Registered No: 3949597

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Go South Coast Limited

Report and Financial Statements

28 June 2014

Registered No: 3949597

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

Secretary
C Ferguson

Auditor
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Bankers
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41 - 51 Grey Street
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Strategic Report

The directors present their strategic report for the year ended 28 June 2014.

Business Review

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
- repair and refurbishment of PSV's, including re-paints and seat re-trimming
- private hire

The profit for the year after taxation amounted to £6,589,000 (2013: £4,884,000). Particulars of dividends paid during the year are detailed in note 10 to the financial statements.

The company continues to develop and evolve achieving growth through providing reliable, comfortable and friendly bus services that give customers good value for money.

The key performance indicators during the year were as follows:

	2014	*2013*	*Change*
	£000	*£000*	*%*
Turnover	85,579	83,295	2.7%
Operating profit	7,923	6,246	26.8%
Profit after tax	6,589	4,884	34.9%
Operating Profit Margin	*9.3%*	*7.5%*	

	2014	*2013*	*Change*
			%
Total Passenger Journeys	46,573,000	44,696,000	4.2%
Average number of employees	1,450	1,491	(2.7%)

During the year, the company delivered significant operating improvements through a wide range of initiatives including re-locating the operating premises in Salisbury, network improvements across all brands, and consolidation of the management structure in the Damory and Tourist operations.

The company continued to promote "The Key" (smartcard service) introduced in February 2012 with an increase in The Key related revenue of 58% in 2014. Grant funding awarded in the year allowed for fleet improvements through LED fitment, bus refurbishments, Wi-fi, and next stop audio equipment. These improvements and the improvements in fleet continue to ensure that the company offers superior services.

62 vehicles were introduced into the fleet at a total cost of £11.4m, maintaining the fleet size at 751 (2013: 755), with an average age of 10 years. An additional 14 vehicles were purchased during the year at a cost of £2.6m and will enter the fleet during the next financial year.

Future developments

The company plans to achieve future customer growth in existing markets by the ability to offer enhanced products and services; in particular, the development of The Key smartcards, mobile ticketing apps, and WiFi for passengers. The company also plans to introduce real time information on certain routes.

In July 2014, a local bus operator ceased trading. The company's business in Salisbury (Salisbury Reds) was able to respond to the needs of the community by providing replacement services and was awarded a contract through to April 2015. This results in the introduction of an additional eight new vehicles to the company's current fleet to service this contract.

Strategic Report

Future developments (continued)

The networks across the company's operating area continue to evolve. Customer growth will allow for the expansion of services with new routes and increased frequencies planned during the next financial year.

The Company will continue to compete for local authority contracts, with several large Hampshire County Council contracts to be awarded during the year.

The company continues to assess acquisition opportunities on a regular basis.

Risk Management objectives and policies

The Company has procedures in place to assess, prioritise, monitor and mitigate business risks. The principal business risks monitored in this way include the economic, environment, political and financial instrument risks.

- *Economic Risks*

Although passenger income growth continues to be consistently strong, the company remains heavily dependent on macro-economic trends in the Hampshire, Dorset, Isle of Wight and Wiltshire areas where the company's passengers are largely focused.

- *Environmental Risks*

Mitigating the Environmental impact remains high on the company agenda. Substantial investments in fleet are planned in future years which will improve the efficiency of the fleet. Further investment is planned to improve the efficiency of the current fleet through the installation of electric flywheel systems.

- *Political risk*

The General Election in 2015 means an uncertain political environment. Changes to the Government's National Concessionary Travel Scheme and the Bus Service Operator's Grant (BSOG) are possible and could have a detrimental impact on the company.

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 can be varied each year. There is an appeal process in place which can be used to challenge the reimbursement, if necessary.

BSOG is a grant received for providing eligible local bus services and allows for the recovery of a portion of fuel costs. In January 2014 the central government devolved the funding elements related to services operated under tender by local authorities. This change has had little immediate impact on the profitability of the company.

The Company continues to engage fully with the Trade Unions, through consultation bodies on pay deals and working conditions.

- *Financial instrument risk*

The Company's principal financial instruments comprise cash and group loans. Other financial assets and liabilities, such as trade creditors and trading balances with the Go-Ahead Group plc group of companies, arise directly from the Company's operating activities. 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.

Strategic Report

> *Financial instrument risk*

Price risk is mitigated through the use of floating rate interest arrangements to prevent significant changes in the carrying value of financial liabilities.

Credit risk is the risk that one party will cause a financial loss for the other party. The majority of company debtors are with other group companies and the company does not consider these parties to be a significant credit risk. The majority of third party company debtors are with public bodies. These parties are not considered to represent a significant credit risk.

Interest rate risk is mitigated by the ultimate parent company sweeping all surplus cash and investing the majority of this surplus cash in fixed rate interest yielding bank deposit accounts. Interest is charged at a variable rate on loans with group companies and therefore financial assets, liabilities, interest income, interest charges and cash flows can be affected by movements in interest rates.

Liquidity risk is mitigated 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.

The strategic report was approved by the Board of directors on 12 November 2014 and signed on their behalf by

K Down

Directors' Report

The directors present their report and financial statements for the year ended 28 June 2014.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the company's strategic report the following which the directors believe to be of strategic importance:

- Review of business
- Future developments
- Financial risk management objectives and policies.

Directors of the company

The current directors are shown on page1.

Messrs Brown and Down were directors of the ultimate parent company, The Go-Ahead Group plc, during the year.

Dividends

Total ordinary dividends paid in the year were £3,200,000. The Directors do not recommend a final ordinary dividend for the year.

Future Developments

Likely future developments in the business are discussed in the strategic report.

Financial instruments

The company finances its activities with cash and short term deposits, overdrafts are not used. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

Financial instruments give rise to interest rate, credit, price and liquidity risk. Information on how these risks arise is set out in the Strategic Report, as are details on how management approach each risk.

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.
- Staff forums held at each at depot locations throughout the year.
- Central consultation and negotiating committees which are held regularly with recognised trade union officials, so that views of the employees can be taken into consideration.

Directors' indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. The Company has also granted indemnities to each of its directors and the secretary which represent "qualifying third party indemnity provisions" (as defined by

Directors' Report

section 234 of the Companies Act 2006), in relation to certain losses and liabilities which the directors (or secretary) may incur to third parties in the course of acting as directors (or secretary) or employees of the Company or of any associated company.

Research and development

The company does not have any activities in research and development.

Events since the balance sheet date

The company has no post balance sheet events requiring disclosure

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.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (this is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and

- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Registered office:
3rd Floor
41 - 51 Grey Street
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By order of the Board

K Down
Director

12 November 2014

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, 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 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

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 28 June 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. 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 7, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 June 2014 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.

Independent auditor's report

to the members of Go South Coast Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Ernst + Young LLP

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

14 November 2014

Profit and loss account

for the year ended 28 June 2014

	Notes	2014 £000	2013 £000
Turnover	2	85,579	83,295
Operating costs	3	(77,656)	(77,049)
Operating profit	4	7,923	6,246
Interest receivable and similar income	7	57	29
Interest payable and similar charges	8	(33)	(48)
Profit on ordinary activities before taxation		7,947	6,227
Tax on profit on ordinary activities	9	(1,358)	(1,343)
Profit for the financial year		6,589	4,884

All activities are continuing.

Statement of total recognised gains and losses

for the year ended 28 June 2014

There are no recognised gains or losses other than the profit of £6,589,000 attributable to the shareholders for the year ended 28 June 2014 (2013: £4,884,000).

Balance sheet
at 28 June 2014

Registered No: 3949597

	Notes	2014 £000	2013 £000
Fixed assets			
Intangible fixed assets	11	-	-
Tangible fixed assets	12	47,110	38,960
Investments	13	44,520	44,520
		91,630	83,480
Current assets			
Stocks		1,430	1,328
Debtors: amounts due within one year	14	27,143	20,465
Debtors: amounts due after more than one year	14	-	17,649
Cash at bank		330	370
		28,903	39,812
Creditors: amounts falling due within one year	15	(106,137)	(112,801)
Net current liabilities		(77,234)	(72,989)
Total assets less current liabilities		**14,396**	**10,491**
Creditors: amounts falling due after more than one year	16	(17)	(34)
Provisions for liabilities and charges	18	(8,562)	(8,029)
Net assets		**5,817**	**2,428**
Capital and reserves			
Share capital	21	1,977	1,977
Profit and loss account	22	3,840	451
		5,817	**2,428**

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

K Down
Director

12 November 2014

Notes to the financial statements

at 28 June 2014

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 £5,817,000 (2013 : £2,428,000) and net current liabilities of £77,234,000 (2013: £72,989,000) including amounts owed to other group undertakings of £95,771,000 (2013: £103,910,000). 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 28 June 2014

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.

Notes to the financial statements
at 28 June 2014

1. Accounting policies (continued)
Pensions

The Company participates in a defined benefit 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 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.

The company also participates in defined contribution schemes.
For the defined contribution schemes, 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

Turnover comprises revenue from bus transport services in the United Kingdom. Where appropriate, amounts are shown excluding value added tax. Bus revenue principally comprises amounts receivable from contracts with local authorities recognised as the services are provided, amounts receivable from ticket sales and concessionary fare schemes. Concessionary amounts are recognised in the period in which the service is provided based on a predetermined formula agreed with the client and the relevant local authority.

An analysis of turnover by geographical market is given below:

	2014	*2013*
	£000	*£000*
United Kingdom	85,579	83,295

3. Operating costs

	2014	*2013*
	£000	*£000*
Materials and external charges	29,029	29,140
Staff costs (note 5)	42,159	41,902
Depreciation and amortisation of fixed assets	6,468	6,007
	77,656	77,049

Notes to the financial statements
at 28 June 2014

4. Operating profit
This is stated after charging/(crediting):

		2014 £000	2013 £000
Auditor's remuneration	- audit services	42	41
	- non-audit services	6	6
		48	47
Depreciation of owned fixed assets		5,712	5,050
Depreciation of assets held under finance lease and hire purchase contracts		756	957
		6,468	6,007
Profit on disposal of tangible assets		(96)	(108)
Release of government grants		(220)	(69)
Operating lease rentals		186	308

5. Staff costs

	2014 £000	2013 £000
Wages and salaries	36,196	36,030
Social security costs	3,150	3,111
Other pension costs – defined benefit	2,204	2,503
– defined contribution	609	258
	42,159	41,902

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

	2014 No.	2013 No.
Administration and supervision	20	22
Maintenance and engineering	298	319
Operations	1,132	1,150
	1,450	1,491

Notes to the financial statements
at 28 June 2014

6. Directors' emoluments

	2014 £000	2013 £000
Aggregate emoluments in respect of qualifying services	552	583
Aggregate company contributions paid in respect of money purchase schemes	29	19

	2014 No.	2013 No.
Number of directors accruing benefits under defined benefit schemes	-	2

None of the directors exercised share options during the year (2013: none)

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

	2014 £000	2013 £000
Emoluments	203	225

7. Interest receivable and similar income

	2014 £000	2013 £000
Unwinding of discounting on provisions	57	-
Other similar income receivable	-	29
Interest receivable and similar income	57	29

8. Interest payable and similar charges

	2014 £000	2013 £000
Finance charges payable under hire purchase contracts	33	48

Notes to the financial statements
at 28 June 2014

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014	*2013*
	£000	*£000*
Current tax:		
UK corporation tax	1,517	563
Revision of prior year estimate	(79)	(925)
Total current tax (note 9(b))	1,438	(362)
Deferred tax:		
Origination and reversal of timing differences (note 18)	(80)	1,705
Tax charge on profit on ordinary activities	1,358	1,343

(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 22.5% (2013: 23.75%)

The differences are reconciled below:

	2014	*2013*
	£000	*£000*
Profit on ordinary activities before tax	7,947	6,227
Profit on ordinary activities by rate of tax	1,788	1,479
Capital allowances in excess of depreciation	(633)	(948)
Other permanent differences	52	-
Expenses not deductible for tax purposes	-	32
Other timing differences	310	-
Adjustment in respect of prior year	(79)	(925)
Total current tax (note 9(a))	1,438	(362)

Notes to the financial statements
at 28 June 2014

9. Taxation on ordinary activities (continued)

(c) Deferred tax

	2014 £000	2013 £000
Capital allowances in advance of depreciation	5,430	5,511
Short term timing differences	(1)	(2)
Provision for deferred taxation (note 18)	5,429	5,509

(d) Factors affecting future tax charges

The UK government has announced its intention to reduce the UK corporation tax rate to 20% by 1 April 2015.

A reduction in the UK corporation tax rate from 24% to 23% came into effect on 1 April 2013. Finance Bill 2013 was substantively enacted on 2 July 2013, and given Royal Assent on 17 July 2012, giving effect to a 21% rate effective from 1 April 2014 and 20% rate effective from 1 April 2015.

As the 20% rate had been substantively enacted at the balance sheet date, this rate has been applied to the deferred tax balances at the year end.

10. Dividends

	2014 £000	2013 £000
Paid during the year:		
Equity dividends on ordinary shares	3,200	18,000

11. Intangible fixed assets

	Licences £000
Cost:	
At 29 June 2013 and 28 June 2014	553
Amortisation:	
At 29 June 2013 and 28 June 2014	553
Net book value:	
At 29 June 2013 and 28 June 2014	-

Notes to the financial statements
at 28 June 2014

12. Tangible fixed assets

	Leasehold property £000	Plant & Equipment £000	Rolling Stock £000	Total £000
Cost:				
At 29 June 2013	303	7,341	82,800	90,444
Additions	35	152	14,008	14,195
Transfer from group undertakings	-	-	640	640
Transfer categories	-	(56)	56	-
Disposals	-	(72)	(5,911)	(5,983)
At 28 June 2014	338	7,365	91,593	99,296
Depreciation:				
At 29 June 2013	143	4,581	46,760	51,484
Provided during the year	30	525	5,913	6,468
Transfer from group undertakings	-	-	-	-
Transfer categories	-	(56)	56	-
Disposals	-	(65)	(5,701)	(5,766)
At 28 June 2014	173	4,985	47,028	52,186
Net book value:				
At 28 June 2014	165	2,380	44,565	47,110
At 29 June 2013	160	2,760	36,040	38,960

The net book value of assets above includes an amount of £1,822,000 (2013: £2,614,000) in respect of assets held under finance lease and hire purchase contracts.

Capital commitments

	2014 £000	2013 £000
Contracted but not provided	3,136	10,885

13. Investments

	Shares in group companies £000
Cost:	
At 29 June 2013 and 28 June 2014	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)

Notes to the financial statements
at 28 June 2014

14. Debtors

	2014 £000	2013 £000
Trade debtors	5,831	4,331
Other debtors	777	1,077
Corporation tax	-	362
Amount due from group undertakings	17,092	29,230
Prepayments and accrued income	3,443	3,114
	27,143	38,114

Amounts falling due after more than one year included above are:

	2014 £000	2013 £000
Capital prepayment	-	17,649

15. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	3,540	3,404
Accruals and deferred income	2,319	3,002
Amounts owed to group undertakings	95,771	103,910
Obligations under finance lease and hire purchase contracts (note 17)	20	161
Corporation tax	1,438	-
Other taxation and social security	868	988
Other creditors	2,181	1,336
	106,137	112,801

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

	2014 £000	2013 £000
Obligations under finance lease and hire purchase contracts (note 17)	17	34

17. Obligations under finance lease and hire purchase contracts
The maturity of these amounts is as follows:

	2014 £000	2013 £000
Amounts payable:		
Within one year (note 15)	20	161
In two to five years	17	34
	37	195

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18. Provisions for liabilities and charges

	Uninsured claims £000	Deferred tax £000	Dilapidation Provision £000	Onerous Lease Provision £000	Total £000
At 29 June 2013	2,380	5,509	126	14	8,029
Provided in the year	1,977	638	12	-	2,627
Utilised in year	(1,134)	(718)	(75)	(14)	(1,941)
Effect of discounting	(153)				(153)
At 28 June 2014	3,070	5,429	63	-	8,562

Uninsured claims represent the cost to settle claims for incidents occurring prior to the balance sheet date based on an assessment of the expected settlement, together with an estimate of settlements that will be made in respect of incidents that have not yet been reported by the insurer, subject to the overall stop loss. It is estimated that the majority of uninsured claims will be settled within the next six years.

Deferred tax provisions relate to capital allowances in advance of depreciation and other timing differences. (note 9)

Provisions for dilapidation comprise dilapidation costs on leased offices and bus depots and is expected to be settled within the next 5 years.

The onerous lease provision relates to a single office site in Hampshire.

19. Pension commitment

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

Defined contribution:
During the year ended 28 June 2014, the Company participated in the defined contribution scheme of The Go-Ahead Group Pension Plan. This scheme is not contracted-out of the State Second Pension Scheme. It was closed to new entrants during the year ended 28 June 2014 and replaced by a Workplace Saving Scheme. The expense recognised in these accounts for the year is £469,000 (2013: £176,000), being the contributions paid and payable. The expense recognised for the Workplace Saving Scheme is £33,000 (2013: n/a), being the contributions paid and payable.

The company also participates in stakeholder schemes and the expense recognised in these accounts for the year is £107,000 (2013: £82,000) being the contributions paid and payable.

Defined benefit:
During the year ended 28 June 2014, the Company participated 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.

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19. Pension commitment (continued)

Previously, the section had been effectively closed to new entrants, however existing members continued to build up further Final Salary benefits. However, during the year ended 28 June 2014, the Group commenced a formal consultation process with existing members and their representatives to close the defined benefit section to future accrual and to offer members the opportunity to join the defined contribution section instead. On 31 March 2014, the defined benefit section of the Go-Ahead plan was closed to future accrual for all members.

The most recent actuarial valuation of the scheme was at 31 March 2012 and was updated by Towers Watson Limited to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 28 June 2014, 29 June 2013 and 30 June 2012. Up until the closure of the scheme to future accruals on 31 March 2014, the contributions paid to the scheme were paid in line with the schedule of contributions.

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

Main assumptions:

	2014	2013	2012	2011	2010
	%	%	%	%	%
Rate of increase in salaries	4.3	4.3	3.9	4.7	4.3
Rate of increase in deferred pensions	2.0	2.0	1.9	2.7	3.3
Discount rate	4.3	4.7	5.0	5.6	5.3
Retail price index inflation	3.3	3.3	2.9	3.7	3.3
Consumer price index inflation	2.0	2.0	1.9	2.7	n/a

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:

		2014		2013		2012
	Long-term rate of return expected	Value	Long-term rate of return expected	Restated Value	Long-term rate of return expected	Restated Value
	%	£000	%	£000	%	£000
Equities	6.2	202,200	6.2	208,400	6.6	171,000
Bonds	3.9	33,700	4.1	30,800	5.0	28,400
Properties	5.9	33,300	6.3	30,400	6.2	30,500
Cash/other*	3.7	322,500	1.9	289,600	2.0	296,100
Total market value of assets		591,700		559,200		526,000
Present value of scheme liabilities		(648,800)		(604,100)		(545,800)
Pension liability before deferred tax		(57,100)		(44,900)		(19,800)
Related deferred tax asset		11,400		10,300		4,800
Net pension liability		(45,700)		(34,600)		(15,000)

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

Notes to the financial statements
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20. 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.

21. Share capital

			Allotted, called up and fully paid	
		2014		*2013*
	No.	*£000*	*No.*	*£000*
Ordinary shares of £0.10 each	19,770,020	1,977	19,770,020	1,977

22. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	*Profit and loss account £000*	*Total share-holders' funds £000*
At 30 June 2012	1,977	13,567	15,544
Retained profit for the year	-	4,884	4,884
Dividends paid	-	(18,000)	(18,000)
At 29 June 2013	1,977	451	2,428
Retained profit for the year	-	6,589	6,589
Dividends paid	-	(3,200)	(3,200)
At 28 June 2014	1,977	3,840	5,817

23. Share-based payments

Share Incentive Plan
The company participates in an HMRC approved share incentive plan, operated by the ultimate parent undertaking, known as The Go-Ahead Group plc Share Incentive Plan (the "SIP"). The SIP is open to all group employees (including executive directors) who have completed at least six month's service with a group company at the date they are invited to participate in the plan.

The SIP permits The Go-Ahead Group plc to make four different types of awards to employees (free shares, partnership shares, matching shares and dividend shares), although the group has, so far, made awards of partnership shares only. Under these awards, the group invites qualifying employees to apply between £10 and £125 per month in acquiring shares in the group at the prevailing market price. Under the terms of the scheme, certain tax advantages are available to the group and employees.

24. Ultimate parent company and controlling party

In the directors' opinion the company's ultimate parent company is The Go-Ahead Group plc which is also the parent undertaking of the group of undertakings for which group financial statements are drawn up. The Go-Ahead Group plc is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.