

Glenvale Transport Limited

Financial statements for the year ended 30 April 2013

Registered number 03990677

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Directors' report

For the year ended 30 April 2013

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 April 2013

Business review and principal activities

Glenvale Transport Limited operates a fleet of 357 buses and employs 569 people, operating in and around the Merseyside area. On 13th January 2013 the company purchased the business and assets of two additional depots in the Birkenhead and Chester area expanding its current network. On 27th May 2013 operations in and around Preston, Chorley and Fleetwood area were transferred to the Company from fellow group subsidiary Stagecoach (North West) Limited, further expanding the company's network.

The results of the Company for the year ended 30 April 2013 show a pre-tax loss of £6,000 (2012 profit £1,875,000) and turnover of £26,076,000 (2012 £22,955,000). The Company has net assets of £2,462,000 (2012 net liabilities £7,878,000).

Business environment

The Company operates predominantly local bus services, carrying around 59,000 passengers a day. These services are mainly operated on a commercial basis in a largely deregulated market. The Company also operates tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company benefits from being part of the UK Bus (regional operations) Division of Stagecoach Group plc, a nationwide public transport operator.

The Company operates in a competitive environment and differentiates itself from its competitors by

- Improving operational and engineering facilities,
- Focusing on recruitment and retention of drivers,
- Investment in new vehicles, and
- Strong focus on technology and innovation.

Strategy

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate.

There are several elements to the Company's strategy for growth. They are

- Continued focus on value-for-money ticket offerings,
- Investment in new vehicles to maximise our customers' experience,
- Commitment to excellent customer service,
- Strong focus on the safety and security of passengers and staff, and
- Consistent excellent operational performance.

Directors' report (continued)

For the year ended 30 April 2013

Training and development

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

The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service. The Company, under guidance from central UK Bus (regional operations) management, operates staff development, graduate trainee and apprentice engineer programmes

Future outlook

The current financial year to 30 April 2014 has started well and trading is broadly in line with our expectations. The company does, however, face strong headwinds in light of the ongoing economic situation and the effects of government spending cuts imposed on local authorities

We believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to maximise our performance in the future

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The management and reporting of risk is undertaken at group level, rather than at an individual business unit level. The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the Group's 2013 annual report (paragraph 2.3.6 of the Operating and Financial review), which does not form part of this report

Key performance indicators ("KPIs")

The directors of Stagecoach Group plc manage the group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus (regional operations) Division of Stagecoach Group plc, which includes the Company, is discussed in the Operating and Financial review (paragraph 2.3.7) of the Group's 2013 annual report which does not form part of this report

Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices. The effects of changes in interest rates and commodity prices are managed at a group level by a central Group treasury function. The Company has implemented policies, which require appropriate credit checks to be performed on potential customers before sales are made. All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company

Results and dividends

Profit on ordinary activities after taxation, for the year ended 30 April 2013, amounted to £305,000 (2012: £1,736,000)

The directors do not recommend the payment of a dividend (2012: Nil)

Directors' report (continued)

For the year ended 30 April 2013

Directors

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

Mr L B Warneford (Resigned 26th April 2013)

Mr C Brown

Mrs E Tasker

Mr R Andrew

Mr R Montgomery

Mr M Vaux

Mr G Nolan (Appointed 2nd May 2013)

Mr S Greer

Statement of directors' responsibilities

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

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

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

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

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

Directors' report (continued)

For the year ended 30 April 2013

Donations

Donations to charitable organisations amounted to £1,970 (2012 £1,170)

The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2012 Nil)

Disabled persons

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

Employee involvement

The company is committed to employee participation and uses a variety of methods to inform, consult and involve its employees. Employees participate directly in the success of the business through the Stagecoach Group's bonus and other remuneration schemes and are encouraged to invest through participation in share option schemes.

Supplier payment policy

It is the Company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them. Responsibility for the payment of suppliers rests with Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the year end represented Nil days purchases (2012 Nil days).

Fixed assets

In the opinion of the directors there is no material difference between the book and current open market value of interests in land and building.

Independent auditors and disclosure of information to auditors

In the case of each of the persons who were directors of the Company at the date when this report was approved

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

A resolution to re-appoint PricewaterhouseCoopers LLP, as auditors to the Company will be proposed at the next Annual General Meeting.

Directors' report (continued)

For the year ended 30 April 2013

Other

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its directors. The Company has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices.

By order of the Board



M Vaux

Company Secretary

Daw Bank

Stockport

Cheshire

SK3 ODU

16 September 2013

Independent auditors' report to the members of Glenvale Transport Limited

For the year ended 30 April 2013

Independent auditors' report to the members of Glenvale Transport Limited

We have audited the financial statements of Glenvale Transport Limited for the year ended 30 April 2013 which comprise the Profit and loss account, the Balance sheet, the Statement of total recognised gains and losses, the Reconciliation of movement in shareholders' fund/(deficit) and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the Directors' Report and financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 April 2013 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 auditors' report to the members of Glenvale Transport Limited (continued)

For the year ended 30 April 2013

Matters on which we are required to report by exception

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

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



Graham McGregor (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

16 September 2013

Profit and loss account
For the year ended 30 April 2013

	Note	2013 £000	2012 £000
Turnover	2	26,076	22,955
Cost of sales		(25,788)	(20,834)
Other operating income	3	<u>150</u>	<u>121</u>
Operating profit		438	2,242
Finance charges (net)	4	<u>(444)</u>	<u>(367)</u>
(Loss)/profit on ordinary activities before taxation	5	(6)	1,875
Taxation on (loss)/profit on ordinary activities	7	<u>311</u>	<u>(139)</u>
Profit for the financial year	17	<u>305</u>	<u>1,736</u>

The results for the year arise wholly from continuing operations

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents

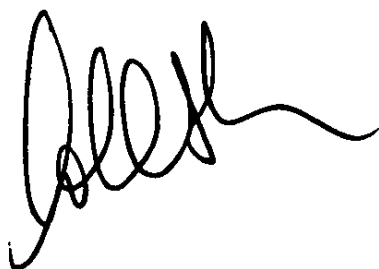
The accompanying notes form an integral part of this profit and loss account

Balance sheet

At 30 April 2013

	Note	2013 £000	2012 £000
Fixed assets			
Intangible assets	8(a)	1,348	737
Tangible assets	8(b)	<u>18,800</u>	<u>12,845</u>
		20,148	13,582
Current assets			
Stocks	9	326	243
Debtors	10	1,753	765
Cash at bank and in hand		<u>1,253</u>	<u>1,148</u>
		3,332	2,156
Creditors: amounts falling due within one year	11	<u>(16,511)</u>	<u>(18,823)</u>
Net current liabilities		<u>(13,179)</u>	<u>(16,667)</u>
Total assets less current liabilities		6,969	(3,085)
Creditors: amounts falling due after more than one year	11	(3,104)	(3,685)
Provisions for liabilities and charges	14	<u>(1,775)</u>	<u>(1,215)</u>
Net assets/(liabilities) excluding pension asset		2,090	(7,985)
Pension asset net of deferred tax	15	<u>372</u>	<u>107</u>
Net assets/(liabilities) including pension asset		<u>2,462</u>	<u>(7,878)</u>
Capital and reserves			
Called up share capital	16	10,010	10
Share premium account	17	263	263
Contribution reserve	17	104	104
Profit and loss account	17	<u>(7,915)</u>	<u>(8,255)</u>
Total shareholders' funds/(deficit)		<u>2,462</u>	<u>(7,878)</u>

The financial statements on pages 8 to 31 were approved by the board of directors 16 September 2013 and were signed on its behalf by



C Brown
Director

The accompanying notes form an integral part of this balance sheet

Additional statements

For the year ended 30 April 2013

Statement of total recognised gains and losses

	2013 £000	2012 £000
Profit for the financial year	305	1,736
Recognition of net actuarial gain/(loss) on defined benefit pension schemes	43	(505)
Recognition of tax on net actuarial gain/(loss) on defined benefit pension schemes	(8)	126
Total recognised gains relating to the year	<u>340</u>	<u>1,357</u>

Reconciliation of movement in shareholders' fund/(deficit)

	2013 £000	2012 £000
Profit for the financial year	305	1,736
Credit in respect of equity settled share based payments	-	11
Proceeds from the issue of ordinary share capital (note 16)	10,000	-
Recognition of net actuarial gain/(loss) on defined benefit pension schemes	43	(505)
Recognition of tax on net actuarial gain/(loss) on defined benefit pension schemes	(8)	126
Net decrease in shareholders' deficit	<u>10,340</u>	<u>1,368</u>
Opening shareholders' deficit	<u>(7,878)</u>	<u>(9,246)</u>
Closing shareholders' funds/(deficit)	<u>2,462</u>	<u>(7,878)</u>

The accompanying notes form an integral part of this reconciliation

Notes to the financial statements

For the year ended 30 April 2013

1 Accounting policies

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

a) Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

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

At 30 April 2013, the Company had net current liabilities of £13,179,000. The directors have received confirmation of continuing financial support from the ultimate holding company. Accordingly, the financial statements have been prepared on the going concern basis.

b) Intangible fixed assets

Purchased goodwill (representing the excess of the fair value of consideration paid over the fair value of the separable net assets acquired) and costs of acquiring new businesses are amortised over their useful economic lives. Positive goodwill has been capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. The useful life of goodwill arising on past acquisitions is estimated by the directors to be between 2 and 20 years. The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account. Amortisation is provided at rates calculated to write off the cost or valuation, of each asset on a straight-line basis over its estimated useful life, as follows:

Goodwill	2 - 20 years
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c) Tangible fixed assets

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Land and buildings and other fixed assets are shown at cost, net of depreciation and any provision for impairment as set out in note 8(b).

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Freehold property	10 to 50 years
Leasehold land and buildings	10 to 50 years
Public service vehicles (PSVs), depending on type	7 to 16 years
Other plant and equipment and furniture and fittings	3 to 10 years

Freehold land is not depreciated

Notes to the financial statements (continued)

For the year ended 30 April 2013

1 Accounting policies (continued)

d) *Fixed asset investments*

Fixed asset investments are shown at cost less any provision for impairment

e) *Stocks*

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Cost is determined using the first-in, first-out ("FIFO") method for fuel stocks and average cost method for all other stocks

f) *Taxation*

In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the related pre tax item

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

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

g) *Turnover*

Turnover represents fare revenue receivable in respect of the period. The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class

Notes to the financial statements (continued)

For the year ended 30 April 2013

1 Accounting policies (continued)

h) Hire purchase and lease obligations

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals. Assets held under hire purchase arrangements are depreciated over their useful life.

Obligations from hire purchase contracts and finance leases within creditors represent the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included.

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease.

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

i) Pension costs and other post retirement benefits

The Company operates both a defined benefit scheme and defined contribution scheme, the Merseyside Local Government Pension Scheme in accordance with FRS 17 'Retirement benefits'. Obligations are measured at discounted present value whilst assets are recorded at market value. Service costs are spread systematically over the lives of employees and are charged to operating profit within the profit and loss account, and financing costs are recognised in the periods in which they arise and are charged to interest within the profit and loss account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. A full actuarial valuation is undertaken triennially with the surplus /deficit being updated annually by independent actuaries. The present value of the scheme obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds which have a maturity equivalent to the terms of the related obligations.

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

j) Grants

Bus service operator's grant is credited to operating costs. Other grants are credited to the profit and loss account as the expenditure is expensed.

Notes to the financial statements (continued)

For the year ended 30 April 2013

1 Accounting policies (continued)

k) Share based payments

Certain of the Company's employees are granted equity settled share based payments by the parent company. The Company has applied the optional exemption contained within FRS 20, which allows it to apply the standard only to share options granted after the 7 November 2002 that have not vested by 1 May 2005.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period. Fair value for equity-settled share based payments is estimated by use of the Black-Scholes pricing model.

At each balance sheet date, before vesting, the cumulative expense is calculated based on management's best estimate of the number of equity instruments that will ultimately vest taking into consideration the likelihood of achieving non-market based vesting conditions. The movement in the cumulative expense is recognised in the profit and loss account, with a corresponding entry in reserves.

2 Turnover

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

3 Other operating income

	2013 £000	2012 £000
Advertising income	119	86
Other miscellaneous revenue	31	35
	<u>150</u>	<u>121</u>

4 Finance charges (net)

	2013 £000	2012 £000
Bank loan and overdraft interest	-	1
Bank interest receivable	(16)	(99)
Inter-company interest payable	595	608
Unwinding of discounts on provisions	6	-
Hire purchase and finance lease interest payable	99	118
Net finance income on pension asset (see note 15)	<u>(240)</u>	<u>(261)</u>
	<u>444</u>	<u>367</u>

Notes to the financial statements (continued)

For the year ended 30 April 2013

5 (Loss)/Profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation for the year is stated after charging

	2013 £000	2012 £000
Depreciation of tangible fixed assets		
- owned	1,249	1,168
- held under hire purchase and finance leases agreements	409	430
Amortisation of goodwill	208	80
Loss on disposal of tangible fixed assets, other than properties	5	58
Redundancy costs	200	-
Operating lease rentals		
- land and buildings	189	181
- other operating lease	60	39

No auditor's fees have been settled directly by the Company. Audit fees of £2,340 (2012 £8,271) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

6 Directors and employees

	2013 £000	2012 £000
Emoluments of directors	140	79

The above details of directors' emoluments include an apportionment of the emoluments of Mr C Brown, Mr L B Warneford, Mr R Andrew, Mr R Montgomery and Mr S Greer which are paid by a fellow subsidiary, Stagecoach Holdings Limited £85,414 (2012 £43,097) of their total emoluments received are apportioned to their services as directors of Glenvale Transport Limited

The emoluments of Mrs E Tasker are also paid by Stagecoach Holdings Limited £54,543 (2012 £36,348) of her total emoluments are attributable to her services as a director of Glenvale Transport Limited

The emoluments of Mr M Vaux are also paid by a fellow group company. None of his emoluments relate to his duties as director of Glenvale Transport Limited

Notes to the financial statements (continued)

For the year ended 30 April 2013

6 Directors and employees (continues)

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

	2013	2012
	Number	Number
Defined benefit scheme	6	6
Defined contribution scheme	1	1
	<u>7</u>	<u>7</u>

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

	2013	2012
	Number	Number
Share options	<u>5</u>	<u>-</u>

	2013	2012
	£000	£000
Staff costs:		
Wages and salaries	12,678	10,792
Social security costs	1,149	967
Other pension costs (see note 15)	356	297
Share based payment expense – equity settled (see note 19)	-	11
Share based payment expense – cash settled (see note 19)	19	9
Redundancy costs	<u>200</u>	<u>-</u>
	<u>14,402</u>	<u>12,076</u>

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

	2013	2012
	Number	Number
Operations	530	439
Administration and supervisory	<u>39</u>	<u>33</u>
	<u>569</u>	<u>472</u>

Notes to the financial statements (continued)

For the year ended 30 April 2013

7 Taxation on (loss)/profit on ordinary activities

	2013 £000	2012 £000
a) (Credit)/Charge for the year		
Current tax		
Amounts receivable from fellow subsidiary company in respect of tax saved by group relief	(277)	239
Adjustments in respect of prior years	(213)	(681)
Total current tax	(490)	(442)
Deferred tax		
Origination and reversal of timing differences	212	25
Adjustments in respect of prior years	(33)	556
Total deferred tax (note 14)	179	581
Tax (credit)/charge on (loss)/profit on ordinary activities	(311)	139

b) Factors affecting the tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.92% (2012 25.84%). The differences are explained below

	2013 £000	2012 £000
(Loss)/profit on ordinary activities before tax	(6)	1,875
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.92% (2012 25.84%)	(1)	484
<i>Effect of</i>		
Non tax deductible expenditure and other permanent differences	67	35
Share option deductions	-	5
Treatment of inter-company transactions	(71)	(150)
Capital allowances more than depreciation	(200)	(47)
Pension cost relief in excess of pension cost charge	(72)	(88)
Adjustment to tax charge in respect of previous years	(213)	(681)
Current tax credit for year	(490)	(442)

c) Factors that may effect future tax charges

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 which was substantively enacted in July 2012. The relevant deferred tax balances have been re-measured accordingly. Further changes to the UK Corporation tax rates were enacted as part of Finance Act 2013 on 2 July 2013. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £187,000 from £1,436,000 to £1,248,000.

Notes to the financial statements (continued)

For the year ended 30 April 2013

8 Fixed assets

a) *Intangible assets - goodwill*

Intangible assets consist of purchased goodwill arising on acquisition of new route operations. All of the intangible fixed assets that have been recognised by the Company are amortised over periods not exceeding 20 years. The movement for the year was as follows:

	Goodwill £000
Cost	
At beginning of year	1,672
Additions	<u>819</u>
At end of year	<u>2,491</u>
Accumulated amortisation	
At beginning of year	(935)
Charge for year	<u>(208)</u>
At end of year	<u>(1,143)</u>
Net book value	
At beginning of year	<u>737</u>
At end of year	<u>1,348</u>

During the year the Company purchased operations at Chester and Birkenhead from subsidiaries of First Group Plc for a consideration of £4,733,000 resulting in goodwill of £819,000.

Notes to the financial statements (continued)

For the year ended 30 April 2013

8 Fixed assets (continued)

b) Tangible assets

The movement in the year is summarised below

	Freehold Land and buildings £000	Leasehold Land and buildings £000	PSVs £000	Other plant and equipment and furniture and fittings £000	Total £000
Cost					
At beginning of year	-	631	22,112	1,822	24,565
Additions	1,403	99	5,170	138	6,810
Disposals	-	(14)	(1,702)	(118)	(1,834)
Intercompany transfers	-	-	1,929	-	1,929
At end of year	1,403	716	27,509	1,842	31,470
Accumulated depreciation					
At beginning of year	-	(129)	(10,160)	(1,431)	(11,720)
Charge for year	(3)	(70)	(1,451)	(134)	(1,658)
Disposals	-	9	1,669	113	1,791
Intercompany transfers	-	-	(1,100)	17	(1,083)
At end of year	(3)	(190)	(11,042)	(1,435)	(12,670)
Net book value					
At beginning of year	-	502	11,952	391	12,845
At end of year	1,400	526	16,467	407	18,800

The net book value of assets leased under finance leases and hire purchase agreements, which have been capitalised and included in the above, is £5,478,000 (2012 £5,796,000) Depreciation of £409,000 (2012 £430,000) has been charged in the year in respect of assets held under hire purchase or finance lease agreements

Freehold land amounting to £964,600 (2012 £Nil) has not been depreciated

Notes to the financial statements (continued)

For the year ended 30 April 2013

9 Stocks

	2013	2012
	£000	£000
Spares, consumables and fuel	<u>326</u>	<u>243</u>

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

10 Debtors

<i>Amounts falling due within one year</i>	2013	2012
	£000	£000
Prepayments and accrued income	1,249	490
Inter-company group relief receivable	277	-
Amounts owed by group undertakings	<u>227</u>	<u>275</u>
	<u>1,753</u>	<u>765</u>

Amounts due from fellow group undertakings within one year accrue no interest and are repayable on demand

Notes to the financial statements (continued)

For the year ended 30 April 2013

11 Creditors

	2013 £000	2012 £000
<i>Amounts falling due within one year</i>		
Loans due to fellow group undertaking (note 13)	10,041	10,067
Hire purchase and lease obligations (note 12)	593	626
Amounts owed to group undertakings	3,913	6,473
Other taxes and social security costs	361	309
UK corporation tax payable	-	239
Other creditors	7	-
Pension accrual	72	51
Accruals and deferred income	1,524	1,058
	<u>16,511</u>	<u>18,823</u>

Amounts falling due after more than one year

Hire purchase and lease obligations (note 12)	<u>3,104</u>	<u>3,685</u>
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Amounts due to fellow group undertakings within one year accrue no interest and are repayable on demand, except for the intercompany loan (note 13)

12 Obligations under hire purchase and finance lease agreements

Borrowings are repayable as follows

	2013 £000	2012 £000
Amounts payable		
- within one year	593	626
- between one and two years	578	591
- between two and five years	2,526	3,094
	<u>3,697</u>	<u>4,311</u>

13 Loans

	2013 £000	2012 £000
Loans due to fellow group undertaking	<u>10,041</u>	<u>10,067</u>

The above loan is repayable on demand and incurs interest at a rate of 6 month Libor plus 5%

Notes to the financial statements (continued)

For the year ended 30 April 2013

14 Provisions for liabilities and charges

	2013	2012
	£000	£000
Deferred tax liability (a)	1,325	1,215
Onerous contract provision (b)	450	-
	<u>1,775</u>	<u>1,215</u>

a) Deferred tax

	2013	2012
	£000	£000
Accelerated capital allowances	1,333	1,227
Other timing differences	(8)	(12)
Deferred tax liability excluding that related to pension asset	1,325	1,215
Deferred tax liability related to pension asset (note 15)	111	34
Total deferred tax liability	<u>1,436</u>	<u>1,249</u>
Liability at beginning of year	1,249	794
Deferred tax charge in profit and loss account for year (note 7a)	179	581
Deferred tax charge/(credit) to the statement of total recognised gains and losses	8	(126)
Liability at end of year	<u>1,436</u>	<u>1,249</u>

Notes to the financial statements (continued)

For the year ended 30 April 2013

14 Provisions for liabilities and charges (continued)

b) Onerous Contract provision

The provision for onerous contracts relates to revenue contracts acquired on acquisition of the Chester and Birkenhead operations where the cost of fulfilling the contract outweighs the economic benefits to be received under the contract. The provision is expected to be utilised in full over the period to 31st August 2019.

	2013 £000	2012 £000
At beginning of year	-	-
Provided in the year	450	-
At end of year	450	-

15 Pension asset net of deferred tax

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

The Company contributes to the following pension schemes

Defined contribution scheme

The Company operates a defined contribution scheme to which it contributed £205,000 in the year to 30 April 2013 (2012 £157,000). At 30 April 2013 there was a creditor of £30,000 (2012 £28,000) in relation to these contributions.

Defined benefit scheme

The calculations of the FRS 17 disclosures for the Merseyside Local Government Pension Scheme have been based on the most recent actuarial valuations, which have been updated to 30 April 2013 by an independent professionally qualified actuary to take account of the requirements of FRS 17.

The principal actuarial assumptions used were as follows

	2013 %	2012 %	2011 %
Rate of increase in salaries	4.1	4.1	4.3
Rate of increase of pensions in payment	2.2	2.1	2.3
Discount rate	4.4	5.2	5.6
Inflation	3.2	3.1	3.3
Expected long-term rate of return			
- Equities	8.3	8.3	8.3
- Bonds	3.7	4.3	5.0
- Property	7.5	7.5	7.5
- Cash	3.0	3.4	4.4

Notes to the financial statements (continued)

For the year ended 30 April 2013

15 Pension asset net of deferred tax (continued)

The expected return on plan assets is based on expectations at the beginning of the year for returns over the entire life of the benefit obligation. The expected returns are set in conjunction with external advisors and take account of market factors, fund managers views and targets for future returns and where appropriate historical returns.

The life expectancy assumptions used for each scheme are periodically reviewed and as at 30 April 2013 were

	2013 Years	2012 Years
Current pensioner aged 65 – male	19.7	20.3
Current pensioner aged 65 – female	23.5	24.6
Future pensioners at age 65 (aged 45 now) – male	22.0	22.4
Future pensioners at age 65 (aged 45 now) – female	25.7	26.4

The amounts recognised in the balance sheet were determined as follows

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Equities	10,706	9,343	9,747	9,065	6,543
Government bonds	3,013	2,630	3,187	2,963	2,379
Property	2,126	988	478	997	1,009
Cash	1,132	1,855	1,072	445	690
Total market value of assets	16,977	14,816	14,484	13,470	10,621
Present value of scheme liabilities	(16,494)	(14,675)	(14,179)	(15,311)	(10,812)
Pension asset /(liability) before tax	483	141	305	(1,841)	(191)
Related deferred tax (liability)/asset	(111)	(34)	(79)	516	53
Net pension asset /(liability)	372	107	226	(1,325)	(138)

Notes to the financial statements (continued)

For the year ended 30 April 2013

15 Pension asset, net of deferred tax (continued)

An analysis of the amount charged to the profit and loss account is as follows

	2013 £000	2012 £000
Charge to operating profits		
- current service cost	151	140
Total operating charge	151	140
Finance income		
- expected return on assets	(998)	(1,019)
- interest cost	758	758
Net income	(240)	(261)
Total defined benefit cost	(89)	(121)
Defined contribution costs	205	157
Total profit and loss charge	116	36

The impact of the profit and loss account charge can be analysed as follows

Current service cost included within staff costs (note 6)	151	140
Defined contribution cost included with staff costs (note 6)	205	157
Total included within finance charges (note 4)	(240)	(261)
	116	36

Notes to the financial statements (continued)

For the year ended 30 April 2013

15 Pension asset, net of deferred tax (continued)

An analysis of the amount included within the Company's statement of total recognised gains and losses (STRGL) under FRS 17 is as follows

	Year to 30 April 2013 £000	Year to 30 April 2012 £000	Year to 30 April 2011 £000	Year to 30 April 2010 £000	Year to 30 April 2009 £000
Actual return less expected return on pension scheme assets	1,297	(573)	34	2,030	(2,680)
Experience gains and losses arising on the scheme liabilities	-	828	-	-	73
Changes in assumptions underlying the present value of the scheme liabilities	(1,254)	(760)	1,914	(3,775)	988
Irrecoverable surplus change	-	-	-	-	250
Actuarial gain/(loss) reported in the STRGL	43	(505)	1,948	(1,745)	(1,369)

Actuarial gain/(loss) as a percentage of scheme assets and liabilities at 30 April 2013 were as follows

	2013 %	2012 %	2011 %	2010 %	2009 %
Actual return less expected return on pension scheme assets as a percentage of scheme assets	7.6	(3.9)	0.2	15.0	(25.3)
Experience gains and losses arising on the scheme liabilities as a percentage of the present value of scheme liabilities	-	(5.6)	-	-	(0.7)
Total actuarial gain/(loss) recognised in STRGL as a percentage of the present value of scheme liabilities	0.3	(3.4)	13.7	(11.4)	(12.7)

The cumulative amount of actuarial gains and losses on defined benefit schemes recognised in the statement of recognised gains and losses since April 2013 is £1,161,000 gain (2012 £1,118,000 gain)

The estimated amount of contributions expected to be paid by the company to the scheme during the financial year ended 30 April 2014 is £125,000 (2013 £137,000)

Notes to the financial statements (continued)

For the year ended 30 April 2013

15 Pension asset, net of deferred tax (continued)

The movement in surplus during the year under FRS 17 was

	2013	2012
	£000	£000
Surplus in schemes at start of year	141	305
Movement in the year		
- Current service cost	(151)	(140)
- Contributions	210	220
- Other finance income	240	261
- Actuarial gain/(loss)	43	(505)
Surplus in schemes at end of year	483	141

The movement in asset during the year under FRS 17 is as follows

	2013	2012
	£000	£000
At start of year	14,816	14,484
Expected return on plan assets	998	1,019
Actuarial gain/(loss)	1,297	(573)
Employers contributions	210	220
Members contributions	51	50
Benefits paid	(395)	(384)
At end of year	16,977	14,816

Notes to the financial statements (continued)

For the year ended 30 April 2013

15 Pension asset, net of deferred tax (continued)

The movement in liability during the year under FRS 17 is as follows

	2013	2012
	£000	£000
At start of year	14,675	14,179
Current service costs	151	140
Interest cost	758	758
Members contribution	51	50
Actuarial loss – changes in assumptions	1,254	760
Actuarial gain – experience gains and losses	-	(828)
Benefits paid	(395)	(384)
At end of year	<u>16,494</u>	<u>14,675</u>

16 Called up share capital

	2013	2012
	£000	£000
<i>Allotted, called up and fully paid</i>		
10,000 'A' ordinary shares of £1 each	10,006	6
4,000 'B' ordinary shares of £1 each	<u>4</u>	<u>4</u>
	<u>10,010</u>	<u>10</u>

During the year 10,000 £1 ordinary shares were issued to Stagecoach Bus Holdings Limited for a consideration of £10,000

According to the Articles of Association, both "A" and "B" shares are considered to be equity shares. "B" shares are entitled to a dividend of 10% of post tax profits subject to there being sufficient distributable reserves. In the event of a winding up order, "B" shares take priority over "A" shares.

Notes to the financial statements (continued)

For the year ended 30 April 2013

17 Reserves

The movement on reserves is summarised below

	Contribution reserve	Profit and loss account
	£000	£000
At beginning of year	104	(8,255)
Profit for the year	-	305
Other recognised gains and losses relating to the year	-	35
At end of year	104	(7,915)

	Share premium account £000
At beginning and end of year	263

Non distributable

18 Guarantees and other financial commitments

a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and Buildings 2013 £000	Other 2013 £000	Land and Buildings 2012 £000	Other 2012 £000
Expiry date				
- within one year	-	5	-	13
- between one and five years	171	32	171	20
- over five years	10	-	10	-
	181	37	181	33

Notes to the financial statements (continued)

For the year ended 30 April 2013

18 Guarantees and other financial commitments (continued)

b) Contingent liabilities

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

c) Cross guarantees

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

19 Share based payments

The Company operates a Buy as You Earn Scheme ("BAYE") and in the prior year operated a Save as you Earn Scheme ("SAYE")

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

Save as you Earn Scheme ("SAYE")

In the prior year the Company operated a Save as you Earn scheme ("SAYE"). Share based payment charges of £Nil (2012 £11,000) were recognised in the profit and loss account in relation to the scheme.

Buy as You Earn Scheme (BAYE)

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

If the shares are held in trust for five years or more, no income tax and national insurance will be payable. The Matching shares will be forfeited if the corresponding partnership shares are removed from the trust within three years of award.

At 30 April 2013, there were 91 (2012 90) participants in the BAYE scheme who have cumulatively purchased 18,608 (2012 6,472) shares with the Company contributing 8,734 (2012 2,716) matching shares on a cumulative basis. Dividends had been reinvested in a further 484 (2012 12) shares for these participants.

Share based payment charges of £19,000 (2012 £9,000) have been recognised in the profit and loss account during the year in relation to the scheme.

Notes to the financial statements (continued)

For the year ended 30 April 2013

20 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in note 10, 11 and 13.

The fellow group undertaking National Transport Tokens Limited is a 99.9% owned subsidiary of Stagecoach Group plc. For the year ended 30 April 2013, National Transport Tokens Limited redeemed tokens presented by the Company with a value of £9,490 (2012: £nil). As at 30 April 2013, the Company has a receivable of £nil (2012: £nil) owed by National Transport Tokens Limited.

21 Ultimate parent company

The Company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the following address:

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