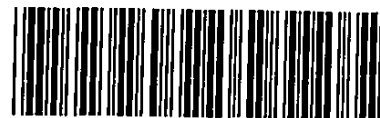


Stagecoach Services Limited

Financial statements for the year ended 30 April 2012

Registered number 2381778

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Directors' report

For the year ended 30 April 2012

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 2012

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 2012 show a pre-tax loss of £2,310,000 (2011 £2,303,000) and turnover of £12,630,000 (2011 £11,228,000) The Company has net liabilities of £5,118,000 (2011 £1,156,000)

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

Directors' report (continued)

For the year ended 30 April 2012

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 2013 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 Group's 2012 annual report (paragraph 2.3.6 of the Operating and Financial Review), 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 KPI's 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 2.3.7) of the Group's 2012 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 2012 was £12,630,000 (2011: £11,228,000) and the loss on ordinary activities before taxation was £2,310,000 (2011: loss £2,303,000).

The loss on ordinary activities after taxation was £3,974,000 (2011: loss £4,186,000).

The directors recommend that no dividend be paid (2011: £Nil), and the loss of £3,974,000 (2011: loss £4,186,000) be transferred to reserves.

Directors' report (continued)

For the year ended 30 April 2012

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.

Directors' report (continued)

For the year ended 30 April 2012

Donations

Donations to charitable organisations amounted to £928 (2011 £860) The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2011 £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 year 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 16 days' purchases (2011 14 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

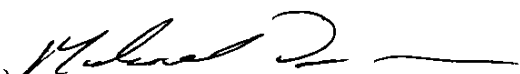
Directors' report (continued)

For the year ended 30 April 2012

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

6 September 2012

Independent auditors' report to the members of Stagecoach Services Limited

For the year ended 30 April 2012

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 2012 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 Statement of Directors' Responsibilities 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 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.

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. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 April 2012 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 to the members of Stagecoach Services Limited (continued)

For the year ended 30 April 2012

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



Graham McGregor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

6 September 2012

Profit and loss account

For the year ended 30 April 2012

	Note	2012 £000	2011 £000
Turnover	2	12,630	11,228
Administrative costs		<u>(11,523)</u>	<u>(10,904)</u>
Operating profit		1,107	324
Finance charges (net)	3	<u>(3,417)</u>	<u>(2,627)</u>
Loss on ordinary activities before taxation	4	(2,310)	(2,303)
Tax on loss on ordinary activities	7	<u>(1,664)</u>	<u>(1,883)</u>
Loss for the financial year	13	<u>(3,974)</u>	<u>(4,186)</u>

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

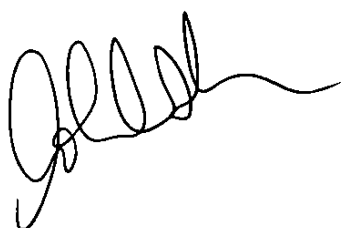
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year above and their historic cost equivalents

Balance sheet
As at 30 April 2012

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	8	<u>201</u>	<u>151</u>
Current assets			
Stocks	9	1,009	330
Debtors amounts falling due within one year	10	147,869	235,730
Debtors amounts falling due after one year	10	590	586
Cash at bank and in hand		<u>15,406</u>	<u>2,454</u>
		164,874	239,100
Creditors amounts falling due within one year	11	<u>(170,193)</u>	<u>(240,407)</u>
Net current liabilities		<u>(5,319)</u>	<u>(1,307)</u>
Net liabilities		<u>(5,118)</u>	<u>(1,156)</u>
Capital and reserves			
Called up share capital	12	20	20
Share premium account	13	19,980	19,980
Contribution reserve	13	184	172
Profit and loss account	13	<u>(25,302)</u>	<u>(21,328)</u>
Total shareholders' deficit		<u>(5,118)</u>	<u>(1,156)</u>

The accompanying notes form an integral part of this balance sheet

Signed on behalf of the Board



C Brown
Director

6 September 2012

Reconciliation of movements in shareholders' deficit

As at 30 April 2012

	2012 £000	2011 £000
Loss for the financial year	(3,974)	(4,186)
Credit in respect of equity settled share based payments	12	27
Net proceeds of issue of ordinary share capital (note 13)	-	19,790
Net (increase)/decrease in shareholders' deficit	(3,962)	15,631
Opening shareholders' deficit	(1,156)	(16,787)
Closing shareholders' deficit	(5,118)	(1,156)

The accompanying notes form an integral part of this reconciliation

Notes to the financial statements

For the year ended 30 April 2012

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 £5,319,000 and net liabilities of £5,118,000. 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

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.

Notes to the financial statements (continued)

For the year ended 30 April 2012

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 Company operates both a defined benefit and a defined contribution scheme. 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.

Notes to the financial statements (continued)

For the year ended 30 April 2012

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 reserves.

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)

	2012	2011
	£000	£000
Bank interest payable	3,192	2,837
Bank interest receivable	(48)	-
Intercompany loan interest payable	273	-
Intercompany interest receivable	-	(210)
	<u>3,417</u>	<u>2,627</u>

4 Loss on ordinary activities before taxation

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

	2012	2011
	£000	£000
Depreciation of tangible fixed assets		
- owned	59	100
Operating lease rentals		
- plant and equipment	<u>92</u>	<u>69</u>

No audit fees were settled directly by the Company. Audit fees of £8,271 (2011: £7,800) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

Notes to the financial statements (continued)

For the year ended 30 April 2012

5 Staff costs

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

	2012 Number	2011 Number
Administration and supervisory	<u>160</u>	<u>160</u>

The aggregate remuneration comprised

	2012 £000	2011 £000
- Wages and salaries	4,192	3,882
- Social security costs	363	333
- Other pension costs (see note 14b)	409	437
- Share based payment charge – equity settled (see note 15)	12	27
- Share based payment charge – cash settled (see note 15)	<u>7</u>	<u>-</u>
	<u>4,983</u>	<u>4,679</u>

6 Directors' remuneration

	2012 £000	2011 £000
Aggregate emoluments of directors	<u>62</u>	<u>56</u>

The above details of directors' emoluments include the emoluments of Mr L Warneford, Mr C Brown, Mr R G Andrew and Mr R Montgomery which are paid by a fellow subsidiary, Stagecoach Holdings Limited £34,592 (2011 £34,647) of their total emoluments received are apportioned to their services as directors of Stagecoach Services Limited

The emoluments of Mr M Haberfield are also paid by Stagecoach Holdings Limited £27,594 (2011 £21,489) of his total emoluments are apportioned to his services as director of Stagecoach Services Limited

The emoluments of R Paterson and Mr M J 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

	2012 Number	2011 Number
Defined benefit scheme	6	6
Defined contribution scheme	<u>1</u>	<u>1</u>
	<u>7</u>	<u>7</u>

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

	2012 Number	2011 Number
Share options	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 30 April 2012

7 Tax on loss on ordinary activities

a) Tax charge for the year

	2012 £000	2011 £000
Current tax		
UK corporation tax on losses of the year	1,547	1,788
Adjustments in respect of prior year	121	10
Total current tax	1,668	1,798
Deferred tax		
Origination and reversal of timing differences	109	95
Adjustments in respect of prior years	(113)	(10)
Total deferred tax (note 10)	(4)	85
Tax on loss on ordinary activities	1,664	1,883

b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK 25 84% (2011 27 84%) The differences are explained below

	2012 £000	2011 £000
Loss on ordinary activities before taxation	(2,310)	(2,303)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 84% (2011 27 84%)	(597)	(641)
<i>Effect of</i>		
Non tax deductible expenditure and other permanent differences	2	3
Treatment of inter-company transactions	2,198	2,468
Capital allowances for year more than depreciation	(61)	(50)
Share based payments	5	8
Adjustments to tax charge in respect of previous years	121	10
Current tax charge for the year	1,668	1,798

c) Factors that may affect future tax charges

In the 2012 budget on 21 March 2012, the UK Government announced its intention to further reduce the UK Corporate Tax rate by a further 1% to 22% (having previously stated the rate would reduce to 23% by 1% per annum over a three-year period) At 30 April 2012, the change in the rate of tax to 23% was not substantively in law, but a 1% decrease in the rate to 23% is expected to be enacted in the year ending 30 April 2013 Had this change of rate to 23% 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 £24,586 from £590,061 to £565,475

Notes to the financial statements (continued)

For the year ended 30 April 2012

8 Tangible assets

The movement in the year is summarised below

	Plant and equipment £000
Cost	
At beginning of year	7,127
Charge for year	109
At end of year	7,236
Accumulated depreciation	
At beginning of year	(6,976)
Charge for year	(59)
At end of year	(7,035)
Net book value	
At beginning of year	151
At end of year	201

9 Stocks

	2012 £000	2011 £000
Uniforms and fuel	1,009	330

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

Notes to the financial statements (continued)

For the year ended 30 April 2012

10 Debtors

	2012	2011
	£000	£000
<i>Amounts falling due within one year</i>		
Trade debtors	16,769	17,578
Prepayments and accrued income	1,877	1,233
Amounts owed by fellow group undertakings	127,557	215,313
Other debtors	1,666	1,606
	<u>147,869</u>	<u>235,730</u>
<i>Amounts falling due after one year</i>		
Deferred tax – accelerated capital allowances and other timing differences	<u>590</u>	<u>586</u>

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

	2012	2011
	£000	£000
At beginning of year	586	671
Deferred tax credit/(charge) (note 7a)	<u>4</u>	<u>(85)</u>
Asset at end of year	<u>590</u>	<u>586</u>

Notes to the financial statements (continued)

For the year ended 30 April 2012

11 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Bank overdraft	44,139	186,806
Trade creditors	23,546	18,090
Amounts owed to fellow group undertakings	92,404	24,892
Intercompany group relief payable	58	1,166
Corporation tax creditor	1,548	1,787
Other creditors	270	468
Accruals and deferred income	8,228	7,198
	<u>170,193</u>	<u>240,407</u>

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

	2012 £000	2011 £000
<i>Allotted and fully paid</i>		
20,002 (2011: 20,002) Ordinary shares of £1 each	<u>20</u>	<u>20</u>

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	172	19,980	(21,328)
Loss for the financial year	-	-	(3,974)
Credit in respect of equity settled share based payments	12	-	-
At end of year	<u>184</u>	<u>19,980</u>	<u>(25,302)</u>

Notes to the financial statements (continued)

For the year ended 30 April 2012

14 Guarantees and other financial commitments

a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Plant and Equipment	
	2012	2011
	£000	£000
Expiry date		
- within one year	6	13
- between one and five years	87	41
	<u>93</u>	<u>54</u>

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 £17,000 (2011 £15,000). At 30 April 2012 there was a creditor of £4,000 (2011 £3,000) in relation to these contributions.

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 £359,000 (2011 £394,000), being 11.85% (2011 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 2011 and a surplus of £72.2 million was identified.

Notes to the financial statements (continued)

For the year ended 30 April 2012

14 Guarantees and other financial commitments (continued)

The Greater Manchester County Superannuation Fund

Contributions of £33,000 (2011 £28,000) 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 financial statements 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 year and none are expected in the future.

15 Share based payments

The Company operates both a Buy as You Earn Scheme ("BAYE") and a Save as You Earn Scheme ("SAYE"), details of which are given below.

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

Buy as You Earn Scheme (BAYE)

BAYE enables eligible employees to purchase shares from their gross income. The Company provides two matching shares for every share bought from the first £10 of monthly investment, subject to a maximum Company contribution of shares to the value of £20 per employee per month.

At 30 April 2012, there were 71 (2011 Nil) participants in the BAYE scheme who have cumulatively purchased 4,800 (2011 Nil) shares with the Company contributing 2,142 (2011 Nil) matching shares on a cumulative basis. Dividends had been reinvested in a further 10 (2011 Nil) shares for these participants.

Share based payment charges of £7,000 (2011 £Nil) have been recognised in the profit and loss account during the year in relation to the scheme.

Notes to the financial statements (continued)

For the year ended 30 April 2012

15 Share based payments (continued)

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 £12,000 (2011 £27,000) have been recognised in the profit and loss account during the year in relation to the scheme

Grant date	September 2008
Share price at grant date (£)	3 2750
Exercise price (£)	2 5178
Number of employees holding options at 30 April 2012	-
Shares under option at 30 April 2012	-
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 options over ordinary shares were as follows

	Issue E
	Ordinary shares under option
At start of year	74,795
Cancelled	(70,689)
Exercised	(4,106)
End of year	-

Notes to the financial statements (continued)

For the year ended 30 April 2012

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 2012, the Company provided National Transport Tokens Limited with accounting and payroll services to a value of £22,500 (2011: £30,000). For the year ended 30 April 2012, National Transport Tokens Limited redeemed tokens presented by the Company with a value of £66,000 (2011: £18,000). As at 30 April 2012, the Company has a receivable of £4,000 (2011: £54,000) 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 46.8% (2011: 37.9%) of the shares and voting rights in Alexander Dennis Limited. Ewan Brown (Stagecoach Group plc 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 35.1% (2011: 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 2012, the company purchased £8,783,000 (2011: £6,452,000) of spare parts and other services from Alexander Dennis Limited. The balance outstanding at 30 April 2012 was £1,000,000 (2011: £1,413,000).

b) Robert Walters plc

Martin Griffiths (Stagecoach Group plc Finance Director) is a non-executive director of Robert Walters plc, and received remuneration of £61,373 (2011: £58,927) in respect of his services for the year ended 30 April 2012. Martin Griffiths holds 20,000 (2011: 20,000) shares in Robert Walters plc which represents 0.03% (2011: 0.03%) of the issued share capital. During the year ended 30 April 2012, the Company paid Robert Walters plc £5,532 (2011: £5,020) in respect of recruitment services. The outstanding balance at both year ends was £Nil.

c) Argent Energy Group Limited

Sir Brian Souter (Stagecoach Group plc Chief Executive) and Ann Gloag (Stagecoach Group plc Non-Executive Director) collectively hold 39.3% (2011: 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 Limited. Furthermore, they do not participate in deciding on and negotiating the terms and conditions of transactions between the Company and Argent Energy Group Limited.

For the year ended 30 April 2012, the Company purchased £7,381,000 (2011: £1,845,000) of bio-fuel from Argent Energy Group Limited. The balance outstanding at 30 April 2012 was £2,000 (2011: £67,000).

Notes to the financial statements (continued)

For the year ended 30 April 2012

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