Company Registration No. SC097299

First Glasgow (No.1) Limited

Report and Financial Statements

28 March 2015

First Glasgow (No.1) Limited

Report and financial statements 2015

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First Glasgow (No.1) Limited

Strategic report

The directors, in preparing this strategic report for First Glasgow (No.1) Limited, have complied with s414C of the Companies Act 2006.

Principal activities

The company's principal activities are the provision of bus and coach operations in Glasgow.

Business review

As shown in the company's profit and loss account on page 7, the company's sales have decreased by 1.9% over the prior period, and the operating profit has increased from £4.2 million to £7.1 million. The operating environment continues to be challenging, with revenue pressures including a reduction in the reimbursement rate from Scottish Government for concessionary passengers travel. Costs continue to be tightly controlled with operational efficiencies identified and implemented. This also includes benefits generated through the investment in 11 new low carbon, greener vehicles.

The balance sheet on page 8 of the financial statements shows the company's financial position at the period end. Net assets have increased from £28.9 million to £32.8 million by the transfer of the retained profit after tax.

Capital expenditure, including transfers from other group companies, was £3.8 million in the period. Further details are set out in note 10.

The directors continue to carry out regular detailed reviews of route profitability to ensure that company resources are managed as efficiently as possible whilst matching service provision with demand and driving down unit costs through operational efficiencies and higher productivity.

Safety remains the highest priority. The directors are continuously developing and improving processes to ensure that a 'Safety First' culture is embedded throughout the company and strive to make our services as safe as possible for our customers and staff.

FirstGroup plc manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the UK Bus Division of FirstGroup plc, which includes the company, is discussed in the Group's Annual Report which does not form part of this report.

Outlook

The trading environment for the next 12 months is set to continue to be challenging. In spite of this, the directors remain optimistic about the current and future opportunities to grow the business with innovative ideas, improved service quality and reliability while retaining a tight control on costs.

The directors remain confident that the company's activities will generate a satisfactory result in the coming financial period.

Going concern

At 28 March 2015 the company had cash of £1.0 million, a bank overdraft of £1.4 million, net current liabilities of £17.5 million and net assets of £32.8 million. The directors have considered the going concern assumption given the uncertainty of the current economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the financial commitment from the parent company in forming this judgement.

The ultimate parent company has provided the directors of the company with a letter confirming that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The directors have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support.

After making enquiries and considering the above facts, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

First Glasgow (No.1) Limited

Strategic report (continued)

Principal risks and uncertainties

There are a number of potential risks and uncertainties that could have an impact on the company's long-term performance. The directors have established an ongoing process for identifying, evaluating and managing the significant risks and uncertainties faced by the company and continue to assess these on a regular basis in the light of internal and external events.

Specific business risks faced by the company include the following:

Competition risk

Management mitigate the competitive pressure by monitoring competitors' behaviour and strategies to ensure that the company acts appropriately under current market conditions.

Legal and regulatory risk

The directors are aware of the continual change in laws and other regulations and the increasing costs of compliance. The directors conduct regular reviews of safety procedures, equipment specifications, employment requirements, environmental procedures, insurance coverage and other areas to ensure they are appropriate and operating effectively.

Litigation and claims risk

The company has three main insurance risks, third party claims arising from vehicle and general operations, employee injuries and property damage. FirstGroup plc has a very strong focus on safety, as one of its core values, the promotion of a 'Safety First' culture at all levels throughout the business minimises insurance premiums and other related claims.

Liquidity risk

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. The credit risk on liquid funds is limited because the counterparties are banks. Although certain risks, for example fuel price, are hedged on a group basis, the company does not directly enter into any derivative financial instruments. In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mix of intercompany loans and finance leases.

Labour cost and employee relation risk

Labour costs represent the most significant element of the company's operating costs. The directors continue to monitor employee recruitment, training, personal development and remuneration to ensure the company attracts and retains the right people.

To retain the right people, the company believes that good communication with employees is effected mainly through regular briefing and negotiating meetings between the directors, the senior management and employee representatives on the central and depot negotiating committees. The briefing meetings enable senior management to consult employees and to ascertain their views on matters likely to affect their interests.

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

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Fuel cost risk

Fuel costs represent a significant proportion of the company's cost base. Fuel prices are directly influenced by international, political and economic circumstances as well as natural disasters. Wherever possible, the group seek to minimise the operational and financial impact of such events through fixed price forward contracts and other operational efficiency measures.

Strategic report (continued)

Principal risks and uncertainties (continued)

Environmental risk

FirstGroup plc recognises the importance of its environmental policies, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The company operates in accordance with Group policies, which are described in the Group's Annual Report, which do not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Through our core business activities we are committed to providing a safe, good quality, reliable and cost effective public transport to all our customers. Our core business strategy is to increase customer numbers and encourage a greater move towards the use of bus transport. This will support the needs of society to achieve more sustainable travel. We recognise the environmental impacts arising from our business activities and are committed to reducing these through effective environmental management.

Approved by the Board of Directors and signed on its behalf by:

F M Kerr
Director
28 October 2015

First Glasgow (No.1) Limited

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the 52 week period ended 28 March 2015.

Results and dividends

The results for the financial period are given in the profit and loss account on page 7.

The directors have not recommended payment of a final dividend (2014: £nil).

Directors

The directors who held office throughout the period and subsequently appointed, except as noted, are as follows:

D B Alexander	(Appointed 21 April 2014)
N J Barker	(Resigned 21 April 2014)
K J Belfield	(Resigned 18 August 2014)
J M Cahill	
K G Dickson	
D W Harrison	
F M Kerr	
M B Mayer	(Appointed 12 January 2015)
R R Williamson	

Directors' and officers' liability insurance

Directors' and officers' liability insurance is taken out by FirstGroup plc, the company's ultimate parent undertaking, for the benefit of the directors and officers of the company.

Directors' indemnity

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the period and up to and including the date of the directors' report for the benefit of the Directors of the company.

Audit information

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

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditor

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
And signed by order of the board

F M Kerr
Director
28 October 2015

First Glasgow (No.1) Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST GLASGOW (NO.1) LIMITED

We have audited the financial statements of First Glasgow (No.1) Limited for the 52 week period ended 28 March 2015 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholder's funds, the statement of total recognised gains and losses and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with, the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 March 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

James Boyle, CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Edinburgh, United Kingdom
28 October 2015

Profit and loss account
52 weeks ended 28 March 2015

	Notes	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Turnover	2	85,112	86,769
Operating costs	3	(78,057)	(82,567)
Operating profit		7,055	4,202
Net interest receivable	7	1,850	1,061
Profit on ordinary activities before taxation	8	8,905	5,263
Tax (charge) / credit on profit on ordinary activities	9	(1,839)	154
Profit for the period, transferred to reserves	17	7,066	5,417

All activities in the current and prior period relate to continuing operations.

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

First Glasgow (No.1) Limited

Balance sheet
At 28 March 2015

	Notes	£000	28 March 2015 £000	£000	29 March 2014 £000
Fixed assets					
Tangible assets	10		49,805		53,354
Current assets					
Stocks	11	1,539		1,976	
Debtors	12	6,984		8,217	
Cash at bank and in hand		1,026		1,051	
		9,549		11,244	
Creditors: amounts falling due within one year	13	(27,050)		(34,636)	
Net current liabilities			(17,501)		(23,392)
Total assets less current liabilities			32,304		29,962
Creditors: amounts falling due after more than one year	13		(1,814)		(2,474)
Provisions for liabilities	14		(3,535)		(3,754)
Net assets excluding pension asset			26,955		23,734
Pension asset	20		5,840		5,200
Net assets including pension asset			32,795		28,934
Capital and reserves					
Called up share capital	16		15,801		15,801
Profit and loss account	17		16,994		13,133
Shareholder's funds			32,795		28,934

The accompanying notes are an integral part of this balance sheet.

These financial statements (Company Registration Number SC097299) were approved by the Board of directors on 28 October 2015 and were signed on its behalf by:

F M Kerr
Director

First Glasgow (No.1) Limited

Reconciliation of movements in shareholder's funds
52 weeks ended 28 March 2015

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Profit for the financial period	7,066	5,417
Share based payments (note 6)	75	75
Other recognised gains and losses relating to the period (net)	(3,280)	(5,247)
Net increase to shareholder's funds	3,861	245
Opening shareholder's funds	28,934	28,689
Closing shareholder's funds	32,795	28,934

First Glasgow (No.1) Limited

Statement of total recognised gains and losses
52 weeks ended 28 March 2015

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Profit for the financial period	7,066	5,417
Actuarial loss relating to the pension scheme (note 20)	(4,100)	(5,400)
UK deferred taxation attributable to actuarial loss	820	1,080
Reduced deferred tax liability relating to the pension scheme arising from decrease in tax rate	-	(927)
Total recognised gains for the period and since last report	3,786	170

First Glasgow (No.1) Limited

Notes to the financial statements
52 weeks ended 28 March 2015

1. **Principal accounting policies**

The accounting policies have been applied consistently throughout the current and preceding period.

(a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements are made up to the Saturday nearest to the year end for each financial period.

(b) **Going concern**

At 28 March 2015 the company had cash of £1.0 million, a bank overdraft of £1.4 million, net current liabilities of £17.5 million and net assets of £32.8 million. The directors have considered the going concern assumption given the uncertainty of the current economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the financial commitment from the parent company in forming this judgement.

The parent company has provided the directors of the company with a letter confirming that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The directors have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support.

After making enquiries and considering the above facts, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(c) **Cash flow statement**

The company is a wholly owned subsidiary of FirstGroup plc, a company registered in Scotland. Accordingly, the company has taken advantage of the exemption offered by Financial Reporting Standard 1 enabling it not to produce a cash flow statement as the parent company has included a consolidated cash flow statement within its group financial statements.

(d) **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost or valuation less residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	-	50 years straight line
Short leasehold properties	-	period of lease
Passenger carrying vehicle:		
Double and single decks	-	15 years straight line
Coaches	-	7 or 12 years straight line
Midibuses	-	12 or 15 years straight line
Minibuses	-	9 years straight line
Other plant and equipment	-	3 to 8 years straight line

No depreciation is provided on freehold land.

1. **Principal accounting policies (continued)**

(e) **Leases and hire purchase**

Assets held under finance leases, which are those leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and under hire purchase contracts are recorded in the balance sheet as tangible fixed assets. Depreciation is provided on these assets over the shorter of their estimated useful lives or lease term, as appropriate.

Future obligations under finance leases and hire purchase contracts are included in creditors, net of finance charges. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligations. The finance charges are calculated in relation to the reducing amount of obligations outstanding and are charged to the profit and loss account on the same basis.

All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

(f) **Government grants and subsidies**

Amounts receivable for tendered services and concessionary fare schemes are included in turnover. Rebates in respect of duty paid on fuel are netted off operating costs.

(g) **Stocks**

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving or defective items where appropriate.

(h) **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liability is reduced wholly or in part by the surrender of losses by group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertaking.

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively been enacted by the balance sheet date.

1. **Principal accounting policies (continued)**

(i) **Pension costs**

Company specific schemes

The company operates or participates in a number of pension schemes, which include both defined benefit schemes and defined contribution schemes.

The amounts charged to operating profit regarding the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected return on the assets are shown as a net amount of other financial costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Payments to defined contribution schemes are charged as an expense as they fall due.

Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond or equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other assets on the face of the balance sheet.

Group schemes

The company is unable to separately identify its share of the scheme's assets and liabilities for the First UK Bus Pension Scheme and the FirstGroup Pension Scheme. It therefore accounts for the schemes as if they were defined contribution schemes and includes certain disclosures in the financial statements in respect of the group schemes. Contributions are charged to the profit and loss account as they become payable.

(j) **Turnover**

The company's turnover principally comprises amounts receivable from ticket sales and concessionary fare schemes. Ticket sales are recognised in the period in which the service is provided. Concessionary amounts are recognised in the period in which the service is provided based on a predetermined formula as agreed with the relevant local authority. Other bus and services revenue from contracts with government bodies and similar organisations are recognised as the services are provided.

(k) **Share based payment**

The company's ultimate parent issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and is adjusted for the effects of non-market based vesting conditions.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

(l) **Insurance**

FirstGroup plc's policy is to self-insure high frequency, low value claims within the businesses. To provide protection above these types of losses, cover is obtained through third party insurance policies. Provision is made under FRS12 for the estimated cost of settling uninsured claims for incidents occurring prior to the balance sheet date.

2. **Turnover and profit on ordinary activities before taxation**

Turnover represents the amounts receivable for services supplied to customers during the period.

The whole of the turnover and profit on ordinary activities before taxation derives from the company's principal activities within the United Kingdom. The company has one principal class of business, namely the provision of passenger transport services.

3. **Operating costs**

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Raw materials and consumables	16,414	18,419
Staff costs (note 4)	44,615	45,088
Other external charges	10,191	11,398
Depreciation and other amounts written off tangible fixed assets	6,837	7,662
	78,057	82,567

Staff costs are shown net of an amount of £2,854,000 (2014: £2,951,000) which was recharged during the period to First Glasgow (No.2) Limited to reflect work performed and costs incurred on behalf of that company.

4. **Employee numbers and costs**

The average number of persons employed by the company (including directors) during the period was as follows:

	52 weeks ended 28 March 2015 No.	52 weeks ended 29 March 2014 No.
Drivers	1,194	1,215
Maintenance and traffic	408	405
Administration	102	114
	1,704	1,734

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Wages and salaries	41,074	41,759
Social security costs	3,531	3,670
Other pension costs (note 20)	2,789	2,535
Share based payments (note 6)	75	75
	47,469	48,039

5. **Directors' remuneration**

Four directors received remuneration from other FirstGroup companies totalling £919,000 (2014: £740,000). It is not considered practicable to allocate this between services provided to those companies, and services provided in their capacity as directors of First Glasgow (No.1) Limited.

The remuneration of the directors who are remunerated by the company during the period was as follows:

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Aggregate emoluments (excluding pension contributions)	270	665

Retirement benefits accrue to one director under defined benefit schemes (2014: two).

Directors' emoluments include salary fees, bonuses, sums paid by way of expense allowances subject to UK income tax and the money value of other non-cash benefits and exclude share options, company pension contributions and payments made under long-term incentive schemes.

The remuneration of the highest paid director amounted to:

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Aggregate emoluments	104	244
Defined benefit scheme		
Accrued pension at end of period	-	66
Accrued lump sum at end of period	-	161

6. Share based payments

Save as you earn (SAYE)

The group operates an HMRC approved savings related share option scheme. Grants were made as set out below. The scheme is based on eligible employees being granted options and their agreement to opening a sharesave account with a nominated savings carrier and to save weekly or monthly over a specified period. Sharesave accounts are held with Computershare. The right to exercise the option is at the employee's discretion at the end of the period previously chosen for a period of six months.

	SAYE Dec 2010 Options Number	SAYE Dec 2011 Options Number	SAYE Dec 2012 Options Number	SAYE Dec 2013 Options Number	SAYE Dec 2014 Options Number
Outstanding at the beginning of the year	2,176,392	2,508,759	3,099,150	7,360,136	-
Awarded during the year	-	-	-	-	7,493,154
Exercised during the year	-	-	(4,598)	(43,981)	-
Lapsed during the year	(2,176,392)	(521,026)	(625,076)	(1,306,802)	(63,309)
Outstanding at the end of the year	-	1,987,733	2,469,476	6,009,353	7,429,845
Exercisable at the end of the year	-	1,987,733	-	-	-
Weighted average exercise price (pence)	260.1	221.4	117.3	94.1	97.0
Weighted average share price at date of exercise (pence)	N/A	N/A	122.5	105.9	N/A

6. Share based payments (continued)

The fair values of the options granted during the last two years were measured using a Black-Scholes model. The inputs into the Black-Scholes model were as follows:

	2015	2014
Weighted average share price (pence)		
- SAYE December 2013	-	116.0
- SAYE December 2014	108.9	-
Weighted average exercise price (pence)		
- SAYE December 2013	-	94.1
- SAYE December 2014	97.0	-
Expected volatility		
- SAYE December 2013	-	35%
- SAYE December 2014	35%	-
Expected life (years)		
- SAYE schemes	3	3
Rate of interest		
- SAYE December 2013	-	1.0%
- SAYE December 2014	0.9%	-
Expected dividend yield		
- SAYE December 2013	-	0.0%
- SAYE December 2014	0.0%	-

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous five years. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Allowances have been made for the SAYE schemes for the fact that, amongst a group of recipients some are expected to leave before an entitlement vests. The accounting charge is then adjusted over the vesting period to take account of actual forfeitures, so although the total charge is unaffected by the pre-vesting forfeiture assumption, the timing of the recognition of the expense will be sensitive to it. Fair values for the SAYE include a 10% p.a. pre-vesting leaver assumption.

The group used the inputs noted above to measure the fair value of the new share options.

The group has allocated the expense amongst its trading subsidiary undertakings based on the number of employees participating in the scheme. The company has recognised a total expense of £75,000 (2014: £75,000) relating to equity-settled share-based payment transactions.

Notes to the financial statements (continued)
52 weeks ended 28 March 2015

7. Net interest receivable and similar income

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Interest payable		
Unwinding of discount	(118)	(133)
Interest on pension scheme liabilities	(5,700)	(5,700)
Finance leases and hire purchase contracts	(32)	(106)
	(5,850)	(5,939)
Interest receivable		
Return on pension scheme assets	7,700	7,000
	1,850	1,061

8. Profit on ordinary activities before taxation

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's financial statements	93	83
Depreciation and other amounts written off tangible fixed assets		
- owned assets	6,413	7,238
- held under finance leases and hire purchase contracts	424	424
Government grants	(4,849)	(4,877)
Gain on sale of fixed assets	(74)	-
Rentals payable under operating leases		
- plant and machinery	142	-
- other	535	1,145

There were no fees payable to Deloitte LLP and their associates for non-audit services to the company during the period (2014: £nil).

9. Tax credit on profit on ordinary activities

	52 weeks ended 28 March 2015 £000	52 weeks ended 29 March 2014 £000
Current taxation		
- Group relief payable	972	349
- Adjustments in respect of prior periods	62	124
Total current taxation	1,034	473
Deferred taxation (note 15)		
- Origination and reversal of timing differences	(88)	51
- Adjustment in respect of prior periods	(87)	15
- Effect of decrease in tax rate on opening deferred tax balance	-	(421)
	(175)	(355)
- Deferred taxation on pension scheme movements	980	880
- Effect of decrease in tax rate on opening deferred tax balance	-	(1,152)
	980	(272)
Total deferred taxation	805	(627)
Total tax charge / (credit) on profit on ordinary activities	1,839	(154)

The standard rate of taxation for the period, based on the UK standard rate of corporation tax, is 21% (2014: 23%). The actual current tax charge for the current and previous period differed from the standard rate for the reasons set out in the following reconciliation:

	52 weeks ended 28 March 2015 %	52 weeks ended 29 March 2014 %
Standard rate of taxation	21.0	23.0
Factors affecting charge		
- Expenses not deductible for tax purposes	1.2	3.4
- Depreciation in excess of capital allowances	0.7	3.7
- Other timing differences	(10.9)	(23.5)
- Adjustment in respect of prior periods	0.8	2.4
Current taxation rate for the period	12.8	9.0

10. Tangible fixed assets

	Land and buildings £000	Passenger carrying vehicle fleet £000	Other plant and equipment £000	Total £000
Cost				
At 30 March 2014	10,126	94,020	8,375	112,521
Additions	210	3,579	-	3,789
Intra group transfers in	-	87	-	87
Intra group transfers out	-	(2,302)	(98)	(2,400)
Disposals	-	(8,880)	(218)	(9,098)
At 28 March 2015	10,336	86,504	8,059	104,899
Depreciation				
At 30 March 2014	2,461	50,851	5,855	59,167
Charge for period	534	5,907	396	6,837
Intra group transfers in	-	70	-	70
Intra group transfers out	-	(2,056)	(8)	(2,064)
Disposals	-	(8,698)	(218)	(8,916)
At 28 March 2015	2,995	46,074	6,025	55,094
Net book value				
At 28 March 2015	7,341	40,430	2,034	49,805
At 29 March 2014	7,665	43,169	2,520	53,354

The net book value of land and buildings comprises:

	28 March 2015 £000	29 March 2014 £000
Freehold	7,340	7,348
Short leasehold	1	317
	7,341	7,665

Depreciation is not provided on the land element of freehold property which amounts to £1.8 million (2014: £1.8 million).

£3.6 million (2014: £4.1 million) of the net book value of the passenger carrying vehicle fleet was acquired under finance leases and hire purchase contracts. The depreciation charges on these assets during the period was £0.4 million (2014: £0.4 million).

11. Stocks

	28 March 2015 £000	29 March 2014 £000
Spare parts and consumables	1,539	1,976

There is no material difference between the balance sheet value of the stocks and their replacement cost.

12. Debtors

	28 March 2015 £000	29 March 2014 £000
Amounts due within one year		
Trade debtors	92	250
Amounts owed by group undertakings	2,434	3,641
Other debtors	1,779	1,531
Other prepayments and accrued income	2,679	2,795
	6,984	8,217

13. Creditors

	28 March 2015 £000	29 March 2014 £000
Amounts falling due within one year		
Bank overdraft	1,353	5,564
Obligations under finance leases and hire purchase contracts	660	660
Trade creditors	6,180	6,863
Amounts owed to group undertakings	10,310	10,632
Other tax and social security	1,573	2,057
Other creditors	1,776	3,688
Accruals and deferred income	5,198	5,172
	27,050	34,636
Amounts falling due after more than one year		
Obligations under finance leases and hire purchase contracts	1,814	2,474
Analysis of borrowings		
Obligations under finance leases and hire purchase contracts		
Due within one year	660	660
Due in more than one year but not more than two years	660	660
Due in more than two years but not more than five years	1,154	1,814
	2,474	3,134

Finance lease and hire purchase contract liabilities are secured on the assets to which they relate. The contracts vary in length between four and ten years and are on normal commercial terms at negotiated rates.

Notes to the financial statements (continued)
52 weeks ended 28 March 2015

14. Provisions for liabilities

	Insurance Claims £000	Deferred tax £000	Total £000
At 30 March 2014	894	2,860	3,754
Charge / (credit) to the profit and loss account	912	(175)	737
Unwinding of discount	118	-	118
Utilised in the period / transferred to accruals	(1,074)	-	(1,074)
At 28 March 2015	850	2,685	3,535

Details of the deferred tax provision (excluding deferred tax in the pension asset) are given in note 15.

Insurance claims accruals due within one year at 2015 amounted to £457,000 (2014: £481,000) and are included in 'accruals and deferred income' within note 13. The amount included within provisions above represents the estimate of amounts due after more than one year.

The insurance claims provision arises from estimated exposures for incidents occurring prior to the balance sheet date. It is anticipated that the majority of such claims will be settled within the next six years.

15. Deferred taxation

Provision for deferred taxation consists of the following amounts:

	28 March 2015 £000	29 March 2014 £000
Capital allowances in excess of depreciation	2,968	3,160
Other timing differences	(283)	(300)
Deferred tax provision	2,685	2,860

16. Called up share capital

	28 March 2015 £000	29 March 2014 £000
Allotted, called up and fully paid		
15,801,000 ordinary shares of £1 each	15,801	15,801

17. Reserves

	Profit and loss account £000
At 30 March 2014	13,133
Other recognised gains and losses	(3,280)
Share based payments	75
Profit for the period	7,066
At 28 March 2015	16,994
Profit and loss reserve excluding pension liability	11,154
Pension asset	5,840
At 28 March 2015	16,994

18. Commitments

Operating leases

Commitments for payments in the next financial period under operating leases for all assets that are not land and building are as follows:

	Land & Building		Other	
	28 March 2015 £000	29 March 2014 £000	28 March 2015 £000	29 March 2014 £000
Operating leases which expire:				
Within one year	27	-	627	913
Between two and five years	7	-	985	1,461
After 5 years	-	-	-	366
	34	-	1,612	2,740

19. Other commitments

The company participates in an overdraft facility with its ultimate parent company, FirstGroup plc and other group companies. The company has jointly and severally guaranteed the liabilities of the other parties under these arrangements.

The company is a member of a Value Added Tax ("VAT") group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to HMRC. The value of the group commitment owed to HMRC can be found within the FirstGroup plc financial statements.

20. Pension scheme

Strathclyde Pension Fund (No.3) Limited

The company is a member of a defined benefit pension scheme, which is funded. The scheme's assets are held and managed independently of the company's finances by independent investment managers appointed by the trustees of the scheme.

The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out in 2013 updated to March 2015 for the purposes of FRS17 using the projected unit method.

The main financial assumptions used in this update were as follows:

	2015	2014	2013
Rate of increase in salaries	3.45%	3.65%	3.70%
Rate of increase of pensions in payment	1.85%	2.10%	2.15%
Rate of increase of pensions in deferment	1.85%	2.10%	2.15%
Discount rate	3.50%	4.40%	4.50%
Inflation assumption - RPI	2.95%	3.15%	3.20%
Inflation assumption - CPI	1.85%	2.10%	2.15%

The assets in the scheme and the expected rate of return were:

	2015 Expected rate of return	2014 Expected rate of return	2013 Expected rate of return	2015 Value £000	2014 Value £000	2013 Value £000
Equities	7.50%	7.50%	8.00%	91,200	17,600	39,900
Bonds	4.10%	4.10%	3.75%	82,100	87,400	84,900
Property	6.50%	6.50%	6.50%	-	600	5,100
Other	3.40%	3.40%	5.40%	12,200	50,300	26,400
				185,500	155,900	156,300

The expected rate of return has been based on the long term expectation of the return against the asset classifications. The return on assets differs from the discount rate because the standard requires that the discount rate be set with reference to the yield on corporate bonds. Typically, the assets actually held will be expected to provide a return that is higher than the discount rate.

20. Pension scheme (continued)

The balance sheet position for the company:

	2015 £000	2014 £000	2013 £000
Total fair value of assets	185,500	155,900	156,300
Present value of scheme liabilities	(138,100)	(131,800)	(128,000)
Irrecoverable surplus	(40,100)	(17,600)	(20,800)
Surplus in the scheme	7,300	6,500	7,500
Related deferred tax liability	(1,460)	(1,300)	(1,725)
Net pension asset	5,840	5,200	5,775

Analysis of amount charged to operating profit:

	2015 £000	2014 £000
Current service costs	1,200	1,300
Total operating charge	1,200	1,300

Amounts charged to net finance charges:

	2015 £000	2014 £000
Expected return on pension scheme assets	7,700	7,000
Interest on pension scheme liabilities	(5,700)	(5,700)
Net return (chargeable as finance cost)	2,000	1,300
Current service cost (chargeable as operating cost)	(1,200)	(1,300)
Net pension credit	800	-

Amounts recognised in the statement of total recognised gains and losses:

	2015 £000	2014 £000
Actual return less expected return on pension scheme assets	23,800	(7,900)
Experience gains and losses arising on scheme liabilities	6,400	100
Changes in assumptions underlying the present value of scheme liabilities	(11,800)	(800)
Irrecoverable surplus	(22,500)	3,200
	(4,100)	(5,400)

The irrecoverable surplus represents the amounts of the surplus that the Company could not recover through reducing future cash contributions to the Strathclyde Pension Fund (No.3) Limited.

The cumulative amount of actual gains and losses recognised in the statement of total recognised gains and losses is a credit of £19.4 million (2014: £15.3 million).

Notes to the financial statements (continued)
52 weeks ended 28 March 2015

20. Pension scheme (continued)

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

	2015 £000	2014 £000
At 30 March 2014	131,800	128,000
Current service cost	1,200	1,300
Interest cost	5,700	5,700
Employee contributions	300	300
Actuarial loss	5,400	700
Benefits paid	(6,300)	(4,200)
At 28 March 2015	138,100	131,800

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

	2015 £000	2014 £000
At 30 March 2014	155,900	156,300
Expected return on scheme assets	7,700	7,000
Employer contributions	4,100	4,400
Employee contributions	300	300
Actuarial gain	23,800	(7,900)
Benefits paid	(6,300)	(4,200)
At 28 March 2015	185,500	155,900

History of experience gains and losses

	2015	2014	2013	2012	2011
Present value of defined benefit obligations (£m)	(138.1)	(131.8)	(128.0)	(112.7)	(109.2)
Adjustment irrecoverable surplus (£m)	(40.1)	(17.6)	(20.8)	(17.7)	(8.4)
Fair value of scheme assets (£m)	185.5	155.9	156.3	136.7	124.2
Surplus / (deficit) in the scheme (£m)	7.3	6.5	7.5	6.3	6.6
Experience adjustments on scheme liabilities					
Amount (£000)	6,300	(100)	1,300	(5,400)	(3,200)
Percentage of scheme liabilities (%)	4.6	0.8	(1.1)	(4.8)	(3.0)
Experience adjustments on scheme assets					
Amount (£000)	23,800	(7,900)	9,400	2,500	400
Percentage of scheme assets (%)	12.8	(5.1)	6.0	1.8	(0.3)

The estimated amounts of contributions expected to be paid to the scheme during the current financial period is £3.0 million (2014: £4.0 million).

20. Pension scheme (continued)

First UK Bus Pension Scheme

The company is unable to separately identify its share of the scheme assets and liabilities as contributions are set for the scheme as a whole rather than reflecting the underlying actuarial characteristics of the employees of the individual employer. It therefore accounts for the scheme as if it were a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable.

The deficit on the First UK Bus Pension scheme of £55.4 million (2014: £92.7 million) will affect the company through periodic adjustments to the company's contribution rate as determined by the actuary. Additional disclosures required under Financial Reporting Standard 17 have been made on a group basis in the financial statements of FirstGroup plc.

FirstGroup Pension Scheme

The company is unable to separately identify its share of the scheme assets and liabilities as contributions are set for the scheme as a whole rather than reflecting the underlying actuarial characteristics of the employees of the individual employer. It therefore accounts for the scheme as if it were a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable.

The deficit on the FirstGroup pension scheme of £7.0 million (2014: £10.1 million) will affect the company through periodic adjustments to the company's contribution rate as determined by the actuary. Additional disclosures required under Financial Reporting Standard 17 have been made on a group basis in the financial statements of FirstGroup plc.

The total contributions paid to the schemes by the company in the period was £2.8 million (2014: £2.5 million).

At 28 March 2015 contributions of £205,000 (2014: £200,000) were outstanding in relation to all schemes at that date.

21. Related party transactions

The company is taking advantage of the exemption under FRS8 not to disclose transactions with wholly owned group companies that are related parties.

22. Ultimate parent company

The directors regard FirstGroup plc, a company incorporated in Great Britain and registered in Scotland, as the ultimate parent and controlling company, which is the smallest and largest group that includes the company's results and for which group financial statements are prepared.

The company's immediate controlling party is First Bus (North) Limited.

Copies of the financial statements of FirstGroup plc can be obtained on request from Ground Floor, 50 Eastbourne Terrace, Paddington, London, W2 6LG.