

Report of the Directors and
Unaudited Financial Statements for the Period Ended 31 December 2012
for
Wabtec Rail Scotland Limited
Registration number 06401040

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Wabtec Rail Scotland Limited

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for the Period Ended 31 December 2012**

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Wabtec Rail Scotland Limited

Company Information
for the Period Ended 31 December 2012

DIRECTORS:	R T Betler K P Hildum C J Weatherall
SECRETARY:	AG Secretarial Ltd
REGISTERED OFFICE:	100 Barbican Square Manchester M2 3AB
REGISTERED NUMBER:	06401040 (England and Wales)
BANKERS:	Barclays Bank Plc 10 Market Street Bradford BD1 1EG

Wabtec Rail Scotland Limited

Report of the Directors **for the Period Ended 31 December 2012**

The directors present their report with the financial statements of the company for the period ended 31 December 2012

CESSATION OF TRADING

The company ceased to trade under Wabtec Rail Scotland Ltd from 31 December 2011 with the assets and liabilities purchased by a holding company Wabtec Rail Limited

PRINCIPAL ACTIVITY

As at 31 December 2011, the assets and liabilities were sold to the parent company Wabtec Rail Ltd and the company ceased to trade under Wabtec Rail Scotland Ltd

REVIEW OF BUSINESS

The company did not trade during the 10 month period to 31 December 2012 (Year ended 29 February 2012 £7,116,463) The operating loss for the period ended 31 December 2012 was £nil (Year ended 29 February 2012 £113,758) The recognised gain for the period ended 31 December 2012 was £nil (Year ended 29 February 2012 loss £113,802)

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2012

DIRECTORS

The directors during the year under review were

R T Betler
K P Hildum
C J Weatherall

The directors holding office at 31 December 2012 did not hold any beneficial interest in the issued share capital of the company at 1 March 2012 or 31 December 2012

Directors' liabilities

The ultimate parent undertaking has indemnified one or more Directors of the Company 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 was in force throughout the year and at the date of this report

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The Company agrees terms and conditions for its business transactions with suppliers Payment is made on those terms subject to the terms and conditions being met by the supplier As the company has ceased trading there are no longer any trade creditors at the end of the period

EMPLOYMENT POLICIES

The Company has developed a wide range of voluntary practices and procedures for employee involvement The Company encourages this approach to provide information and consultation and believes this promotes understanding of the issues facing the individual business in which the employee works

It is Company policy to achieve and maintain a high standard of health and safety by all practical means and the active involvement of employees in matters of health and safety is encouraged

It is the policy of the Company to give full and fair consideration to applications made by disabled persons for job vacancies, where particular job requirements are within their ability and, where possible, arrangements are made for the continuing employment of employees who have become disabled

Wabtec Rail Scotland Limited

Report of the Directors **for the Period Ended 31 December 2012**

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period the Company donated £nil for charitable purposes (year ended 29 February 2012 £nil) No political donations were made during the period (year ended 29 February 2012 £nil)

GOING CONCERN

On 31 December 2011 the business, including all assets and liabilities, were sold to the parent company Wabtec Rail Ltd and became a division of this company

Accordingly, the directors have adopted the going concern basis in preparing the financial statements as all liabilities are met as they fall due and the company continued to trade as a going concern until 31 December 2011 Amounts owed from debtors or owing as creditors all represent inter group balances

FINANCIAL RISK MANAGEMENT AND POLICIES

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk

Credit Risk

The Company's principal financial assets are trade and other receivables (including receivables from other Group undertakings)

The Company's credit risk is primarily attributable to its trade receivables from other Group undertakings The amounts presented in the Balance Sheet are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparts and customers

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company ensures regular communication with other Group companies

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

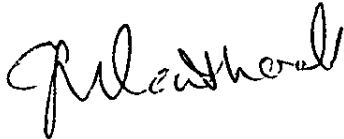
Wabtec Rail Scotland Limited

Report of the Directors
for the Period Ended 31 December 2012

AUDIT EXEMPTION

Wabtec Rail Limited issued a guarantee against all outstanding liabilities to which the company is subject as at 31 December 2012, until they are satisfied in full. The guarantee is enforceable against Wabtec Rail Limited by any person to whom the company is liable in respect of those liabilities. Since Wabtec Rail Limited is the smallest group to which the company's accounts are consolidated, the company has taken advantage of the exemption from audit of its individual accounts for the year ended 31 December 2012 by virtue of Section 479A of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'C J Weatherall', written in a cursive style.

C J Weatherall
Director

10 October 2013

Wabtec Rail Scotland Limited**Profit and Loss Account
for the Period Ended 31 December 2012**

	Notes	Period Ended 31.12 12 £	As Restated Year Ended 29 02 12 £
TURNOVER	2	-	7,116,463
Cost of sales		<u>-</u>	<u>6,879,082</u>
GROSS PROFIT		-	237,381
Administrative expenses		<u>-</u>	<u>510,120</u>
		-	(272,739)
Other operating income		<u>-</u>	<u>158,981</u>
OPERATING LOSS	5	-	(113,758)
Interest payable and similar charges	6	<u>-</u>	<u>44</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(113,802)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>-</u></u>	<u><u>(113,802)</u></u>

DISCONTINUED OPERATIONS

All of the company's activities were discontinued during the current year

Wabtec Rail Scotland Limited

Statement of Total Recognised Gains and Losses
for the Period Ended 31 December 2012

	Period Ended 31.12.12 £	As Restated Year Ended 29 02 12 £
LOSS FOR THE FINANCIAL YEAR	-	(113,802)
Surplus on revaluation written off	-	349,598
	<hr/>	<hr/>
TOTAL RECOGNISED LOSSES		
RELATING TO THE YEAR	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

Wabtec Rail Scotland Limited (Registered number: 06401040)

Balance Sheet
31 December 2012

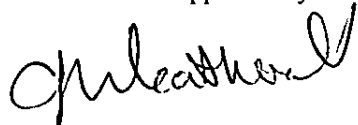
	Notes	31.12.12		As Restated 29 02 11	
		£	£	£	£
FIXED ASSETS					
Intangible assets			-		-
Tangible assets			-		-
			-		-
CURRENT ASSETS					
Stocks		-	-	-	-
Debtors	8	-	-	287,404	-
Cash at bank		<u>1,130,663</u>		<u>843,259</u>	
		1,130,663		1,130,663	
CREDITORS					
Amounts falling due within one year	9	<u>3,102,024</u>		<u>3,102,024</u>	
NET CURRENT LIABILITIES			<u>(1,971,361)</u>		<u>(1,971,361)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1,971,361)</u>		<u>(1,971,361)</u>
CAPITAL AND RESERVES					
Called up share capital	10		1		1
Profit and loss account	11		<u>(1,971,362)</u>		<u>(1,971,362)</u>
SHAREHOLDERS' FUNDS	15		<u>(1,971,361)</u>		<u>(1,971,361)</u>

For the year ending 31 December 2012 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- i the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,
- ii the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements were approved by the Board of Directors on 10 October 2013 and were signed on its behalf by



C J Weatherall
Director

The notes form part of these financial statements

Wabtec Rail Scotland Limited**Cash Flow Statement
for the Period Ended 31 December 2012**

		Period Ended 31.12.12 £	Year Ended 29 2 12 £
Net cash inflow from operating activities	Notes 1	-	24,452
Returns on investments and servicing of finance	2	-	(44)
Capital expenditure	2	-	<u>2,786,168</u>
		-	2,810,576
Financing	2	<u>287,404</u>	<u>(1,962,578)</u>
Increase in cash in the period		<u>287,404</u>	<u>847,998</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		<u>287,404</u>	<u>847,998</u>
Change in net debt resulting from cash flows		<u>287,404</u>	<u>847,998</u>
Movement in net debt in the period		<u>287,404</u>	<u>847,998</u>
Net debt at 1 March 2012		<u>843,259</u>	<u>(4,739)</u>
Net funds/(debt) at 31 December 2012		<u>1,130,663</u>	<u>(843,259)</u>

The notes form part of these financial statements

Wabtec Rail Scotland Limited

Notes to the Cash Flow Statement
for the Period Ended 31 December 2012

1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period Ended 31.12.12 £	Year Ended 29 02 12 £
Operating loss	-	(113,758)
Depreciation charges	-	-
Decrease in stocks	-	1,128,333
Decrease in debtors	287,404	642,660
Decrease in creditors	-	(1,632,783)
Net cash inflow from operating activities	287,404	24,452

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Period Ended 31.12.12 £	Year Ended 29 02 12 £
Returns on investments and servicing of finance		
Interest paid	-	(44)
Net cash outflow for returns on investments and servicing of finance	-	(44)
Capital expenditure		
Purchase of tangible fixed assets	-	(77,241)
Sale of intangible fixed assets	-	502,641
Sale of tangible fixed assets	-	2,360,768
Net cash inflow for capital expenditure	-	2,786,168
Financing		
Amounts owed by group undertakings	287,404	(53,493)
Amounts owed to group	-	(1,909,085)
Net cash inflow/(outflow) from financing	287,404	(1,962,578)

Wabtec Rail Scotland Limited

Notes to the Cash Flow Statement
for the Period Ended 31 December 2012

3 ANALYSIS OF CHANGES IN NET DEBT

	At 01.03.12	Cash flow	At
	£	£	31.12.12
Net cash			£
Cash at bank	843,259	287,404	1,130,663
	<hr/>	<hr/>	<hr/>
	843,259	287,404	1,130,663
	<hr/>	<hr/>	<hr/>
Total	843,259	287,404	1,130,663

The notes form part of these financial statements

Wabtec Rail Scotland Limited

Notes to the Financial Statements **for the Period Ended 31 December 2012**

1 ACCOUNTING POLICIES

Going concern

On 31 December 2011 the business, including all assets and liabilities, were sold to the parent company Wabtec Rail Ltd and became a division of this company

Accordingly, the directors have adopted the going concern basis in preparing the financial statements as all liabilities are met as they fall due and the company continued to trade as a going concern until 31 December 2011. Amounts owed from debtors or owing as creditors all represent inter group balances

Accounting convention

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom law and accounting standards, and a going concern basis as described in the Directors' report

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company exclusive of value added taxes. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of goods

Revenue from servicing and repair of assets which remain the property of their owners during the work is recognised over the period in which the service is provided

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units acquired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Profit and Loss Account and is not subsequently reversed. When there is a disposal of a cash-generating unit, goodwill relating to the operation disposed of is taken into account in determining the gain or loss on disposal of that operation. The amount of goodwill allocated to a partial disposal is measured on the basis of the relative values of the operation disposed of and the operation retained

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over their expected useful lives, as follows

Freehold buildings

50 years

Plant and equipment

3 to 15 years

Stocks and works in progress

Stocks are stated at the lower of costs or net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises the actual cost of raw materials and direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal

Wabtec Rail Scotland Limited

Notes to the Financial Statements - continued **for the Period Ended 31 December 2012**

1 ACCOUNTING POLICIES - continued

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the Balance Sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax measured on a non-discounted basis

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Defined contribution pension scheme

Pension costs for the Company's defined contribution pension scheme are recognised within operating profit or loss at an amount equal to the contributions payable to the scheme for the year. Any prepaid or outstanding contributions at the Balance Sheet date are recognised respectively as assets or liabilities within prepayments or accruals

Finance costs

Finance costs of financial liabilities are recognised in the Profit and Loss Account over the term of such instruments at a constant rate on the carrying amount

2 TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	Period Ended 31.12.12 £	Year Ended 29.02.12 £
United Kingdom	-	6,591,241
Rest of Europe	-	525,222
	<u>-</u>	<u>7,116,463</u>

Wabtec Rail Scotland Limited

Notes to the Financial Statements - continued
for the Period Ended 31 December 2012

3 STAFF COSTS

	Period Ended 31.12.12	Year Ended 29 02 12
	£	£
Wages and salaries	-	1,724,721
Social security costs	-	172,761
Other pension costs	-	78,999
	<u>-</u>	<u>1,976,481</u>

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

	Period Ended 31.12.12	Year Ended 29 02 12
Production	-	60
Administration	-	22
	<u>-</u>	<u>82</u>

4 DIRECTORS' REMUNERATION

The Directors received no remuneration for their services to the Company during the period (year ended 29 February 2012 £nil) The Directors' services to the Company do not occupy a significant amount of their time As such, the Directors do not consider that they have received any remuneration for their incidental services to the Company for the period ended 31 December 2012 or the year ended 29 February 2012

5 OPERATING LOSS

The operating loss is stated after charging

	Period Ended 31.12.12	Year Ended 29 02 12
	£	£
Hire of plant and machinery	-	5,396
Auditors' remuneration	-	13,849
Redundancy payments	-	94,294
	<u>-</u>	<u>94,294</u>

Wabtec Rail Scotland Limited

Notes to the Financial Statements - continued
for the Period Ended 31 December 2012

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Period Ended 31.12.12	Year Ended 29 02 12
	£	£
External interest paid	-	44
	<u>-</u>	<u>44</u>

7 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period ended 31 December 2012 nor for the year ended 29 February 2012

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Period Ended 31.12.12	Year Ended 29 02 12
	£	£
Amounts owed by group undertakings	-	287,404
	<u>-</u>	<u>287,404</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Period Ended 31.12.12	Year Ended 29 02 12
	£	£
Amounts owed to group undertakings	3,102,024	3,102,024
	<u>3,102,024</u>	<u>3,102,024</u>

10 CALLED UP SHARE CAPITAL

	Period Ended 31.12.12	Year Ended 29 02 12
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Equity shares		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

Wabtec Rail Scotland Limited

Notes to the Financial Statements - continued
for the Period Ended 31 December 2012

11 RESERVES

	Profit and loss account £	Totals £
At 1 March 2012 as restated	(1,971,362)	(1,971,362)
Deficit for the year	-	-
Tangible fixed assets	-	-
At 31 December 2012	<u>(1,971,362)</u>	<u>(1,971,362)</u>

12 PENSION COMMITMENTS

The Company maintains a defined contribution pension scheme for its employees. Total cost of pension contributions for the period was £nil (Year to 29 February 2012 £79,000) with £nil outstanding at 31 December 2012 (Year to 29 February 12 £27,458)

13 ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is WABTEC Corporation which is incorporated in the United States of America

14 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions allowed under FRS 8 from disclosing transactions with related parties that are wholly owned subsidiaries of the Westinghouse Air Brake Technologies Corporation group

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Period Ended 31.12.12 £	As Restated Year Ended 29 02 12 £
Loss for the financial year	-	(113,802)
Surplus on revaluation written off	-	349,598
Net addition/(reduction) to shareholders' funds	-	235,796
Opening shareholders' funds	<u>(1,971,361)</u>	<u>(2,207,157)</u>
Closing shareholders' funds	<u>(1,971,361)</u>	<u>(1,971,361)</u>