the success of the business through the Stagecoach Group's bonus and other remuneration schemes and are encouraged to invest through participation in share option schemes.

### **Supplier payment policy**

It is the Company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them. Responsibility for the payment of suppliers rests with Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the period end represented Nil days' purchases (2008: Nil days).

### **Fixed assets**

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and buildings.

### **Auditors and disclosure of information to auditors**

In the case of each of the persons who were directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

A resolution to re-appoint PricewaterhouseCoopers LLP, as auditors to the Company will be proposed at the next Annual General Meeting.

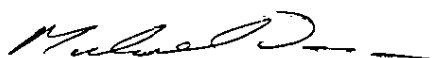
## **Directors' report (continued)**

For the year ended 30 April 2009

### **Other**

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its directors. The Company has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices.

**By order of the Board**



**M J Vaux**  
**Company Secretary**

Daw Bank

Stockport

SK3 ODU

30 October 2009

## **Auditors' report**

For the year ended 30 April 2009

### **Independent auditors' report to the members of The Yorkshire Traction Company Limited:**

We have audited the financial statements of The Yorkshire Traction Company Limited for the year ended 30 April 2009 which comprise the Profit and loss account, the Balance sheet, the Note of historical cost profit and losses and the Reconciliation of movements in shareholders' funds and the related notes. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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.

### **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 30 April 2009 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 matters prescribed by the Companies Act 2006**

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

## **Auditors' report (continued)**

For the year ended 30 April 2009

### **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.

*Kenneth Wilson*

**Kenneth Wilson (Senior Statutory Auditor)**

**For and on behalf of PricewaterhouseCoopers LLP**

**Chartered Accountants and Statutory Auditors**

Glasgow

**2** November 2009



## Profit and loss account

For the year ended 30 April 2009

	Notes	2009 £000	2008 £000
<b>Turnover</b>	2	24,406	25,592
Operating costs		(26,081)	(28,407)
Other operating income	3	392	579
<b>Operating loss</b>		(1,283)	(2,236)
Income from fixed asset investment		15,500	Nil
Profit on sale of land, buildings and business	4	631	2,065
Profit/(loss) on ordinary activities before interest and taxation		14,848	(171)
Finance charges (net)	5	(11)	(112)
<b>Profit/(loss) on ordinary activities before taxation</b>	6	14,837	(283)
Taxation on profit/(loss) on ordinary activities	10	928	715
<b>Profit for the year</b>		15,765	432

The results for each year arise wholly from continuing operations.

The Company has no gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit for the financial period above and their historical cost equivalents.

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

**Balance sheet**  
As at 30 April 2009

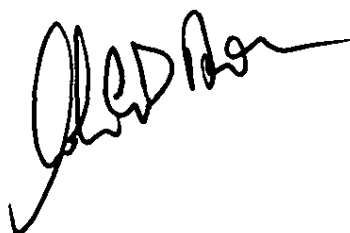
	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	11(a)	13,987	17,128
Investments	11(b)	3,782	3,806
		<u>17,769</u>	<u>20,934</u>
<b>Current assets</b>			
Stocks	12	129	247
Debtors: amounts falling due within one year	13	1,788	5,167
Debtors: amounts falling due after more than one year	13	117	132
Cash at bank and in hand		7,284	204
		<u>9,318</u>	<u>5,750</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(19,654)</u>	<u>(19,985)</u>
<b>Net current liabilities</b>		<u>(10,336)</u>	<u>(14,235)</u>
<b>Total assets less current liabilities</b>		7,433	6,699
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(3,448)</u>	<u>(3,988)</u>
<b>Net assets</b>		<u>3,985</u>	<u>2,711</u>
<b>Capital and reserves</b>			
Share capital	17	86	86
Revaluation reserve	18	476	3,554
Capital redemption reserve	18	14	14
Contribution reserve	18	9	Nil
Profit and loss account	18	3,400	(943)
<b>Shareholders' funds</b>		<u>3,985</u>	<u>2,711</u>

**Signed on behalf of the Board**

**Colin Brown**

**Director**

30 October 2009



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

# Additional statements to profit and loss account

At 30 April 2009

<b>Note of historical cost profits and losses</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Reported profit/(loss) on ordinary activities before taxation	14,837	(283)
Realisation of property revaluation gains of previous years	3,020	1,097
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	58	102
Historical cost profit on ordinary activities before taxation	17,915	916
<b>Historical cost profit for the year retained after taxation</b>	<b>18,843</b>	<b>1,631</b>

<b>Reconciliation of movement in shareholders' funds</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Profit for the financial year	15,765	432
Credit in respect of equity settled share based payments	9	Nil
Dividends (note 8)	(14,500)	Nil
<b>Net increase in shareholders' funds</b>	<b>1,274</b>	<b>432</b>

Opening shareholders' funds	2,711	2,279
<b>Closing shareholders' funds</b>	<b>3,985</b>	<b>2,711</b>

The accompanying notes form an integral part of this reconciliation.

## Notes to the financial statements

For the year ended 30 April 2009

### 1 Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently throughout the period.

#### *a) Basis of accounting*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company is a wholly-owned subsidiary of Stagecoach Group plc and is included in the consolidated financial statements of Stagecoach Group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The Company has net current liabilities of £10,336,000. The validity of the going concern assumption depends on the continued support of Stagecoach Group plc. The Company has received confirmation from Stagecoach Group plc that support will continue for the foreseeable future. In light of this support, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

The Company is not required to prepare a cash flow statement under FRS 1 (revised), because it is a wholly owned subsidiary of Stagecoach Group plc, which prepares consolidated financial statements which are publicly available.

#### *b) Tangible fixed assets*

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Land and buildings and other fixed assets are shown at cost or fair valuation on acquisition, net of depreciation and any provision for impairment as set out in note 11. Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Freehold property	50 years
Public service vehicles (PSVs), depending on type	7 to 16 years
Plant and equipment	3 to 10 years
Furniture and fittings	3 to 10 years

Freehold land is not depreciated

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 1 Accounting policies (continued)

#### *c) Fixed asset investments*

Fixed asset investments are shown at cost less any provision for impairment.

#### *d) Stocks*

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Cost is determined using the first-in, first-out ("FIFO") for fuel stock and average cost method for all other stocks.

#### *e) Taxation*

In accordance with FRS 16, corporation tax is provided on taxable profits at the current rate. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the pre tax item.

In accordance with FRS 19 "Deferred Taxation", full provision is made for deferred tax on a non-discounted basis. Deferred tax is calculated at rates at which it is estimated the tax will arise. Deferred tax assets are recognised to the extent they are more likely than not to be recovered.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

#### *f) Hire purchase and lease obligations*

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals. Obligations arising from hire purchase contracts and finance leases, within creditors, represents the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included. Future finance charges are calculated in relation to the reducing balance of capital outstanding throughout the contract and charged to the profit and loss account on the same basis. Assets capitalised under lease finance and other similar contracts are depreciated over the shorter of the lease terms and their useful economic lives. Rentals under operating leases are charged on a straight-line basis over the lease term.

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 1 Accounting policies (continued)

#### *g) Property rental income*

Rentals under operating leases are received on a straight line basis

#### *h) Turnover*

Turnover comprises gross revenue earned from bus and coach operations in the United Kingdom, and excludes future payments received on account. Amounts receivable for tendered services and concessionary fare schemes are included within turnover. Where appropriate, amounts are shown net of rebates and VAT. Bus revenue is recognised at the time of travel. Bus revenue from local authority and similar contracts is recognised on a straight line basis over the period of the contract. Revenues incidental to the Company's principal activity (including advertising income) are reported as other operating income and are recognised as the income is earned.

#### *i) Grants*

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is expensed. Bus Service Operator's Grant is credited to operating costs.

#### *j) Pension costs and other post retirement benefits*

The Stagecoach Group Pension Scheme is a defined benefit scheme. For the purposes of FRS17, the SGPS contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme.

#### *k) Dividends*

Dividends on ordinary shares are recorded in the financial statements in the period in which they are approved by the shareholders, or in the case of interim dividends in the period in which they are paid.

#### *l) Investment income*

Income from shares in subsidiary undertakings represents dividends, including accruals relating to the current year and prior periods, provided that the Company has approved the dividend.

#### *m) Revaluation of properties*

The properties were last revalued at 31 December 2005 and the valuations have not been subsequently updated.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

#### *n) Impairment*

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less costs to sell, and value in use.

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 1 Accounting policies (continued)

#### *o) Share based payments*

Certain of the Company's employees are granted equity settled share based payments by the parent company. The company has applied the optional exemption contained within FRS 20, which allows it to apply the standard only to share options granted after the 7 November 2002 that have not vested by 1 May 2005.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period. Fair value for equity-settled share based payments is estimated by use of the Black-Scholes pricing model.

At each balance sheet date, before vesting, the cumulative expense is calculated based on management's best estimate of the number of equity instruments that will ultimately vest taking into consideration the likelihood of achieving non-market based vesting conditions. The movement in the cumulative expense is recognised in the profit and loss account, with a corresponding entry in equity.

Stagecoach Group plc operates an Executive Share Option Scheme which employees of the Company are eligible to participate in. Details of the scheme are disclosed within the group's 2009 annual report (note 31), which does not form part of this report.

### 2 Segmental information

The turnover and loss on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom.

### 3 Other operating income

	2009	2008
	£000	£000
Advertising income	103	142
Property rental income	1	6
Revenue & capital grants	238	283
Other miscellaneous revenue	50	148
	<hr/>	<hr/>
	392	579
	<hr/>	<hr/>

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 4 Profit on sale of land, buildings and business

During 2009, the profit on the sale of properties relates to the sale of the Upper Sheffield Road. This disposal does not amount to a discontinued operation because it has not lead to a material effect on the nature and focus of the Company. During the year, the Company disposed of its entire shareholding in Forrest of Mansfield Ltd. The cash consideration received was £27,000. The disposal resulted in a net profit on disposal of £3,000.

	Year ended 30 April 2009
	£000
<b>Sale of properties</b>	
Proceeds on the sale of Upper Sheffield Road	4,000
Cost of disposal	(41)
Net book value of Upper Sheffield Road	(3,320)
Gain on sale of Upper Sheffield Road	<u>639</u>
	£000
<b>Sale of investment</b>	
Proceeds on the sale of shares in Forrest of Mansfield	27
Investment stated at cost less amounts written off	(24)
Gain on sale of shares	<u>3</u>
	£000
<b>Sale of fixed plant</b>	
Proceeds on the sale of fixed plant	(11)
Loss on disposal	<u>(11)</u>

The profit on the sale of operations and loss on the sale of properties in the prior relates to the sale of the Huddersfield depot, Wombwell travel shop and related trade.

### 5 Finance charges (net)

	2009	2008
	£000	£000
Hire purchase and finance lease interest payable	(154)	(91)
Bank loans and overdrafts	Nil	(61)
Bank interest receivable	144	58
Other interest payable	(1)	(18)
	<u>(11)</u>	<u>(112)</u>



## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 6 Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation for the year is stated after charging:

	2009 £000	2008 £000
Depreciation of tangible fixed assets:		
- owned	1,308	1,675
- held under hire purchase and finance leases agreements	373	167
Loss on disposal of tangible fixed assets other than properties	483	167
Operating lease rentals:		
- land & buildings	285	78
- PSV's	260	278
- plant & machinery	57	3

Auditors remuneration is borne by the ultimate parent company, Stagecoach Group plc.

### 7 Directors remuneration

	2009 £000	2008 £000
Emoluments of directors	66	24

The above details of directors' emoluments include the emoluments of Les Warneford and Colin Brown, which are paid by a fellow subsidiary, Stagecoach Holdings Limited. £36,757 (2008: £23,735) of their total emoluments received are apportioned to their services as directors of The Yorkshire Traction Company Limited.

None of the emoluments of RG Andrew, R Montgomery or MJ Vaux are directly attributable to the Company.

The number of directors who were members of pension schemes was as follows:

	2009 Number	2008 Number
Defined benefit scheme	5	2

The number of directors who exercised share options during the year was as follows:

	2009 Number	2008 Number
Share option scheme	1	2

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 8 Dividends

	2009	2008
	£000	£000
Interim dividend paid to parent company: £168.44 per ordinary share (2008: £Nil per ordinary share)	14,500	Nil

### 9 Staff costs

	2009	2008
	£000	£000
Staff costs:		
Wages and salaries	11,126	13,217
Social security costs	1,103	1,021
Other pension costs (see note 18)	819	1,180
Share based payment expense	9	Nil
	13,057	15,418

The average monthly number of persons employed by the Company (including executive directors) during the year was:

	2009	2008
	Number	Number
Operations	483	546
Maintenance and Engineering	86	132
Administration and supervisory	53	66
	622	744

# Notes to the financial statements (continued)

For the year ended 30 April 2009

## 10 Taxation on profit/(loss) on ordinary activities

### a) Credit for the year

	2009 £000	2008 £000
Current tax:		
Amounts receivable from fellow subsidiary in respect of group relief	(487)	(834)
Adjustments in respect of prior periods	(456)	597
Total current tax	(943)	(237)
Deferred tax:		
Origination and reversal of timing differences	(34)	(331)
Adjustments in respect of prior periods	49	(78)
Fundamental change in basis of taxation and impact of reduction in UK tax rate on prior years deferred tax	Nil	(69)
Total deferred tax (note 16)	15	(478)
Tax on profit/(loss) on ordinary activities	(928)	(715)

### b) Factors affecting the tax credit for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 28%. The differences are explained below:

	2009 £000	2008 £000
Profit/(loss) on ordinary activities before tax	14,837	(283)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 29.84%)	4,154	(84)
Effect of:		
Non tax deductible expenditure and other permanent differences	17	15
Share option deductions	3	Nil
Treatment of inter company transactions	(179)	(144)
UK dividends	(4,340)	Nil
Gain on sale of asset	(176)	(926)
Capital allowances less than depreciation	34	305
Adjustment to tax charge in respect of previous periods	(456)	597
Current tax credit for year	(943)	(237)

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 11 Fixed assets

#### a) *Tangible assets*

The movement in the year is summarised below:

	Land and buildings £000	PSVs £000	Other Plant and equipment and furniture and fittings £000	Total £000
<b>Cost or valuation</b>				
At beginning of year	5,548	19,821	2,547	27,916
Additions	2,244	(28)	144	2,360
Disposals	(3,445)	(3,688)	(1,653)	(8,786)
Transfers	(15)	2,464	(99)	2,350
At end of year	<u>4,332</u>	<u>18,569</u>	<u>939</u>	<u>23,840</u>
<b>Depreciation</b>				
At beginning of year	(185)	(8,653)	(1,950)	(10,788)
Charge for period	(131)	(1,419)	(131)	(1,681)
Disposals	135	3,098	1,601	4,834
Transfers	4	(2,270)	48	(2,218)
At end of year	<u>(177)</u>	<u>(9,244)</u>	<u>(432)</u>	<u>(9,853)</u>
<b>Net book value</b>				
At beginning of year	<u>5,363</u>	<u>11,168</u>	<u>597</u>	<u>17,128</u>
At end of year	<u>4,155</u>	<u>9,325</u>	<u>507</u>	<u>13,987</u>

The net book value of PSV assets leased under finance leases and hire purchase agreements which have been capitalised and included in the above is £4,445,000 (2008: £4,412,000). Depreciation of £373,000 (2008: £167,000) has been charged in the year in respect of PSV assets held under hire purchase or finance lease agreements.

Freehold land amounting to £Nil has not been depreciated (2008: £1,464,000).

The Company's properties were re-valued at 31 December 2005 on the basis of existing use by Montagu Evans LLP, an independent firm of Chartered Surveyors. Certain of the properties were identified as having a higher alternative use value, e.g. for redevelopment for housing or retail purposes. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. If this and prior revaluations of land and buildings had not taken place, the historical cost and accumulated depreciation at 30 April 2009 would have been £3,234,000 and £447,000 respectively (2008: £1,428,000 and £454,000).

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 11 Fixed assets (continued)

#### b) Investments

	Interests in group undertakings £000	Other investments £000	Total £000
<b>Cost and net book value</b>			
At beginning of year	3,782	24	3,806
Disposal (note 4)	Nil	(24)	(24)
At end of year	<u>3,782</u>	<u>Nil</u>	<u>3,782</u>

#### Interests in subsidiary undertakings

The subsidiary undertakings together with their principal business activities are as follows:

<b>Name of undertaking</b>	<b>Nature of business</b>
Lincolnshire Road Car Company Limited	Provision of bus and coach services
The Barnsley & District Traction Company Limited	Provision of bus and coach services
Strathtay Scottish Omnibuses Limited	Provision of bus and coach services
Andrews (Sheffield) Limited	Provision of bus services
James Meffan Limited	Provision of bus services
Kingsman Services Limited	Provision of coach services
Ashco Limited	Dormant throughout the period
The Mexborough & Swinton Traction Company Limited	Dormant throughout the period
Lincoln City Transport Limited	Dormant throughout the period
Yorkshire Terrier Limited	Dormant throughout the period
Tanport Limited	Dormant throughout the period
Basichour Limited	Dormant throughout the period

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 11 Fixed assets (continued)

#### b) Investments (continued)

With the exception of the shareholding in Lincoln City Transport Limited, which is held by Lincolnshire Road Car Company Limited, all investments in subsidiary undertakings are held directly by the Company. All of the above investments comprise 100% of the nominal value of issued shares.

The above subsidiaries are registered in England and Wales with the exception of Strathtay Scottish Omnibuses Limited and James Meffan Limited which are registered in Scotland.

### 12 Stocks

	2009	2008
	£000	£000
Spares, consumables and fuel	129	247

In the opinion of the directors, the difference between the replacement cost of these stocks and their balance sheet value is not material.

### 13 Debtors

	2009	2008
	£000	£000
<i>Amounts falling due within one year:</i>		
Prepayments and accrued income	1,030	4,125
Amounts due from fellow group undertakings	271	208
Inter-company group relief receivable	487	834
Corporation tax	Nil	Nil
	<u>1,788</u>	<u>5,167</u>
<i>Amounts falling due after more than one year:</i>		
Deferred tax asset (note 16)	117	132
	<u>117</u>	<u>132</u>

Amounts due from fellow group undertakings within one year accrue no interest and are repayable on demand.

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 14 Creditors

	2009	2008
	£000	£000
<i>Amounts falling due within one year:</i>		
Bank loans and overdrafts	Nil	419
Accruals and deferred income	3,110	4,402
Amounts owed to fellow group undertakings	15,751	14,327
Other taxes and social security costs	331	362
Hire purchase and lease obligations (note 15)	462	469
Other creditors	Nil	6
	<u>19,654</u>	<u>19,985</u>

*Amounts falling due after more than one year:*

Accruals and deferred income	5	58
Hire purchase and lease obligations (note 15)	<u>3,443</u>	<u>3,930</u>
	<u>3,448</u>	<u>3,988</u>

Amounts owed to fellow group undertakings within one year accrue no interest and are repayable on demand.

### 15 Obligations under hire purchase and finance lease agreements

Borrowings are repayable as follows:

	2009	2008
	£000	£000
Amounts payable:		
- within one year	462	469
- between one and two years	462	469
- between two and five years	<u>2,981</u>	<u>3,461</u>
	<u>3,905</u>	<u>4,399</u>

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 16 Deferred tax

	2009 £000	2008 £000
Accelerated capital allowances	150	23
Other timing differences	(266)	(155)
Deferred tax asset	<u>(116)</u>	<u>(132)</u>
Deferred tax (asset)/provision at beginning of year	(132)	346
Deferred tax charge/(credit) in profit and loss account for period (note 10)	<u>15</u>	<u>(478)</u>
Deferred tax asset at end of year	<u>(117)</u>	<u>(132)</u>

The deferred tax asset is included within debtors falling due after more than one year.

### 17 Share capital

	2009 £000	2008 £000
<i>Authorised</i>		
200,000 ordinary shares of £1 each	<u>200</u>	<u>200</u>
<i>Allotted, called up and fully paid</i>		
86,086 ordinary shares of £1 each	<u>86</u>	<u>86</u>

### 18 Reserves

The movement on reserves is summarised below:

	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Contribution reserve £000
At beginning of year	14	3,554	(943)	Nil
Retained profit for the year	Nil	Nil	1,265	Nil
Revaluation reserve release	Nil	(3,078)	3,078	Nil
Adjustment in respect of employee share schemes	Nil	Nil	Nil	9
At end of year	<u>14</u>	<u>476</u>	<u>3,400</u>	<u>9</u>



## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 19 Guarantees and other financial commitments

#### *a) Pensions*

The Company participated in the Yorkshire Traction Company Limited Pension Plan, following the merger of the Lincolnshire Road Car Fund with the Yorkshire Traction Plan on 30 November 2000, a defined benefit scheme that was closed to new entrants during 2002. The Yorkshire Traction Company Limited Pension Plan merged with the Stagecoach Group Pension Scheme in April 2008. Prior to the merger, for the purposes of FRS 17, the contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. In the accounts of Stagecoach Group plc, the scheme as a whole was accounted for as a defined benefit scheme until the merger date. The consolidated accounts of Stagecoach Group plc provide further details of the scheme.

The Stagecoach Group Pension scheme is a defined benefit scheme. The Company, together with a number of companies within the Group headed by Stagecoach Group plc, makes contributions to the Scheme. For the purposes of FRS 17, the contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. The Yorkshire Traction Company Limited Pension Plan Assets were transferred into the Stagecoach Group pension scheme during the year ended 30 April 2008 and will be managed for the benefit of all Stagecoach Group pension members going forward. The consolidated accounts of Stagecoach Group plc provide further details of the scheme

The total contribution by the Company into the Yorkshire Traction Company Limited Pension Plan for the year ended 30 April 2009 was £Nil (2008: £1,126,000).

The total contribution by the Company into the Stagecoach Group Pension Scheme for the year ended 30 April 2009 was £819,000 (2008: £54,000). No additional special contributions were made to the scheme during the year (2008: Nil). An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2008 and a surplus of £5.8 million was identified.

No compensation was provided to any other Stagecoach Group company in respect of the transfer of the Yorkshire Traction Company Limited Pension Plan scheme members into the Stagecoach Group Pension scheme. All members of the Stagecoach Group pension scheme will share the actuarial risk going forward.

## Notes to the financial statements (continued)

For the year ended 30 April 2009

### 19 Guarantees and other financial commitments (continued)

#### b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2009 Land and buildings £000	2009 Other £000	2008 Land and buildings £000	2008 Other £000
Expiry date				
- within one year	Nil	4	1	Nil
- between one and five years	6	248	Nil	51
- after five years	242	Nil	248	Nil
	<u>248</u>	<u>252</u>	<u>249</u>	<u>51</u>

### 20 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in note 13 and 14.

### 21 Ultimate parent company

The Company's immediate parent company is Traction Group Limited, registered in England and Wales (registered number 2583647). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the following address:

Stagecoach Group plc  
Group Headquarters  
10 Dunkeld Road  
Perth  
PH1 5TW