Directors' Report & Group Financial Statements

For the 52 week period ended
22 December 2012

TRANSDEV BLAZEFIELD LIMITED

Registered number 2605399 (England and Wales)

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COMPANY INFORMATION

DIRECTORS	N Stevens (Chairman) M Gilbert (Chief Executive) J K Wallace R G Revill M P Mullins N Eggleton P Brogden
SECRETARY	J K Wallace
REGISTERED OFFICE	Prospect Park Broughton Way Starbeck Harrogate HG2 7NY
REGISTERED NUMBER	2605399 (England and Wales)
AUDITORS	Ernst Young LLP 1 Bridgewater Place Water Lane Leeds LS11 5QR
BANKERS	The Royal Bank of Scotland plc Turnpike House 123 High Street Crawley West Sussex RH10 1DQ
SOLICITORS	Osborne Clarke 50 Queen Charlotte Street Bristol BS1 4HE

REPORT OF THE DIRECTORS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

The Directors present their report with the consolidated financial statements of Transdev Blazefield Limited (the Group) for the 52 week period ended 22 December 2012

PRINCIPAL ACTIVITY
The principal activity of the Group is the operation of scheduled bus services in Yorkshire and Lancashire The company is a holding company and a lessor of buses

RESULTS AND REVIEW OF THE YEAR
As the Group's income statement on page 7 shows Group turnover of £54 7 million for 2012 increased by 3 8% over the prior period (52 week period ended 24 December 2011 0 7% increase) Profit before tax reduced to £1 38 million with an operating profit representing 3 4% of revenues The balance sheet on page 8 of the financial statements shows the Group's financial position at the 52 week period end The Group has overall net assets of £1 4 million (52 week period ended 24 December 2011 £4 1 million)

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

The company acquired buses and contracts of the local bus business of York Pullman Limited in February 2012 for £0 9m See note 32

FUTURE DEVELOPMENTS
The Directors will continue to focus on developing the business through investment and general quality improvements The Directors consider that market conditions in its operating areas will continue to be difficult given the overall economic situation and increasing in 2013 with fuel costs in particular However, the Group's continuing focus on all aspects of the business will 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
On 14th March 2013 a final dividend of £2 01 million was approved for payment to Transdev Plc On the same date dividends of £10 0 million were approved from certain individual subsidiaries of Transdev Blazefield Limited

DIVIDENDS
No dividend was paid to Transdev plc during the 52 week period (2011 £2,236,000)

CHARITABLE AND POLITICAL CONTRIBUTIONS
No charitable or political donations were made during the current 52 week period

EMPLOYMENT POLICIES
The Group strives to meet its business objectives by motivating and encouraging its employees to be responsive to the needs of its customers and continually improve operational performance The Group is committed to providing equality of opportunity to employees and potential employees This applies to appropriate training, career development and promotion for all employees regardless of physical ability, gender, sexual orientation, religion or ethnic origin

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

REPORT OF THE DIRECTORS (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

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 Over 70% of our bus fleet is equipped with CCTV coverage for the safety and security of our customers and staff On the back of the Disability Discrimination Act (DDA) we continue to incorporate many DDA compliant features into our buses and facilities and work closely with suppliers to achieve this
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 drivers employed by the Group are subject to, and cleared by, Criminal Records Bureau checks

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 fuel costs as well as competitive pressures from Local Government funding cuts

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

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 provision against claims can be found in note 21 to the financial statements

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

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
M Gilbert
J K Wallace
R G Revill
M P Mullins
P Brogden
N Eggleton

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

REPORT OF THE DIRECTORS (CONTINUED)
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

Ernst Young LLP have indicated their willingness to continue in office

By order of the Board

Mr J K Wallace – Secretary Dated 24/5/13

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSDEV BLAZEFIELD LIMITED

We have audited the financial statements of Transdev Blazefield Limited for the 52 week period ended 22 December 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income and Expense, 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 1 to 32 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 company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 group's and parent 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 Directors' Report and Group Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 22 December 2012 and of the group's profit for the 52 week period then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRS 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial 52 week 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 by the parent company, 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

Stuart Watson
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

29 May 2013.

CONSOLIDATED INCOME STATEMENT
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Continuing operations			
Revenue	1	54,700	52,710
Cost of sales		(52,833)	(49,003)
Operating profit	2	1,867	3,707
Finance costs	5	(487)	(525)
Profit before tax		1,380	3,182
Tax	6	(232)	(990)
Profit for the 52 week period attributable to equity holders		1,148	2,192

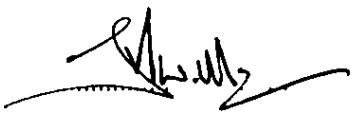
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Profit for the period attributable to equity holders		1,148	2,192
Other recognised income and expense			
Net fair value losses on cash flow hedges	30	(381)	(1,123)
Reclassification adjustments for gains recognised in profit or loss		-	922
Gains on revaluation		(30)	-
Actuarial losses on retirement benefit schemes	25	(1,932)	(3,926)
Tax relating to items taken directly to equity	6	439	805
Other comprehensive loss net of tax		(1,904)	(3,322)
Total comprehensive losses for the 52 week period attributable to equity holders of the parent company		(756)	(1,130)

CONSOLIDATED BALANCE SHEET
AS AT 22 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Non-current assets			
Goodwill	7	5,853	5,322
Other intangible assets	8	43	75
Property, plant and equipment	9	17,615	19,182
Deferred tax assets	22	2,101	2,210
		25,612	26,789
Current assets			
Inventories	13	580	573
Trade and other receivables	14	3,750	2,945
Other financial assets	12	30	301
Cash and cash equivalents	16	-	436
		4,360	4,255
Total assets		29,972	31,044
Current liabilities			
Trade and other payables	15	(6,357)	(5,416)
Bank loans and overdrafts	17	(466)	(1,550)
Tax liabilities		(1,637)	(1,739)
Obligations under hire purchase agreements	20	(7)	(424)
Current provisions	21	(1,773)	(2,098)
Other financial liabilities	30	(50)	-
		(10,290)	(11,227)
Net current liabilities		(5,930)	(6,972)
Non-current liabilities			
Other payables	18	(4,775)	(4,480)
Obligations under hire purchase agreements	20	-	(7)
Deferred tax	22	(1,739)	(2,433)
Retirement benefit obligation	25	(9,442)	(8,837)
Other financial liabilities	30	(60)	-
		(16,016)	(15,757)
Total liabilities		(26,306)	(26,984)
Net assets		3,666	4,060
Equity			
Share capital	23	50	50
Reserves		3,616	4,010
Total equity		3,666	4,060

The financial statements were approved by the board of directors and authorised for issue on 24 May 2013 They were signed on its behalf by



J K Wallace - Director



M J Gilbert - Director

COMPANY BALANCE SHEET
AS AT 22 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Non-current assets			
Property, plant and equipment	9	14,525	15,855
Investment in subsidiary	11	7,369	6,794
Deferred tax asset	22	2,101	2,210
		23,995	24,859
Current assets			
Trade and other receivables	14	1,133	1,093
Other financial assets	12	30	301
		1,163	1,394
Total assets		25,158	26,253
Current liabilities			
Trade and other payables	15	(1,813)	(1,062)
Bank loans and overdrafts	17	(2,134)	(1,875)
Obligations under hire purchase agreements	20	(7)	(424)
Other financial liability	30	(50)	-
Current provisions	21	(1,773)	(2,098)
		(5,777)	(5,459)
Net current liabilities		(4,614)	(4,065)
Non-current liabilities			
Other payables	18	(15,476)	(13,459)
Obligations under hire purchase agreements	20	-	(7)
Deferred tax	22	(1,739)	(2,359)
Other financial liability	30	(60)	-
Retirement benefit obligation	25	(9,442)	(8,837)
		(66,717)	(24,662)
Total liabilities		(32,494)	(30,121)
Net liabilities		(7,336)	(3,868)
Equity			
Share capital	23	50	50
Reserves		(7,386)	(3,918)
Total equity		(7,336)	(3,868)

The financial statements were approved by the board of directors and authorised for issue on 24 May 2013 They were signed on its behalf by

J K Wallace - Director

J Gilbert - Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	28	2,746	3,946
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,546)	(2,377)
Proceeds on disposal of property, plant and equipment		171	356
Purchases of goodwill		(594)	-
Net cash used in investing activities		(1,969)	(2,021)
Cash flows from financing activities			
Repayment of borrowings		(1,550)	(500)
Repayment of obligations under hire purchase agreements (Note 20)		(424)	(672)
Dividend paid (Note 24)		-	(2,236)
Increase in loan from parent company		295	-
Net cash used in financing activities		(1,679)	(3,408)
Net decrease in cash and cash equivalents		(902)	(1,483)
Cash and cash equivalents at 25 December and 1 January		436	1,919
Decrease in cash in the period		(902)	(1,483)
At 22 December and 24 December		(466)	436

COMPANY STATEMENT OF CASH FLOWS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Net cash outflow from operating activities	28	(394)	(848)
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,353)	(1,550)
Proceeds on disposal of property, plant and equipment		163	14
Purchases of goodwill		(594)	-
Net cash used in investing activities		(1,784)	(1,536)
Cash flows from financing activities			
Repayment of borrowings		(1,550)	(175)
Repayment of obligations under hire purchase agreements (Note 20)		(424)	(672)
Dividend paid (Note 24)		-	(2,236)
Intercompany loans		1,723	5,123
Increase in loan from parent company		295	-
Net cash used in financing activities		44	2,040
Net decrease in cash and cash equivalents		(2,134)	(344)
Cash and cash equivalents at 25 December and 1 January		-	344
Decrease in cash in the period		(2,134)	(344)
At 22 December and 24 December		(2,134)	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

Group	Notes	Equity share capital £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Pension Reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2011		50	340	365	(1,340)	7,164	6,579
Profit for the 52 week period		-	-	-	-	2,192	2,192
Actuarial (losses)/gains on retirement benefit schemes		-	-	-	(2,347)	11	(2,336)
Net fair value losses on cash flow hedges		-	-	(139)	-	-	(139)
		50	340	226	(3,687)	9,367	6,296
Dividend paid to parent company	24	-	-	-	-	(2,236)	(2,236)
At 25 December 2011		50	340	226	(3,687)	7,131	4,060
Profit for the 52 week period		-	-	-	-	1,148	1,148
Actuarial losses on retirement benefit schemes		-	-	-	(1,225)	-	(1,225)
Revaluation		-	(30)	-	-	-	(30)
Net fair value losses on cash flow hedges		-	-	(287)	-	-	(287)
		50	310	(61)	(4,912)	8,279	3,666
Dividend paid to parent	24	-	-	-	-	-	-
Balance at 22 December 2012		50	310	(61)	(4,912)	8,279	3,666

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 is disclosed in financial instruments note 30

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

Company	Notes	Equity share capital £'000	Revaluation reserve £'000	Cash flow hedging reserve £'000	Pension Reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2011		50	-	365	(1,340)	3,612	2,687
Loss for the 52 week period		-	-	-	-	(1,833)	(1,833)
Actuarial losses on retirement benefit schemes		-	-	-	(2,347)	-	(2,347)
Net fair value losses on cash flow hedges		-	-	(139)	-	-	(139)
		50	-	226	(3,687)	1,779	(1,632)
Dividend paid to parent company	24	-	-	-	-	(2,236)	(2,236)
At 25 December 2011		50	-	226	(3,687)	(457)	(3,868)
Loss for the 52 week period		-	-	-	-	(2,058)	(2,058)
Reclassification		-	61	-	-	(61)	-
Actuarial losses on retirement benefit schemes		-	-	-	(1,225)	-	(1,225)
Revaluation		-	102	-		-	102
Net fair value losses on cash flow hedges		-	-	(287)	-	-	(287)
		50	163	(61)	(4,912)	(2,576)	(7,336)
Dividend paid to parent company	24	-	-	-	-	-	-
Balance at 22 December 2012		50	163	(61)	(4,912)	(2,576)	(7,336)

During the period it was discovered that £61,000 of the Revaluation Reserve had historically been incorrectly included in Retained Earnings, so the opening balances were incorrect This was corrected by a reclassification adjustment during the period

PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

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 Director's 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 24 December

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 £2,058,000 (2011 (£856,000))

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 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 have 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

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

There have been adjustments made to certain 2011 comparative balances, which are further detailed in the relevant notes

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 22 DECEMBER 2012

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 which assumes that the group will continue in operation The validity of this assumption is dependent upon a continued support of Transdev PLC, who have 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

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations adopted by the Group

There are no IFRS or IFRIC interpretations effective for the first time this financial 52 week period, that have had a material impact on the Group

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 tickets sales and revenue generated from services provide on behalf of from local authorities and similar contracts

Revenue is recognized 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

PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

REVENUE RECOGNITION (CONTINUED)
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

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

Goodwill arising on acquisitions before 1 January 2005 (the date of transition to IFRS) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date Goodwill written off to reserves under UK GAAP prior to 1998 has not been restated and will not be included in determining any subsequent profit or loss on disposal

FIXED ASSET INVESTMENTS
Fixed asset investments are stated at cost less provision for any impairment

PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

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 recognized 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

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

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

PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

FINANCIAL INSTRUMENTS (CONTINUED)

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 amortized 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 amortized 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

Hedge accounting is discontinued when the hedging instrument expire 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

PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

FINANCIAL INSTRUMENTS (CONTINUED)

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

PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

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 expect 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 is current tax assets and liabilities on a net basis

LEASING

Leases are classified as hire purchase 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 hire purchase 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 charges 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 22 DECEMBER 2012

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

During the 52 week period, the IASB and IFRIC have issued the following standards and interpretations with an effective date after 1 January 2012

- IAS 19 – Employee Benefits
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of interests in Other Entities
- IFRS 13 – Fair Value Measurement

The Group has not early adopted these amended standards and interpretations

With the exception of changes to IAS 19 detailed below, the directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's Financial Statements, other than additional disclosures, in the period of initial application

IAS 19 'Employee Benefits' was amended in June 2011 The impact on the Group will be to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit asset and to transfer the costs of administrating the pension scheme from a deduction from expected return on plan assets into other operating expenses

The Group has assessed the impact of the revised standard IAS 19 (2011) The impact on the results for the 52 week period ended 22 December 2012 will be to increase other operating expenses by £239,000 and reduce the income tax charge £59,000, resulting in a lower profit after tax of £180,000 Within the consolidated statement of other comprehensive income, the impact will be to reduce the actuarial losses on defined benefit schemes by £239,000 and to reduce the tax income relating to items taken directly to equity by £59,000 resulting in an increase in other comprehensive income of £180,000 There is no impact on either the net retirement benefit liability or related deferred tax balance within the balance sheet

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 recognized 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 19 The company hold title to all fleet and charge rentals to the subsidiary companies as appropriate

PRINCIPAL ACCOUNTING POLICIES
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

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

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 In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income The Group engaged independent valuation specialists to determine fair value as at 22 December 2012

Impairment of non-financial assets
The Group's impairment test for goodwill and is based either 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 7

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 6

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 individual claim cover, subject to high excess A liability is recognised for the estimated cost to the Group to settle claims for incidents occurring prior to the balance sheet date, subject

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 25

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

1. REVENUE

All of the Company'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)

		2012	2011 restated
		£'000	£'000
Auditors' remuneration	- audit of financial statements	96	101
	- other assurance services	7	7
Depreciation	- property, buses, plant and equipment	3,100	2,582
	- property, buses, plant and equipment held under hire purchase agreements	7	216
Amortisation of intangible assets		20	52
Loss/(profit) on disposal of property, plant and equipment		10	(54)
Release of capital grants		(128)	(125)
Operating leases	- land and buildings	818	742
	- other	2,705	2,396
Reimbursement of fuel tax		(4,159)	(4,832)
Cost of inventories recognised as an expense		10,742	9,102

During the current period it was discovered that the 2011 comparatives for auditors remuneration – audit of financial statements (£63,000) and also cost of inventories recognised as an expense (£8,535,000) were miscalculated, the comparatives have therefore been updated to reflect the true position

3. STAFF COSTS

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

	Group	
	2012	2011
Drivers and conductors	888	869
Maintenance and engineers	161	175
Office and management	107	127
	1,156	1,171

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

3. STAFF COSTS (continued)

Their aggregate remuneration comprised

	2012 £'000	2011 £'000
Wages and salaries	26,157	25,592
Social security costs	2,322	2,355
Other pension costs	1,324	1,766
Redundancy/medical severance	58	68
	29,861	29,781

4. EMOLUMENTS OF DIRECTORS

	2012 £'000	2011 restated £'000
Aggregate emoluments	478	487
Company contributions to defined benefit pension scheme	-	-
Company contributions to defined contribution pension scheme	36	35
	514	522

At 22 December 2012, no Directors (2011 Nil) had retirement benefits accruing under a defined benefit pension scheme 4 Directors (2011 4) had retirement benefits accruing under a defined contribution pension scheme

During the current period it was discovered that the 2011 comparatives for aggregate emoluments (£438,000) was miscalculated, the comparative has therefore been updated to reflect the true position

5 FINANCE COSTS

	2012 £'000	2011 £'000
On bank loans and overdrafts and other loans	38	76
On hire purchase agreements	50	98
On defined benefit pension schemes	256	284
Other finance charges	143	67
	487	525

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

6. TAXATION

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

	2012 £'000	2011 £'000
Corporation Tax		
Current tax	558	465
Prior period	(104)	646
Deferred taxation		
Current period	(137)	131
Prior period	(85)	(252)
	232	990

Corporation tax is calculated at 24 5% (2011 26 5%) of the estimated assessable profit for the period

Deferred tax has therefore been provided at 24%

In his annual Budget announcement of March 20, 2013, the Chancellor of the Exchequer announced certain tax changes which will have a significant effect on the Group's future tax position The proposals included phased reductions in the UK corporation tax rate to 20% from 1 April 2015

As at 22 December 2012, only the previously announced reduction in the rate to 23% had been 'substantively enacted' and this has been reflected in the Company's financial statements as at 22 December 2012

The effect of the reduction of the UK corporation tax rate to 20% on the deferred tax asset and liability (recognized and not recognized) would be to reduce the deferred tax asset and liability by £388,000 and £305,000 respectively

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

6. TAXATION (continued)

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

	2012 £'000	2011 £'000
Profit before tax	1,380	3,182
Profit multiplied by the standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	338	842
Effect of change in deferred tax rate	(101)	(83)
Prior period adjustment to current tax	(104)	646
Group relief claimed for no payment	-	(233)
Prior period adjustment to deferred tax on accelerated capital allowances	(85)	(252)
Expenses not deductible for tax purposes	184	84
Others	-	(14)
Total tax charge	232	990

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

	2012 Before tax amount £'000	2012 Tax (expense)/ benefit £'000	2012 After tax amount £'000	2011 Before tax amount £'000	2011 Tax (expense)/ benefit £'000	2011 After tax amount £'000
Cash flow hedges	(381)	94	(287)	(201)	61	(140)
Gains on revaluation	30	-	30	-	-	-
Actuarial gains/(losses) on defined benefit pension schemes	(1,462)	237	(1,225)	(3,081)	744	(2,337)
	(1,813)	331	(1,482)	(3,282)	805	(2,477)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

7. GOODWILL

GROUP Cost	Total £'000
At 1 January 2011, 24 December 2011	6,078
Additions	531
At 22 December 2012	6,609
Impairment	
At 1 January 2011	756
Charge for 52 week period	-
At 24 December 2011	756
Charge for 52 week period	-
At 22 December 2012	756
Carrying amount	
At 22 December 2012	5,853
At 24 December 2011	5,322
At 1 January 2011	5,322

For the purposes of carrying out the impairment tests for goodwill, all goodwill arising from business combinations has been allocated to the Group's cash-generating assets on a business segmental basis, to which the benefit is expected to arise

The analysis of goodwill by segmental analysis is as follows

	2012 £'000	2011 £'000
UK North cash generation unit	5,853	5,322

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 in 2011 The long-term growth rates 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%

The key assumptions that have been used in the value in use calculations are detailed in the accounting policies

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

8. INTANGIBLE ASSETS

GROUP	Other Intangibles £'000
COST	
At 1 January 2011 and at 24 December 2011	526
Reclassification to tangibles	(75)
Additions	63
At 22 December 2012	514
DEPRECIATION	
At 1 January 2011	399
Charge for the period	52
At 24 December 2011	451
Charge for the period	20
At 22 December 2012	471
CARRYING AMOUNT	
At 22 December 2012	43
At 24 December 2011	75
At 1 January 2011	127

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

The reclassification of assets in the current period was updated following a review performed by management to provide greater clarification and detail of the nature of the assets held

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

9. 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						
At 1 January 2011	3,928	1,124	34,253	4,355	(995)	42,665
Additions	-	602	1,261	514	-	2,377
Disposals	(347)	-	(320)	(82)	-	(749)
Transfer	(58)	28	2	129	-	101
At 24 December 2011	3,523	1,754	35,196	4,916	(995)	44,394
Additions	-	4	914	628	-	1,546
Disposals	-	(10)	(1,325)	(298)	-	(1,633)
Reclassification from intangibles	-	-	-	75	-	75
Revaluation	(115)	-	-	-	-	(115)
At 22 December 2012	3,408	1,748	34,785	5,321	(995)	44,267
DEPRECIATION						
At 1 January 2011	179	604	19,235	3,172	(305)	22,885
Charge for period	45	94	2,223	436	(125)	2,673
On disposals	(76)	-	(318)	(53)	-	(447)
Transfer	(30)	10	(2)	123	-	101
At 24 December 2011	118	708	21,138	3,678	(430)	25,212
Charge for period	28	140	2,464	475	(128)	2,979
On disposals	-	(10)	(1,144)	(298)	-	(1,452)
Revaluation	(87)	-	-	-	-	(87)
At 22 December 2012	59	838	22,458	3,855	(558)	26,652
CARRYING AMOUNT						
At 22 December 2012	3,349	910	12,327	1,466	(437)	17,615
At 24 December 2011	3,405	1,046	14,058	1,238	(565)	19,182
At 1 January 2011	3,749	520	15,018	1,183	(690)	19,780

Land and buildings were revalued in December 2012 by Hayfield Robinson, independent property valuers, on the basis of market value The Directors have updated this valuation as at 22 December 2012 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 £3,165,000 (2011 £3,224,000)
The revaluation surplus is disclosed in the statement of changes in equity

The carrying amount of buses includes an amount of £nil (2011 £2,004,000) in respect of assets held under hire purchase agreements The equivalent figure for the carrying amount of plant and equipment is £7,000 (2011 £86,000)

The reclassification of assets in the current period was updated following a review performed by management to provide greater clarification and detail of the nature of the assets held

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

9. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Freehold property £'000	Buses £'000	Plant and equipment £'000	Deferred capital grants £'000	Total £'000
COST					
At 1 January 2011	1,733	34,253	1,629	(995)	36,620
Additions	-	1,261	289	-	1,550
Disposals	-	(320)	(45)	-	(365)
At 24 December 2011	1,733	35,194	1,873	(995)	37,805
Additions	-	915	438	-	1,353
Disposals	-	(1,324)	(1)	-	(1,325)
Revaluation	75	-	-	-	75
At 22 December 2012	1,808	34,785	2,310	(995)	37,908
DEPRECIATION					
At 1 January 2011	24	19,235	1,039	(305)	19,993
Charge for the 52 week period	12	2,222	211	(125)	2,320
On disposals	-	(318)	(45)	-	(363)
At 24 December 2011	36	21,139	1,205	(430)	21,950
Charge for 52 week period	12	2,463	257	(128)	2,604
On disposals	-	(1,144)	-	-	(1,144)
Revaluation	(27)	-	-	-	(27)
At 22 December 2012	21	22,458	1,462	(558)	23,383
CARRYING AMOUNT					
At 22 December 2012	1,787	12,327	848	(437)	14,525
At 24 December 2011	1,697	14,055	668	(565)	15,855
At 1 January 2011	1,709	15,018	590	(690)	16,627

Land and buildings were revalued in December 2012 by Hayfield Robinson, independent property valuers, on the basis of market value The Directors have updated this valuation as at 22 December 2012 At 22 December 2012, 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 £1,852,000 (2011 £1,915,000)

The carrying amount of buses includes an amount of £nil (2011 £2,004,000) in respect of assets held under hire purchase agreements The equivalent figure for the carrying amount of plant and equipment is £7,000 (2011 £86,000)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

10. 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 (2011 £nil)

11 FIXED ASSET INVESTMENTS

	Group Fixed asset investments £'000	Company Shares in subsidiary undertakings £'000
VALUATION		
At 1 January 2011, 24 December 2011	50	7,698
Additions	-	594
At 22 December 2012	50	8,292
PROVISION		
At 1 January 2011	50	852
Impairment	-	52
At 24 December 2011	50	904
Impairment	-	19
At 22 December 2012	50	923
CARRYING AMOUNT		
At 22 December 2012	-	7,369
At 24 December 2011	-	6,794

The additions to investments in the period relate to the transfer of the York Pullman ongoing trade to Yorkshire Coastliner Limited following its acquisition in February 2012 – please refer to note 32 for further details

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

11. FIXED ASSET INVESTMENTS (continued)

The Company has direct or indirect* investments in the following subsidiary undertakings at 22 December 2012

Name	Country of incorporation	Class of shares held	Percentage of shares held %	Nature of business
Keighley & District Travel Limited	England and Wales	Ordinary	100*	Bus operator
Harrogate & District Travel Limited	England and Wales	Ordinary	100*	Bus operator
Yorkshire Coastliner Limited	England and Wales	Ordinary	100*	Bus operator
Lancashire United Limited	England and Wales	Ordinary	100*	Bus operator
Burnley & Pendle Travel Limited	England and Wales	Ordinary	100	Bus operator
Transdev York Limited	England and Wales	Ordinary	100	Bus operator
Transdev Claims Investigations Limited	England and Wales	Ordinary	100*	Claims handling agent
Blazefield Travel Group Limited	England and Wales	Ordinary	100	Holding company
Blazefield Buses Limited	England and Wales	Ordinary	100*	Holding company
Transdev Northern Blue Limited	England and Wales	Ordinary	100	Dormant
Heathrow Coach Services Limited	England and Wales	Ordinary	100*	Dormant
Blackburn with Darwen Transport Limited	England and Wales	Ordinary	100*	Dormant
Lancashire County Transport Limited	England and Wales	Ordinary	100*	Dormant

12. OTHER FINANCIAL ASSETS

		Group & Company 2012 £'000	2011 £'000
Derivatives used for hedging			
Amounts owed by group undertakings	(note 29)	30	301

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

13 INVENTORIES

	Group	
	2012 £'000	2011 £'000
Materials	288	269
Fuel	292	304
	580	573

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade receivables	1,398	624	52	6
Other receivables	675	932	137	112
Prepayments	1,677	1,386	340	408
Tax recoverable	-	3	604	567
	3,750	2,945	1,133	1,093

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

	Group		Company	
Ageing analysis of trade receivables	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Neither past due or impaired	758	44	29	-
< 30 days	277	297	23	-
30 – 60 days	253	188	-	5
60 – 90 days	51	35	-	1
90 – 120 days	-	60	-	-
> 120 days	59	-	-	-
	1,398	624	52	6

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade payables	2,230	2,277	306	584
Other taxation and social security	562	587	43	39
Accruals and deferred income	2,179	1,433	455	427
Amounts owed to parent undertakings	997	-	997	-
Other payables	-	741	12	12
Holiday pay	389	378	-	-
	6,357	5,416	1,813	1,062

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 37 days (2011 40 days)

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

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash at bank and in hand	-	436	-	-

	2012	2011
The weighted average interest rate received was as follows	0 5%	0 5%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

17. BORROWINGS

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Due within one year				
Bank loans and overdrafts	466	1,550	2,134	1,875
Hire purchase agreements	7	424	7	424
	473	1,974	2,141	2,299
Due from one to two years				
Hire purchase agreements	-	7	-	7
	-	7	-	7
Total borrowings	473	1,981	2,141	2,306

Bank overdrafts and bank loans are secured by fixed and floating charges over the assets of Group companies incorporating an unlimited inter company 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 At 22 December 2012 the group RBS bank loan amounted to £10,000,000 (2011 £5,679,000)

Hire purchase agreements are secured on the related assets purchased

18 NON CURRENT LIABILITIES: OTHER PAYABLES

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts owed to parent undertakings	4,775	4,480	4,775	4,480
Amounts owed to group undertakings	-	-	10,701	8,979
	4,775	4,480	15,476	13,459

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

19. OPERATING LEASE COMMITMENTS

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

	Land & buildings 2012 £'000	Buses 2012 £'000	Other 2012 £'000	Land & buildings 2011 £'000	Buses 2011 £'000	Other 2011 £'000
Group						
Payments falling due						
Within one year	769	2,706	62	759	2,575	30
Between two and five years	2,804	4,985	91	2,701	5,797	28
In over five years	7,594	669	-	8,407	442	-
	11,167	8,360	153	11,867	8,814	58
Company						
Payments falling due						
Within one year	-	2,706	34	-	2,575	30
Between two and five years	-	4,985	46	-	5,797	28
In over five years	-	669	-	-	442	-
	-	8,360	80	-	8,814	58

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

20 OBLIGATIONS UNDER HIRE PURCHASE AGREEMENTS

Group	Minimum lease payments		Present value of minimum lease payments	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts payable under hire purchase agreements				
Within one year	8	449	7	424
In the second to fifth years inclusive	-	8	-	7
	8	457	7	431
Less future finance charges	(1)	(26)		
Present value of lease obligations	7	431		
Amount due for settlement within 12 months (shown under current liabilities)			7	424
Amount due for settlement after 12 months			-	7

Company	Minimum lease payments		Present value of minimum lease payments	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts payable under hire purchase agreements				
Within one year	8	449	7	424
In the second to fifth years inclusive	-	8	-	7
	8	457	7	431
Less future finance charges	(1)	(26)		
Present value of lease obligations	7	431		
Amount due for settlement within 12 months (shown under current liabilities)			7	424
Amount due for settlement after 12 months			-	7

All financial leases are hire purchase agreements where the Company or Group will take ownership of the assets at the end of their term

Amounts due on hire purchase agreements are secured on the underlying assets

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

21. PROVISIONS FOR LIABILITIES AND CHARGES

	Third Party Accidents £'000
Group and Company	
At 1 January 2011	2,118
Credited to the income statement	(20)
At 25 December 2011	2,098
Credited to the income statement	(325)
At 22 December 2012	1,773

Third Party Accidents
Provision is made for claims against the Company to the extent that they are not covered by insurance policies

22. 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	Cash flow hedging obligation £'000	Retirement benefit obligations £'000	Total £'000
At 1 January 2011	3,041	136	(2,028)	1,149
(Credit) / charge to income	(683)	-	562	(121)
Credit to equity	-	(61)	(744)	(805)
At 25 December 2011	2,358	75	(2,210)	223
(Credit) / charge to income	(497)	-	275	(222)
Credit to equity	(32)	(94)	(237)	(363)
At 22 December 2012	1,829	(19)	(2,172)	(362)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

22. DEFERRED TAX (continued)

Company	Accelerated tax depreciation £'000	Cashflow hedging obligation £'000	Retirement benefit obligations £'000	Total £'000
At 1 January 2011	2,574	-	(1,993)	581
(Credit) / charge to income	(215)	-	414	199
Credit to equity	-	-	(631)	(631)
At 25 December 2011	2,359	-	(2,210)	149
(Credit) / charge to income	(497)	-	275	(222)
Credit to equity	(33)	(19)	(237)	(289)
At 22 December 2012	1,829	(19)	(2,172)	(362)

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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Deferred tax liabilities	1,739	2,433	1,739	2,359
Deferred tax assets	(2,101)	(2,210)	(2,101)	(2,210)
	(362)	223	(362)	149

23. CALLED UP SHARE CAPITAL

	2012 & 2011 Number of shares	2012 & 2011 £'000
Authorised share capital		
Ordinary shares of £1 each	50,000	50
Issued share capital		
Called up, allotted and fully paid ordinary shares of £1 each	50,000	50

24. DIVIDENDS

Group and Company	2012 £'000	2011 £'000
Amounts recognised as distributions to equity holders in the period		
Dividend for the period of £Nil (2011 £44 72) per share	-	2,236

A dividend of £2,010,000 was proposed after the year end and was approved during the March 2013 board meeting Also after the year end dividends of £10 0 million were approved, at the same board meeting, from certain individual subsidiaries of Transdev Blazefield Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

25. PENSIONS

The Group operates two pension schemes providing benefits based on final pensionable salary The pension cost for the period for both schemes is £1,091,000 (2011 £1,061,000) and the pension creditor at the period end is £nil (2011 £nil) Both these defined benefit schemes were effectively closed at 22 December 2012 with the majority of members joining the existing defined contribution scheme Transdev Blazefield Ltd has made the decision to take early adoption of IAS19r with effect from 23 December 2012

The current deficits on the two defined benefit schemes are

	2012 £'000	2011 £'000
Blazefield Holdings Limited Pension Plan	(7,631)	(6,920)
Blazefield (2001) Pension Scheme	(1,926)	(1,917)
	(9,442)	(8,837)

(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 valuation by independent qualified actuaries, the last valuation was carried out on 31 December 2012 The principal assumptions used by the actuary were

	2012 %	2011 %
Discount rate	4 5	5 4
Expected return on scheme assets	6 4	6 1
Expected rate on salary increases	N/A	3 9
Future pension increases (RPI/CPI)	2 6/1 9	3 4/2 35

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 members

	2012 £'000	2011 £'000
Interest cost	1,697	1,801
Expected return on scheme assets	(1,585)	(1,592)
Effect of curtailments or settlements	-	(482)
	112	(273)

The actual return on scheme assets was £1,334,000 (2011 (£748,000))

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

	2012 £'000	2011 £'000
Present value of defined benefit obligations	(35,842)	(33,836)
Fair value of scheme assets	28,211	26,916
Deficit in scheme recognised in the balance sheet	(7,631)	(6,920)

The above deficit includes a cumulative amount of £5,007,000 actuarial losses recognised in the statement of comprehensive income (2011 £2,692,000 actuarial losses)

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

25. PENSIONS (continued)

(a) Blazefield Holdings Ltd Pension Plan (continued)

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

	2012 £'000	2011 £'000
At 1 January	33,836	34,419
Interest cost	1,697	1,801
Actuarial (gains) and losses	2,064	(717)
Curtailment gains	-	(482)
Member contributions, net of benefit paid	(1,755)	(1,185)
At 22 December and 24 December	35,842	33,836

Movements in the fair value of scheme assets were as follows

	2012 £'000	2011 £'000
At 1 January	26,916	28,525
Expected return on scheme assets	2,456	1,592
Actuarial losses	(251)	(2,857)
Employer contributions	845	841
Member contributions, net of benefit paid	(1,755)	(1,185)
At 22 December and 24 December	28,211	26,916

The analysis of the scheme assets and the expected rate of return over the period to the balance sheet date was as follows

	Expected return		Fair value of assets	
	2012 %	2011 %	2012 £'000	2011 £'000
Equity instruments	N/A	7 3	16,029	15,241
Debt instruments	N/A	4 3	10,392	9,169
Property	N/A	6 8	960	1,200
Other assets	N/A	0 5	830	1,306
	4 5	6 1	28,211	26,916

There is no requirement from 2012 to state the expected return by the type of investment per IAS 19 (revised), hence the total expected return is only shown for the current financial period

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

25. PENSIONS (continued)

(a) Blazefield Holdings Ltd Pension Plan (continued)

The five year history of experience adjustments is as follows

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of defined benefit obligations	(35,842)	(33,836)	(34,419)	(32,872)	(28,222)
Fair value of scheme assets	28,211	26,916	28,525	24,536	20,537
Deficit in the scheme	(7,631)	(6,920)	(5,894)	(8,336)	(7,685)
Experience adjustments on scheme liabilities					
Amount (£'000)	(2,064)	717	(289)	(3,497)	2,665
Percentage of scheme liabilities (%)	(6%)	2%	(1%)	(12%)	9%
Experience adjustments on scheme assets					
Amount (£'000)	(251)	(2,857)	2,283	2,532	(5,957)
Percentage of scheme assets (%)	(1%)	(10%)	8%	10%	(29%)

The estimated amounts of contributions expected to be paid to the scheme for the period ending 21 December 2013 is £860,000 (2011 £835,000)

(b) Blazefield (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 valuation by independent qualified actuaries, the last valuation was carried out on 31 December 2012 The principal assumptions used by the actuary were

	2012 %	2011 %
Discount rate	4 5	5 15
Expected return on scheme assets	6 4	6 4
Expected rate of salary increases	N/A	3 9
Future pension increases (RPI/CPI)	2 6/1 9	3 05/2 35

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 members

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

25. PENSIONS (continued)

(b) Blazefield (2001) Pension Scheme (continued)

	2012 £'000	2011 £'000
Interest cost	432	459
Expected return on scheme assets	(314)	(384)
Effect of curtailments or settlements	-	(353)
	118	(278)

The actual return on scheme assets was £566,000 (2011 (£614,000))

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

	2012 £'000	2011 £'000
Present value of defined benefit obligations	(9,002)	(8,521)
Fair value of scheme assets	7,191	6,604
Deficit in scheme recognised in the balance sheet	(1,811)	(1,917)

The above deficit includes a cumulative amount of £2,242,000 actuarial losses recognised in the statement of comprehensive income and expense (2011 £2,193,000 actuarial losses)

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

	2012 £'000	2011 £'000
At 1 January	8,521	8,994
Interest cost	432	459
Actuarial losses/(gains)	301	(291)
Curtailment gains	-	(353)
Member contributions, net of benefits paid	(252)	(288)
At 22 December and 24 December	9,002	8,521

Movements in the fair value of scheme assets were as follows

	2012 £'000	2011 £'000
At 1 January	6,604	7,377
Expected return on scheme assets	320	384
Actuarial gains/(losses)	252	(1,232)
Employer contributions	267	363
Member contributions, net of benefits paid	(252)	(288)
At 22 December and 24 December	7,191	6,604

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

25. PENSIONS (continued)

(b) Blazefield (2001) Pension Scheme (continued)

The analysis of the scheme assets and the expected rate of return over the 52 week period to the balance sheet date was as follows

	Expected return		Fair value of assets	
	2012 %	2011 %	2012 £'000	2011 £'000
Equity instruments	N/A	7 3	5,747	5,398
Debt instruments	N/A	4 3	887	865
Property	N/A	6 8	63	54
Other assets	N/A	0 5	494	287
	6 4	6 6	7,191	6,604

There is no requirement from 2012 to state the expected return by the type of investment per IAS 19 (revised), hence the total expected return is only shown for the current financial period

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio

The five year history of experience adjustments is as follows

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of defined benefit obligations	(9,002)	(8,521)	(8,994)	(6,976)	(4,900)
Fair value of scheme assets	7,191	6,604	7,377	5,640	3,860
Deficit in the scheme	(1,811)	(1,916)	(1,617)	(1,336)	(1,040)
Experience adjustments on scheme liabilities Amount (£'000)	(301)	291	(1,064)	(1,231)	570
Percentage of scheme liabilities (%)	(3%)	3%	(12%)	(18%)	12%
Experience adjustments on scheme assets Amount (£'000)	252	(1,232)	660	678	(1,393)
Percentage of scheme assets (%)	4%	(19%)	9%	12%	(36%)

The estimated amounts of contributions expected to be paid to the scheme for the period ending 21 December 2013 is £263,000 (2011 £257,000)

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 £834,000 (2011 £838,000) Included in Group and Company other creditors is £96,000 (2011 £101,000) in respect of unpaid contributions

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

26. RELATED PARTY TRANSACTIONS

Income and expenditure	Management charges paid		Dividend paid		Interest Paid	
Group	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Transdev plc - parent	1,073	1,079	-	2,236	139	67

	Accounting services		Claims Handling charges received		Secondment paid	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
London Sovereign Limited – fellow subsidiary	33	26	36	33	-	-
Greet Tomato Cars Limited – fellow subsidiary	38	26	6	5	-	-
Transdev plc – parent	-	-	-	-	100	100
	71	52	42	38	100	100

During the 52 week period, Transdev Blazefield Ltd recharged it's trading subsidiary companies the cost of owning the buses for which the subsidiary companies were operating for £4,868,000 for the 52 week period ending 22 December 2012 (52 week period ending 24 December 2011 £4,993,000)

Balances	Other liabilities		Other financial assets		Other financial liabilities	
Group	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Transdev plc – parent	(997)	(215)	30	301	(110)	-

	Loans owed to related parties	
	2012	**2011**
	£'000	**£'000**
Transdev plc – parent	(4,775)	(4,480)

Income and expenditure	Management charges paid		Dividend paid		Interest Paid	
Company	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Transdev plc – parent	1,073	1,079	-	2,236	139	67

	Secondment paid	
	2012	**2011**
	£'000	**£'000**
Transdev plc – parent	100	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

26. RELATED PARTY TRANSACTIONS (continued)

Balances	Other liabilities		Other financial assets		Other financial liabilities	
Company	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Transdev plc - parent	(997)	(215)	30	301	(110)	-

	Loans owed to related parties	
	2012 £'000	2011 £'000
Transdev plc – parent	(4,775)	(4,480)

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
London Sovereign Ltd £76,000 (2011 £76,000)
Transdev plc £nil (2011 £1,198,000)

M Gilbert, a Director of the Company, is remunerated by Transdev plc

During the 52 week period ended 22 December 2012, the Group paid property operating lease rentals to the Blazefield Holdings Pension Plan totalling £70,000 (2011 £68,000) Of this amount, £8,000 (2011 £nil) is included in Group prepayments and accrued income at the balance sheet date

During the 52 week period ended 22 December 2012, the company received dividends from it's subsidiary undertakings as follows Burnley & Pendle Travel Ltd £3,000,000 (2011 £nil), Harrogate & District Travel Ltd £3,000,000 (2011 £nil) and Keighley & District Travel Ltd £4,000,000 (2011 £nil)

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

	2012 £'000	2011 £'000
Short-term employee benefits	329	338
Post-employment benefits	36	35
	365	373

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

27. 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 S A , a company incorporated in France, as joint owners of the joint venture Veolia Transdev S A

The consolidated financial statements of Veolia Environnement S A 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

28. NOTES TO THE CASH FLOW STATEMENT

Group	2012 £'000	2011 £'000
Profit from continuing operations	1,867	3,707
Adjustments for		
Depreciation of property, plant and equipment	3,107	2,798
Charge on intangible assets	20	52
Loss/(gain) on disposal of property, plant and equipment	10	(54)
Release of capital grants	(128)	(125)
Movement in provisions	(1,416)	(2,202)
Operating cash flows before movement in working capital	3,460	4,176
(Increase)/decrease in inventories	(7)	45
Increase in receivables	(808)	(381)
Increase in payables	941	335
Decrease in other financial asset	-	201
Cash generated by operations	3,586	4,376
Tax (paid)/received	(609)	95
Interest paid	(231)	(525)
Net cash flow from operating activities	2,746	3,946

Company	2012 £'000	2011 £'000
Loss from continuing operations	(2,764)	(944)
Adjustments for		
Depreciation of property, plant and equipment	2,731	2,445
Release of capital grants	(128)	(125)
Investment impairment	20	52
Loss/(gain) on disposal of property, plant and equipment	18	(12)
Movement in provisions	(1,416)	(1,888)
Operating cash flows before movement in working capital	(1,539)	(472)
Increase in receivables	(3)	(96)
Increase/(decrease) in payables	751	(240)
Decrease in other financial asset	-	201
Cash generated by operations	(791)	(607)
Tax received	628	-
Interest paid	(231)	(241)
Net cash flow from operating activities	(394)	(848)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

29. 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 2012 £'000	Carrying value 2011 £'000
Financial assets		
Loans and receivables		
- Trade and other receivables	2,073	1,556
- Cash and cash equivalents	-	436
	2,073	1,992
Derivatives used for hedging	30	301
	2,103	2,293
Financial liabilities		
Other Financial liabilities of Amortised Cost		
- Borrowings	466	1,550
- Trade payables	2,230	3,018
- Amounts owed to group undertakings	4,775	4,480
- Finance lease liabilities	7	431
	7,478	9,479
Derivatives used for hedging	110	-
	7,588	9,479

There is no material difference between the carrying value and fair value of the financial instruments in 2012 or 2011

Interest rate risk

The group is exposed to interest rate risk as it borrows funds at floating interest rates During 2012 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

	2012 £'000	2011 £'000
Group		
Total floating rate borrowings	5,241	6,030
Company		
Total floating rate borrowings	5,241	6,030

The analysis is prepared assuming the amount of liability outstanding at the balance sheet was outstanding for the whole period A 50 basis points (2011 50 basis points) increase or decrease represents the management's assessment of the reasonably possible change interest rates

If interest rates had been 50 basis points (2011 50 basis points) higher/lower and all other variables were held constant at the balance sheet date

29 FINANCIAL INSTRUMENTS (CONTINUED)

Group

Profit or loss would increase/decrease by £36,000 (2011 £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 £36,000 (2011 £30,000) 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 24 December 2011 and 22 December 2012 represents the Group's maximum disclosure 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, which includes the borrowings disclosed in note 19, 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 22 December 2012 based contracted undiscounted payments

	On demand £'000	< 3 months £'000	3 – 12 months £'000	1 – 5 years £'000	Total £'000
2012					
Borrowings	466	-	-	4,775	5,241
Trade payables	-	2,165	65	-	2,230
Amounts owed to parent undertakings	997	-	-	-	997
Finance lease liabilities	-	7	-	-	7
	1,463	2,172	65	4,775	8,475

	On demand £'000	< 3 months £'000	3 – 12 months £'000	1 – 5 years £'000	Total £'000
2011					
Borrowings	-	125	1,425	4,480	6,030
Trade payables	-	2,291	727	-	3,018
Amounts owed to parent undertakings	-	-	-	-	-
Finance lease liabilities	-	168	256	7	431
	-	2,584	2,408	4,487	9,479

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 22 DECEMBER 2012

29. FINANCIAL INSTRUMENTS (CONTINUED)

The table below summarises the maturity profile of the Company's financial liabilities at 22 December 2012 based contracted undiscounted payments

	On demand £'000	< 3 months £'000	3 – 12 months £'000	1 – 5 years £'000	Total £'000
2012					
Borrowings	2,134	-	-	4,775	6,909
Trade and other payables	-	318	-	-	318
Amounts owed to parent undertakings	997	-	-	-	997
Finance lease liabilities	-	7	-	-	7
	3,131	325	-	4,775	8,231

	On demand £'000	< 3 months £'000	3 – 12 months £'000	1 – 5 years £'000	Total £'000
2011					
Borrowings	-	450	1,425	4,480	6,355
Trade and other payables	-	596	-	-	596
Amounts owed to parent undertakings	-	-	-	-	-
Finance lease liabilities	-	168	256	7	431
	-	1,214	1,681	4,487	7,382

30 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 10 4 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 22 December 2012 as set out below

	2012 £'000	2011 £'000
Fuel derivatives		
Current assets	30	301
Total financial assets	30	301
Current liabilities	(50)	-
Non current liabilities	(60)	-
Total financial liabilities	(110)	-
Net financial (liability)/asset	(80)	301