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Transdev Blaze Field Limited

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Directors' Report & Group Financial Statements

For the 52 week period ended
17 December 2016

TRANSDEV
BLAZEFIELD
LIMITED

Registered number: 2605399 (England and
Wales)

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TRANSDEV BLAZEFIELD LIMITED

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TRANSDEV BLAZEFIELD LIMITED

COMPANY INFORMATION

DIRECTORS	N Stevens A L Hornby M J Gilbert J K Wallace (resigned 1 st February 2017) R G Revill G D Irvine P Brogden N McNaught (appointed 11 th January 2017)
SECRETARY	N McNaught (appointed 1 st February 2017) J K Wallace (resigned 1 st February 2017)
REGISTERED OFFICE	Prospect Park Broughton Way Starbeck Harrogate HG2 7NY
REGISTERED NUMBER	2605399 (England and Wales)
AUDITORS	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
BANKERS	The Royal Bank of Scotland plc Turnpike House 123 High Street Crawley West Sussex RH10 1DQ

TRANSDEV BLAZEFIELD LIMITED

STRATEGIC REPORT FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

The Directors present their strategic report for Transdev BlazeField Limited for the 52 weeks ended 17 December 2016.

REVIEW AND ANALYSIS OF THE BUSINESS

The Company is a wholly owned subsidiary of Transdev Plc.

The principal activity of the Group continues to be the operation of scheduled bus services in Yorkshire and Lancashire. The company is a holding company and a lessor of buses. There have not been any significant changes in the Group's principal activities in the period under review. The Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next period.

The Directors will continue to focus on developing the business through investment and quality improvements, with a particular focus on routes that will deliver growth as part of an individual product-led strategy. Whilst the Directors consider that UK bus market conditions remain challenging in parts, due to the uncertain economic situation and continued reductions in local authority funding, opportunities exist by presenting strongly branded and highly specified customer offerings supported by modern technology and class-leading partnerships in both the public and private sectors. The Group will continue to promote industry-leading innovation and creativity to achieve long-term revenue and customer growth, alongside strong cost controls in place to deliver satisfactory results in the present climate.

KEY PERFORMANCE INDICATORS

As part of the wider Transdev Group the Directors believe that the key performance indicators relevant at this entity level are turnover and profit after tax as discussed below. Key performance indicators for the wider group are discussed in the annual report published by Transdev Group SA. Transdev BlazeField senior management monitor weekly KPI's on passenger levels, revenue and key costs including fuel mpg, driver's hours, accidents and reliability measures.

DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE PERIOD

As the Group's income statement on page 9 shows Group turnover of £49.6 million for 2016 decreased by 4.0% over the prior period (2015: 1% increase) as a result of the continued reduction in passenger levels, the withdrawal of some local authority tenders in Lancashire and reduced off bus receipts. Operating profits decreased to £21k (0.04% of revenues) due to the decrease in revenues partly mitigated by cost control savings. Trading in the second half of the year improved and was encouraging, albeit impacted by higher accident costs. During the period there were exceptional costs of £6.7 million being goodwill impairment of £5.9 million and £0.8 million for property provisions and restructuring costs. Loss before tax increased to £7.2 million.

The balance sheet on page 10 of the financial statements shows the Group's financial position at the 52 week period end.

Following a review, the decision was made to impair the carrying value of goodwill from £5.9m to £Nil. Subsequently Transdev plc increased its shareholding in Transdev BlazeField Limited by £5.9m.

FINANCIAL POSITION AT THE REPORTING DATE

The Group has overall net assets of £6.0 million (2015: £4.8 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have established a continuing process of risk management within the Group to evaluate, monitor and manage any potential risks and uncertainties that could have an impact upon the Group's long term performance. The Directors have also established a strong culture of safety and security both for our staff and our passengers. The specific principal risks facing the Group include increasing labour and other costs as well as competitive pressures from Local Government funding cuts including concessions, tenders and the BSOG subsidy.

Fuel costs are heavily influenced by external factors. However, where possible and if appropriate the Group will manage the impact with the use of fixed price contracts and forward contracts and swaps as well as improving fuel consumption through engineering maintenance and embracing the latest bus technology through the Group's bus procurement policy.

TRANSDEV BLAZEFIELD LIMITED

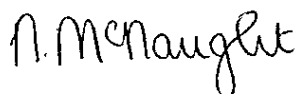
STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

The Directors have considered the risk to the business of the BREXIT vote and it is of their opinion that they do not feel it will have a significant impact on the business due to the geographical area that the business operates.

APPROVAL

This report was approved by the board and signed on its behalf by



N McNaught - Secretary

Dated: 21st SEPTEMBER 2017

TRANSDEV BLAZEFIELD LIMITED

DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

The Directors present their report with the consolidated financial statements of Transdev BlazeField Limited (the Group) for the 52 week period ended 17 December 2016.

FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to certain financial risks. These include price risk related primarily to interest rate risk. The Group is not significantly exposed to foreign exchange risk, credit risk or other cash flow risk. Management reviews financial risks regularly in accordance with Group policies. The Group currently uses a limited number of financial instruments to manage certain risks but does not hold financial instruments for speculative reasons.

The Group is also exposed to insurance costs. Details of the provision against claims can be found in note 19 to the financial statements. The Company manages this risk by the implementation of key procedures in respect to accident prevention, using a dedicated team along with driver training and awareness.

The Company regularly monitors the level of accident claims in consultation with its insurers to ensure appropriate provisions are made. The Directors regularly review the insurance cover needed by the Company.

FUTURE DEVELOPMENTS

The Directors will continue to focus on developing the business through investment in new fleet and staff, with general quality improvements and a pivot towards management of routes as products rather than networks. The Directors consider that market conditions in its operating areas will continue to be challenging given the overall economic situation and continued reduced levels of government support to the bus sector in particular.

The Directors are encouraged by the improved trading in the latter part of 2016 and growth following investment in key routes and products, alongside tighter cost control measures. This platform should enable the Group to generate a satisfactory result this period. As a result the going concern basis of accounting has been adopted.

POST BALANCE SHEET EVENTS

No significant events occurred after the balance sheet date.

ENVIRONMENT

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Company's activities.

Investing in new low emission buses, converting older fleet to run on 100% electric with the aid of Government grants and also converting fleet to reduce harmful nitrous oxide emissions by 96% are typical examples of initiatives undertaken to help reduce our environmental impact.

FINANCIAL INSTRUMENTS

The Group's activities expose it to certain financial risks. These include price risk primarily related to fuel prices. The management review financial risks regularly in accordance with group policies. The Company participates in the Transdev UK policy of hedging fuel price fluctuations.

DIVIDENDS

No dividend was paid to Transdev plc during the 52 week period (2015: £nil).

POLITICAL CONTRIBUTIONS

No political donations were made during the current 52 week period (2015: £nil).

**DIRECTORS' REPORT (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

DIRECTORS

The Directors of the Company at the date of this report are given on page 1. The following directors served during the 52 week period;

N. Stevens (Chairman)
A. L. Hornby
R. G. Revill
G. D. Irvine

M. J. Gilbert (Non-Executive Chairman)
J. K. Wallace (Resigned 1 February 2017)
P. Brogden

None of the Directors had an interest in the share capital of the Company or any of its subsidiaries at the end of the 52 week period.

DIRECTORS LIABILITY

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

DISCLOSURE IN THE STRATEGIC REPORT

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 2. These matters relate to asset values.

EMPLOYEE CONSULTATION

The Group encourages employee involvement in its affairs. The Group and its subsidiary companies produce a range of internal newsletters and circulars which keep employees abreast of developments. Employees are encouraged to discuss matters of interest to them and subjects affecting day to day operations with management. Dialogue takes place regularly with trade unions, other employee representatives and employees generally on a wide range of issues. The Group welcomes staff participation in all these forums.

DISABLED EMPLOYEES

The Group's policy in respect of disabled persons is that their applications for employment are always fully and fairly considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that employment with the Group continues and where necessary, appropriate training is arranged. It is the Group's policy that training, career development and promotion of disabled persons should, as far as possible, be identical with that of all other employees in similar position.

CORPORATE RESPONSIBILITY

Safety and security are of paramount importance to the Group, both for our employees and our customers. The Group and each operating subsidiary have a Health and Safety plan which supports the objective of continuous improvement in safety management. We closely monitor the frequency of accidents and focus resources and training to reduce those accidents which are preventable. 90% of our bus fleet is equipped with CCTV coverage for the safety and security of our customers and staff; we are on target to be at 100% by December 2017. Testing for the use of alcohol and drugs by employees is carried out regularly within our operations.

It is a condition of employment that all college/school drivers employed by the Group are subject to, and cleared by, Data Baring Services checks.

TRANSDEV BLAZEFIELD LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

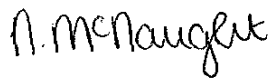
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Mazars LLP have indicated their willingness to continue in office.

By order of the Board:



N McNaught – Secretary

Dated: 21st SEPTEMBER 2017

TRANSDEV BLAZEFIELD LIMITED

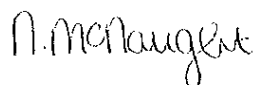
DIRECTORS RESPONSIBILITIES IN REPECT OF THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- Present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union,

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

By order of the Board:



N McNaught – Secretary

Dated: 21st September 2017

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TRANSDEV BLAZEFIELD LIMITED**

We have audited the financial statements of Transdev Blaze Field Ltd for the year ended 17 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent financial statements, as applied in accordance with the provisions of the Companies Act 2006.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 17 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS 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.

MATTER 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.

Robert Neate (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House, St Katharine's Way
London, E1W 1DD

Date: 21 September 2017

TRANSDEV BLAZEFIELD LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Continuing operations			
Revenue	1	49,619	51,672
Cost of sales		(49,598)	(50,426)
Operating profit before exceptional items	2	21	1,246
Exceptional items	6	(6,724)	-
Operating (loss)/profit after exceptional items		(6,701)	640
Finance costs	5	(488)	(606)
(Loss)/profit before tax		(7,191)	640
Tax	7	262	260
(Loss)/profit for the 52 week period attributable to equity holders		(6,929)	900

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
(Loss)/profit for the period attributable to equity holders		(6,929)	900
Other recognised income and expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gains on cash flow hedges	21	1,952	15
Tax relating to items taken directly to equity	7	(569)	(1,094)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Gains on revaluation of land and buildings		-	320
Actuarial gains on retirement benefit schemes	23	889	3,839
Other comprehensive gains net of tax		2,272	3,080
Total comprehensive (losses)/gains for the 52 week period attributable to equity holders of the parent company		(4,657)	3,980

The notes on pages 16 - 51 form part of these financial statements.

TRANSDEV BLAZEFIELD LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 17 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Non-current assets			
Goodwill	8	-	5,853
Other intangible assets	9	-	4
Property, plant and equipment	10	11,806	12,722
Deferred tax assets	11	2,202	2,825
Amounts due from parent undertakings	13	-	1,986
Other financial assets	21	101	-
		<u>14,109</u>	<u>23,390</u>
Current assets			
Inventories	14	652	605
Trade and other receivables	15	3,348	4,176
Other financial assets	21	411	-
Amounts due from parent undertakings	13	7,839	-
Cash and cash equivalents	16	1,428	756
		<u>13,678</u>	<u>5,537</u>
Total assets		<u>27,787</u>	<u>28,927</u>
Current liabilities			
Trade and other payables	17	(5,521)	(5,861)
Tax liabilities		(660)	(732)
Current provisions	19	(2,497)	(1,471)
Other financial liabilities	21	-	(1,239)
		<u>(8,678)</u>	<u>(9,303)</u>
Net current assets/(liabilities)		<u>5,000</u>	<u>(3,766)</u>
Non-current liabilities			
Other financial liabilities	21	-	(201)
Deferred tax	11	(454)	(659)
Retirement benefit obligation	23	(12,663)	(13,968)
		<u>(13,117)</u>	<u>(14,828)</u>
Total liabilities		<u>(21,795)</u>	<u>(24,131)</u>
Net assets		<u>5,992</u>	<u>4,796</u>
Equity			
Share capital	24	11,803	5,950
Reserves		(5,811)	(1,154)
Total equity		<u>5,992</u>	<u>4,796</u>

The financial statements were approved by the board of directors and authorised for issue. They were signed on its behalf by:

N McNaught – Director

Dated: 21/9/2017

N. McNaught

A L Hornby – Director

The notes on pages 16 - 51 form part of these financial statements.

TRANSDDEV BLAZEFIELD LIMITED

**COMPANY BALANCE SHEET
AS AT 17 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	10	9,448	10,178
Investment in subsidiary	12	5,332	7,329
Deferred tax asset	11	2,202	2,825
Amounts due from parent undertakings	13	-	1,986
Other financial assets		101	-
		<u>17,083</u>	<u>22,318</u>
Current assets			
Inventories	14	5	5
Trade and other receivables	15	1,690	1,222
Amounts due from parent undertakings	13	7,839	-
Other financial assets	21	411	-
		<u>9,945</u>	<u>1,227</u>
Total assets		<u><u>27,028</u></u>	<u><u>23,545</u></u>
Current liabilities			
Trade and other payables	17	(1,232)	(1,088)
Bank loans and overdrafts	18	(2,155)	(2,360)
Current provisions	19	(1,855)	(1,471)
Other financial liability	21	-	(1,239)
		<u>(5,242)</u>	<u>(6,158)</u>
Net current assets/(liabilities)		<u>4,703</u>	<u>(4,931)</u>
Non-current liabilities			
Other payables	22	(1,743)	(2,041)
Other financial liability	21	-	(201)
Deferred tax	11	(454)	(659)
Retirement benefit obligation	23	(12,663)	(13,968)
		<u>(14,860)</u>	<u>(16,869)</u>
Total liabilities		<u><u>(20,102)</u></u>	<u><u>(23,027)</u></u>
Net assets		<u><u>6,926</u></u>	<u><u>518</u></u>
Equity			
Share capital	24	11,803	5,950
Reserves		(4,877)	(5,432)
Total equity		<u><u>6,926</u></u>	<u><u>518</u></u>

The Company's loss for the 52 week period was £1,717,000 (2015:£1,851,000).

The financial statements were approved by the board of directors and authorised for issue. They were signed on its behalf by:

N McNaught - Director

Dated:

21/09/2017

A L Hornby Director

The notes on pages 16 - 51 form part of these financial statements.

TRANSDEV BLAZEFIELD LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Net cash inflow from operating activities	27	1,575	1,956
Cash flows from investing activities			
Purchases of property, plant and equipment		(939)	(768)
Proceeds on disposal of property, plant and equipment		36	3
Net cash used in investing activities		(903)	(765)
Cash flows from financing activities			
Proceeds from issue of share capital		5,853	-
Increase in loan to parent company		(5,853)	-
Net cash movement in financing activities		-	-
Net increase in cash and cash equivalents		672	1,191
Cash and cash equivalents at the beginning of the period		756	(435)
Increase in cash in the period		672	1,191
At the end of the period		1,428	756

The notes on pages 16 - 51 form part of these financial statements.

TRANSDEV BLAZEFIELD LIMITED

**COMPANY STATEMENT OF CASH FLOWS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
Net cash outflow from operating activities	27	(1,182)	(1,208)
Cash flows from investing activities			
Purchases of property, plant and equipment		(851)	(709)
Proceeds on disposal of property, plant and equipment		36	3
Net cash used in investing activities		(815)	(706)
Cash flows from financing activities			
Proceeds from issue of share capital		5,853	-
Movement in intercompany loans		(298)	654
Dividends received		2,500	-
Increase in loan to parent company		(5,853)	-
Net cash inflow from financing activities		2,202	654
Net increase/(decrease) in cash and cash equivalents		205	(1,260)
Cash and cash equivalents at the beginning of the period		(2,360)	(1,100)
Increase/(decrease) in cash in the period		205	(1,260)
At the end of the period		(2,155)	(2,360)

The notes on pages 16 - 51 form part of these financial statements.

TRANSDEV BLAZEFIELD LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

Group	Notes	Equity share capital £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Pension Reserve £'000	Retained earnings £'000	Total £'000
At 20 December 2014		5,950	310	(1,163)	(12,456)	8,175	816
Profit for the 52 week period		-	-	-	-	900	900
Actuarial gains on retirement benefit schemes		-	-	-	2,836	-	2,836
Revaluation gains		-	261	-	-	-	261
Net fair value losses on cash flow hedges		-	-	(17)	-	-	(17)
At 19 December 2015		5,950	571	(1,180)	(9,620)	9,075	4,796
Loss for the 52 week period		-	-	-	-	(6,929)	(6,929)
Issued share capital	24	5,853	-	-	-	-	5,853
Actuarial gains on retirement benefit schemes	23	-	-	-	621	-	621
Net fair value gains on cash flow hedges	21	-	-	1,651	-	-	1,651
Balance at 17 December 2016		<u>11,803</u>	<u>571</u>	<u>471</u>	<u>(8,999)</u>	<u>2,146</u>	<u>5,992</u>

Revaluation reserve

The revaluation reserve is used to record the movement in the market value of freehold land and buildings. This reserve is not distributable.

Cash flow hedging reserve

The cash flow hedging reserve represents the net gains or losses, net of tax, on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transaction affects profit or loss.

The Cash flow hedging reserve is disclosed in the derivative financial instruments and hedging note 21.

The notes on pages 16 - 51 form part of these financial statements.

TRANSDEV BLAZEFIELD LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

Company	Notes	Equity share capital £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Pension Reserve £'000	Retained earnings £'000	Total £'000
At 20 December 2014		5,950	163	(1,163)	(12,456)	6,911	(595)
Profit for the 52 week period		-	-	-	-	(1,851)	(1,851)
Actuarial gains on retirement benefit schemes		-	-	-	2,836	-	2,836
Revaluation gains		-	145	-	-	-	145
Net fair value losses on cash flow hedges		-	-	(17)	-	-	(17)
At 19 December 2015		5,950	308	(1,180)	(9,620)	5,060	518
Loss for the 52 week period		-	-	-	-	(1,717)	(1,717)
Issued share capital	24	5,853	-	-	-	-	5,853
Actuarial gains on retirement benefit schemes	23	-	-	-	621	-	621
Revaluation gains		-	-	-	-	-	-
Net fair value gains on cash flow hedges	21	-	-	1,651	-	-	1,651
Balance at 17 December 2016		11,803	308	471	(8,999)	3,343	6,926

The notes on pages 16 - 51 form part of these financial statements.

TRANSDEV BLAZEFIELD LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

Transdev Blazefield Limited is a Company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements incorporate the financial statements of both the Group and the Company. The financial statements of the Group and Company are drawn up to 17 December 2016 (2015: 52 weeks ended 19 December 2015).

These financial statements of both the Group and the Company are presented in pounds sterling. The functional currency of the Company is considered to be pounds sterling as this is the currency of the primary economic environment in which the Company operates. The Company does not have any foreign operations.

No income statement is presented for the Company as permitted by Section 408 of the Companies Act 2006. The Company's loss for the 52 week period after taxation was £1,717,000 (2015: loss £1,851,000). During the 52 week period, the company received £2,500,000 (2015: £nil) as a dividend from certain of its subsidiary companies.

The financial statements are rounded to the nearest thousand (£'000).

PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

The Group financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) and the Group's share of interests in joint ventures and associates under acquisition accounting principles from the date control passes. Control is achieved where the Group has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting 52 week period as the parent company and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits arising from them are eliminated in full.

**PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

BASIS OF CONSOLIDATION (CONTINUED)

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying value of any non-controlling interest; (iii) derecognises the cumulative translation differences, recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; (vi) recognises any surplus or deficit in profit or loss; (vi) reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

GOING CONCERN

The financial statements have been prepared on a going concern basis based on the cash flow forecast which assumes that the group will continue in operation. The validity of this assumption is dependent upon a continued support of Transdev PLC, who has confirmed that it is their intention to provide the necessary financial support for at least 12 months from the date of approval of these Financial Statements. Accordingly, the financial statements have been prepared on the going concern basis.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES AND CONSEQUENT RESTATEMENT

In 2015, the Group has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB). Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The following new and revised Standards and Interpretations have also been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

IFRS 10, IFRS 12 and IAS 27 (amended)	<i>Investment Entities</i>
IAS 32 (amended)	<i>Offsetting financial assets and financial liabilities</i>
IAS 36 (amended)	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
IAS 39 (amended)	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRIC 21	<i>Levies</i>

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and Company and the revenue can be reliably measured

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable from operating scheduled bus services and income from other commercial services, net of VAT.

The following criteria must also be met before revenue is recognised.

Rendering of services

The revenue of the Group comprises income from road passenger transport. Bus revenue comprises amounts receivable from ticket sales and revenue generated from services provided on behalf of from local authorities and similar contracts.

**PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

REVENUE RECOGNITION (CONTINUED)

Revenue is recognised by reference to the stage of completion of the customer's journey or for other services based on the proportion of the services provided. The attributable share of season ticket or travel card income is deferred within liabilities and released to the income statement over the life of the relevant season ticket or travel card.

Income from advertising and other activities is recognised as the income is earned.

Dividends

Income from dividends is recognised when the Group or Company's right to receive payment is established.

Interest income

Interest income is accrued using the effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Lessor

Assets leased out under operating leases are included in buses, property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Where the Group transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. As payments fall due, finance income is recognised in the income statement so as to achieve a constant rate of return on the remaining net investment in the lease.

BUSINESS COMBINATIONS AND GOODWILL

All business combinations are accounted for by applying the purchase method.

On acquisition, the assets and liabilities and contingent liabilities of an acquired entity are measured at their fair value.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

At the acquisition date of a subsidiary, goodwill acquired is recognised as an asset. Goodwill arising on the acquisition of joint ventures and associates is included within the carrying value of the investment.

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units that are expected to benefit from that business combination.

Recoverable amounts of the cash-generating units are based on value in use, which is calculated from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money. Changes in fare and contract prices and direct costs are based on past experience and expectations of future changes in the market.

**PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

Goodwill is reviewed for impairment at least annually by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at cost less provision for any impairment.

PROPERTY, PLANT AND EQUIPMENT

Depreciation is charged so as to write off the cost (or valuation) of assets, other than freehold land, over their estimated useful lives, using the straight line method on the following bases:

Freehold buildings	50 years
Leasehold land and buildings improvements	6-10 years
Buses	7-15 years
Plant and equipment	3-10 years

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss.

Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Other intangible long term contracts	between 1 and 5 years.
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GOVERNMENT GRANTS

A government grant is recognised only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. The grant is recognised as income over the period necessary to match it with the related costs, for which they are intended to compensate, on a systematic basis. A grant relating to assets is recognised by deducting the grant from the asset's carrying amount and a grant relating to income is deducted from the related expense. Grants have been received by the group to contribute towards the refurbishment of buses and a new bus depot.

INVENTORIES

Inventories consist of parts, materials and fuel required for the operation and maintenance of buses. These materials are valued at cost less allowance for obsolete and slow moving items.

FINANCIAL INSTRUMENTS

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

**PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

FINANCIAL INSTRUMENTS (CONTINUED)

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

The Group's financial assets include cash, trade and other receivables and derivative financial instruments.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Trade and other receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Subsequently, trade and other receivables are carried at amortised cost using the effective interest rate method.

Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and demand deposits and are subject to an insignificant risk of change in value.

Trade payables

Trade payables are initially measured at fair value, and are not interest bearing.

Subsequently, trade payables are carried at amortised cost using the effective interest rate method.

Derivative financial instruments and hedge accounting

The Group's activities expose it to certain financial risks including changes in fuel prices. The Group uses forward contracts to hedge these exposures when considered appropriate. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by Group's policies.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

**PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

FINANCIAL INSTRUMENTS (CONTINUED)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Interest-Bearing Borrowings

Interest-bearing loans are initially recorded at the value of the amount received, net of attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the *Income Statement over the period of the borrowing on an effective interest rate*.

Interest-bearing borrowings are classified as current liabilities unless the Group or Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

RETIREMENT BENEFIT COSTS

The Company operates two defined benefit retirement schemes. These plans are funded schemes with values determined by actuarial calculations.

The defined benefit plans define an amount of pension that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates or high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of the related pension liability.

Actuarial gains and losses arising are charged or credited to other comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in scheme membership or a reduction of future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant claim gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

The Group also operates a number of defined contribution retirement schemes. The contributions to these schemes are recognised as an expense when they fall due.

PROVISIONS

A provision is recognised in the balance sheet when the Group or the Company has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the Directors' best estimate of the expenditure required to settle the Group or Company's liability.

TRANSDEV BLAZEFIELD LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the 52 week period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures except where the Group is able to contract the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group or Company intends to settle its current tax assets and liabilities on a net basis.

LEASING

Leases are classified as finance lease agreements whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease agreements are recognised as assets of Group and Company at their fair value or if lower, at the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a hire purchase agreement obligation. Lease payments are apportioned between finance charges and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

**PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following standards and interpretations that were in issue but not yet effective (and in some cases had not yet been adopted by the EU), had not been adopted by the group:

- IFRS 9 – Financial Instruments
- IFRS 10, IAS 27 and IAS 28 (amendments) – Investment Entities
- IFRS 11 (amendments) – Joint Operation Accounting
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IAS 16 and IAS 38 (amendments) – Depreciation and Amortisation Methods
- IAS 19 (amendments) – Employee Contributions
- IFRIC Interpretation 21 – Levies
- IFRS 16 - Leases

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's Financial Statements in the period of initial application, other than for IFRS 16 where the potential impact is still being assessed.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements have the most significant effect on amounts recognised in the financial statements:

Operating leases

The Group has entered into commercial property and vehicle leases as a lessee. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet. For further information on the Group's material operating lease commitments refer to note 20. The Company hold title to all fleet and charge rentals to the subsidiary companies as appropriate.

Revaluation of property plant and equipment

The Group carries its interest in freehold land and buildings at revalued amounts, with changes in fair values being credited or charged to other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at 19 December 2015.

**PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

**CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)**

Impairment of non-financial assets

The Group's impairment test for goodwill is based on a value in use calculation. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in note 8.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Uninsured liabilities

The Group limits its exposure to the cost of motor and public liability claims through insurance policies issued by third parties. These provide cover for individual claims subject to an excess. A liability is recognised for the estimated cost to the Group to settle claims for incidents occurring prior to the balance sheet date.

The estimation of this liability is based on an assessment of the expected settlement on 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 Group by the insurer.

Pensions and other employment benefits

The cost of defined benefit pensions plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 23.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

1. REVENUE

All of the Group's turnover and profit before taxation derives from the Group's principal activity operating scheduled bus services and is generated in the UK.

2. PROFIT FROM OPERATIONS

The profit before taxation is stated after charging/(crediting):

	2016	2015
	£'000	£'000
Auditors' remuneration - audit of financial statements	62	56
Depreciation - property, buses, plant and equipment	1,878	2,004
Amortisation of intangible assets	3	8
(Profit)/loss on disposal of property, plant and equipment	(4)	39
Release of capital grants	(55)	(58)
Operating leases - land and buildings	610	505
- other	2,886	2,457
Reimbursement of fuel tax	(3,257)	(3,123)
Cost of inventories recognised as an expense	9,017	10,142
Pension costs	1,356	1,438

The Company is not required to disclose auditors' remuneration as disclosure is presented for the Group on a consolidated basis.

3. STAFF COSTS

The average number of persons employed during the 52 week period was as follows:

	Group	
	2016	2015
	Number	Number
Drivers and conductors	774	810
Maintenance and engineers	141	136
Office and management	112	131
	1,027	1,077

Their aggregate remuneration comprised:

	2016	2015
	£'000	£'000
Wages and salaries	25,466	25,660
Social security costs	2,205	2,206
Other pension costs	1,369	1,438
Redundancy/medical severance	123	51
	29,163	29,355

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

4. EMOLUMENTS OF DIRECTORS

	2016	2015
	£'000	£'000
Aggregate emoluments	449	516
Company contributions to defined contribution pension scheme	28	22
	<u>477</u>	<u>538</u>

The aggregate emoluments paid to the highest paid director during the period was £126,000 (2015: £113,000). The pension contributions paid for the highest paid director was £13,000 (2015: £9,000).

At 17 December 2016, 3 Directors (2015: 2) had retirement benefits accruing under a defined contribution pension scheme.

5. FINANCE COSTS

	2016	2015
	£'000	£'000
On bank loans and overdrafts and other loans	-	4
On defined benefit pension schemes	488	602
	<u>488</u>	<u>606</u>

6. EXCEPTIONAL ITEMS

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Goodwill impairment	5,853	-	-	-
Investment impairment	-	-	1,994	-
Onerous property leases	642	-	-	-
Other restructuring	229	-	146	-
	<u>6,724</u>	<u>-</u>	<u>2,140</u>	<u>-</u>

A strategic review was undertaken in the year, as a result of which certain exceptional costs arose.

In addition the parent company impaired historic subsidiary investments.

The strategic review identified that the accounting value of historic goodwill should be impaired and an impairment charge of £5,853,000 was made.

The company Directors assessed there was an underutilised lease which was considered to have an onerous element, as a result a provision of £642,000 was recorded in the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

6. EXCEPTIONAL ITEMS (CONTINUED)

Several members of staff were made redundant as a result of the strategic review, and the cost of this amounted to £123,000.

7. TAXATION

The tax charge on the profit for the 52 week period was as follows:

	2016	2015
	£'000	£'000
Corporation Tax		
Current tax	(17)	473
Prior period	(94)	(117)
Deferred taxation		
Current period	(175)	(299)
Prior period	24	(317)
	<u>(262)</u>	<u>(260)</u>

Corporation tax is calculated at 20.0% (2015: 20.25%) of the estimated assessable profit for the period.

The charge for the 52 week period can be reconciled to the profit per the income statement as follows:

	2016	2015
	£'000	£'000
(Loss)/profit before tax	<u>(1,337)</u>	<u>640</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%)	(267)	130
Effect of change in current/deferred tax rate	(3)	(16)
Prior period adjustment to current tax	(94)	(119)
Prior period adjustment to deferred tax on accelerated capital allowances	24	(315)
Permanent differences	59	57
Effect of rate differential Corporation Tax/Deferred Tax	19	3
Total tax charge	<u>(262)</u>	<u>(260)</u>

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

7. TAXATION (continued)

Disclosure of tax effects relating to each component of other comprehensive income.

	2016 Before tax amount £'000	2016 Tax expense £'000	2016 After tax amount £'000	2015 Before tax amount £'000	2015 Tax expense £'000	2015 After tax amount £'000
Cash flow hedges	1,952	(301)	1,651	15	(32)	(17)
Actuarial gains on defined benefit pension schemes	889	(268)	621	3,839	(1,003)	2,836
Gains on revaluation	-	-	-	320	(59)	261
	<u>2,841</u>	<u>(569)</u>	<u>2,272</u>	<u>4,174</u>	<u>(1,094)</u>	<u>3,080</u>

8. GOODWILL

GROUP Cost	Total £'000
At 20 December 2014, 19 December 2015 & 17 December 2016	<u>6,609</u>
Impairment	
At 20 December 2014, 19 December 2015	756
Impairment for the period (see note 6)	<u>5,853</u>
17 December 2016	<u>6,609</u>
Carrying amount	
At 17 December 2016	-
At 20 December 2014 & 19 December 2015	<u>5,853</u>

The recoverable amount of a cash generation unit is determined based on a value in use calculation. These calculations have used key assumptions to assess the projected future expected cash flows over the next five years, based on financial budgets that have been approved by management. Goodwill impairment testing was performed for all CGUs. The long-term growth rate used for these tests was 2%. Five year projected cash flow budget / forecasts approved by management were used. The discount rate used was 11.6%.

As described in note 6, the strategic review identified that the accounting value of historic goodwill should be impaired and an impairment charge of £5,853,000 was made.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

9. INTANGIBLE ASSETS

GROUP	Other Intangibles £'000
COST	
At 20 December 2014, 19 December 2015 & 17 December 2016	514
DEPRECIATION	
At 20 December 2014	502
Charge for the period	8
At 19 December 2015	510
Charge for the period	4
At 17 December 2016	514
CARRYING AMOUNT	
At 17 December 2016	-
At 19 December 2015	4
At 20 December 2014	12

Other intangibles comprise the benefit of contracts acquired. The amortisation charge is included in cost of sales.

TRANSDEV BLAZEFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

10. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land and buildings £'000	Leasehold land and buildings improvements £'000	Buses £'000	Plant and equipment £'000	Deferred capital grants £'000	Total £'000
COST OR VALUATION						
At 20 December 2014	3,435	1,901	32,480	5,684	(995)	42,505
Additions	30	17	454	267	-	768
Disposals	(30)	-	(257)	(254)	-	(541)
Revaluation	240	-	-	-	-	240
At 19 December 2015	3,675	1,918	32,677	5,697	(995)	42,972
Additions	2	-	610	327	-	939
Disposals	-	-	(254)	(41)	-	(295)
At 17 December 2016	3,677	1,918	33,033	5,983	(995)	43,616
DEPRECIATION						
At 20 December 2014	156	1,152	23,718	4,599	(744)	28,881
Charge for period	33	141	1,496	333	(55)	1,948
On disposals	(30)	-	(216)	(253)	-	(499)
Revaluation	(80)	-	-	-	-	(80)
At 19 December 2015	79	1,293	24,998	4,679	(799)	30,250
Charge for period	37	126	1,385	330	(55)	1,823
On disposals	-	-	(222)	(41)	-	(263)
At 17 December 2016	116	1,419	26,161	4,968	(854)	31,810
CARRYING AMOUNT						
At 17 December 2016	3,561	499	6,872	1,015	(141)	11,806
At 19 December 2015	3,596	625	7,679	1,018	(196)	12,722
At 20 December 2014	3,279	749	8,762	1,085	(251)	13,624

Land and buildings were revalued in December 2015 by Hayfield Robinson, independent property valuers, on the basis of market value. The Directors have updated this valuation as at 17 December 2016 and confirmed that the existing valuation is appropriate. Had the land and buildings of the group been carried at historical cost less accumulative depreciation and accumulative impairment losses, their carrying amount would have been £3,028,000 (2015: £3,069,000).

The revaluation surplus is disclosed in the statement of changes in equity.

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

10. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Freehold property £'000	Leasehold property £'000	Buses £'000	Plant and equipment £'000	Deferred capital grants £'000	Total £'000
COST OR VALUATION						
At 20 December 2014	1,808	-	32,480	2,475	(995)	35,768
Additions	15	-	454	240	-	709
Disposals	(30)	-	(257)	(254)	-	(541)
Revaluation	175	-	-	-	-	175
Transfer from subsidiary	-	51	-	153	-	204
At 19 December 2015	1,968	51	32,677	2,614	(995)	36,315
Additions	-	-	610	241	-	851
Disposals	-	-	(254)	(40)	-	(294)
At 17 December 2016	1,968	51	33,033	2,815	(995)	36,872
DEPRECIATION						
At 20 December 2014	47	-	23,718	1,801	(744)	24,822
Charge for 52 week period	12	-	1,497	185	(55)	1,639
On disposals	(30)	-	(216)	(253)	-	(499)
Revaluation	(29)	-	-	-	-	(29)
Transfer from subsidiary	-	51	-	153	-	204
At 19 December 2015	-	51	24,999	1,886	(799)	26,137
Charge for 52 week period	12	-	1,385	206	(56)	1,547
On disposals	-	-	(222)	(40)	-	(262)
At 17 December 2016	12	51	26,162	2,052	(855)	27,422
CARRYING AMOUNT						
At 17 December 2016	1,954	-	6,871	763	(140)	9,448
At 19 December 2015	1,968	-	7,678	728	(196)	10,178
At 20 December 2014	1,761	-	8,762	674	(251)	10,946

Land and buildings were revalued in December 2015 by Hayfield Robinson, independent property valuers, on the basis of market value. The Directors have updated this valuation as at 17 December 2016. At 17 December 2016, had the land and buildings of the Company been carried at historical cost less accumulative depreciation and accumulative impairment losses, their carrying amount would have been £1,791,000 (2015: £1,810,000).

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

11. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting period.

Group

	Accelerated tax depreciation £'000	Revaluation £'000	Cash flow hedging obligation £'000	Retirement benefit obligations £'000	Total £'000
At 20 December 2014	1,268	-	(291)	(3,621)	(2,644)
(Credit) / charge to income	(721)	-	105	-	(616)
Credit to equity	-	59	32	1,003	1,094
At 19 December 2015	547	59	(154)	(2,618)	(2,166)
(Credit) / charge to income	(256)	-	-	105	(151)
Credit to equity	-	-	301	268	569
At 17 December 2016	291	59	147	(2,245)	(1,748)

Company

	Accelerated tax depreciation £'000	Revaluation £'000	Cash flow hedging obligation £'000	Retirement benefit obligations £'000	Total £'000
At 20 December 2014	1,268	-	(291)	(3,621)	(2,644)
(Credit) / charge to income	(721)	-	105	-	(616)
Credit to equity	-	59	32	1,003	1,094
At 19 December 2015	547	59	(154)	(2,618)	(2,166)
(Credit) / charge to income	(256)	-	-	105	(151)
Credit to equity	-	-	301	268	569
At 17 December 2016	291	59	147	(2,245)	(1,748)

Deferred tax assets and liabilities have been offset where they are expected to reverse in the same time period and relate to the same tax authorities.

The following is an analysis of the deferred tax balances for financial reporting purposes:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Deferred tax liabilities	454	659	454	659
Deferred tax assets	(2,202)	(2,825)	(2,202)	(2,825)
	<u>(1,748)</u>	<u>(2,166)</u>	<u>(1,748)</u>	<u>(2,166)</u>

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

12. FIXED ASSET INVESTMENTS

	Group Fixed asset investments £'000	Company Shares in subsidiary undertakings £'000
VALUATION		
At 20 December 2014, 19 December 2015, & 17 December 2016	50	8,292
PROVISION		
At 20 December 2014	50	954
Impairment	-	9
At 19 December 2015	50	963
Impairment	-	1,997
At 17 December 2016	50	2,960
CARRYING AMOUNT		
At 17 December 2016	-	5,332
At 19 December 2015	-	7,329
At 20 December 2014	-	7,338

The Company has direct or indirect* investments in the following subsidiary undertakings at 17 December 2016.

Name	Country of incorporation	Registered Number	Class of shares held	Percentage of shares held %	Nature of business
Keighley & District Travel Limited	England and Wales	2113404	Ordinary	100*	Bus operator
Harrogate & District Travel Limited	England and Wales	2327319	Ordinary	100*	Bus operator
Yorkshire Coastliner Limited	England and Wales	2436687	Ordinary	100*	Bus operator
Lancashire United Limited	England and Wales	2546070	Ordinary	100*	Bus operator
Burnley & Pendle Travel Limited	England and Wales	1777430	Ordinary	100	Bus operator

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

12. FIXED ASSET INVESTMENTS (continued)

Transdev York Limited	England and Wales	4412164	Ordinary	100	Dormant
Transdev Claims Investigations Limited	England and Wales	2207113	Ordinary	100*	Dormant
Blazeﬁeld Travel Group Limited	England and Wales	2188825	Ordinary	100	Holding company
Blazeﬁeld Buses Limited	England and Wales	2582503	Ordinary	100*	Holding company
Transdev Northern Blue Limited	England and Wales	3808360	Ordinary	100	Dormant
Heathrow Coach Services Limited	England and Wales	2230663	Ordinary	100	Dormant
Blackburn with Darwen Transport Limited	England and Wales	4324049	Ordinary	100	Dormant
Lancashire County Transport Limited	England and Wales	4300098	Ordinary	100	Dormant

As a parent company established under the law of the UK (an EEA state), for the 52 week period ended 17 December 2016, Transdev Blazeﬁeld Limited took advantage of the exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies for all its non-dormant subsidiaries included in the consolidated accounts.

Transdev Blazeﬁeld Limited guarantees all the above subsidiaries under section 479C of the Companies Act 2006 in respect of the financial period ended 17 December 2016.

13. AMOUNTS DUE FROM PARENT UNDERTAKINGS

	Group & Company	
	2016	2015
	£'000	£'000
Amounts owed by parent undertakings (note 25)		
Due within one year	7,839	-
Due after more than one year	-	1,986
	<u>7,839</u>	<u>1,986</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

14. INVENTORIES

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Materials	378	359	5	5
Fuel	274	246	-	-
	<u>652</u>	<u>605</u>	<u>5</u>	<u>5</u>

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade receivables	723	1,193	36	35
Other receivables	606	662	95	99
Prepayments	2,019	2,321	268	286
Tax recoverable	-	-	1,291	802
	<u>3,348</u>	<u>4,176</u>	<u>1,690</u>	<u>1,222</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Ageing analysis of trade receivables				
Neither past due or impaired	539	632	36	34
0 - 30 days	50	329	-	1
30 - 60 days	48	140	-	-
60 - 90 days	49	53	-	-
90 - 120 days	-	-	-	-
120+ days	37	39	-	-
	<u>723</u>	<u>1,193</u>	<u>36</u>	<u>35</u>

Credit Risk

The Group's principal financial assets are bank balances and cash and trade and other receivables. There is no concentration of credit risk.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Cash at bank and in hand	<u>1,428</u>	<u>756</u>	<u>-</u>	<u>-</u>

TRANSDDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade payables	2,171	2,589	380	454
Other taxation and social security	469	506	93	103
Accruals and deferred income	1,860	1,519	587	233
Amounts owed to parent undertakings	157	242	157	242
Other payables	508	567	15	56
Holiday pay	356	438	-	-
	<u>5,521</u>	<u>5,861</u>	<u>1,232</u>	<u>1,088</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 16 days (2015: 19 days).

The Directors consider the carrying amount of trade payables approximates to their fair value.

	2016	2015
The weighted average interest rate received was as follows	<u>0.25%</u>	<u>0.25%</u>

18. BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Due within one year:				
Bank loans and overdrafts	-	-	2,155	2,360
Total borrowings	<u>-</u>	<u>-</u>	<u>2,155</u>	<u>2,360</u>

Bank overdrafts and bank loans are secured by fixed and floating charges over the assets of Group companies incorporating an unlimited intercompany composite guarantee between Group companies, debentures by all Group companies and first legal charges over Group freehold properties. The group is included in the cross guarantees in respect of the funding facilities from RBS held by the parent company on behalf of the group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

19. PROVISION FOR LIABILITIES & CHARGES

	Restructuring £'000	Third Party Accidents £'000	Total £'000
Group and Company			
At 20 December 2014	-	1,340	1,340
Credited to the income statement	-	131	131
At 19 December 2015	-	1,471	1,471
Charged to the income statement	748	278	1,026
At 17 December 2016	748	1,749	2,497

Third Party Accidents

Provision is made for claims against the Company to the extent that they are not covered by insurance policies. Claims are expected to be settled within one year except where there is extended litigation.

Restructuring

The restructuring provision mainly comprises onerous property lease costs (see note 6).

20. OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

	Land & buildings 2016 £'000	Buses 2016 £'000	Other 2016 £'000	Land & buildings 2015 £'000	Buses 2015 £'000	Other 2015 £'000
Group						
Payments falling due:						
Within one year	735	3,005	82	717	2,198	90
Between two and five years	2,094	8,870	145	2,212	5,108	134
In over five years	5,604	1,836	-	6,065	1,705	-
	8,433	13,711	227	8,994	9,011	224
Company						
Payments falling due:						
Within one year	72	3,005	53	-	2,198	69
Between two and five years	281	8,870	89	-	5,108	117
In over five years	1,010	1,836	-	-	1,705	-
	1,363	13,711	142	-	9,011	186

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

20. OPERATING LEASE COMMITMENTS (CONTINUED)

The company which owns all the buses and incurs the cost of ownership, but not the cost of running, recharges out the cost of ownership to its subsidiary companies depending upon which company is using the assets. This recharge is calculated at the actual cost to the company and no profit element is included.

21. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to commodity price risk. The Company does not hold or issue derivative financial instruments for speculative purposes. The Company's transport operations consume 9.8 million litres of diesel fuel per annum. As a result, the Company's profits are exposed to the movement in the underlying price of crude oil, which is the major driver of diesel prices. The Group manages the volatility in its fuel costs by maintaining an ongoing fuel-hedging programme whereby derivatives are used to fix or cap the variable unit cost of anticipated fuel consumption. The Veolia Transdev treasury management programme advises on the percentage of future fuel consumption to hedge against.

Derivative financial instruments are classified on the balance sheet as at 19 December 2016 as set out below:

	2016 £'000	2015 £'000
<i>Fuel derivatives</i>		
Current assets	411	-
Non-current asset	101	-
Total financial assets	512	-
Current liabilities	-	(1,239)
Noncurrent liabilities	-	(201)
Total financial liabilities	-	(1,440)
Net financial asset/(liability)	512	(1,440)

The fair value of the derivative financial instruments at 17 December 2016 is set out below

	Fair value of derivative financial assets £'000	Notional amount of fuel covered by derivative financial liabilities		
At 17 December 2016				
Derivatives held as cash flow hedges				
Fuel Derivatives	512	5,634,000		
	2016 £'000	2016 £'000	2016 £'000	2015 £'000
Fuel derivatives	Swap	Collar	Total	Total
Fair values as at beginning of the period	(1,440)	-	(1,440)	(1,455)
Changes in fair value during the 52 week period taken to cash flow hedging reserve	1,952	-	1,952	15
Fair value as at end of the period	512	-	512	(1,440)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

21. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONTINUED)

There were no embedded derivatives as at 17 December 2016 which IAS 39 requires to be separately accounted for.

Cash flow hedges

The fuel derivatives hedge the underlying commodity price risk (denominated in \$US). The fuel derivatives include fixed price swaps and collars. The collars are hedges against the price of fuel being above a certain capped level or below a certain floor level. The range of swap prices contracted during the current financial 52 week period was between £329 and £542 per metric ton. There was no call option hedges transacted in the current financial 52 week period.

The fair value of fuel derivatives as at 17 December 2016, based on quoted prices in active markets for identical assets or liabilities, was an asset of £512,000 (2015: £nil) and a deferred tax liability of £52,000 (2015: nil) and a liability of £nil (2015: £1,440,000) and a deferred tax asset of £10,000 (2015: £259,000).

The fair value of the fuel derivatives as at the period end date split by maturity is as follows

	Fair value of liabilities		Fair value of assets	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Within one year	-	(1,239)	411	-
1 to 2 years	-	(201)	101	-
	-	(1,440)	512	-

The movements in the cash flow hedging reserve all of which relate to the above fuel derivatives in the 52 week period ending 17 December 2016 are as follows:

	£'000
Cash flow hedging reserve	
Cash flow hedging reserve as at 20 December 2014	(1,163)
Changes in fair value during the 52 week period taken to cash flow hedging reserve	15
Tax effect of cash flow hedges	(32)
Cash flow hedging reserve as at 19 December 2015	(1,180)
Changes in fair value during the 52 week period taken to cash flow hedging reserve	1,952
Tax effect of cash flow hedges	(301)
Cash flow hedging reserve as at 17 December 2016	471

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

22. NON CURRENT LIABILITIES: OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts owed to parent undertakings	-	-	-	-
Amounts owed to group undertakings	-	-	1,743	2,041
	<u>-</u>	<u>-</u>	<u>1,743</u>	<u>2,041</u>
	<u>-</u>	<u>-</u>	<u>1,743</u>	<u>2,041</u>

23. PENSIONS

Group and Company

The Group operates two pension schemes providing benefits based on final pensionable salary. Both these defined benefit schemes were effectively closed at 31 December 2010 with the majority of members joining the existing defined contribution scheme.

The current deficits on the two defined benefit schemes are:

	2016	2015
	£'000	£'000
Blazefield Holdings Limited Pension Plan	(10,317)	(11,400)
Blazefield (2001) Pension Scheme	(2,346)	(2,568)
	<u>(12,663)</u>	<u>(13,968)</u>

(a) Blazefield Holdings Ltd Pension Plan

The Group operates a defined benefit scheme for all qualifying employees, with the assets of the scheme held separately from the Group. The scheme is subject to triennial actuarial valuations by an independent qualified actuary, the last valuation is being carried out on 31 December 2015. The actuarial valuation of the scheme was updated to 31 December 2016 by a qualified actuary. The principal assumptions used by the actuary were:

	2016	2015
	%	%
Discount rate / Expected return on scheme assets	2.65	3.60
Expected rate of salary increases	N/A	N/A
Future pension increases (RPI)	3.25	3.00
Future pension increases (CPI)	2.25	2.00

As the scheme was closed before the start of this financial period and all members transferred to a defined contribution scheme, there will be no further expected salary increases as there are no active members.

	2016	2015
	£'000	£'000
Net interest cost	<u>398</u>	<u>472</u>

The actual return on scheme assets was £6,013,000 (2015: £652,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

23. PENSIONS (CONTINUED)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	2016 £'000	2015 £'000
Present value of defined benefit obligations	(45,885)	(41,898)
Fair value of scheme assets	35,568	30,498
Deficit in scheme recognised in the balance sheet	<u>(10,317)</u>	<u>(11,400)</u>

The above deficit includes a cumulative amount of £8,763,000 actuarial losses recognised in the statement of comprehensive income (2015: £9,513,000).

Movements in the present value of defined benefit obligations were as follows:

	2016 £'000	2015 £'000
At beginning of the period	41,898	45,675
Interest cost	1,479	1,531
Actuarial (gains)/losses	4,182	(2,963)
Member contributions, net of benefit paid	<u>(1,674)</u>	<u>(2,345)</u>
At end of the period	<u>45,885</u>	<u>41,898</u>

Movements in the fair value of scheme assets were as follows:

	2016 £'000	2015 £'000
At beginning of the period	30,498	31,460
Expected return on scheme assets	1,081	1,059
Actuarial (losses)/gains	4,932	(407)
Employer contributions	731	731
Admin expenses paid	-	-
Member contributions, net of benefit paid	<u>(1,674)</u>	<u>(2,345)</u>
At end of the period	<u>35,568</u>	<u>30,498</u>

The analysis of the fair value of the scheme assets at the balance sheet date was as follows:

	2016 £'000	2015 £'000
Equity instruments	13,300	17,876
Debt instruments	7,453	12,174
Property	1,011	780
Cash/other assets	13,804	(332)
	<u>35,568</u>	<u>30,498</u>

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

23. PENSIONS (CONTINUED)

The sensitivity of the present value of defined benefit obligations is as follows:

Base Scenario	Discount Rate (+0.5%)	Discount Rate (-0.5%)	Inflation Rate (+0.5%)	Inflation Rate (-0.5%)
45,885	42,218	50,041	48,209	43,795

The duration of the accrued liabilities are estimated as 17 years.

The five year history of experience adjustments is as follows:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(45,885)	(41,898)	(45,675)	(39,594)	(35,842)
Fair value of scheme assets	35,568	30,498	31,460	30,564	28,211
Deficit in the scheme	<u>(10,317)</u>	<u>(11,400)</u>	<u>(14,215)</u>	<u>(9,030)</u>	<u>(7,631)</u>
Experience adjustments on scheme liabilities					
Amount (£'000)	<u>1,381</u>	<u>223</u>	<u>(6,596)</u>	<u>(3,562)</u>	<u>(2,064)</u>
Percentage of scheme liabilities (%)	<u>3%</u>	<u>1%</u>	<u>(14%)</u>	<u>(9%)</u>	<u>(6%)</u>
Experience adjustments on scheme assets					
Amount (£'000)	<u>4,932</u>	<u>(407)</u>	<u>1,072</u>	<u>1,727</u>	<u>(251)</u>
Percentage of scheme assets (%)	<u>14%</u>	<u>(1%)</u>	<u>3%</u>	<u>6%</u>	<u>(1%)</u>

The estimated amounts of contributions expected to be paid to the scheme for the period ending 23 December 2017 is £731,000 (2016: £731,000).

(b) Blaze field (2001) Pension Scheme

The Group operates a defined benefit scheme for all qualifying employees, with the assets of the scheme held separately from the Group. The scheme is subject to triennial actuarial valuations by an independent qualified actuary, the last valuation is being carried out on 31 December 2015. The actuarial valuation of the scheme was updated to 31 December 2016 by a qualified actuary. The principal assumptions used by the actuary were:

	2016 %	2015 %
Discount rate / Expected return on scheme assets	2.65	3.60
Expected rate of salary increases	N/A	N/A
Future pension increases (RPI)	3.25	3.00
Future pension increases (CPI)	2.25	2.00

**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSIONS (CONTINUED)

As the scheme was closed before the start of this financial period and all members transferred to a defined contribution scheme, there will be no further expected salary increases as there are no active members.

	2016 £'000	2015 £'000
Net Interest cost	90	130

The actual return on scheme assets was £2,312,000 (2015: £59,000).

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	2016 £'000	2015 £'000
Present value of defined benefit obligations	(13,100)	(11,076)
Fair value of scheme assets	10,754	8,508
Deficit in scheme recognised in the balance sheet	(2,346)	(2,568)

The above deficit includes a cumulative amount of £2,079,000 actuarial losses recognised in the statement of comprehensive income and expense (2015: £2,218,000).

Movements in the present value of defined benefit obligations were as follows:

	2016 £'000	2015 £'000
At beginning of the period	11,076	12,553
Interest cost	395	425
Actuarial (gains)/losses	1,868	(1,519)
Member contributions, net of benefits paid	(239)	(383)
At end of the period	13,100	11,076

Movements in the fair value of scheme assets were as follows:

	2016 £'000	2015 £'000
At beginning of the period	8,508	8,659
Expected return on scheme assets	305	295
Actuarial losses	2,007	(236)
Employer contributions	173	173
Admin expenses paid	-	-
Member contributions, net of benefits paid	(239)	(383)
At end of the period	10,754	8,508

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

23. PENSIONS (CONTINUED)

The analysis of the fair value of the scheme assets at the balance sheet date was as follows:

	2016	2015
	£'000	£'000
Equity instruments	4,825	6,856
Debt instruments	1,048	1,768
Property	57	-
Cash/other assets	4,824	(116)
	<u>10,754</u>	<u>8,508</u>

The sensitivity of the present value of defined benefit obligations is as follows:

Base Scenario	Discount Rate (+0.5%)	Discount Rate (-0.5%)	Inflation Rate (+0.5%)	Inflation Rate (-0.5%)
13,100	11,772	14,637	14,427	11,929

The average duration of the accrued liabilities are estimated as 21 years.

The five year history of experience adjustments is as follows:

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	(13,100)	(11,076)	(12,553)	(10,130)	(9,002)
Fair value of scheme assets	10,754	8,508	8,659	8,444	7,191
Deficit in the scheme	<u>(2,346)</u>	<u>(2,568)</u>	<u>(3,894)</u>	<u>(1,686)</u>	<u>(1,811)</u>
Experience adjustments on scheme liabilities	569	73	(2,189)	(882)	(301)
Amount (£'000)	<u>4%</u>	<u>1%</u>	<u>(17%)</u>	<u>(9%)</u>	<u>(3%)</u>
Percentage of scheme liabilities (%)	2,007	(236)	(120)	892	252
Experience adjustments on scheme assets	<u>19%</u>	<u>(3%)</u>	<u>(1%)</u>	<u>11%</u>	<u>4%</u>
Percentage of scheme assets (%)					

The estimated amounts of contributions expected to be paid to the scheme for the period ending 23 December 2017 is £173,000 (2016: £173,000).

(c) Defined Contribution Pension Scheme

The Group also operates a defined contribution pension scheme. The charge to the income statement for pension contributions to this scheme in the 52 week period was £852,000 (2015: £821,000). Included in Group and Company other creditors is £96,000 (2015: £96,000) in respect of unpaid contributions.

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

24. CALLED UP SHARE CAPITAL

	Number of shares	£'000
Authorised share capital		
Ordinary shares of £1 each at 19 December 2015	5,950,000	5,950
Increase in authorised share capital	5,853,000	5,853
Ordinary shares of £1 each at 17 December 2016	<u>11,803,000</u>	<u>11,803</u>
Issued share capital		
Called up, allotted and fully paid ordinary shares of £1 each		
As at 19 December 2015	5,950,000	5,950
Shares issued	5,853,000	5,853
As at 17 December 2016	<u>11,803,000</u>	<u>11,803</u>

The parent company subscribed for additional shares at par in the company in order to increase the capital base of the company. This investment by Transdev PLC was predominantly done to help the business achieve strategic growth.

25. RELATED PARTY TRANSACTIONS

Income and expenditure	Management charges paid		Dividend paid		Interest Paid	
Group	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Transdev plc - parent	431	547	-	-	-	4

	Accounting services		Claims Handling charges received		Secondment paid	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Green Tomato Cars Ltd – fellow subsidiary	46	39	15	7	-	-
Trident Heritage Ltd – fellow subsidiary	-	12	-	4	-	-
Comet Car Hire (CCH) Ltd – fellow subsidiary	7	6	-	-	-	-
Transdev London Ltd – fellow subsidiary	-	6	-	-	-	-
Cabfind Ltd – fellow subsidiary	36	-	-	-	-	-
Transdev plc – parent	-	-	-	-	100	200
	<u>89</u>	<u>63</u>	<u>15</u>	<u>11</u>	<u>100</u>	<u>200</u>

During the 52 week period, Transdev Blaze field Ltd recharged its trading subsidiary companies the cost of owning the buses for which the subsidiary companies were operating for £4,244,000 for the 52 week period ending 17 December 2016 (2015: £3,909,000).

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016**

25. RELATED PARTY TRANSACTIONS (CONTINUED)

Balances	Other liabilities		Other financial assets		Other financial liabilities	
Group	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Transdev plc – parent	(157)	(242)	304	-	(59)	(1,440)

	Loans owed by related parties		Loans owed to related parties	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Transdev plc – parent	7,839	1,986	-	-

Income and expenditure	Management charges paid		Dividend paid		Interest Paid	
Company	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Transdev plc – parent	431	547	-	-	-	4

	Secondment paid	
	2016	2015
	£'000	£'000
Transdev plc – parent	100	200

Balances	Other liabilities		Other financial assets		Other financial liabilities	
Company	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Transdev plc - parent	(157)	(242)	304	-	(59)	(1,440)

	Loans owed by related parties		Loans owed to related parties	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Transdev plc – parent	7,839	1,986	-	-

No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Of the tax payable balance, group relief payable to fellow group companies is as follows:

Transdev plc £nil (2015: £nil)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

25. RELATED PARTY TRANSACTIONS (continued)

A Hornby, director of the Company, is remunerated by Transdev plc.

During the 52 week period ended 17 December 2016, the Group paid property operating lease rentals to the Blaze field Holdings Pension Plan totalling £70,000 (2015: £70,000). Of this amount, £8,000 (2015: £8,000) is included in Group accruals and deferred income at the balance sheet date.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2016 £'000	2015 £'000
Short-term employee benefits	449	516
Post-employment benefits	28	22
	<u>477</u>	<u>538</u>

Directors' transactions

There were no loans, quasi-loans or other transactions with Directors (or other key management personnel) which meet the requirements of Schedule 6 of the Act and IAS 24.

26. PARENT UNDERTAKING

Transdev plc is the immediate parent undertaking. The ultimate parent undertakings are Caisse des Dépôts et Consignations, a French public sector financial institution, and Veolia Environnement SA, a company incorporated in France, as joint owners of Transdev Group SA.

The consolidated financial statements of Veolia Environnement SA are available from 36-38 Avenue Kleber, 75116 Paris, France. The consolidated financial statements of Caisse des Dépôts et Consignations are available at 56 Rue de Lille, 75 356 Paris.

The parent undertaking of the smallest group of undertakings for which Group accounts are drawn up and of which the Company is a member is Transdev plc, a company registered in England and Wales.

TRANSDEV BLAZEFIELD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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27. NOTES TO THE CASH FLOW STATEMENT

Group	2016 £'000	2015 £'000
Profit from continuing operations	21	1,246
Adjustments for:		
Depreciation of property, plant and equipment	1,878	2,003
Charge on intangible assets	4	8
(Profit)/loss on disposal of property, plant and equipment	(4)	39
Release of capital grants	(55)	(55)
Movement in provisions	(626)	(773)
Operating cash flows before movement in working capital	1,218	2,468
(Increase) in inventories	(47)	-
Decrease/(increase) in receivables	828	(935)
(Decrease)/increase in payables	(340)	596
Cash generated by operations	1,659	2,129
Tax received/(paid)	39	(169)
Interest paid	-	(4)
Restructuring costs	(123)	-
Net cash flow from operating activities	1,575	1,956
Company	2016 £'000	2015 £'000
Profit/(loss) from continuing operations	134	(2,279)
Adjustments for:		
Depreciation of property, plant and equipment	1,603	1,694
Release of capital grants	(55)	(55)
Investment impairment	4	8
(Profit)/loss on disposal of property, plant and equipment	(4)	39
Movement in provisions	(626)	(773)
Operating cash flows before movement in working capital	1,056	(1,366)
Decrease/(increase) in receivables	21	(65)
Increase in payables	145	486
Cash generated by operations	1,222	(945)
Tax received/(paid)	136	(259)
Interest paid	-	(4)
Dividends received	(2,500)	-
Restructuring costs	(40)	-
Net cash flow from operating activities	(1,182)	(1,208)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

28. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to certain financial risks. These include price risk related primarily to interest rate risk. The Group is not significantly exposed to foreign exchange risk, credit risk or other cash flow risk. Management reviews financial risks regularly in accordance with Group policies. The Group currently uses a limited number of financial instruments to manage certain risks but does not hold financial instruments for speculative reasons.

Categories of financial instruments

	Carrying value 2016 £'000	Carrying value 2015 £'000
Financial assets		
Loans and receivables		
- Trade and other receivables	1,329	1,855
- Amounts owed by group undertakings	7,682	1,744
	9,011	3,599
Derivatives used for hedging (see note 21)	304	-
	9,315	3,599
Financial liabilities		
Other financial liabilities of amortised cost		
- Borrowings	-	-
- Trade and other payables	2,679	3,156
	2,679	3,156
Derivatives used for hedging (see note 21)	59	1,440
	2,738	4,596

There is no material difference between the carrying value and fair value of the financial instruments in 2016 or 2015.

Interest rate risk

The group is exposed to interest rate risk as it borrows funds at floating interest rates. During 2016 the Group's borrowings were in GBP.

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date.

	2016 £'000	2015 £'000
Group		
Total floating rate borrowings	-	-
Company		
Total floating rate borrowings	2,155	2,360

The analysis is prepared assuming the amount of liability outstanding at the balance sheet was outstanding for the whole period. A 50 basis points (2015: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2015: 50 basis points) higher/lower and all other variables were held constant at the balance sheet date, then:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

28. FINANCIAL INSTRUMENTS (CONTINUED)

Group:

Profit or loss would increase/decrease by £30,000 (2015: £30,000). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

Company:

Profit or loss would increase/decrease by £19,000 (2015: £19,000). This is attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit Risk

The Group's principal financial assets are bank balances and cash and trade and other receivables, the balance at 19 December 2015 and 17 December 2016 represents the Group's maximum exposure to credit risk. The bank balances are held with a small number of financial institutions, the Group mitigates this concentration by only using high quality financial institutions.

Liquidity Risk

The trade receivables balance primarily represents the amounts owing from local government transport organisations. These sums are contractually agreed and are received according to the terms of the individual contracts. Therefore there is no significant credit risk exposure or any significant payment delay beyond contractual terms.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structures of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The table below summarises the maturity profile of the Group's financial liabilities at 17 December 2016 based contracted undiscounted payments

	On demand £'000	< 3 months £'000	3 – 12 months £'000	1 – 5 years £'000	Total £'000
2016					
Borrowings	-	-	-	-	-
Trade and other payables	-	2,679	-	-	2,679
Amount owed to parent undertakings	-	157	-	-	157
	-	2,836	-	-	2,836
	On demand £'000	< 3 months £'000	3 – 12 months £'000	1 – 5 years £'000	Total £'000
2015					
Borrowings	-	-	-	-	-
Trade and other payables	-	3,156	-	-	3,156
Amount owed to parent undertakings	-	242	-	-	242
	-	3,398	-	-	3,398

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 17 DECEMBER 2016

28. FINANCIAL INSTRUMENTS (CONTINUED)

The table below summarises the maturity profile of the Company's financial liabilities at 17 December 2016 based contracted undiscounted payments

	On demand £'000	< 3 months £'000	3 – 12 months £'000	1 – 5 years £'000	Total £'000
2016					
Borrowings	2,155	-	-	-	2,155
Trade and other payables	-	395	-	-	395
Amount owed to parent undertakings	-	157	-	-	157
	<u>2,155</u>	<u>552</u>	<u>-</u>	<u>-</u>	<u>2,707</u>
	On demand £'000	< 3 months £'000	3 – 12 months £'000	1 – 5 years £'000	Total £'000
2015					
Borrowings	2,360	-	-	-	2,360
Trade and other payables	-	497	-	-	497
Amount owed to parent undertakings	-	242	-	-	242
	<u>2,360</u>	<u>739</u>	<u>-</u>	<u>-</u>	<u>3,099</u>

29. CAPITAL COMMITMENTS

Capital expenditure on new buses contracted but not provided for by the Group and Company at the end of the financial 52 week period totalled £nil (2015: £nil).

30. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.