**Abellio West London Limited**

# Directors' report and financial statements

Registered number 689260

For the year ended

31 December 2011

## Contents

# Directors' report

The directors present their annual report and the audited accounts for the year ended 31 December 2011

### Principal activity

The principal activity during the year was the provision of passenger bus services in London and Surrey The Company trades under the name of "Abellio London & Surrey" that includes the company and Abellio London Limited Further information on passenger bus services is available on www abellio co uk

### Review of business and future developments

The condition of the UK economy led to a reduction in the financial support available to the bus network in London This has resulted in increased competition between bus service operators, leading to a reduction in overall contract margins

The operating loss includes an exceptional operating cost of £1 1m for the impairment in the value of unused buses The Company policy is to lease new and replacement buses where market conditions permit viable rates The underlying performance of the business before exceptional items was satisfactory

The Company continued to tender for the operation of more bus routes in London on behalf of London Bus Services Limited, and in Surrey for Surrey County Council The movement in bus routes from 42 to 44 is representative of the improvement in service performance This incremental growth will serve to underpin future financial performance

The Company has embarked on an all-encompassing improvement strategy It is projected that the improvement strategy, when combined with the full year impact of incremental growth in 2011 and further incremental growth in 2012, will deliver positive EBIT in 2012

The Company's key financial performance indicators during the year were as follows

| | | **2011** | 2010 | Change |
|---|---|---|---|---|
| Turnover | £'000 | **27,310** | 26 464 | 846 |
| Operating loss for the year | £'000 | **(1,899)** | (586) | (1,313) |
| Shareholders' funds | £'000 | **5,747** | 7 363 | (1,616) |
| Bus routes at year end | Number | **44** | 42 | 2 |
| Mileage operated | Millions | **6 8** | 6 7 | 0 1 |
| Average employees | Number | **517** | 486 | 31 |
| Bus fleet at year end | Number | **183** | 162 | 21 |

A continuing priority for 2012 is the continued improvement of relationships with key stakeholders to ensure that the Company is perceived as a deliverer of quality in all key measures The Company will build on the service performance improvements achieved in 2011, customer care skills across the business as a whole and continue to invest in new buses and innovation Much of the service led development will be in partnership with London Bus Services Limited

### Financial results and dividend

The financial results for the year are shown on page 8 Revenue in the year was £27 3m compared to £26 5m in 2010 The loss for the year after taxation amounted to £1 6m compared to £0 5m in 2010 The directors do not recommend the payment of a dividend *(2010 £nil)*

## Directors' report *(continued)*

### Health and Safety

The Company invests in on-bus systems as necessary to meet both its contractual requirements and internal objectives These systems include CCTV and Genius (that monitors driving standards), and are used to manage driver performance The Company's fleet is low-floor, easy-access with disabled access ramps

The Company maintains regular contact with the local police and Transport for London, and shares CCTV and driver intelligence where appropriate

All bus routes have nominated drivers to raise any performance or health and safety issues The Company operates an ongoing training programme

### Environment

The Company is actively combating climate change The Company implements new ways of making its operations more carbon-efficient, works with government and other third party bodies to help shape lower carbon transport policies, and encourages people to switch to public transport

### Operational review

In March 2011 the Company rolled out New Vision, a campaign aimed at improving performance in a number of key areas across the business The campaign promoted service performance, safety, right-first-time, driving standards, attendance and presentation and The Abellio Way, and was delivered through a combination of presentations and newsletters

The senior management team was strengthened through a combination of new appointments and changes to roles In particular, senior appointments were made in operations, service performance and human resources, as well as creating additional focus to manage strategic activities on new routes, recruitment, training, property and the Olympics

Service performance improved during the year and the Company moved up the London Buses league tables for reliability This was achieved through a detailed training programme for supervisors alongside a number of new initiatives in the way that we work The Company has recently invested in a new control room and operational structure to support further service improvement

The Company continues to develop a portfolio of rail replacement work and parking service to coach operators

### Employees

In February 2012, the Company retained Investors in People status following a reaccreditation audit

The Company is a non-discriminatory employer operating an Equal Opportunities & Diversity Policy which aims to eliminate unfair discrimination, harassment, and victimisation and bullying The Company is committed to ensuring that all individuals are treated fairly, with respect and are valued irrespective of disability, race, gender, health, social class, sexual preference, marital status, nationality, religion, employment status, age or membership or non-membership of a trade union

The Company's recruitment policies are designed to ensure that all applicants are considered fairly for positions within the Company The Company uses consultative procedures agreed with its staff and elected representatives with a view to ensuring that employees are aware all matters affecting the business including financial and economic factors which affect the Company's performance and prospects

The results of an employee survey have been cascaded to all staff The engagement score across the Company was 636, which is above the average score across the transport sector Action plans have been developed to address the key issues raised in the survey

The Company received a Committed to Excellence award in January 2011 from the British Quality Foundation The award recognised the successful implementation of initiatives on corporate responsibility, staff training and stakeholder interaction

## Directors' report *(continued)*

### Key risks and uncertainties

Key risks are managed by the senior management team and formally reviewed on a quarterly basis When new risks are identified, they are assessed, assigned an owner and added to the risk register

The risk register is formally reported and approved by the board, and submitted to the Group's Head of Risk Management and Internal Control The key risks are

1 Insurance claims and repair costs, the Company continues to develop a wide range of controls that focus on driver behaviour and performance standards

2 TfL contract price adjustments that do not match annual cost increases, the Company monitors costs against the relevant indices and engages through the Bus Operators with TfL to highlight and resolve any anomalies

3 Acts of terrorism, the Company maintains strong relationships with the police and Transport for London, and instils a driver awareness mentality

4 Industrial Relations, the Company pays attention to establishing a good working relationship with Unite the Union with emphasis on transparency and building a full understanding of the financial performance and the key drivers necessary to achieving long-term stability and sustainability

### Directors and their interests

The Directors of the Company during the year ended 31 December 2011 and up to the date of this report are listed below

| | |
|---|---|
| D D G Booth | |
| J Edwards | (appointed 23 May 2012) |
| A Leadbetter | (resigned 23 March 2012) |
| J P McGowan | (resigned 25 January 2011) |
| A T Pilbeam | (appointed 23 May 2012) |
| A R Wilson | (appointed 25 January 2011) |

None of the directors who held office at the end of the financial year had any interest in the shares of the Company at any time during the year

Under the Company's Articles of Association, the Company provides an indemnity for its directors and officers in accordance with the provision of the Companies Act 2006

## Directors' report *(continued)*

### Payment policy

It is not the Company's policy to follow a code of standard payment practice Payments are made in accordance with terms agreed in advance with each individual supplier Trade creditor days of the Company were 29 days *(2010 11 days)* based on the ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by suppliers

### Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### Charitable & political donations

The Company did not make any political donations during the year (2010 £nil), and made a charitable donation of £100 (2010 £nil)

### Auditor

KPMG LLP are the appointed auditor for the Company Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

14/9/12

**A T Pilbeam**
*Director*

301 Camberwell New Road
London
SE5 0TF

2012

## Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

## Independent auditor's report to the members of Abellio West London Limited

We have audited the financial statements of Abellio West London Limited for the year ended 31 December 2011 set out on pages 8 to 19 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

## Independent auditor's report to the members of Abellio West London Limited *(continued)*

**Matters on which we are required to report by exception**

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

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

David Morritt

**David Morritt (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants

1 The Embankment
Neville Street
Leeds
LS1 4DW

17 September 2012

## Profit and loss account
*for the year ended 31 December 2011*

| | Note | 2011 £000 | 2010 £000 |
|---|---|---|---|
| **Turnover** | 2 | 27,310 | 26,464 |
| Operating costs | | (29,209) | (27,050) |
| Operating loss before exceptional items | | (788) | (586) |
| Exceptional operating costs | 9 | (1,111) | - |
| **Operating loss** | 3 | (1,899) | (586) |
| Interest receivable and similar income | 5 | 50 | 81 |
| Interest payable and similar charges | 6 | (322) | - |
| **Loss on ordinary activities before taxation** | | (2,171) | (505) |
| Tax on ordinary activities | 7 | 555 | 14 |
| **Loss for the financial year** | 15 | (1,616) | (491) |

The company has no recognised gains or losses other than as shown above and therefore no separate statement of total recognised gains and losses has been prepared

All activities relate to continuing operations

# Balance sheet
*As at 31 December 2011*

| | Note | 2011 | 2010 |
|---|---|---|---|
| | | £000 | £000 |
| **Fixed assets** | | | |
| Tangible assets | 9 | 2,581 | 4,062 |
| **Current assets** | | | |
| Stocks | 10 | 423 | 377 |
| Debtors | 11 | 1,891 | 4,469 |
| Cash at bank and in hand | | 9,972 | 1,164 |
| | | 12,286 | 6,010 |
| **Creditors** amounts falling due within one year | 12 | (8,090) | (1 452) |
| **Net current assets** | | 4,196 | 4,558 |
| **Total assets less current liabilities** | | 6,777 | 8,620 |
| **Provisions for liabilities and charges** | 13 | (1,030) | (1,257) |
| **Net assets** | | 5,747 | 7,363 |
| **Capital and reserves** | | | |
| Called up share capital | 14 | 805 | 805 |
| Profit and loss account | 15 | 4,942 | 6 558 |
| **Shareholders' funds** | 16 | 5,747 | 7 363 |

These financial statements were approved by the board of directors on 14/9/2012 and were signed on its behalf by

**A R Wilson**
*Director*

# Notes

*(forming part of the financial statements)*

## 1 Accounting policies

*Basis of preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards

The company has an overdraft facility that is due for renewal on 30 November 2012 The current economic conditions create uncertainty particularly over the availability of bank finance in the foreseeable future

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility If the facility is not renewed or is forecast to be exceeded, Abellio Transport Holdings Limited have indicated that they will give continued financial support to the company for the next twelve months and for the foreseeable future The company will open renewal negotiations with the bank in due course and has, at this stage, not sought any written commitment that the facility will be renewed No matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

*Taxation*

The charge for taxation is based on the profit for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all material timing differences that have originated, but not reversed, by the balance sheet date Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted

*Leased assets and obligations*

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

*Stocks*

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items

*Pension costs*

The Company operates a defined contribution pension scheme The amounts of contribution are fixed as a percentage of salaries and the Company has no legal or constructive obligation to pay any further contributions The pension cost charge represents contributions payable in the year

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less accumulated depreciation Depreciation is provided on a straight line basis on all tangible fixed assets so as to write them down to their estimated residual values as follows

| | |
|---|---|
| Short leasehold land and buildings | - 15 to 40 years (or period of lease if shorter) |
| Public service vehicles | - 10 to 15 years |
| Other vehicles | - 5 years |
| Plant, equipment and other assets | - 3 to 10 years |

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

***Impairment of fixed assets***

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost

*Calculation of recoverable amount*

The recoverable amount of fixed assets is the greater of their net realisable value and value in use In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs

*Reversals of impairment*

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Insurance***

The Company's policy is to self-insure high frequency claims within the business To provide protection above these types of losses, the Company purchases insurance cover from a selection of proven and financially strong insurers These insurance policies provide individual claim cover subject to excess limits and aggregate stop losses for total claims within the excess limits A provision is made for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, subject to the overall stop loss

***Turnover***

The turnover of the Company consists of contract revenue from Transport for London and Surrey County Council for the provision of public bus transport, and related activities such as rail replacement services All revenue is stated net of value added tax where applicable and is wholly derived within the United Kingdom

## 2 Turnover

| | **2011** | 2010 |
|---|---|---|
| | **£000** | £000 |
| Passenger services | **26,691** | 25 670 |
| Other bus related activities | **525** | 713 |
| Rental income | **94** | 81 |
| | **27,310** | 26,464 |

## 3 Operating loss

| | **2011** | 2010 |
|---|---|---|
| | **£000** | £000 |
| ***Operating loss is stated after charging*** | | |
| Depreciation and other amounts written off tangible fixed assets | | |
| Owned | **1,832** | 717 |
| Operating lease rentals | | |
| Bus leases | **1,133** | 1,160 |
| Land and buildings | **754** | 586 |
| Auditors' remuneration | | |
| Audit of these financial statements | **10** | 10 |
| Loss on disposal of fixed assets | **-** | 1 |

# Notes *(continued)*

## 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, all of whom were employed to support the provision of bus services was 517 *(2010 486)*, analysed by category, was as follows

| | 2011 | 2010 |
|---|---|---|
| Drivers | 441 | 412 |
| Inspectors | 16 | 14 |
| Engineers | 22 | 23 |
| Other staff | 38 | 37 |
| | 517 | 486 |

The aggregate payroll costs of these persons were as follows

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Wages and salaries | 15,949 | 15,807 |
| Social security costs | 1,568 | 1,530 |
| Pension costs | 64 | 52 |
| | 17,581 | 17,389 |

Directors are employed by and receive their remuneration from Abellio London Ltd, or Abellio Holdings Ltd, the above payroll costs reflect this remuneration

## 5 Interest receivable and similar income

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Interest receivable from Group companies | 50 | 81 |

## 6 Interest payable and similar charges

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Interest payable to Group companies | 297 | - |
| Interest payable other | 25 | - |
| | 322 | - |

# Notes *(continued)*

## 7 Taxation

| | 2011 £000 | 2010 £000 |
|---|---|---|
| *UK corporation tax* | | |
| Current tax credit on income for the year | (139) | (4) |
| Adjustments in respect of prior years | - | 144 |
| Total | (139) | 140 |
| *Deferred tax* | | |
| Origination/reversal of timing differences | (375) | (104) |
| Arising from changes in tax rates | (41) | (50) |
| Total deferred tax | (416) | (154) |
| Tax on loss on ordinary activities | (555) | (14) |

| | 2011 £000 | 2010 £000 |
|---|---|---|
| *Current tax reconciliation* | | |
| Loss on ordinary activities before tax | (2,171) | (505) |
| Current tax at 26% *(2010 28%)* | (564) | (141) |
| *Effects of* | | |
| Expenses not deductible for tax purposes | 5 | - |
| Short term timing differences | 30 | 101 |
| Capital allowances in excess of depreciation | 390 | 36 |
| Adjustment to tax charge in respect of previous periods | - | 144 |
| Total | (139) | 140 |

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly

## Notes *(continued)*

### 8 Operating lease commitments

The Company has operating lease commitments to lease buses and property Annual commitments are as follows

| | 2011 £000 | 2010 £000 |
|---|---|---|
| On leases expiring | | |
| Within one year | | |
| - Buses | 148 | - |
| - Land and buildings | - | 183 |
| Between two and five years | | |
| - Buses | 1,253 | 1,028 |
| - Land and buildings | 77 | 25 |
| After more than five years | | |
| - Land and buildings | 255 | 286 |
| | 1,733 | 1,522 |

## Notes *(continued)*

### 9 Tangible fixed assets

| | Short leasehold property £000 | Public service and other vehicles £000 | Plant, equipment and other assets £000 | Total £000 |
|---|---|---|---|---|
| ***Cost*** | | | | |
| At beginning of year | 831 | 8 618 | 750 | 10,199 |
| Additions | 4 | 159 | - | 163 |
| Transfers in from group undertaking | 6 | 478 | - | 484 |
| At end of year | 841 | 9 255 | 750 | 10 846 |
| ***Depreciation*** | | | | |
| At beginning of year | 408 | 5,230 | 499 | 6,137 |
| Charge for year | 63 | 609 | 49 | 721 |
| Impairment | - | 1,111 | - | 1,111 |
| Transfers in from group undertaking | - | 296 | - | 296 |
| At end of year | 471 | 7 246 | 548 | 8,265 |
| ***Net book value*** | | | | |
| **At 31 December 2011** | **370** | **2,009** | **202** | **2,581** |
| At 31 December 2010 | 423 | 3,388 | 251 | 4,062 |

The directors consider the carrying cost of certain buses should be reduced to reflect current market conditions The recoverable amount of the buses was estimated based on its value in use The estimate of value in use was determined using a pre-tax discount rate of 10%, which is the Group's weighted average cost of capital adjusted to a pre-tax rate and adjusted to reflect market assessment of specific risks associated with the projected cash flows

Cash flows for the buses were projected to the end of each contracted route The review indicated that the carrying value of these buses and their on-board equipment had been overstated by £1,111,000, and consequently have been written down by this amount The impairment loss has been recognised as an exceptional cost within the operating profit

### 10 Stocks

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Engineering spare parts and fuel | **423** | 377 |

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

# Notes *(continued)*

## 11 Debtors

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Trade debtors | 232 | 32 |
| Amounts owed by group undertakings | - | 2,773 |
| Other debtors | 348 | 229 |
| Prepayments and accrued income | 1,168 | 1,396 |
| Corporation tax | 143 | 39 |
| | 1,891 | 4,469 |

## 12 Creditors amounts falling due within one year

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Trade creditors | 694 | 251 |
| Amounts owed to group undertakings | 6,205 | 179 |
| Other creditors | 4 | 4 |
| Accruals and deferred income | 1,187 | 1,018 |
| | 8,090 | 1,452 |

## Notes *(continued)*

### 13 Provisions for liabilities and charges

| | Deferred tax £000 | Insurance provision £000 | Total £000 |
|---|---|---|---|
| Balance at beginning of year | 543 | 714 | **1,257** |
| Provision released or utilised | (416) | (880) | **(1,296)** |
| Provision created in year | - | 1 069 | **1,069** |
| Balance at end of year | **127** | **903** | **1,030** |

The nature of the provisions is disclosed in the accounting policies note

The deferred tax provision comprises

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Short term timing differences | **(102)** | (87) |
| Accelerated capital allowances | **229** | 630 |
| | **127** | 543 |

| | 2011 £000 | 2010 £000 |
|---|---|---|
| *Deferred tax* | | |
| Deferred tax liability at beginning of year | **543** | 697 |
| Deferred tax credit for the year | **(375)** | (104) |
| Effect of rate change | **(41)** | (50) |
| | **127** | 543 |

### 14 Called up share capital

| | 2011 £000 | 2010 £000 |
|---|---|---|
| ***Authorised, issued, called up and fully paid*** | | |
| 805,000 ordinary shares of £1 each | **805** | 805 |

### 15 Reserves

| | Profit and loss account £000 |
|---|---|
| At 1 January 2011 | 6 558 |
| Loss for the year | (1 616) |
| At 31 December 2011 | **4,942** |

# Notes *(continued)*

## 16 Reconciliation of movements in shareholders' funds

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Opening shareholders funds | 7,363 | 7,854 |
| Loss for the year | (1,616) | (491) |
| Closing shareholders' funds | 5,747 | 7,363 |

## 17 Pension schemes

The total contribution to defined contribution pension schemes in the year was £64,000 *(2010 £52,000)* There were no outstanding contributions payable to the scheme at 31 December 2011 *(2010 £nil)*

## 18 Ultimate parent undertaking

The Company is a 100% subsidiary undertaking of Abellio Transport Holdings Limited, a company incorporated in the UK The ultimate parent company is NV Nederlandse Spoorwegen, a company incorporated in The Netherlands

The largest and smallest group in which the results of the Company are consolidated is that headed by Nedrailways BV, a company incorporated in The Netherlands The consolidated financial statements of this group is available to the public and may be obtained by writing to Laan van Puntenburg 100, 3511 ER, Utrecht, The Netherlands

## 19 Related party transactions

As 100% of the Company's voting rights are controlled within the group headed by Nedrailways BV, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Nedrailways BV, within which this Company is included, can be obtained from the address given in note 18

## 20 Capital commitments

| | 2011 £000 | 2010 £000 |
|---|---|---|
| Authorised and contracted for | - | - |