Stagecoach Services Limited

Financial statements for the year ended 30 April 2011

Registered number 2381778

Directors' report
For the year ended 30 April 2011

The directors present their report on the affairs of the Company, together with the audited financial statements and auditors' report, for the year ended 30 April 2011

Business review and principal activities
Stagecoach Services Limited employs 160 staff engaged in the provision of accounting, payroll and IT services to operating companies within Stagecoach Group plc

The results of the Company for year ended 30 April 2011 show a pre-tax loss of £2,303,000 (2010 £748,000) and turnover of £11,228,000 (2010 £10,367,000) The Company has net liabilities of £1,156,000 (2010 £16,787,000)

Business environment
The Company provides the full range of accounting, payroll and IT services to the operating companies within Stagecoach Group plc UK Bus division, Light Rail division and to the Group's East Midlands Trains franchise, providing payroll services for approximately 26,000 employees and processing over 395,000 supplier invoices annually The Company strives to deliver a high value, high quality service to the operating companies whilst also being able to compete with external service providers in terms of cost

The Company achieves this aim by ensuring

- Accurate and timely delivery of services,
- Focusing on recruitment and retention of high quality staff,
- Investment in appropriate software and systems to deliver further efficiencies, and
- Strong focus on technology and innovation

Strategy
The Company's overriding objective is to maintain the high quality of the services provided to the Stagecoach Group plc UK Bus division and Light Rail division operating companies, and to the Group's East Midlands Trains franchise, and through a program of continuous improvement to deliver further improvements in value, quality and efficiency to its customers

There are several elements to the Company's strategy for high quality service delivery They are

- Continued focus on accurate and timely delivery of services,
- Investment in accounting software and IT systems,
- Commitment to excellent customer service,
- Strong focus on the training and development of staff, and
- Strong communications links with customers

Training and development

We have consistently sought to recruit and retain the best employees in the market in which we operate

The Company invests significantly to ensure that its staff are properly trained, developed and able to offer the best customer service The Company encourages its employees to undertake relevant professional qualifications where appropriate, and offers training to ensure that all staff are able to develop to their full potential

Future outlook

The current financial year to 30 April 2012 has started well and trading is in line with our expectations

We believe our commitment to quality, continued innovation, investment in our systems and commitment to staff training 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 Operating and Financial Review (paragraph 3 10) of the Group's 2011 annual report, 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 (regional operations) Division of Stagecoach Group plc, which includes the Company, is discussed in the Operating and Financial Review (paragraph 3 7 1) of the Group's 2011 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 and credit risk The effects of changes in interest rates 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

Results and dividends

Turnover for the year ended 30 April 2011 was £11,228,000 (2010 £10,367,000) and the loss on ordinary activities before taxation was £2,303,000 (2010 £748,000)

The loss on ordinary activities after taxation was £4,186,000 (2010 £1,838,000)

The directors recommend that no dividend be paid (2010 £Nil), and the loss of £4,186,000 (2010 £1,838,000) be transferred to reserves

Directors

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

Mr L B Warneford

Mr M Haberfield

Mr C Brown

Mr R G Andrew

Mr R Montgomery

Mr M J Vaux

Mr R J Paterson

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared 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 judgements 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,
- 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

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

Donations

Donations to charitable organisations amounted to £860 (2010 £787) The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2010 £Nil)

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

During the period under review, arrangements have been maintained whereby employees of the Company are systematically provided with information on matters of concern to them as employees Such matters have included the financial and economic factors affecting the performance of the Company and likely future developments Consultation with representatives of staff has also continued to take place on a regular basis, so that the views of employees can be taken fully into account in making decisions which are likely to affect their interests

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 Trade creditors outstanding at the year end represented 14 days' purchases (2010 13 days)

Disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company

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

On behalf of the Board

M J Vaux
Director

Daw Bank
Stockport
SK3 ODU

8 September 2011

Independent auditors' report to the members of Stagecoach Services Limited

We have audited the financial statements of Stagecoach Services for the year ended 30 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Deficit 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 Chapter 3 of Part 16 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

For the year ended 30 April 2011

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

9 September 2011

Profit and loss account
For the year ended 30 April 2011

	Note	2011 £000	2010 £000
Turnover	2	**11,228**	10,367
Operating costs		**(10,904)**	(9,826)
Operating profit		**324**	541
Finance charges (net)	3	**(2,627)**	(1,289)
Loss on ordinary activities before taxation	4	**(2,303)**	(748)
Tax on loss on ordinary activities	7	**(1,883)**	(1,090)
Loss for the financial year	13	**(4,186)**	(1,838)

The results for each year arise wholly from continuing operations

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

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

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year above and their historic cost equivalents

Balance sheet
As at 30 April 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	8	**151**	251
Current assets			
Stocks	9	**330**	287
Debtors amounts falling due within one year	10	**235,730**	183,623
Debtors amounts falling due after one year	10	**586**	671
Cash at bank and in hand		**2,454**	1,574
		239,100	186,155
Creditors amounts falling due within one year	11	**(240,407)**	(203,193)
Net current liabilities		**(1,307)**	(17,038)
Net liabilities		**(1,156)**	(16,787)
Capital and reserves			
Called up share capital	12	**20**	-
Share premium account	13	**19,980**	Nil
Contribution reserve	13	**172**	145
Profit and loss account	13	**(21,328)**	(16,932)
Total shareholders' deficit		**(1,156)**	(16,787)

The accompanying notes form an integral part of this balance sheet

Signed on behalf of the Board

C Brown
Director

8 September 2011

Reconciliation of movements in shareholders' deficit

As at 30 April 2011

	2011	2010
	£000	£000
Loss for the financial year	**(4,186)**	(1,838)
Credit in respect of equity settled share based payments	**27**	46
Net proceeds of issue of ordinary share capital (note 13)	**19,790**	Nil
Net decrease/(increase) in shareholders' deficit	**15,631**	(1,792)
Opening shareholders' deficit	**(16,787)**	(14,995)
Closing shareholders' deficit	**(1,156)**	(16,787)

The accompanying notes form an integral part of this reconciliation

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are

a) Basis of accounting

The 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 not required to prepare a cash flow statement under FRS 1 (revised 1996), because it is a wholly owned subsidiary of Stagecoach Group plc, which prepares consolidated financial statements which are publicly available

The Company has net current liabilities of £1,307,000 and net liabilities of £1,156,000 The losses shown in the financial statements and those anticipated in the coming year are being funded by the ultimate parent undertaking Stagecoach Group plc The validity of the going concern assumption therefore depends on the continued support of Stagecoach Group plc in maintaining the current funding and making further adequate funding available The company has received confirmation from Stagecoach Group plc that this 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

b) Tangible fixed assets and depreciation

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 Assets are shown at cost, net of depreciation and any provision for impairment as set out in note 8

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

Plant and equipment	3 to 10 years
Furniture and fittings	3 to 10 years

c) 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") method

1 Accounting policies (continued)

d) 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 related pre tax item

In accordance with FRS 19, full provision is made for deferred tax on a non-discounted basis

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date

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

e) Turnover

Turnover comprises gross revenue earned from the provision of accounting and payroll services to operating companies within Stagecoach Group plc UK Bus and Light Rail divisions and the Group's East Midlands Trains franchise, and excludes future payments received on account

f) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term

g) Pension costs and other post retirement benefits

The Stagecoach Group Pension Scheme is a defined benefit scheme For the purposes of FRS 17, the contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme

For defined contribution schemes, the Company pays contributions to a separately administered pension scheme Once the contributions have been paid, the Company has no further payment obligations The Company's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate

1 Accounting policies (continued)

h) 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

2 Turnover

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

3 Finance charges (net)

	2011	2010
	£000	£000
Bank interest payable	**2,837**	1,289
Bank interest receivable	**Nil**	-
Intercompany interest receivable	**(210)**	Nil
	2,627	1,289

4 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation for the year is stated after charging

	2011	2010
	£000	£000
Depreciation of tangible fixed assets		
- owned	**100**	420
Operating lease rentals		
- plant and equipment	**69**	65

No audit fees were settled directly by the Company Audit fees of £7,800 (2010 £6,543) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK

5 Staff costs

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

	2011 Number	2010 Number
Administration and supervisory	**160**	152

The aggregate remuneration comprised	2011 £000	2010 £000
- Wages and salaries	**3,882**	3,801
- Social security costs	**333**	316
- Other pension costs (see note 14b)	**437**	438
- Share based payment charge	**27**	46
	4,679	4,601

6 Directors' remuneration

	2011 £000	2010 £000
Aggregate emoluments of directors	**56**	64

The above details of directors' emoluments include the emoluments of Les Warneford, Colin Brown, Robert Andrew and Robert Montgomery which are paid by a fellow subsidiary, Stagecoach Holdings Limited £34,647 (2010 £43,076) of their total emoluments received are apportioned to their services as directors of Stagecoach Services Limited

The emoluments of Mark Haberfield are also paid by Stagecoach Holdings Limited £21,489 (2010 £21,016) of his total emoluments are apportioned to his services as director of Stagecoach Services Limited

The emoluments of R Paterson and Michael Vaux are paid by a fellow group company None of their emoluments relate to their duties as a director of Stagecoach Services Limited

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

	2011 Number	2010 Number
Defined benefit scheme	**6**	6
Defined contribution scheme	**1**	1
	7	7

The number of directors who exercised their share options in the year was as follows

	2011 Number	2010 Number
Share options	**Nil**	6

7 Tax on loss on ordinary activities

a) Tax charge for the year

	2011 £000	2010 £000
Current tax		
UK corporation tax on losses of the period	**1,788**	Nil
Amounts payable to fellow subsidiaries in respect of group relief	**Nil**	1,156
Adjustments in respect of prior year	**10**	275
Total current tax	**1,798**	1,431
Deferred tax		
Origination and reversal of timing differences	**95**	(16)
Adjustments in respect of prior periods	**(10)**	(325)
Total deferred tax (note 10)	**85**	(341)
Tax on loss on ordinary activities	**1,883**	1,090

b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK 27 84% (2010 28%) The differences are explained below

	2011 £000	2010 £000
Loss on ordinary activities before taxation	**(2,303)**	(748)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 27 84% (2010 28%)	**(641)**	(209)
Effect of		
Non tax deductible expenditure and other permanent differences	**3**	3
Share option deductions	**Nil**	13
Treatment of inter-company transactions	**2,468**	1,334
Capital allowances for period (more)/less than depreciation	**(50)**	15
Share based payments	**8**	Nil
Adjustments to tax charge in respect of previous periods	**10**	275
Current tax charge for the year	**1,798**	1,431

c) Factors that may affect future tax charges

In the 2011 budget on 23 March 2011, the UK Government announced its intention to reduce the UK Corporate Tax rate to 23% by 1% per annum over a three-year period At 30 April 2011, no change in the rate was substantively in law, but a 1% decrease in the rate to 25% is expected to be enacted in the year ending 30 April 2012 Had this change of rate to 25% been substantively enacted as of the balance sheet date, the estimated impact on the balance sheet would be a reduction in the deferred tax asset of £22,531 from £585,808 to £563,277

Notes to the financial statements (continued)
For the year ended 30 April 2011

8 Tangible assets

The movement in the year is summarised below

	Plant and equipment £000
Cost	
At beginning and end of year	**7,127**
Accumulated depreciation	
At beginning of year	(6,876)
Charge for year	(100)
At end of year	**(6,976)**
Net book value	
At beginning of year	251
At end of year	**151**

9 Stocks

	2011	2010
	£000	£000
Uniforms	**330**	287

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

10 Debtors

	2011	2010
	£000	£000
Amounts falling due within one year		
Trade debtors	**17,578**	26,509
Prepayments and accrued income	**1,233**	1,058
Amounts owed by fellow group undertakings	**215,313**	154,229
Other debtors	**1,606**	1,827
	235,730	183,623
Amounts falling due after one year		
Deferred tax – accelerated capital allowances and other timing differences	**586**	671

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

Stagecoach Services Limited has been appointed by the operating companies of Stagecoach Group plc UK Bus and Light Rail divisions to manage their accounts receivable The amount shown as trade debtors above includes the total amount of trade debtors for those companies

The movement on the deferred tax asset is as follows

	2011	2010
	£000	£000
At beginning of year	**671**	330
Deferred tax (charge)/credit (note 7a)	**(85)**	341
Asset at end of year	**586**	671

11 Creditors: amounts falling due within one year

	2011 £000	Restated 2010 £000
Trade creditors	**18,090**	14,190
Accruals and deferred income	**7,198**	6,308
Other creditors	**468**	1,029
Corporation tax creditor	**1,787**	Nil
Intercompany group relief payable	**1,166**	1,609
Amounts owed to fellow group undertakings	**24,892**	38,213
Bank overdraft	**186,806**	141,844
	240,407	203,193

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

Stagecoach Services Limited has been appointed by the operating companies of Stagecoach Group plc UK Bus and Light Rail divisions to manage their accounts payable The amount shown as trade creditors above includes the total amount of trade creditors for those companies

12 Called up share capital

	2011 £000	2010 £000
Allotted and fully paid		
20,002 (2010 2) Ordinary shares of £1 each	**20**	-

During the year, 20,000 £1 ordinary shares were issued to Stagecoach Bus Holdings Limited under a Forward Subscription Agreement ("FSA") with Stagecoach Group plc Under the terms of the FSA, consideration for the issue of the shares to Stagecoach Bus Holdings Limited was an initial prepayment amount of £20,000 with a further amount payable equal to 22 4% of amounts received by Stagecoach Group plc on the repayment of principal and interest on an £88 1m intra-group loan receivable held by Stagecoach Group plc

The total value of the consideration received for the shares issue was £20,000,000, the maximum amount payable under the FSA The nominal value of the shares issued was £20,000

13 Reserves

The movement on reserves is summarised below

	Contribution reserve £000	Share premium account £000	Profit and loss account £000
At beginning of year	145	Nil	(16,932)
Premium on ordinary shares issued	Nil	19,980	(210)
Loss for the financial year	Nil	Nil	(4,186)
Credit in respect of equity settled share based payments	27	Nil	Nil
At end of year	**172**	**19,980**	**(21,328)**

14 Guarantees and other financial commitments

a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Plant and Equipment	
	2011	2010
	£000	£000
Expiry date		
- within one year	13	10
- between one and five years	41	36
	54	46

14 Guarantees and other financial commitments (continued)

b) Pensions

The Company accounts for pensions in accordance with FRS 17 "Retirement Benefits"

The Company contributes to two defined benefit occupational pension schemes, as follows

- The Stagecoach Group Pension Scheme ("SGPS"), and
- The Greater Manchester County Superannuation Fund governed by the Local Government Superannuation regulations 1986

In addition the company contributes to a defined contribution scheme for certain employees Contributions to the HL SIPP defined contribution scheme during the year amounted to £15,000 (2010 £16,000)

The Stagecoach Group Pension Scheme ("SGPS")

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 FRS17, 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 consolidated financial statements of Stagecoach Group plc, the scheme as a whole is accounted for as a defined benefit scheme The consolidated financial statements of Stagecoach Group plc provide further details of the scheme

The costs of contributions to the Group scheme amount to £394,000 (2010 restated £393,000), being 12 1% (2010 12 1%) of pensionable salary during the year, and are based on pension costs across the Group as a whole An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2008 and a surplus of £5 8 million was identified

The Greater Manchester County Superannuation Fund

Contributions of £28,000 (2010 £29,000) were made to The Greater Manchester County Superannuation Fund a scheme governed by the Local Government Superannuation regulations 1986 The Greater Manchester County Superannuation Fund is a defined benefit scheme The Company, together with Greater Manchester Buses South Limited, a fellow group company, makes contributions to the Scheme For the purposes of FRS17, 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 Greater Manchester Buses South Limited, the scheme as a whole is accounted for as a defined benefit scheme The financial statements of Greater Manchester Buses South Limited provide further details of the scheme

c) Contingent liabilities

The company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking

d) Cross guarantees

The company is subject to a cross corporate guarantee in relation to the Stagecoach Group plc banking arrangements with the Bank of Scotland There have been no instances where this guarantee has been called upon during the period and none are expected in the future

15 Share based payments

The Company operates a Save as You Earn Scheme ("SAYE") In August 2008, all eligible employees were invited to participate in a new SAYE scheme with a three-year duration starting in September 2008

Share based payment charges of £27,000 (2010 £46,000) have been recognised in the profit and loss account during the year in relation to the scheme

All share options referred to relate to ordinary shares of Stagecoach Group plc, the ultimate parent Company

Grant Date	September 2008
Share price at grant date (£)	3 2750
Exercise price (£)	2 5178
Number of employees holding options at 30 April 2011	47
Shares under option at 30 April 2011	74,795
Vesting period (years)	3
Expected volatility	30%
Option life (years)	3 5
Expected life (years)	3
Risk free rate	4 43%
Expected dividends expressed as an average annual dividend yield	1 37%
Expectations of meeting performance criteria	100%
Fair value per option at grant date (£)	1 14
Option pricing Model	Black-Scholes

One issue from the SAYE scheme was in operation during the year as follows

Issue	Option Grant Date	Savings contract start date	Exercise price	Date from which exercisable	Expiry date
E	1 September 2008	1 October 2008	251 775p	1 October 2011	31 March 2012

The expiry date of any individual SAYE option can be extended to be up to 6 months following the date of payment of the final amount due under the related savings account, but may be no later than six months after the exercise date shown above

The changes in the number of participation employees and options over ordinary shares were as follows

	Issue E	
	Number of employees	Ordinary shares under option
At start of year	51	79,722
Cancelled	(4)	(4,927)
End of year	**47**	**74,795**

16 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 notes 10 and 11

The fellow group undertaking National Transport Tokens Limited is a 99 9% owned subsidiary of Stagecoach Group plc For the year ended 30 April 2011, the Company provided National Transport Tokens Limited with accounting and payroll services to a value of £30,000 (2010 £30,000) For the year ended 30 April 2011, National Transport Tokens Limited redeemed tokens presented by the Company with a value of £18,154 (2010 £Nil) As at 30 April 2011, the Company has a receivable of £54,000 (2010 £5,673) owed by National Transport Tokens Limited

a) Alexander Dennis Limited

Sir Brian Souter (Stagecoach Group plc Chief Executive) and Ann Gloag (Stagecoach Group plc Non-Executive Director) collectively hold 37 9% (2010 37 9%) of the shares and voting rights in Alexander Dennis Limited Ewan Brown (Stagecoach Group Non-Executive Director) is a former executive director and current non-executive director of Noble Grossart Limited Noble Grossart Investments Limited, a subsidiary of Noble Grossart Limited, controls a further 28 4% (2010 28 4%) of the shares and voting rights of Alexander Dennis Limited None of Brian Souter, Ann Gloag or Ewan Brown is a director of Alexander Dennis Limited nor do they have any involvement in the management of Alexander Dennis Limited Furthermore, they do not participate in deciding on and negotiating the terms and conditions of transactions between the company and Alexander Dennis Limited

For the year ended 30 April 2011, the company purchased £6,452,000 (2010 £3,400,000) of spare parts and other services from Alexander Dennis Limited The balance outstanding at 30 April 2011 was £1,413 000 (2010 £430,000)

b) Robert Walters plc

Martin Griffiths (Stagecoach Group plc Finance Director) is a non-executive director of Robert Walters plc, and received remuneration of £58,927 (2010 £56,120) in respect of his services for the year ended 30 April 2011 Martin Griffiths holds 20,000 (2010 20,000) shares in Robert Walters plc which represents 0 03% (2010 0 03%) of the issued share capital During the year ended 30 April 2011, the company paid Robert Walters plc £5,020 (2010 £Nil) in respect of recruitment services

c) Argent Energy

Sir Brian Souter (Stagecoach Group plc Chief Executive) and Ann Gloag (Stagecoach Group plc Non-Executive Director) collectively hold 39 3% (2010 39 3%) of the shares and voting rights in Argent Energy Group Limited Neither Sir Brian Souter nor Ann Gloag is a director of Argent Energy Group Limited, nor do they have any involvement in the management of Argent Energy Group Furthermore, they do not participate in deciding on and negotiating the terms and conditions of transactions between the company and Argent Energy Group

For the year ended 30 April 2011, the company purchased £1,845,000 (2010 £400,000) of biofuel from Argent Energy Group The balance outstanding at 30 April 2011 was £67 000 (2010 £Nil)

17 Ultimate parent company

The company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671) 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 to the public from the following address

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