

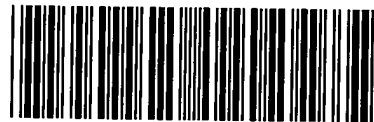
**Company Registration No. 02332529**

**First South Yorkshire Limited**

**Report and Financial Statements**

**28 March 2015**

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# **First South Yorkshire Limited**

## **Report and financial statements 2015**

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# **First South Yorkshire Limited**

## **Strategic report**

The directors, in preparing this strategic report for First South Yorkshire Limited, have complied with s414C of the Companies Act 2006.

### **Principal activities**

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

### **Business review**

As shown in the company's profit and loss account on page 7, the company's sales showed a 2.3% increase on the prior period with full year effect passenger volume growth following previous fare reductions and inflationary fare increases applied during the period. Operating loss decreased from £3.1 million to £2.8 million with the increased revenue and reduced fuel price.

The balance sheet on page 8 of the financial statements shows the company's financial position at the period end. Net assets have decreased from £12.9 million to £11.2 million in the current period, primarily due to the recognised loss for the period offset by movements in actuarial assumptions in relation to the defined benefit pension scheme.

Capital expenditure was £9.2 million in the period, including transfers from other group companies. Further details are set out in note 10.

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

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

### **Outlook**

The trading environment for the next 12 months is set to continue to be challenging. In spite of this, the directors remain optimistic about the current and future opportunities to grow the business with innovative ideas, improved service quality and reliability while retaining a tight control on costs.

The directors remain confident that the company's activities will generate a satisfactory result in the coming period returning to profitability.

### **Going concern**

At 28 March 2015 the company had cash of £0.6 million, bank loans and overdraft of £20.7 million, net current liabilities of £22.6 million and net assets of £11.2 million. The directors have considered the going concern assumption given the current uncertainty of the economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts, uncertainties and the financial commitment from the parent company in forming this judgement.

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

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

# **First South Yorkshire Limited**

## **Strategic report (continued)**

### **Principal risks and uncertainties**

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

Specific business risks faced by the company include the following:

#### ***Competition risk***

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

#### ***Legal and regulatory risk***

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

#### ***Litigation and claims risk***

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

#### ***Liquidity risk***

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

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

#### ***Labour cost and employee relation risk***

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

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

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

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

#### ***Fuel cost risk***

Fuel costs represents a significant proportion of the company's cost base. Fuel prices are directly influenced by international, political and economic circumstances as well as natural disasters. Wherever possible, the group seek to minimise the operational and financial impact of such events through fixed price forward contracts and other operational efficiency measures.

## **First South Yorkshire Limited**

### **Strategic report (continued)**

#### **Principal risks and uncertainties (continued)**

##### ***Environmental risk***

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

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

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

A handwritten signature in black ink, appearing to read 'D B Alexander', written in a cursive style.

D B Alexander

Director

22 October 2015

# First South Yorkshire Limited

## Directors' report

The directors have pleasure in submitting their annual report and financial statements for 52 week period ended 28 March 2015.

### Results and dividends

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

No dividend was paid during the period (2014: £nil).

### Directors

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

D B Alexander	
T M Broxton	(Resigned 1 April 2014)
J W Eardley	(Resigned 1 April 2014)
A R Foster	
B T Gilligan	
I Humphreys	(Resigned 1 April 2014)
M Imran	(Appointed 1 August 2014)
A M McManus	
S D Pearson	
D R Porter	(Resigned 1 August 2014)
R M Soper	(Resigned 1 April 2014)

### Directors' and officers' liability insurance

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

### Directors' indemnity

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

### Audit information

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

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

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

### Auditor

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

Approved by the board of directors  
And signed by order of the board



D B Alexander  
Director  
22 October 2015

## **First South Yorkshire Limited**

### **Directors' responsibilities statement**

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST SOUTH YORKSHIRE LIMITED**

We have audited the financial statements of First South Yorkshire Limited for the 52 week period ended 28 March 2015 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds, the statement of total recognised gains and losses 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 March 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

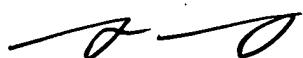
### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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



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

**28** October 2015



## First South Yorkshire Limited

### Profit and loss account 52 weeks ended 28 March 2015

		52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
	Notes		
<b>Turnover</b>	2	66,135	64,674
Operating costs	3	(68,960)	(67,813)
<b>Operating loss</b>		(2,825)	(3,139)
Net interest receivable	7	2,634	2,294
<b>Loss on ordinary activities before taxation</b>	8	(191)	(845)
Tax credit on loss on ordinary activities	9	161	997
<b>(Loss) / profit for the period, transferred (from) / to reserves</b>	18	(30)	152

All activities relate to continuing operations.

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

# First South Yorkshire Limited

## Balance Sheet At 28 March 2015

	Notes	£000	28 March 2015 £000	£000	29 March 2014 £000
<b>Assets employed:</b>					
<b>Fixed assets</b>					
Tangible assets	10		29,520		25,564
Investments	11		-		-
			<u>29,520</u>		<u>25,564</u>
<b>Current assets</b>					
Stocks	12	1,131		1,374	
Debtors due within one period	13	4,476		4,856	
Debtors due after more than one period	13	10,012		10,015	
Cash at bank and in hand		585		632	
		<u>16,204</u>		<u>16,877</u>	
<b>Creditors: amounts falling due within one period</b>	14	<u>(38,833)</u>		<u>(32,360)</u>	
<b>Net current liabilities</b>			<u>(22,629)</u>		<u>(15,483)</u>
<b>Total assets less current liabilities</b>			6,891		10,081
<b>Creditors: amounts falling due after more than one period</b>	14		(278)		(1,335)
<b>Provisions for liabilities</b>	15		<u>(1,849)</u>		<u>(1,709)</u>
<b>Net assets excluding pension asset</b>			4,764		7,037
Pension asset	21		<u>6,462</u>		<u>5,834</u>
<b>Net assets including pension asset</b>			<u>11,226</u>		<u>12,871</u>
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Called up share capital	17		11,653		11,653
Capital redemption reserve	18		326		326
Profit and loss account	18		<u>(753)</u>		<u>892</u>
<b>Shareholders' funds</b>			<u>11,226</u>		<u>12,871</u>

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

These financial statements (Company Registration Number 02332529) were approved by the Board of directors on 8 October 2015 and were signed on its behalf by:



D B Alexander  
Director

## **First South Yorkshire Limited**

### **Reconciliation of movements in shareholders' funds 52 weeks ended 28 March 2015**

	<b>52 weeks ended 28 March 2015 £000</b>	<b>52 weeks ended 29 March 2014 £000</b>
(Loss) / profit for the financial period	(30)	152
Share based payments (note 6)	65	65
Other recognised gains and losses relating to the period (net)	(1,680)	(670)
Net decrease to shareholders' funds	(1,645)	(453)
Opening shareholders' funds	12,871	13,324
Closing shareholders' funds	11,226	12,871

## **First South Yorkshire Limited**

### **Statement of total recognised gains and losses 52 weeks ended 28 March 2015**

	<b>52 weeks ended 28 March 2015 £000</b>	<b>52 weeks ended 29 March 2014 £000</b>
(Loss) / profit for the financial period	(30)	152
Actuarial loss relating to the pension scheme (note 21)	(2,100)	(100)
UK deferred taxation attributable to actuarial gains and losses	420	20
Reduced deferred tax liability arising from decrease in tax rate	-	(590)
	<hr/>	<hr/>
Total recognised gains and losses for the period and since last report	<b>(1,710)</b>	<b>(518)</b>

# First South Yorkshire Limited

## Notes to the Financial Statements 52 weeks ended 28 March 2015

### 1. Principal accounting policies

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

#### (a) Basis of preparation

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

#### (b) Going concern

At 28 March 2015 the company had cash of £0.6 million, bank loans and overdraft of £20.7 million, net current liabilities of £22.6 million and net assets of £11.2 million. The directors have considered the going concern assumption given the current uncertainty of the economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts, uncertainties and the financial commitment from the parent company in forming this judgement.

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

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

#### (c) Group financial statements

Under the provisions of section 401 of the Companies Act 2006, and in accordance with paragraphs 21b and 21c of Financial Reporting Standard 2, the company is exempt from preparing consolidated financial statements by virtue of the fact that the company is a subsidiary of another company which prepares group financial statements. The financial statements therefore present information about the company as an individual undertaking and not as a group.

#### (d) Cash flow statement

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

#### (e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	-	50 years straight line
Long leasehold properties	-	50 years straight line
Passenger carrying vehicles:		
Double and single decks	-	15 years straight line
Coaches	-	7 or 12 years straight line
Midibuses	-	12 years straight line
Minibuses	-	9 years straight line
Other plant and equipment	-	3 to 8 years straight line

No depreciation is provided on freehold land.

#### (f) Investments

Fixed asset investments are stated at cost less provision for impairment.

# **First South Yorkshire Limited**

## **Notes to the Financial Statements (continued)** **52 weeks ended 28 March 2015**

### **1. Principal accounting policies (continued)**

#### **(g) Leases and hire purchase**

Assets held under finance leases, which are those leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and under hire purchase contracts are recorded in the balance sheet as tangible fixed assets. Depreciation is provided on these assets over their estimated useful lives or lease term, as appropriate.

Future obligations under finance leases and hire purchase contracts are included in creditors, net of finance charges. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligations. The finance charges are calculated in relation to the reducing amount of obligations outstanding and are charged to the profit and loss account on the same basis.

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

#### **(h) Government grants and subsidies**

Amounts receivable for tendered services and concessionary fare schemes are included in turnover. Rebates in respect of duty paid on fuel are netted off operating costs.

#### **(i) Stocks**

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving or defective items where appropriate.

Work in progress represents costs incurred for refurbishing buses for other group companies.

#### **(j) Taxation**

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

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

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted by the balance sheet date.

#### **(k) Pension costs**

##### **Company specific schemes (South Yorkshire Passenger Transport Pension Fund)**

The company participates in a defined benefit scheme which is held in separately administered funds.

The amounts charged to operating profit regarding the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected return on the assets are shown as a net amount of other financial costs or credits included within interest payable. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

# **First South Yorkshire Limited**

## **Notes to the Financial Statements (continued)** **52 weeks ended 28 March 2015**

### **1. Principal accounting policies (continued)**

#### **(k) Pension costs (continued)**

Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other assets on the face of the balance sheet.

#### **Group schemes**

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

#### **(l) Turnover**

UK Bus turnover principally comprises amounts receivable from ticket sales and concessionary fare schemes. Ticket sales are recognised in the period in which the service is provided. 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 and services revenue from contracts with government bodies and similar organisations are recognised as the services are provided.

#### **(m) Share based payment**

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

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

#### **(n) Insurance**

FirstGroup plc's policy is to self-insure high frequency, low value claims within the businesses. To provide protection above these types of losses, cover is obtained through third-party insurance policies. Provision is made under FRS 12 for the estimated cost of settling uninsured claims for incidents occurring prior to balance sheet date.

### **2. Turnover and loss on ordinary activities before taxation**

Turnover represents the amounts receivable for services supplied to customers during the period.

The whole of the turnover and loss on ordinary activities before taxation derives from the company's principal activities within the United Kingdom. The company has one principal class of business, namely the provision of passenger transport services.

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 3. Operating costs

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Raw materials and consumables	16,828	16,079
Staff costs (note 4)	38,479	37,773
Other external charges	8,874	8,975
Depreciation and other amounts written off tangible fixed assets	4,779	4,951
Impairment of tangible fixed assets	-	35
	<u>68,960</u>	<u>67,813</u>

The impairment of tangible fixed assets in the prior period related to a number of vehicles which were identified as being surplus to requirements.

### 4. Employee numbers and costs

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

	52 weeks ended 28 March 2015 No.	52 weeks ended 29 March 2014 No.
Drivers	1,124	1,141
Maintenance and traffic	304	319
Administration	23	26
	<u>1,451</u>	<u>1,486</u>

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Wages and salaries	32,926	32,824
Social security costs	2,613	2,615
Other pension costs	2,875	2,269
Share based payments	65	65
	<u>38,479</u>	<u>37,773</u>

### 5. Directors' remuneration

Four directors (2014: seven) received remuneration from other FirstGroup companies totalling £707,000 (2014: £937,000), details of which are disclosed in their reports and accounts. It is not considered practicable to allocate this between services provided to those companies, and services provided in their capacity as directors of First South Yorkshire Limited. Details of retirement benefits accruing to the directors under the group defined benefit schemes are detailed in the financial statements of FirstGroup plc.



## First South Yorkshire Limited

### Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

#### 5. Directors' remuneration (continued)

The remuneration of the directors remunerated by the company during the period was as follows:

	<b>52 weeks ended 28 March 2015 £000</b>	<b>52 weeks ended 29 March 2014 £000</b>
Aggregate emoluments (excluding pension contributions)	<u>133</u>	<u>193</u>

Retirement benefits accrued to no directors under the company defined benefit schemes (2014: five) and to two directors under other FirstGroup plc defined benefit schemes, treated as money purchase schemes (2014: four).

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

The emoluments of the highest paid director are not disclosed for the current period as the disclosure limits have not been exceeded.

The emoluments of the highest paid director amounted to:

	<b>52 weeks ended 29 March 2014 £000</b>
Aggregate emoluments	<u>112</u>
<i>Defined benefit scheme</i>	
Accrued pension at end of period	-
Accrued lump sum at end of period	<u>-</u>

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 6. Share based payments

#### Save as you earn (SAYE)

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

	SAYE Dec 2010 Options Number	SAYE Dec 2011 Options Number	SAYE Dec 2012 Options Number	SAYE Dec 2013 Options Number	SAYE Dec 2014 Options Number
Outstanding at the beginning of the year	2,176,392	2,508,759	3,099,150	7,360,136	-
Awarded during the year	-	-	-	-	7,493,154
Exercised during the year	-	-	(4,598)	(43,981)	-
Lapsed during the year	(2,176,392)	(521,026)	(625,076)	(1,306,802)	(63,309)
Outstanding at the end of the year	-	1,987,733	2,469,476	6,009,353	7,429,845
Exercisable at the end of the year	-	1,987,733	-	-	-
Weighted average exercise price (pence)	260.1	221.4	117.3	94.1	97.0
Weighted average share price at date of exercise (pence)	N/A	N/A	122.5	105.9	N/A

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 6. Share based payments (continued)

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

	2015	2014
Weighted average share price (pence)		
- SAYE December 2013	-	116.0
- SAYE December 2014	108.9	-
Weighted average exercise price (pence)		
- SAYE December 2013	-	94.1
- SAYE December 2014	97.0	-
Expected volatility		
- SAYE December 2013	-	35%
- SAYE December 2014	35%	-
Expected life (years)		
- SAYE schemes	3	3
Rate of interest		
- SAYE December 2013	-	1.0%
- SAYE December 2014	0.9%	-
Expected dividend yield		
- SAYE December 2013	-	0.0%
- SAYE December 2014	0.0%	-

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

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

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

The group has allocated the expense amongst its trading subsidiary undertakings based on the number of employees participating in the scheme. The company has recognised a total expense of £65,000 (2014: £65,000) relating to equity-settled share-based payment transactions.

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 7. Net interest receivable

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
<i>Interest payable</i>		
Unwinding of discount provision	(136)	(150)
Interest on pension scheme liabilities	(8,100)	(8,300)
Finance leases and hire purchase contracts	(30)	(56)
	(8,266)	(8,506)
<i>Interest receivable</i>		
Return on pension scheme assets	10,900	10,800
	2,634	2,294

### 8. Loss on ordinary activities before taxation

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Loss on ordinary activities before taxation is stated after charging / (crediting):		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's financial statements	45	42
Depreciation and other amounts written off tangible fixed assets		
- owned assets	4,183	3,767
- held under finance leases and hire purchase contracts	596	1,184
- impairment loss	-	35
Gain on sale of fixed assets	(47)	-
Rentals payable under operating leases		
- plant and machinery	510	418
- other	634	480
Government grants	(5,075)	(6,027)

There were no fees payable to Deloitte LLP and their associates for non-audit services to the company during the period (2014: £nil).

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 9. Tax credit on loss on ordinary activities

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Current taxation		
- Group relief receivable	(816)	(264)
- Adjustments in respect of prior periods	54	479
Total current taxation	(762)	215
Deferred taxation		
- Origination and reversal of timing differences	225	(840)
- Adjustment in respect of prior periods	(201)	(553)
- Effect of decrease in tax rate on opening deferred tax balance	-	(134)
	24	(1,527)
- Deferred taxation on pension scheme movements	577	980
- Effect of decrease in tax rate on opening deferred tax balance	-	(665)
	577	315
Total deferred taxation	601	(1,212)
Total tax credit on loss on ordinary activities	(161)	(997)

The standard rate of taxation for the period, based on the UK standard rate of corporation tax, is 21% (2014: 23%). The actual current tax charge for the current and previous period differed from the standard rate for the reasons set out in the following reconciliation:

	52 weeks ended 28 March 2015 %	52 weeks ended 29 March 2014 %
Standard rate of taxation	21.0	23.0
Factors affecting charge		
- Expenses not deductible for tax purposes	(19.7)	(0.8)
- (Depreciation in excess of capital allowances) / capital allowances in excess of depreciation	91.9	(129.8)
- Other timing differences	334.0	138.9
- Prior periods' tax charge	(28.4)	(56.7)
Current taxation rate for the period	398.8	(25.4)

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 10. Tangible fixed assets

	Land and buildings £000	Passenger carrying vehicle fleet £000	Other plant and equipment £000	Total £000
<b>Cost</b>				
At 30 March 2014	5,595	62,240	5,869	73,704
Additions	117	8,875	183	9,175
Intra group transfers in	-	246	-	246
Intra group transfers out	-	(2,743)	-	(2,743)
Disposals	-	(3,278)	(1,486)	(4,764)
At 28 March 2015	5,712	65,340	4,566	75,618
<b>Depreciation</b>				
At 30 March 2014	3,431	40,391	4,318	48,140
Charge for period	164	4,255	360	4,779
Intra group transfers in	-	236	-	236
Intra group transfers out	-	(2,358)	-	(2,358)
Disposals	-	(3,213)	(1,486)	(4,699)
At 28 March 2015	3,595	39,311	3,192	46,098
<b>Net book value</b>				
At 28 March 2015	2,117	26,029	1,374	29,520
At 29 March 2014	2,164	21,849	1,551	25,564

The net book value of land and buildings comprises:

	28 March 2015 £000	29 March 2014 £000
Freehold	1,891	1,925
Long leasehold	226	239
	2,117	2,164

Depreciation is not provided on the land element of freehold property which amounts to £0.5 million (2014: £0.5 million).

£5.5 million (2014: £6.1 million) of the net book value of the passenger carrying vehicle fleet was acquired under finance leases and hire purchase contracts. The depreciation charges on these assets during the period was £0.6 million (2014: £1.2 million).

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 11. Fixed asset investments

	Subsidiary undertakings £000
<b>Cost</b>	
At 30 March 2014 and 28 March 2015	924
<b>Provisions for impairment</b>	
At 30 March 2014 and 28 March 2015	924
<b>Net book value</b>	
At 28 March 2015 and 29 March 2014	-

The subsidiary undertakings at the end of the period, and the nature of their business are:

Subsidiary undertakings	Country of incorporation	Principal activity	Holding	%
Don Valley Buses Limited	Great Britain	Dormant	Ordinary shares	100
Sheafline SUT Limited	Great Britain	Dormant	Ordinary shares	100
Sheffield and District Traction Limited	Great Britain	Dormant	Ordinary shares	100
Sheffield United Transport Limited	Great Britain	Dormant	Ordinary shares	100

### 12. Stocks

	28 March 2015 £000	29 March 2014 £000
Spare parts and consumables	1,062	1,283
Other stock	69	91
	<u>1,131</u>	<u>1,374</u>

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

### 13. Debtors

	28 March 2015 £000	29 March 2014 £000
<b>Amounts due within one year</b>		
Trade debtors	256	154
Amounts owed by group undertakings	2,036	1,541
Other debtors	961	1,545
Other prepayments and accrued income	1,223	1,616
	<u>4,476</u>	<u>4,856</u>
<b>Amounts due after one year</b>		
Called up share capital not paid	10,000	10,000
Other debtors	12	15
	<u>10,012</u>	<u>10,015</u>

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 14. Creditors

	28 March 2015 £000	29 March 2014 £000
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts	20,704	19,210
Obligations under finance leases and hire purchase contracts	1,057	1,377
Trade creditors	4,005	2,056
Amounts owed to group undertakings	4,458	6,550
Other tax and social security	1,132	1,423
Other creditors	1,654	226
Accruals and deferred income	5,823	1,518
	<u>38,833</u>	<u>32,360</u>
<b>Amounts falling due after more than one year</b>		
Obligations under finance leases and hire purchase contracts	234	1,291
Other creditors	44	44
	<u>278</u>	<u>1,335</u>
<b>Analysis of borrowings</b>		
<b>Obligations under finance leases and hire purchase contracts</b>		
- due in less than one year	1,057	1,377
- due in more than one year but not more than two years	91	1,057
- due in more than two years but not more than five years	143	234
	<u>1,291</u>	<u>2,668</u>

Finance lease and hire purchase contract liabilities are secured on the assets to which they relate.

### 15. Provisions for liabilities

	Insurance claims £000	Early retirement provision £000	Deferred tax £000	Total £000
At 30 March 2014	936	724	49	1,709
Charge to the profit and loss account	907	-	24	931
Unwinding of discount provision	136	-	-	136
Utilised in the period / transferred to accruals	(819)	(108)	-	(927)
At 28 March 2015	<u>1,160</u>	<u>616</u>	<u>73</u>	<u>1,849</u>

Details of the deferred tax provision (excluding deferred tax in the pension asset) are given in note 16.

Insurance claims accruals due within one period at 28 March 2015 amounting to £624,000 (2014: £504,000) are included in 'accruals and deferred income' within note 14. The amount included within provisions above represents the estimate of amounts due after more than one period.

The insurance claims provision arises from estimated exposures for incidents occurring prior to the balance sheet date. It is anticipated that the majority of such claims will be settled within the next six periods.

The early retirement provision was established on the acquisition of Mainline Partnership Ltd by FirstGroup plc to cover the pension costs of former employees of the preceding company to Mainline Group Ltd and Mainline Partnership Ltd. It is estimated that the provision will be utilised over the next 18 periods.



# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 16. Deferred taxation

Provision for deferred taxation consists of the following amounts:

	28 March 2015 £000	29 March 2014 £000
Capital allowances in excess of depreciation	414	233
Other timing differences	(341)	(184)
Deferred tax provision	<u>73</u>	<u>49</u>

### 17. Called up share capital

	28 March 2015 £000	29 March 2014 £000
<b>Allotted, called up</b>		
1,653,000 ordinary shares of £1 each, fully paid	1,653	1,653
10,000,000 ordinary shares of £1 each, unpaid	10,000	10,000
	<u>11,653</u>	<u>11,653</u>

On 26 January 1999, the company issued 10,000,000 ordinary shares of £1 each, which rank pari passu with the existing 1,653,000 ordinary £1 shares, to Mainline Partnership Limited. These shares remain unpaid at the period end (see note 13).

### 18. Reserves

	Capital redemption reserve £000	Profit and loss account £000
At 30 March 2014	326	892
Loss for the period	-	(30)
Share based payments (note 6)	-	65
Other recognised losses in the period (net)	-	(1,680)
At 28 March 2015	<u>326</u>	<u>(753)</u>
Profit and loss reserve excluding pension asset		(7,215)
Pension asset		6,462
At 28 March 2015		<u>(753)</u>

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 19. Operating leases

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

	28 March 2015		29 March 2014	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	40	9	40	14
Between two and five years	52	944	53	940
After five years	426	-	434	-
	<u>518</u>	<u>953</u>	<u>527</u>	<u>954</u>

### 20. Other commitments

Capital commitments, contracted for at the end of the period for which no provision has been made are £nil (2014: £8.8 million).

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

### 21. Pension schemes

#### South Yorkshire Passenger Transport Pension Fund (SYPTPF)

The company is a member of a defined benefit pension scheme, which is funded. The scheme's assets are held and managed independently of the company's finances by independent investment managers appointed by the trustees of the scheme.

The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out in 2013 using the projected unit method. The valuation is updated at each financial period end for FRS 17 purposes.

The main financial assumptions used in this update were as follows:

	2015	2014	2013
Rate of increase in salaries	3.45%	3.65%	3.70%
Rate of increase of pensions in payment	1.85%	2.10%	2.15%
Rate of increase of pensions in deferment	1.85%	2.10%	2.15%
Discount rate	3.50%	4.40%	4.50%
Inflation assumption – RPI	2.95%	3.15%	3.20%
Inflation assumption – CPI	1.85%	2.10%	2.15%

The assets in the scheme and the expected rate of return were:

	2015	2014	2013
	Value £m	Value £m	Value £m
Equities	88.7	84.6	82.8
Bonds	113.1	100.0	100.0
Property	8.9	9.0	8.9
Other	0.4	1.7	0.9
	<u>211.1</u>	<u>195.3</u>	<u>192.6</u>

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 21. Pension schemes (continued)

The balance sheet position for the company:

	2015 £m	2014 £m	2013 £m
Total fair value of assets	211.1	195.3	192.6
Present value of scheme liabilities	(203.0)	(188.0)	(190.1)
Surplus in the scheme	8.1	7.3	2.5
Related deferred tax liability	(1.6)	(1.5)	(0.6)
Net pension asset	6.5	5.8	1.9

The SYTPF scheme is closed to new members and the scheme's active membership has an age profile that is rising significantly, therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

Analysis of amount charged to operating profit:

	2015 £m	2014 £m
Current service costs	1.4	1.5
Total operating charge	1.4	1.5

Amounts charged / (credited) to the profit and loss account:

	2015 £m	2014 £m
Expected return on pension scheme assets	10.9	10.8
Interest on pension scheme liabilities	(8.1)	(8.3)
Net return (receivable as finance income)	2.8	2.5
Current service cost (chargeable as operating cost)	(1.4)	(1.5)
Net pension income	1.4	1.0

Amounts recognised in the statement of total recognised gains and losses:

	2015 £m	2014 £m
Actual return less expected return on pension scheme assets	13.3	(2.4)
Experience gains and losses arising on scheme liabilities	0.8	3.5
Changes in assumptions underlying the present value of scheme liabilities	(16.2)	(1.2)
	(2.1)	(0.1)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a gain of £18.8 million (2014: £16.7 million).

# First South Yorkshire Limited

## Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015

### 21. Pension schemes (continued)

Movements in the present value of defined benefit obligations were as follows:

	2015 £m	2014 £m
At 30 March 2014	188.0	190.1
Current service cost	1.4	1.5
Interest cost	8.1	8.3
Employee share of change to defined benefit obligations	0.4	0.4
Actuarial loss / (gain)	15.4	(2.3)
Benefits paid	(10.3)	(10.0)
At 28 March 2015	<u>203.0</u>	<u>188.0</u>

Movements in the fair value of scheme assets were as follows:

	2015 £m	2014 £m
At 30 March 2014	195.3	192.6
Expected return on scheme assets	10.9	10.8
Employer contributions	1.5	3.9
Employee contributions	0.4	0.4
Actuarial gain / (loss)	13.3	(2.4)
Benefits paid	(10.3)	(10.0)
At 28 March 2015	<u>211.1</u>	<u>195.3</u>

History of experience gains and losses

	2015	2014	2013	2012	2011
Present value of defined benefit obligations (£m)	(203.0)	(188.0)	(190.1)	(177.0)	(170.6)
Fair value of scheme assets (£m)	<u>211.1</u>	<u>195.3</u>	<u>192.6</u>	<u>172.2</u>	<u>163.8</u>
Asset / (deficit) in the scheme (£m)	<u>8.1</u>	<u>7.3</u>	<u>2.5</u>	<u>(4.8)</u>	<u>(6.8)</u>

#### Experience adjustments on scheme liabilities

Amount (£m)	(0.6)	(3.5)	(4.8)	-	(19.4)
Percentage of scheme liabilities (%)	<u>0.3</u>	<u>1.9</u>	<u>2.5</u>	<u>-</u>	<u>11.4</u>

#### Experience adjustments on scheme assets

Amount (£m)	16.2	(2.4)	15.8	2.7	2.8
Percentage of scheme assets (%)	<u>7.7</u>	<u>1.2</u>	<u>8.2</u>	<u>1.6</u>	<u>1.7</u>

The estimated amounts of contributions expected to be paid to the scheme during the current financial period is £2.7 million (2014: £3.1 million).

## **First South Yorkshire Limited**

### **Notes to the Financial Statements (continued) 52 weeks ended 28 March 2015**

#### **21. Pension schemes (continued)**

##### **First UK Bus Pension Scheme**

The company is unable to separately identify its share of the scheme assets and liabilities as contributions are set for the scheme as a whole rather than reflecting the underlying actuarial characteristics of the employees of the individual employer. It therefore accounts for the scheme as if it were a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable.

The deficit on the group scheme of £55.4 million (2014: £92.7 million) will affect the company through periodic adjustments to the company's contribution rate as determined by the actuary. Additional disclosures required under Financial Reporting Standard 17 have been made on a group basis in the financial statements of FirstGroup plc.

The total contributions paid to the scheme by the company in the period was £1.5 million (2014: £1.4 million).

At 28 March 2015 £56,000 (2014: £54,000) was outstanding as at that date.

The estimated amounts of contributions expected to be paid to the scheme during the current financial period is £1.6 million (2014: £1.4 million).

##### **FirstGroup Pension Scheme**

The company is unable to separately identify its share of the scheme assets and liabilities as contributions are set for the scheme as a whole rather than reflecting the underlying actuarial characteristics of the employees of the individual employer. It therefore accounts for the scheme as if it were a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable.

The deficit on the group scheme of £7.0 million (2014: £10.1 million) will affect the company through periodic adjustments to the company's contribution rate as determined by the actuary. Additional disclosures required under Financial Reporting Standard 17 have been made on a group basis in the financial statements of FirstGroup plc.

The total paid to the scheme by the company in the period was £38,000 (2014: £30,000).

At 28 March 2015 £nil (2014: £nil) was outstanding as at that date.

The estimated amounts of contributions expected to be paid to the scheme during the current financial period is £0.1 million (2014: £0.1 million).

#### **22. Related party transactions**

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

#### **23. Ultimate parent company**

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

The company's immediate controlling party is Mainline Partnership Limited.

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