Registered No: 3949597

Go South Coast Limited

Report and Financial Statements

30 June 2012

Directors

D A Brown
K Down
S J Hamilton
A R Wickham
E Wills
N J D Woods

Secretary

C Sephton

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Royal Bank of Scotland Plc
135 Bishopsgate
London
EC2M 3UR

Solicitors

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

Registered office

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

Directors' report

The directors present their report and financial statements for the year ended 30 June 2012

Results and dividends

The profit for the year after taxation amounted to £5,141,000 (2011 £7,151,000) Particulars of dividends paid and proposed are detailed in note 10 to the financial statements

Principal activities and review of the business

The principal activities of the company are provision of the following services

- commercial local bus services throughout Dorset, Wiltshire and South West Hampshire, including the Isle of Wight
- tendered bus services to local authorities, including school transport
- contracted bus services to large organisations, including universities and supermarkets
- coach tours and private hire
- repair and refurbishment of PSV, including re-paints and seat re-trimming

Turnover, operating profit and the number of passenger journeys are the key financial and other performance indicators measured and monitored by management

The key performance indicators during the year were as follows

	2012	*2011*	*Change*
	£000	*£000*	*%*
Turnover	82,530	77,095	7%
Operating profit	6,146	9,858	-38%
Profit after tax	5,141	7,151	-28%

	2012	*2011*	*Change*
	'000s	*'000s*	*%*
Total Passenger Journey's	44,022	40,201	10%

During the year, the company won a 5 year contract worth an additional £9 2m per annum Initial non-recurring set up costs were incurred in the year to service this contract These first year costs contributed to the decrease in operating profit despite the rise in turnover The new contract is now embedded and efficiency savings have been made, resulting in increased profitability on the contract
The company introduced ITSO compliant ticket machines across the fleet These qualify for additional DFT BSOG rebate In addition, the company has embraced smartcard technology with the introduction of "The Key" smartcards

The numbers of Road Traffic Collisions during the year have reduced as a result of a number of initiatives and this work is ongoing to further reduce the number of collisions

117 vehicles were introduced into the fleet at a total cost of £9 7m, bringing the fleet size to 750 (2011 678), with an average age of 10 years

Future Developments

The company plans to achieve customer growth in existing markets by the ability to offer enhanced products and services, in particular, the introduction of The Key smartcards, mobile ticketing apps and wi-fi for passengers The company continues to assess acquisition opportunities on a regular basis

Financial risk management objectives and policies

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

Pension deficit risk

During the year, the Wilts and Dorset Pension Scheme and the Southern Vectis Group Pension Plan merged into the Go-Ahead Group Pension Plan, which remains structured as a pooled arrangement, with no sectionalisation of the assets and liabilities attributable to the transferring schemes Members of the transferring schemes were provided the same benefits for past and future service in the Go-Ahead Group Pension Plan as they had been previously entitled

Directors' report (continued)

Revenue Reimbursement Risk

The company receives reimbursement from a number of Travel Concessionary Authorities (TCA) in relation to concessionary journeys undertaken as a result of the Government's National Concessionary Travel Scheme The level of reimbursement is set by the TCA and this can be varied each year There is an appeal process in place which can be used to challenge the reimbursement

Interest rate risk

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

Price risk

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

Credit risk

The majority of company debtors are with other group companies and the company does not consider these parties to be a significant credit risk

Liquidity risk

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

Foreign currency risk

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

Management and staff

The company is committed to involve all employees in its performance and development Employees are encouraged to discuss with management matters of interest to the employees and subjects affecting day-to-day operations of the company Discussions take place regularly with trade unions representing the employees on a wide range of issues

It is the company's policy to give full consideration to suitable applications for employment by disabled persons Disabled employees are eligible to participate in all career development opportunities available to staff Opportunities also exist for employees who become disabled to continue in their employment or to be trained for other positions in the company

The company communicates with its staff both formally and informally on a variety of issues affecting them and the business, including

- A regular staff magazine with information relating to developments within the company
- Central consultation and negotiating committees are held regularly with recognised trade union officials, so that views of the employees can be taken into consideration

In addition, there are share save schemes in operation, to allow employees to participate in ownership of the group

Directors' report (continued)

Directors

The directors who served the company during the year were as follows

D A Brown	
A P Carter	(resigned 30 November 2011)
M S Dolphin	(resigned 31 December 2011)
K Down	
S J Hamilton	
M Morgan-Huws	(resigned 14 April 2012)

A R Wickham (appointed 14 December 2011)
E Wills
N J D Woods (appointed 11 July 2012)

Going Concern

The directors have considered the company's current and future prospects and its availability of financing, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements We have obtained confirmation from the Go Ahead Group plc that they will continue to provide the financial support for a period at least for at least 12 months from the date of approval of the balance sheet

Creditor payment policy and practice

The company agrees terms and conditions for its business transactions with suppliers Payment is then made on these terms, subject to the terms and conditions being met by the suppliers At 30th June 2012, average creditor payment days are calculated at 43 days (2011 - 55 days)

Charitable contributions

During the year the company made charitable contributions totalling £18,078 (2011- £27,791)

Directors' responsibilities for audit information

In so far as the directors are aware

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

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

By order of the Board

K Down
Director

20 March 2013

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently,
- make 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, 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 proper accounting records which 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 to 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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report

to the members of Go South Coast Limited

We have audited the financial statements of Go South Coast Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 25 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Report and 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 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report

to the members of Go South Coast Limited (continued)

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

Ernst + Young LLP

Caroline Mulley (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

22 March 2013

Go South Coast Limited

Profit and loss account

for the year ended 30 June 2012

	Notes	2012 £000	2011 £000
Turnover	2	82,530	77,095
Operating costs	3	76,384	67,237
Operating profit	4	6,146	9,858
Interest receivable and similar income	7	126	1
Interest payable and similar charges	8	(41)	(412)
Profit on ordinary activities before taxation		6,231	9,447
Tax on profit on ordinary activities	9	(1,090)	(2,296)
Profit for the financial year		5,141	7,151

All activities are continuing

Statement of total recognised gains and losses
for the year ended 30 June 2012

	2012 £000	2011 £000
Profit for the financial year	5,141	7,151
Actuarial (loss)/gain on pension schemes (note 19)	(4,437)	7,539
Deferred tax credit/(charge)	734	(2,433)
Transfer of net pension scheme liability following merger of pension schemes into parent company scheme	19,202	-
Transfer of associated deferred tax asset	(4,608)	-
Total recognised gains relating to the year	16,032	12,257

Balance sheet

Registered No: 3949597

at 30 June 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Intangible fixed assets	11	-	-
Tangible fixed assets	12	37,959	33,049
Investments	13	44,520	44,520
		82,479	77,569
Current assets			
Stocks		1,181	1,262
Debtors amounts due within one year	14	18,430	8,426
Debtors amounts due after more than one year	14	25,442	-
Cash at bank		380	424
		45,433	10,112
Creditors: amounts falling due within one year	15	(105,417)	(59,589)
Net current liabilities		(59,984)	(49,477)
Total assets less current liabilities		**22,495**	**28,092**
Creditors: amounts falling due after more than one year	16	(187)	(509)
Provisions for liabilities and charges	18	(6,764)	(5,639)
Net assets excluding pension liability		15,544	21,944
Pension liability	19	-	(11,482)
Net assets including pension liability		**15,544**	**10,462**
Capital and reserves			
Share capital	22	1,977	1,977
Profit and loss account	23	13,567	8,485
	23	**15,544**	**10,462**

The financial statements were approved for issue by the Board of Directors and signed on their behalf by

K Down
Director

20 March 2013

Notes to the financial statements
at 30 June 2012

1. Accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

The company has taken advantage of the exemption to prepare group financial statements on the basis that it is a wholly owned subsidiary undertaking of The Go-Ahead Group Plc and is included, together with subsidiary undertakings in the group financial statements of that company These financial statements present information about the company as an individual undertaking and not about its group

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

The company has net assets of £15,544,000 (2011 £10,462,000) and net current liabilities of £59,984,000 (2011 £49,477,000) including amounts owed to other group undertakings of £62,798,000 (2011 £44,290,000) The company is dependent on continuing financial support from its ultimate parent undertaking in order to ensure continued compliance with the franchise agreement

The directors have received confirmation from the company's ultimate parent undertaking that the necessary financial support will continue to be available to the company for the foreseeable future and, in particular, for a period of at least twelve months from the date of approval of these financial statements Accordingly, the directors of the company believe that it is appropriate to prepare the financial statements on a going concern basis Should the financial support from the company's ultimate parent undertaking not be available, the going concern basis may be invalid and adjustments would have to be made to reduce the value of assets to their realizable amount, to provide any financial commitments or future liabilities which might arise and to reclassify fixed assets and long term liabilities to current assets and liabilities

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

Fixed assets and depreciation
Tangible fixed assets are stated at cost

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Leasehold improvements	-	Life of lease
Plant and equipment	-	3 to 10 years
Rolling stock	-	8 to 15 years

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

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Notes to the financial statements
at 30 June 2012

1. Accounting policies (continued)

Deferred Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes
Deferred Tax is provided for on all timing differences which have originated but not reversed at the balance sheet date
Except where otherwise required by accounting standards, no timing differences are recognised in respect of

- Gains on sale of assets where those gains have been rolled over into replacement assets, and
- Deferred tax assets except to the extent that it is more likely than not that they will be recovered

Deferred tax is calculated at the enacted rates at which it is estimated the tax will be payable The deferred tax provision is not discounted to net present value

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

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

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

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

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

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

Intangible assets
Intangible assets are capitalised at cost and amortised on a straight line basis over their estimated useful lives The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable

Pensions
Up to 29 February 2012 the company was a member of The Wilts & Dorset Pension Scheme and Southern Vectis Group Pension Plan The company accounted for the schemes under FRS17 up to 29 February 2012

Notes to the financial statements

at 30 June 2012

1. Accounting policies (continued)

On 1 March 2012 the schemes were merged into a scheme which is part of The Go-Ahead Group Pension Plan The scheme is a multi-employer scheme for which individual employer asset shares cannot be identified and accordingly the company accounts for it as a defined contribution scheme

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

Investments
Investments in subsidiary companies are held at cost

2. Turnover

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

An analysis of turnover by geographical market is given below

	2012 £000	2011 £000
United Kingdom	82,530	77,095

3. Operating costs

	2012 £000	2011 £000
Materials and external charges	28,996	23,762
Staff costs (note 5)	41,752	38,481
Depreciation and amortisation of fixed assets	5,636	4,994
Other operating costs	-	-
	76,384	67,237

Notes to the financial statements

at 30 June 2012

4. Operating profit

This is stated after charging/(crediting)

		2012 £000	2011 £000
Auditor's remuneration	- audit services	41	41
	- non-audit services	6	6
		47	47
Depreciation of owned fixed assets		4,511	3,786
Depreciation of assets held under finance lease and hire purchase contracts		1,125	1,208
		5,636	4,994
Profit on disposal of tangible assets		(66)	(467)
Loss/(profit) on purchase of tangible assets		-	(331)
Profit on disposal of shares		-	(115)
Release of government grant		(66)	-
Operating lease rentals		307	320

5. Staff costs

	2012 £000	2011 £000
Wages and salaries	36,633	33,907
Social security costs	3,281	3,024
Other pension costs – defined benefit	1,738	1,448
– defined contribution	100	102
	41,752	38,481

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

	2012 No	2011 No
Administration and supervision	22	22
Maintenance and engineering	334	312
Operations	1,176	1,159
	1,532	1,493

Notes to the financial statements
at 30 June 2012

6. Directors' emoluments

	2012 £000	2011 £000
Aggregate emoluments in respect of qualifying services	704	508
Aggregate company contributions paid in respect of money purchase schemes	5	4

	2012 No	2011 No
Number of directors accruing benefits under defined benefit schemes	4	4

None of the directors exercised share options during the year (2011 none)

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

	2012 £000	2011 £000
Emoluments	169	162

7. Interest receivable and similar income

	2012 £000	2011 £000
Other similar income receivable	-	1
Interest credit on defined benefit pension schemes	126	-
	126	1

8. Interest payable and similar charges

	2012 £000	2011 £000
Finance charges payable under hire purchase contracts	41	96
Interest cost on defined benefit pension schemes	-	316
	41	412

Notes to the financial statements
at 30 June 2012

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2012 £000	2011 £000
Current tax		
UK corporation tax	304	2,164
Release of over-accrual in respect of prior year	(196)	-
Total current tax (note 9(b))	108	2,164
Deferred tax		
Origination and reversal of timing differences (note 18)	796	13
Deferred tax charge on movement in FRS17 pension scheme liability (note 19)	186	119
	982	132
Tax charge on profit on ordinary activities	1,090	2,296

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 25 5% (2011 27 5%)

The differences are reconciled below

	2012	2011

	£000	£000
Profit on ordinary activities before tax	6,231	9,447
Profit on ordinary activities by rate of tax	1,589	2,598
Capital allowances in excess of depreciation	(1,930)	(153)
Other permanent differences	48	(136)
Deferred tax movement due to rate change	-	(9)
Expenses not deductible for tax purposes	(147)	6
Other timing differences	744	(142)
Adjustment in respect of prior year	(196)	-
Total current tax (note 9(a))	108	2,164

(c) Deferred tax

	2012 £000	2011 £000
Capital allowances in advance of depreciation	4,692	3,097
Short term timing differences	(888)	(89)
Provision for deferred taxation (note 18)	3,804	3,008

Notes to the financial statements

at 30 June 2012

9. Taxation on ordinary activities

(d) Factors affecting future tax charges

The UK government has announced its intention to reduce the UK corporation tax rate to 22% by 1 April 2014

A reduction from 26% to 25% was substantively enacted on 5 July 2011 and was intended to be effective from 1 April 2012 However a further reduction to 24% was announced in the Budget on 21 March 2012 and substantively enacted on 26 March 2012 and this rate came into effect on 1 April 2012 instead of the 25% rate A further reduction to 23% was enacted when the Finance Act 2012 received Royal Assent on 17 July 2012

As the 23% rate had not been substantively enacted at the balance sheet date it has no effect on current or deferred tax liabilities in these accounts However, as the 24% rate was substantively enacted at the balance sheet date, this rate has been applied to the deferred tax assets/liabilities at the year end

10. Dividends

	2012 £000	2011 £000
Paid during the year		
Equity dividends on ordinary shares	10,950	-

11. Intangible fixed assets

	Licences £000
Cost	
At 2 July 2011and 30 June 2012	553
Amortisation	
At 3 2 July 2011and 30 June 2012	553

Net book value	
At 2 July 2011 and 30 June 2012	-

Notes to the financial statements

at 30 June 2012

12. Tangible fixed assets

	Leasehold property £000	*Plant & Equipment £000*	*Rolling Stock £000*	*Total £000*
Cost				
At 2 July 2011	185	5,457	68,616	74,258
Additions	118	1,219	9,670	11,007
Transfer from group undertakings	-	-	3,323	3,323
Transfer to group undertakings	-	-	(630)	(630)
Disposals	-	(55)	(343)	(398)
At 30 June 2012	303	6,621	80,636	87,560
Depreciation				
At 2 July 2011	92	3,635	37,482	41,209
Provided during the year	22	492	5,122	5,636
Transfer from group undertakings	-	-	3,212	3,212
Transfer to group undertakings	-	-	(66)	(66)
Disposals	-	(55)	(335)	(390)
At 30 June 2012	114	4,072	45,415	49,601
Net book value				
At 30 June 2012	189	2,549	35,221	37,959
At 2 July 2011	93	1,822	31,134	33,049

The net book value of assets above includes an amount of £3,567,000 (2011 £4,699,000) in respect of assets held under finance lease and hire purchase contracts

Capital commitments

	2012 £000	*2011 £000*
Contracted but not provided	340	6,330

Notes to the financial statements
at 30 June 2012

13. Investments

	Shares in group companies £000
Cost	
At 2 July 2011 and 30 June 2012	44,520

The company owns 100% of the issued share capital of the companies listed below

- The Southern Vectis Omnibus Company Limited (Dormant)
- Solent Blue Line Limited (Dormant)
- Marchwood Motorways (Southampton) Limited (subsidiary of Solent Blue Line Limited) (Dormant)
- Marchwood Motorways (Services) Limited (subsidiary of Solent Blue Line limited) (Dormant)
- Wilts & Dorset Investments Limited (Dormant)
- Wilts & Dorset (Holdings) Limited (subsidiary of Wilts & Dorset Investments Limited) (Dormant)
- Wilts & Dorset Bus Company Limited (Dormant)
- Hants & Dorset Trim Limited (Dormant)
- Tourist Coaches Limited (Dormant)
- Hants & Dorset Motor Services Limited (Dormant)
- Southern Vectis Commercials Limited (Dormant)
- Southern Vectis Coaches Limited (Dormant)

14. Debtors

	2012 *£000*	*2011* *£000*
Trade debtors	5,592	3,987
Other debtors	1,780	2,661
Capital prepayment	33,762	-
Prepayments and accrued income	2,738	1,778
	43,872	8,426

Amounts falling due after more than one year included above are

	2012 *£000*	*2011* *£000*
Capital prepayment	25,442	-

Notes to the financial statements
at 30 June 2012

15. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	3,073	6,784
Accruals and deferred income	2,503	2,663
Amounts owed to group undertakings	96,560	44,290
Obligations under finance lease and hire purchase contracts (note 17)	284	492
Corporation tax	313	2,360
Other taxation and social security	1,171	1,131
Other creditors	1,513	1,869
	105,417	59,589

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

	2012 £000	2011 £000
Obligations under finance lease and hire purchase contracts (note 17)	187	509

17. Obligations under finance lease and hire purchase contracts

The maturity of these amounts is as follows

	2012 £000	2011 £000
Amounts payable		
Within one year (note 15)	284	492
In two to five years	187	509
In over five years	-	-
	471	1,001

18. Provisions for liabilities and charges

	Uninsured claims £000	*Deferred tax* £000	*Onerous Lease Provision* £000	*Restructure Cost Provision* £000	*Total* £000
At 2 July 2011	2,584	3,008	47	-	5,639
Provided in the year	1,077	796	-	508	2,381
Utilised in year	(1,257)	-	(33)	-	(1,290)
Effect of discounting	34	-	-	-	34
At 30 June 2012	2,438	3,804	14	508	6,764

Notes to the financial statements

at 30 June 2012

19. Pension commitments

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

Defined contribution

The company participates in the defined contribution scheme of The Go-Ahead Group Pension Plan This scheme is not contracted-out of the State Second Pension Scheme and is open to new entrants The expense recognised in these accounts for the year is £46,000 (2011 £44,000) being the contributions paid and payable

The company also participates in a stakeholder scheme and the expense recognised in these accounts for the year is £54,000 (2011 £58,000) being the contributions paid and payable

Defined benefit

The Company participates in a scheme which is part of The Go-Ahead Group Pension Plan The assets of the scheme are held separately from those of the Company in an independently administered fund

The most recent actuarial valuation of the scheme was at 31 March 2009 and was updated by Towers Watson LLP to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 June 2012 and 2 July 2011 The contributions paid to the scheme are paid in line with the schedule of contributions, being 16 4% and 14 3% of pensionable salaries paid to upper and lower tier sections respectively

The defined benefit scheme is effectively closed to new entrants As a result it can be expected that the service cost will increase in future, as a percentage of payroll However, this percentage is likely to be applied to a reducing total pensionable payroll

The scheme is a multi-employer scheme and in accordance with FRS 17, the Company has accounted for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the Company's share of the net assets and liabilities in the scheme on a consistent and reasonable basis due to the high volume of members/pensioners and the historic interaction between Group companies

The following disclosures provide details of the entire defined benefit scheme

The main assumptions are

	2012 %	2011 %
Rate of increase in salaries	3 9	4 7
Rate of increase in deferred pensions	1 9	2 7
Discount rate	5 0	5 6
Retail price index inflation	2 9	3 7
Consumer price index inflation	1 9	2 7

Notes to the financial statements

at 30 June 2012

19. Pension commitments (continued)

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

	2012		2011	
	Long term rate of return expected %	Value £m	Long term rate of return expected %	Restated Value £m
Equities	6 6	171 0	7 9	139 2
Bonds	5 0	28 4	5 7	18 3
Properties	6 2	30 5	7 3	31 3
Cash/other*	2 0	296 1	3 7	223 1
Total market value of assets		526 0		411 9
Present value of scheme liabilities		(545 8)		(456 3)
Pension liability before deferred tax		(19 8)		(44 4)
Related deferred tax asset		4 8		11 5
Net pension liability		(15 0)		(32 9)

* This includes The Go Ahead Plan s liability driven investing portfolio

Until 1 March 2012, the company participated in two schemes

19 1 The Wilts & Dorset Pension Scheme
19 2 The Southern Vectis Group Pension Plan

19.1 The Wilts & Dorset Pension Scheme

The company operated a defined benefit pension scheme known as The Wilts & Dorset Pension Scheme ("the scheme") providing benefits based on final salary The scheme is externally funded and is contracted-out of the state second-tier of pension provision The scheme merged into The Go-Ahead Group Pension Plan on 1 March 2012

The last formal valuation of the scheme was performed as at 5 April 2008

Assumptions

The financial assumptions used to calculate the scheme's liabilities under FRS17 are

	At 1 March 2012 % pa	At 2 July 2011 %pa
Retail Prices Index inflation	3 20	3 70
Consumer Prices Index inflation	2 20	2 70
Rate of increase in salaries	4 20	4 70
Pension increases in pensions in respect of		
- Service before 6 April 1997	4 00	4 00
- Service from 6 April 1997 to 6 November 2001*	4 25	4 30
- Service from 7 November 2001 to 5 April 2006	3 15	3 55
- Service from 6 April 2006	2 10	2 30
Increases to deferred pensions before retirement	2 20	2 70
Discount rate	5 04	5 60

*This was previously 28 May 2001 However, the service date has been amended following a corrective exercise by the scheme in 2011

Notes to the financial statements

at 30 June 2012

19. Pension commitments (continued)

The most significant non-financial assumption is the assumed rate of longevity The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of a male pensioner aged 65 in 2008 and a male non-pensioner aged 65 in 2023

	At 30 June 2012	At 2 July 2011
Pensioner	19 2	19 2
Non-pensioner	20 7	20 7

Scheme assets and expected rate of return

The expected return on assets has been derived from the expected returns from each of the main asset classes (i e equities and bonds) The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations These have then been combined, based on the asset portfolio of the scheme, to determine the overall asset return assumption

The assets in the scheme were

	Fair value at 30 June 2012 £000	Fair value at 2 July 2011 £000
Equities	-	23,266
Bonds (Government)	-	4,667
Bonds (Corporate)	-	4,743
Cash	-	367
Total	-	33,043

The expected long-term rates of return were

	At 30 June 2012 % pa	At 2 July 2011 % pa
Expected rate of return	n/a	7 55

Components of defined benefit expense

Period ending	30 June 2012 £000	2 July 2011 £000
Current service cost	667	1,111
Interest cost	1,594	2,235
Expected return on assets	(1,667)	(2,011)
Net benefit expense before special events	**594**	**1,335**
Cost of settlement due to scheme merger	(11,782)	-
Disclosed expense before deduction for tax	**(11,188)**	**1,335**
Analysis of amounts recognised in STRGL		
Loss/(gain) on assets	529	(3,157)
Loss/gain on liabilities	1,950	(1,432)
Total loss/(gain) recognised in STRGL before adjustment for tax	**2,479**	**(4,589)**

Notes to the financial statements

at 30 June 2012

19. Pension commitments (continued)

History of experience gains and losses

Period ending	2012	2011	2010	2009	2008
Loss/(gain) on scheme assets:					
Amount (£000)	529	(3,157)	(2,475)	4,262	(3,521)
Experience gain on scheme liabilities:					
Amount (£000)	-	(673)	(1,269)	(272)	-
Total actuarial loss/(gain) recognised in STRGL:					
Amount (£000)	2,479	(4,589)	2,904	2,981	3,431

Cumulative actuarial (gain)/loss recognised in the statement of total actuarial gains and losses

	At 30 June 2012 £000	At 2 July 2011 £000
Cumulative actuarial losses recognised at start of year	6,901	11,490
Cumulative actuarial losses recognised at end of year	9,380	6,901

Reconciliation to the balance sheet

	At 30 June 2012 £000	At 2 July 2011 £000	At 3 July 2010 £000	At 27 June 2009 £000	At 28 June 2008 £000
Market value of assets	-	33,043	27,688	23,168	25,299
Present value of liabilities	-	42,844	42,359	35,353	34,915
Deficit in the scheme	-	(9,801)	(14,671)	(12,185)	(9,616)
Unrecognised past service cost	-	-	-	-	-
Amount not recognised due to paragraph 37 restriction	-	-	-	-	-
Defined benefit liability at end of period	-	(9,801)	(14,671)	(12,185)	(9,616)

Reconciliation of present value of scheme liabilities

Period ending	30 June 2012 £000	2 July 2011 £000
Present value of scheme liabilities at the start of the year	**42,844**	**42,359**
Current service cost (net of member contributions)	667	1,111
Interest cost	1,594	2,235
Actual member contributions (including notional contributions)	513	761
Actuarial loss/(gain)	1,950	(1,432)
Actual benefit payments	(1,456)	(2,190)
Settlement due to scheme merger	(46,112)	-
Present value of scheme liabilities at the end of the year	-	**42,844**

Notes to the financial statements

at 30 June 2012

19. Pension commitments (continued)

Reconciliation of the fair value of scheme assets

Period ending	30 June 2012 £000	2 July 2011 £000
Fair value of assets at the start of the year	**33,043**	**27,688**
Expected return on assets	1,667	2,011
Actuarial gain on assets	(529)	3,157
Actual company contributions	1,092	1,616

Actual member contributions (including notional contributions)	513	761
Actual benefit payments	(1,456)	(2,190)
Settlement due to scheme merger	(34,330)	-
Fair value of assets at the end of the year	**-**	**33,043**

Amounts included in the fair value of assets at the end of the year

Period ending	30 June 2012 £000	2 July 2011 £000
For each category of reporting enterprise's own financial instruments	-	-
For any property occupied by the reporting enterprise	-	-

Actual return on scheme assets

Period ending	30 June 2012 £000	2 July 2011 £000
Expected return on scheme assets	1,667	2,011
Asset gain	(529)	3,157
Actual return on scheme assets	1,138	5,168

Estimated contributions in Financial Year

Period starting	1 July 2012 £000
Estimated company contributions in Financial Year 2012/13	-
Estimated employee contributions in Financial Year 2012/13	-
Estimated total contributions in Financial Year 2012/13	**-**

Notes to the financial statements
at 30 June 2012
19.2 The Southern Vectis Group Pension Plan

The company operated a defined benefit pension scheme known as the Southern Vectis Group Pension Plan (the Plan), providing benefits based on final salary The plan was externally funded and is contracted-out of the state second-tier of pension provision

The last formal valuation of the scheme was performed as at 6 April 2008 The Scheme was merged into The Go-Ahead Group Pension Plan on 1 March 2012

Assumptions

The financial assumptions used to calculate the plan's liabilities under FRS17 are

	At 1 March 2012 %pa	At 2 July 2011 %pa
Retail Prices Index inflation	3 20	3 70
Consumer Prices Index inflation	2 20	2 70
Rate of increase in salaries	4 20	4 70
Pension increases in pensions in respect of		
- Service before 6 April 1997	3 00	3 00
- Service from 6 April 1997 to 14 November 2002	3 70	3 85
- Service from 14 November 2002 to 5 April 2006	3 15	3 55
- Service from 6 April 2006	2 10	2 30
Increases to deferred pensions before retirement	2 20	2 70
Discount rate	5 04	5 60

The most significant non-financial assumption is the assumed rate of longevity The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of a male pensioner aged 65 in 2008 and a male non-pensioner aged 65 in 2023

	At 30 June 2012	At 2 July 2011
Pensioner	19 2	19 2
Non-pensioner	20 7	20 7

Plan assets and expected rate of return

The expected return on assets has been derived from the expected returns from each of the main asset classes (i e equities and bonds) The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations These have then been combined, based on the asset portfolio of the Plan, to determine the overall asset return assumption

The assets in the Plan were

	Fair value at 30 June 2012 £000	Fair value at 2 July 2011 £000
Equities	-	14,082
Bonds (Government)	-	3,274
Bonds (Corporate)	-	6,056
Cash	-	32
Total	-	23,444

Notes to the financial statements

at 30 June 2012

19. Pension commitments (continued)

The expected long-term rates of return were

	At 30 June 2012 % pa	At 2 July 2011 % pa
Expected rate of return	n/a	7 30

Components of defined benefit cost

Period ending	30 June 2012 £000	2 July 2011 £000
Current service cost	191	337
Interest cost	1,075	1,540
Expected return on assets	(1,128)	(1,472)
Net benefit expense before special events	**138**	**405**

Cost of settlement due to scheme merger	(7,420)	-
Disclosed expense before deduction for tax	**(7,282)**	**405**
Analysis of amounts recognised in STRGL		
Loss/(gain) on assets	105	(1,821)
Loss/(gain) on liabilities	1,853	(1,129)
Total loss/(gain) recognised in STRGL before adjustment for tax	**1,958**	**(2,950)**

History of experience gains and losses

Period ending	2012	2011	2010	2009	2008
Loss/(gain) on Plan assets					
Amount (£000)	105	(1,821)	(2,209)	3,434	2,795
Experience gain on Plan liabilities.					
Amount (£000)	-	(390)	(716)	(198)	-
Total actuarial loss/(gain) recognised in STRGL:					
Amount (£000)	1,958	(2,950)	1,611	2,313	2,577

Cumulative actuarial loss recognised in the statement of total actuarial gains and losses

	At 30 June 2012 £000	At 2 July 2011 £000
Cumulative actuarial losses recognised at start of year	3,304	6,254
Cumulative actuarial losses recognised at end of year	5,262	3,304

Notes to the financial statements

at 30 June 2012

19. Pension commitments (continued)

Reconciliation to the balance sheet

	At 30 June 2012 £000	At 2 July 2011 £000	At 3 July 2009 £000	At 27 June 2009 £000	At 28 June 2008 £000
Market value of assets	-	23,444	20,397	17,350	19,562
Present value of liabilities	-	29,185	29,340	24,885	25,039
Deficit in the scheme	-	(5,741)	(8,943)	(7,535)	(5,477)
Unrecognised past service cost	-	-	-	-	-
Amount not recognised due to paragraph 37 restriction	-	-	-	-	-
Defined benefit liability at end of period	-	(5,741)	(8,943)	(7,535)	(5,477)

Reconciliation of present value of Plan liabilities

Period ending	30 June 2012 £000	2 July 2011 £000

Present value of Plan liabilities at the start of the year	**29,185**	**29,340**
Current service cost (net of member contributions)	191	337
Interest cost	1,075	1,540
Actual member contributions (including notional contributions)	179	294
Actuarial loss/(gain)	1,853	(1,129)
Actual benefit payments	(1,128)	(1,197)
Settlement due to scheme merger	(31,355)	-
Present value of Plan liabilities at the end of the year	-	**29,185**

Reconciliation of the fair value of Plan assets

Period ending	30 June 2012 £000	2 July 2011 £000
Fair value of assets at the start of the year	**23,444**	**20,397**
Expected return on assets	1,128	1,472
Actuarial (loss)/gain on assets	(105)	1,821
Actual company contributions	417	657
Actual member contributions (including notional contributions)	179	294
Actual benefit payments	(1,128)	(1,197)
Settlement due to scheme merger	(23,935)	-
Fair value of assets at the end of the year	-	**23,444**

Amounts included in the fair value of assets at the end of the year

Period ending	30 June 2012 £000	2 July 2011 £000
For each category of reporting enterprise's own financial instruments	-	-
For any property occupied by the reporting enterprise	-	-

Notes to the financial statements

at 30 June 2012

19. Pension commitments (continued)

Actual return on Plan assets

Period ending	30 June 2012 £000	2 July 2011 £000
Expected return on Plan assets	1,128	1,472
Asset gain or (loss)	(105)	1,821
Actual return on Plan assets	1,023	3,293

Estimated contributions in Financial Year

Period starting	30 June 2012 £000
Estimated company contributions in Financial Year 2012/13	-
Estimated employee contributions in Financial Year 2012/13	-
Estimated total contributions in Financial Year 2012/13	-

20. Commitments under operating leases

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012 Other £000	2011 Other £000
Operating leases which expire In over five years	-	472

Included in other operating lease commitments is a debit of £nil (2011 £472,000) relating to obligations under finance lease with other group undertakings

Notes to the financial statements
at 30 June 2012

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

22. Share capital

			Allotted, called up and fully paid	
		2012		2011
	No	£000	No	£000
Ordinary shares of £0 10 each	19,770,020	1,977	19,770,020	1,977

23. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Profit and loss account £000	Total share-holders' deficit £000
At 3 July 2010	1,977	(3,772)	(1,795)
Retained profit for the year	-	7,151	7,151
Actuarial loss net of deferred tax	-	5,106	5,106
At 2 July 2011	1,977	8,485	10,462
Retained profit for the year	-	5,141	5,141
Dividends paid	-	(10,950)	(10,950)

Actuarıal loss net of deferred tax	-	(3,703)	(3,703)
Transfer of net pensıon lıabılıty (net of associated deferred tax asset) following merger of defined benefit pension schemes into the parent company scheme	-	14,594	14 594
At 30 June 2012	1,977	13,567	15,544

24. Share-based payments

Share Incentıve Plan

The company partıcıpates ın an HMRC approved share ıncentıve plan, operated by the ultımate parent undertakıng, known as The Go-Ahead Group plc Share Incentıve Plan (the "SIP") The SIP ıs open to all group employees (ıncludıng executıve dırectors) who have completed at least sıx month's servıce wıth a group company at the date they are ınvıted to partıcıpate ın the plan

The SIP permıts The Go-Ahead Group plc to make four dıfferent types of awards to employees (free shares, partnershıp shares, matchıng shares and dıvıdend shares), although the group has, so far, made awards of partnershıp shares only Under these awards, the group ınvıtes qualıfyıng employees to apply between £10 and £125 per month ın acquırıng shares ın the group at the prevaılıng market prıce Under the terms of the scheme, certaın tax advantages are avaılable to the group and employees

25. Ultimate parent company and controlling party

In the dırectors' opınıon the company's ultımate parent company ıs The Go-Ahead Group plc whıch ıs also the parent undertakıng of the group of undertakıngs for whıch group financıal statements are drawn up The Go-Ahead Group plc ıs regıstered ın England and Wales and copıes of ıts financıal statements can be obtaıned from Companıes House, Cardıff