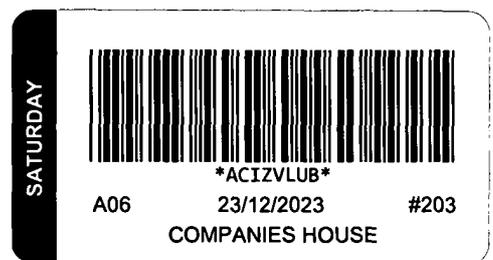


Company Registration No. 02029363

FirstGroup Holdings Limited

Annual Report and Financial Statements

For the period ended 25 March 2023



FirstGroup Holdings Limited

Annual report and financial statements

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FirstGroup Holdings Limited

Strategic report

The directors have pleasure in submitting their strategic report for the period ended 25 March 2023.

Principal activities and future developments

The company is a wholly owned subsidiary of FirstGroup plc and has continued to act as a holding company during the period. There will be no changes in the activity of the company for the foreseeable future.

Business review

The results for the period, which primarily consist of the costs of the head office cost centres and management recharges, are given in the income statement on page 9. The loss for the period was £3.7 million (2022: loss £12.7 million) and the company has net liabilities of £132.8 million as at 25 March 2023 (2022: net liabilities of £108.2 million).

Key performance indicators

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

Principal risks and uncertainties and financial risk management

Due to the nature of the company's business and the assets and liabilities contained within the company's statement of financial position, the directors consider the principal financial risks to be the recoverability of intercompany receivables and that the entity is not able to pay its intercompany liabilities as they fall due.

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund obligations as they fall due. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Key management mitigate these risks by monitoring of the company's financial position throughout the period. The company does not manage its financial risk through the use of financial derivative instruments.

The principal risks and uncertainties and the financial risk management of the group is discussed in detail in the group's Annual Report for the period to 25 March 2023 which does not form part of this report and is publicly available.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance. Liquidity and cashflow risks are managed on a group basis and the relevant policies are set out in FirstGroup plc's published financial statements.

Going concern

At 25 March 2023 the company had cash of £nil, net current liabilities of £364.9 million, net liabilities of £132.8 million and made a loss of £3.7 million.

FirstGroup plc has provided the directors of the company with a letter confirming that it will provide support to the company, such that it is able to meet its obligations for a period of at least 12 months from the date of signing of these financial statements.

The directors of the company also noted from the Group's full period results for the 52 weeks ended 25 March 2023 that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the 12 month period from the date on which the Group financial statements were approved. The Group considered whether any material uncertainties exist that cast doubt on the Group's ability to continue as a going concern over the next 12 months.

Consistent with prior periods, the Group's going concern assessment was based on a review of future trading projections, including whether the amended banking covenants are likely to be met and whether there is sufficient committed facility headroom to accommodate future cash flows for the going concern period. Further, the company has access to the FirstGroup plc's overdraft facility and receives a letter of support from the Group.

FirstGroup Holdings Limited

Strategic report (continued)

Going concern (continued)

After making appropriate enquiries and considering the current economic climate, the directors have formed the conclusion that there is a reasonable expectation that the company will continue in operational existence and have adequate resources in the foreseeable future.

Approved by the board of directors and signed on its behalf by:

DocuSigned by:

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J Bowen
Director

21 December 2023

FirstGroup Holdings Limited

Directors' report

The directors have pleasure in submitting their Annual Report and the audited financial statements for the period ended 25 March 2023.

Results and dividends

The results for the period, which primarily consist of the costs of the head office cost centres and management recharges, are given in the income statement on page 9. The loss for the period was £3.7 million (2022: loss £12.7 million) and the company has net liabilities of £132.8 million as at 25 March 2023 (2022: net liabilities of £108.2 million).

The directors do not recommend payment of a dividend (2022: £nil).

Post balance sheet events

Details of events after the reporting period can be found in note 22 to the financial statements.

Directors

The directors who held office throughout the period and up to the date of signing the financial statements are as follows:

R Mangold	
J Bowen	
D Foote	Appointed 30 June 2022
D Collie	Resigned 30 June 2022

Schedule 7 disclosures

Disclosures relating to matters of a general nature, including the business review and future developments as required by the Companies Act 2006 and Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 are given in the Strategic report.

Employee involvement

Communication with employees is affected mainly through regular briefings by the directors and senior management. The briefings enable directors and senior management to consult employees and to ascertain their views on matters likely to affect their interests. Our Reward & Recognition schemes also seek to increase employee engagement. Qualifying employees are invited to participate in Group wide share purchase scheme (Buy As You Earn) and saving scheme (Save As You Earn). Details of this can be found in the consolidated Group financial statements.

Disabled persons

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

Payment policy

We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent, and transparent manner and the company has controls in place to ensure that all payments are made within the appropriate credit timeframe.

Directors' and officers' liability insurance

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

Directors' indemnity

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

FirstGroup Holdings Limited

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Audit information

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

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

This confirmation is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

Auditors

The company has passed an elective resolution dispensing with the requirement to appoint an auditor annually. PricewaterhouseCoopers LLP have expressed a willingness to continue as the Company's auditors for the period ending 30 March 2024.

FirstGroup Holdings Limited
Directors' report (continued)

Approved by the board of directors and signed on its behalf by:

DocuSigned by:

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J Bowen
Director

21 December 2023

8th Floor The Point
37 North Wharf Road
London
W2 1AF

Independent auditors' report to the directors of FirstGroup Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, FirstGroup Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 25 March 2023 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 25 March 2023; the income statement, statement of comprehensive income and statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the directors of FirstGroup Holdings Limited (Continued)

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 25 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management in consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- auditing certain unusual or unexpected journal entries deemed to improve financial performance; and
- auditing accounting estimates for potential signs of management bias

Independent auditors' report to the directors of FirstGroup Holdings Limited (Continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
21 December 2023

FirstGroup Holdings Limited
Income Statement
Period ended 25 March 2023

	Note	2023 £'000	2022 £'000
Turnover		508	499
Administrative expenses	3	(47,455)	(53,302)
Other operating income	3	40,931	38,578
Operating loss		<u>(6,016)</u>	<u>(14,225)</u>
Interest receivable /(payable)	6	<u>1,067</u>	<u>(116)</u>
Loss before taxation		<u>(4,949)</u>	<u>(14,341)</u>
Tax on loss	7	<u>1,250</u>	<u>1,660</u>
Loss for the financial period		<u><u>(3,699)</u></u>	<u><u>(12,681)</u></u>

All activities relate to continuing operations.

Statement of comprehensive income
Period ended 25 March 2023

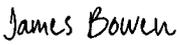
	Note	2023 £'000	2022 £'000
Loss for the financial period		(3,699)	(12,681)
Re-measurement recognised on defined benefit pension scheme	18	(35,161)	4,784
Movement on deferred tax		8,790	(2,638)
Total other comprehensive (loss)/gain		<u>(26,371)</u>	<u>2,146</u>
Total comprehensive loss for the period		<u><u>(30,070)</u></u>	<u><u>(10,535)</u></u>

FirstGroup Holdings Limited
Statement of Financial Position
As at 25 March 2023

	Note	2023 £'000	2022 £'000
Fixed Assets			
Intangible assets	8	5,827	7,242
Tangible assets	9	13,011	12,909
Financial assets	16	25,599	22,600
Retirement benefit assets	18	11,482	45,605
Investments	10	17,729	17,729
Amounts owed by group undertakings	11	158,467	125,086
		<u>232,115</u>	<u>231,171</u>
Current assets			
Debtors	11	164,968	501,479
		<u>164,968</u>	<u>501,479</u>
Creditors: amounts falling due within one year	12	<u>(529,897)</u>	<u>(840,211)</u>
Net current liabilities		<u>(364,929)</u>	<u>(338,732)</u>
Total assets less current liabilities		(132,814)	(107,561)
Creditors: amounts falling due after more than one year	12	-	(608)
Net liabilities		<u>(132,814)</u>	<u>(108,169)</u>
Capital and reserves			
Called up share capital	14	6,334	6,334
Share premium account	14	34,503	34,503
Capital redemption reserve	14	107	107
Merger reserve	14	43,970	43,970
Profit and loss account	14	(217,728)	(193,083)
Total shareholders' deficit		<u>(132,814)</u>	<u>(108,169)</u>

The notes on pages 12 to 27 are an integral part of these financial statements.

The financial statements on pages 9 to 27 were approved by the Board of Directors on 21 December 2023 and signed on its behalf by:

DocuSigned by:

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 J Bowen

FirstGroup Holdings Limited
Statement of changes in equity
Period ended 25 March 2023

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total shareholders' deficit £'000
At 27 March 2021	6,334	34,503	107	43,970	(193,018)	(108,104)
Loss for the financial period	-	-	-	-	(12,681)	(12,681)
Remeasurement recognised on defined benefit scheme	-	-	-	-	4,784	4,784
Movement on deferred tax relating to pension scheme	-	-	-	-	(1,196)	(1,196)
Movement on deferred tax relating to rate change	-	-	-	-	(1,442)	(1,442)
Total comprehensive loss	-	-	-	-	(10,535)	(10,535)
Share based payments (note 1 & 21)	-	-	-	-	10,470	10,470
At 26 March 2022	6,334	34,503	107	43,970	(193,083)	(108,169)
Loss for the financial period	-	-	-	-	(3,699)	(3,699)
Remeasurement recognised on defined benefit scheme	-	-	-	-	(35,161)	(35,161)
Movement on deferred tax relating to pension scheme	-	-	-	-	8,790	8,790
Total comprehensive loss	-	-	-	-	(30,070)	(30,070)
Share based payments (note 1 & 21)	-	-	-	-	5,425	5,425
At 25 March 2023	6,334	34,503	107	43,970	(217,728)	(132,814)

FirstGroup Holdings Limited

Notes to the financial statements

Period ended 25 March 2023

1. Accounting policies

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

General information and basis of accounting

FirstGroup Holdings Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 8th Floor the Point, 37 North Wharf Road, London, W2 1AF. FirstGroup Holdings Limited is a private company limited by shares and is registered in England and Wales. The nature of the company's operations and its principal activities are set out in the Directors' report on pages 3 to 5.

The financial statements for the period ended 25 March 2023 include the results and financial position for the Company for the 52 weeks ended 25 March 2023 and the financial statements for the period ended 26 March 2022 include the results and financial position of the Company for the 52 weeks ended 26 March 2022.

The functional currency of FirstGroup Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, under the historical cost convention, modified to include certain items at fair value and in accordance with Financial Reporting Standards 102 (FRS 102) issued by the Financial Reporting Council, and in accordance with United Kingdom applicable accounting standards.

FirstGroup Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share based payments, financial instruments, presentation of cash flow statement, intra group transactions and remuneration of key management personnel. Details of the controlling party are set out in note 19.

Under the provisions of section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements by virtue of the fact that the Company is a subsidiary of FirstGroup plc which prepares group financial statements. These financial statements therefore present information about the Company as an individual undertaking and not as a group.

Going concern

At 25 March 2023 the company had cash of £nil, net current liabilities of £364.9 million, net liabilities of £132.8 million and made a loss of £3.7 million.

FirstGroup plc has provided the directors of the company with a letter confirming that it will provide support to the company, such that it is able to meet its obligations for a period of at least 12 months from the date of signing of these financial statements.

The directors of the company also noted from the Group's full period results for the 52 weeks ended 25 March 2023 that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the 12 month period from the date on which the Group financial statements were approved. The Group considered whether any material uncertainties exist that cast doubt on the Group's ability to continue as a going concern over the next 12 months.

Consistent with prior periods, the Group's going concern assessment was based on a review of future trading projections, including whether the amended banking covenants are likely to be met and whether there is sufficient committed facility headroom to accommodate future cash flows for the going concern period. Further, the company has access to the FirstGroup plc's overdraft facility and receives a letter of support from the Group.

FirstGroup Holdings Limited

Notes to the financial statements (continued)

Period ended 25 March 2023

1. Accounting policies (continued)

Going concern (continued)

After making appropriate enquiries and considering the current economic climate, the directors have formed the conclusion that there is a reasonable expectation that the company will continue in operational existence and have adequate resources in the foreseeable future

Intangible fixed assets and amortisation

Computer software is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licences, website development, costs attributable to the development, design and implementation of the computer software and internal costs directly attributable to the software.

The existing finite life intangible assets have a residual value of nil and are amortised on a straight-line basis over their useful economic lives as follows:

Software – over the estimated life of the software (3 to 5 years)

Tangible fixed assets and depreciation

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

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follow:

Land and buildings	– 50 years straight line
Other plant and equipment	– 3 to 15 years straight line

Taxation

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

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

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Financial instruments

Financial assets and liabilities are recognised in accordance with sections 11 and 12 of FRS102, when the company becomes a party to the contractual provisions of the instrument and are measured at transaction price (including transaction cost) and subsequently measured at amortised cost. Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

FirstGroup Holdings Limited

Notes to the financial statements (continued)

Period ended 25 March 2023

1. Accounting policies (continued)

Pension costs

The Company participates in a number of group and company specific pension schemes, namely the FirstGroup Flexible Benefit scheme and the FirstGroup UK Bus Pension scheme together with a defined contribution scheme. The liability for the FirstGroup UK Bus Pension scheme is accounted for in the relevant FirstBus entities.

The amounts charged to the income statement regarding the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected return on the assets are shown as net interest receivable/(payable). Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

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

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

Share based payments

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

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

The Group has allocated the expense amongst its trading subsidiary undertakings based on the number of employees participating in the scheme. The company has recognised a total expense of £5.4 million (2022: £10.5 million) relating to equity-settled share-based payment transactions.

Operating leases

Operating leases and the rental charges are taken to the income statement on a straight-line basis over the life of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Other operating income

Other operating income comprise management recharges from FirstGroup Holdings Limited to other entities within the Group in respect of costs incurred from acting as a central administration company.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately 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 revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies as described above, management have made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

FirstGroup Holdings Limited

Notes to the financial statements (continued)

Period ended 25 March 2023

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements

Defined benefit pension arrangements

Measurement of defined benefit pension obligation are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. Management follows actuarial advice from a third party when determining these judgements. Another key judgement is the longevity of members. We take specialist advice on this from our actuarial advisors which aims to consider the likely experience taking into account the scheme's characteristics. Our approach is to review these assumptions following the completion of their funding valuations, and more frequently only if appropriate to do so.

The current market volatility and fundamental economic uncertainties have resulted in difficulties in valuing certain assets of the pension schemes that are not listed on public markets (e.g., property, infrastructure, private debt). Where asset valuations were not provided prior to the production of this report, we have consulted with investment managers and actuarial advisers in estimating adjustments to asset values where appropriate. Further details are set out in note 18.

Amounts owed by group undertakings

Management assess at the end of each period the recoverability of the amounts owed by group undertakings, based on the financial position of each company and the support provided by the group to assess if the debts are likely to be repaid.

Investments

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values.

3. Operating loss

	2023	2022
	£'000	£'000
Staff costs (note 4)	20,900	24,804
Other external charges	22,338	24,042
Amortisation (note 8)	2,912	2,988
Depreciation (note 9)	400	564
Rentals payable under operating leases – short leasehold properties	889	889
Audit fees	16	15
	<u>47,455</u>	<u>53,302</u>

The fees for the audit of the financial statements of £16,000 (2022: £15,000).

Fees payable to PricewaterhouseCoopers LLP for non- audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Other operating income includes management recharges of £39.3m (2022: £38.6m) which represent management recharges to FirstGroup plc and other Group divisions in respect of costs incurred from acting as a central administration company. Other operating income also includes £1.6m (2022: £nil) capital profits from the pension partnerships that the Company has invested in.

FirstGroup Holdings Limited

Notes to the financial statements (continued)

Period ended 25 March 2023

4. Employee numbers and costs

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

	2023 No.	2022 No.
Administration	59	81

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	13,103	12,635
Social security costs	1,958	1,182
Other pension costs	414	517
Share based payment charge	5,425	10,470
	<u>20,900</u>	<u>24,804</u>

5. Directors' remuneration

Remuneration received by the directors in relation to qualifying services for the current period, was £3.7m (2022: £3.6m). Details of retirement benefits accruing to the directors under the group defined benefit schemes are detailed in the financial statements of FirstGroup plc. The number of directors in the Company as at 25 March 2023 was 3 (2022: 3). The directors received remuneration from FirstGroup Holdings Limited in the current and prior periods in relation to qualifying services for this Company and the details are as follows:

	2023 £'000	2022 £'000
Aggregate emoluments	3,648	3,440
Company pension contributions	12	124
	<u>3,660</u>	<u>3,564</u>

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

FirstGroup Holdings Limited
Notes to the financial statements (continued)
Period ended 25 March 2023

5. Directors' remuneration (continued)

	2023	2022
	Number	Number
The number of directors who:		
Had awards receivable in the form of shares under a long-term incentive scheme	3	2
Are members of a defined benefit pension scheme	-	-
Exercised options over shares in the parent company	3	4
	<u>3</u>	<u>4</u>
The highest paid director remuneration details are as follows:		
	2023	2022
	£'000	£'000
Aggregate emoluments (excluding pension contributions)	2,755	1,279
Company pension contributions	-	-
	<u>2,755</u>	<u>1,279</u>

During the period the highest paid director received shares in the ultimate parent company under the long-term incentive schemes and deferred bonus shares scheme. The number of shares awarded was 1,003,226 (2022: 934,274).

6. Interest (receivable)/payable and similar expenses

	2023	2022
	£'000	£'000
Loan notes	281	493
Net interest on defined benefit scheme	(1,348)	(377)
	<u>(1,067)</u>	<u>116</u>

FirstGroup Holdings Limited
Notes to the financial statements (continued)
Period ended 25 March 2023

7. Taxation

	2023	2022
	£'000	£'000
<i>Current taxation</i>		
Group relief	(2,870)	(2,392)
Adjustment in respect of prior periods	(400)	303
	<u>(3,270)</u>	<u>(2,089)</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	2,158	2,765
Impact on deferred tax on opening balances arising from rate change	-	(1,827)
Adjustment in respect of prior periods	(138)	(509)
	<u>2,020</u>	<u>429</u>
Total taxation on loss	<u>(1,250)</u>	<u>(1,660)</u>

The standard rate of taxation for the period, based on the UK standard rate of corporation tax, is 19% (2022: 19%).

From 1 April 2023 the UK standard rate of corporation tax will increase to 25%. Deferred tax has been provided for at 25%.

In the period commencing 26 March 2023, the net decrease of deferred tax assets is expected to reduce the corporation tax charge for the period by £1,061,000. This is primarily due to pensions, depreciation, capital allowances and other timing differences unwinding.

The actual current tax charge for the current and previous period differed from the standard rate for the reasons set out in the following reconciliation:

	2023	2022
	£'000	£'000
Loss before tax	(4,949)	(14,341)
Tax credit on loss at standard UK corporation tax rate of 19% (2022: 19%)	(940)	(2,725)
Effects of		
- Income not taxable/Expenses not deductible for tax purposes	(290)	2,435
- Prior period adjustments	(538)	(206)
- Impact on deferred tax on opening balances arising from rate change	-	(1,827)
- Effect of decrease in tax rate on origination and reversal of timing difference	518	663
	<u>(1,250)</u>	<u>(1,660)</u>
Total taxation on loss	<u>(1,250)</u>	<u>(1,660)</u>

FirstGroup Holdings Limited
Notes to the financial statements (continued)
Period ended 25 March 2023

8. Intangible fixed assets

	£'000
Cost	
At 26 March 2022	32,683
Additions	433
Transfer	1,064
Disposals	(17,763)
	<u>16,417</u>
At 25 March 2023	<u>16,417</u>
Amortisation	
At 26 March 2022	25,441
Charge for the period	2,912
Disposals	(17,763)
	<u>10,590</u>
At 25 March 2023	<u>10,590</u>
Net book value	
At 25 March 2023	<u>5,827</u>
At 26 March 2022	<u>7,242</u>

Intangible assets relate to computer software assets. Transfers represent assets transferred from tangible fixed assets to intangible assets.

9. Tangible fixed assets

	Land and buildings £'000	Other plant and equipment £'000	Total £'000
Cost			
At 26 March 2022	19,213	11,597	30,810
Additions	-	2,635	2,635
Transfers	-	(2,045)	(2,045)
Disposals	-	(457)	(457)
	<u>19,213</u>	<u>11,730</u>	<u>30,943</u>
At 25 March 2023	<u>19,213</u>	<u>11,730</u>	<u>30,943</u>
Depreciation			
At 26 March 2022	11,977	5,924	17,901
Charge for the period	16	384	400
Disposals	-	(369)	(369)
	<u>11,993</u>	<u>5,939</u>	<u>17,932</u>
At 25 March 2023	<u>11,993</u>	<u>5,939</u>	<u>17,932</u>
Net book value			
At 25 March 2023	<u>7,220</u>	<u>5,791</u>	<u>13,011</u>
At 26 March 2022	<u>7,236</u>	<u>5,673</u>	<u>12,909</u>

The net book value of land and buildings is entirely comprised of freehold assets.

Transfers represent assets transferred from tangible fixed assets to intangible assets and subsequent allocation to Bus division entities for centrally managed projects.

FirstGroup Holdings Limited
Notes to the financial statements (continued)
Period ended 25 March 2023

10. Investments

	Subsidiary undertakings £'000
Cost	
At 26 March 2022 & 25 March 2023	79,101
Accumulated impairment losses	
At 26 March 2022 & 25 March 2023	(61,372)
Carrying Value	
At 26 March 2022 and 25 March 2023	17,729

The subsidiary undertakings incorporated in the United Kingdom at the end of the period:

Subsidiary name	Address	Principal activity	Holding	%
Butler Woodhouse Limited	2	Dormant	Ordinary	100
Crosville Limited*	3	Dormant	Ordinary	100
FG Properties Limited	1	Property construction	Ordinary	100
First Bus Pension GP Limited	1	Non-trading	Ordinary	100
First CentreWest Buses Limited	1	Dormant	Ordinary	100
First Merging Pension Schemes Limited	1	Dormant	Ordinary	100
First Rail Support Limited	1	Dormant	Ordinary	100
First Provincial Buses Limited*	1	Dormant	Ordinary	100
First Shared Services Limited	5	Dormant	Ordinary	100
FirstBus Group Limited	1	Dormant	Ordinary	100
FirstBus Pension Limited Partnership*	1	Non-trading	Ordinary	100
FirstGroup Construction Limited*	1	Dormant	Ordinary	100
FirstGroup Pension GP Limited	1	Non-trading	Ordinary	100
FirstGroup Pension Limited Partnership*	1	Non-trading	Ordinary	100
Grenville Motors Limited*	1	Dormant	Ordinary	100
Gurna Limited	2	Dormant	Ordinary	100
Indexbegin Limited*	6	Dormant	Ordinary	100
Midland Travellers Limited*	6	Dormant	Ordinary	100
Reynard Buses Limited*	6	Dormant	Ordinary	100
Rider Holdings Limited	6	Property holdings	Ordinary	100
Rider Travel Limited*	6	Dormant	Ordinary	100
Southampton City Transport Company Limited	1	Dormant	Ordinary	100
The First UK Bus Pension Scheme Trustee Limited	1	Dormant	Ordinary	100
The FirstGroup Pension Scheme Trustee Limited	1	Dormant	Ordinary	100
Transportation Claims Limited*	4	Insurance claims	Ordinary	100
Western National Holdings Limited	1	Dormant	Ordinary	100

*Companies which are indirectly held by FirstGroup Holdings Limited.

The registered offices address for the above companies are as follows;

- 1 8th Floor The Point, 37 North Wharf Road, London, W2 1AF
- 2 Bus Depot, Westway, Chelmsford, Essex, CM1 3AR
- 3 Bus Depot, Wallshaw Street, Oldham, OL1 3TR
- 4 Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL
- 5 395 King Street, Aberdeen, AB24 5RP
- 6 Hunslet Park Depot, Donisthorpe Street, Leeds, Yorkshire, LS10 1PL

FirstGroup Holdings Limited
Notes to the financial statements (continued)
Period ended 25 March 2023

11. Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	4,420	978
Amounts owed by group undertakings	50,766	397,805
Other debtors	7,668	1,089
Prepayments and accrued income	97,701	101,332
Deferred tax asset (note 13)	4,413	-
Other tax and social security	-	275
	<u>164,968</u>	<u>501,479</u>
Debtors: amounts falling due after one year		
Amounts owed by group undertakings	<u>158,467</u>	<u>125,086</u>

All intercompany loans are interest free and repayable on demand.

12. Creditors

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Bank loans and overdraft	46,275	55,548
Trade creditors	14,805	18,463
Amounts owed to group undertakings	450,231	728,166
Other creditors	-	4,105
Other taxation and social security	266	-
Accruals and deferred income	17,739	31,572
Loan notes	581	-
Deferred tax (note 13)	-	2,357
	<u>529,897</u>	<u>840,211</u>
Amounts falling due after more than one year		
Loan notes	<u>-</u>	<u>608</u>

The loan notes of £0.581m (2022: £0.608m) bear interest at 1% above various bank base rates and are due for redemption by 1 March 2024.

Other than loan notes, all intercompany loans are interest free and repayable on demand.

FirstGroup Holdings Limited
Notes to the financial statements (continued)
Period ended 25 March 2023

13. Deferred tax

	£'000
At 26 March 2022	(2,357)
Charge to the income statement	(2,020)
Movement in SOCIE	8,790
	<hr/>
At 25 March 2023	4,413
	<hr/> <hr/>

Deferred tax asset/(liability) consists of the following amounts:

	2023	2022
	£'000	£'000
Accelerated capital allowances	1,218	1,309
Other timing differences	4,425	5,257
Pension asset	(1,230)	(8,923)
	<hr/>	<hr/>
Deferred tax asset/(liability)	4,413	(2,357)
	<hr/> <hr/>	<hr/> <hr/>

14. Called up share capital and reserves

	2023	2022
	£'000	£'000
Allotted, called up and fully paid:		
126,691,981 ordinary "A" shares of 5p each	6,334	6,334
	<hr/>	<hr/>

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits and losses net of dividends paid and other adjustments.

Share premium account this reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve records the nominal value of share repurchased by the company.

Merger reserve is a non-distributable reserve arising on new shares issued as part consideration for acquisitions.

15. Operating lease commitments

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

	2023	2022
	Land and buildings	Land and buildings
	£'000	£'000
Operating leases which expire:		
Within one year	1,115	1,115
Between one and five years	3,623	4,459
Later than five years	-	279
	<hr/>	<hr/>
	4,738	5,853
	<hr/> <hr/>	<hr/> <hr/>

FirstGroup Holdings Limited
Notes to the financial statements (continued)
Period ended 25 March 2023

16. Financial assets

	2023	2022
	£'000	£'000
Non-derivative financial instruments		
Total non-current assets	<u>25,599</u>	<u>22,600</u>

The structure of certain pension partnership involved the creation of special purpose vehicles (SPVs) to hold cash to fund the Bus and Group pension schemes if required based on a designated funding mechanism. The amounts paid into the Bus and Group SPVs during the period were £nil (2022: £95.0m) and £nil (2022: £22.0m) respectively. During the period, £1.6m (2022: £nil) interest has been earned. £93.0m (2022: £94.4m) were recognised in prepayment on the basis that the pension schemes are entitled to some of the value of the SPVs. Management have concluded that the remaining balances of £25.6m (2022: £22.6m) represent financial assets under IAS 32.

17. Contingent liabilities

The Company is a member of a Value Added Tax (“VAT”) group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to HM Revenue & Customs.

The Company is a member of a banking group covering a number of subsidiary undertakings. All members of the banking group are jointly and severally liable in respect of any amounts owed to RBS Bank plc. The amount of bank overdraft guaranteed is £46.3m (2022: £55.5m).

18. Pension schemes

Defined contribution schemes

The company operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to the income statement for the period ended 25 March 2023 was £0.4m (2022: £nil). There were no payments outstanding (2022: £nil).

Defined benefit schemes

The Company is the Principal Employer for the FirstGroup Flexible Benefit scheme and the FirstGroup UK Bus Pension scheme. There is an agreement in place whereby the net defined benefit asset/liability and cost of the FirstGroup UK Bus Pension scheme is wholly accounted for in the sponsoring relevant First Bus entities. In September 2022, the group sold two First Bus entities that participated in the FirstGroup UK Bus Pension scheme. The net benefit asset/liability and cost was retained by the group as at 1 April 2021 and is now included within the Company’s accounts.

FirstGroup Flexible Benefit scheme

The net defined benefit asset/liability and cost of the FirstGroup Flexible Benefit scheme is accounted for by the Company. The scheme’s assets are held and managed independently of the Company’s finances by independent investment managers appointed by the trustees of the scheme. This scheme is closed to new entrants and closed to defined benefit accrual on 5 April 2018.

The scheme is subject to triennial valuation by independent actuaries, the last valuation of assets was carried out on 5 April 2022 using the projected unit method. The valuation will be updated at each financial period end for FRS 102 purposes.

FirstGroup Holdings Limited

Notes to the financial statements (continued)

Period ended 25 March 2023

18. Pension schemes (continued)

FirstGroup UK Bus scheme

The net defined benefit asset/liability and cost of the retained FirstGroup UK Bus scheme is accounted for by the Company. The scheme's assets are held and managed independently of the Company's finances by independent investment managers appointed by the trustees of the scheme. This scheme is closed to new entrants and closed to defined benefit accrual on 5 April 2018, so the disclosure has been based on the proportion of pensionable pay relating to the members of the entities sold in September 2022 as at 30 March 2018.

The actuarial valuations are obtained at least triennially. The last formal actuarial valuation was at 5 April 2022. The valuations are updated at each balance sheet date for FRS 102 purposes.

The key financial assumptions used in these updates were as follows:

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
Discount rate	4.67-4.69%	2.91-2.97%	4.67-4.69%	2.95%
Expected rate of salary increases	3.51%	4.01%	3.51%	4.01%
Inflation - CPI	2.51-2.56%	2.89-3.01%	2.51-2.56%	2.95%
Rate of increase of pensions in payment	2.53%	2.68%	2.53%	2.68%
Rate of increase of pensions in deferment	2.53%	2.68%	2.53%	2.68%
Retiring at the end of the reporting period:				
Current pensioners aged 65	19.4	19.9	19.4	19.9
Future pensioners at 65 aged 45 now	19.8	21.4	19.8	21.4

(a) Income statement

Amounts (charged)/credited to the income statement in respect of these defined benefit schemes are as follows:

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
	£m	£m	£m	£m
Current service cost	(0.2)	(0.2)	(0.4)	(0.5)
Interest income/(expense)	0.3	(0.1)	1.0	0.5
Net pension credit /(cost)	0.1	(0.3)	0.6	-

Net interest comprises:

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
	£m	£m	£m	£m
Interest cost (table (c))	(2.6)	(2.0)	(3.6)	(2.9)
Interest income on assets (table (d))	2.9	1.9	4.6	3.4
	0.3	(0.1)	1.0	0.5

During the period £0.6m (2022: £0.7m) of administrative expenses were incurred.

FirstGroup Holdings Limited

Notes to the financial statements (continued)

Period ended 25 March 2023

18. Pension schemes (continued)

(a) Income statement (continued)

Actuarial gains and losses have been reported in the statement of comprehensive income.

Reconciliation of the actual return on scheme assets:

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
	£m	£m	£m	£m
Interest income on assets	2.9	1.9	4.6	3.4
Actuarial (loss)/gain on assets	(28.4)	0.3	(53.8)	(3.3)
Actual return on scheme assets	<u>(25.5)</u>	<u>2.2</u>	<u>(49.2)</u>	<u>0.1</u>

(b) Statement of financial position

The amounts included in the statement of financial position arising from the company's obligation of its defined benefit pension scheme are as follows:

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
	£m	£m	£m	£m
Fair value of schemes' assets	69.5	98.7	106.8	161.8
Present value of defined benefit obligations	(69.0)	(90.9)	(95.8)	(124.0)
Surplus in the scheme	<u>0.5</u>	<u>7.8</u>	<u>11.0</u>	<u>37.8</u>

(c) Defined benefit obligations (DBO)

Movement in the present value of DBO were as follows:

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
	£m	£m	£m	£m
At beginning of period	90.9	-	124.0	141.2
Transfer from sponsored entities	-	98.8	-	-
Current service cost	0.2	0.2	0.4	0.5
Interest cost	2.6	2.0	3.6	2.9
Experience loss on DBO	4.0	1.9	13.1	9.1
Gain on change of assumptions (financial)	(25.0)	(8.3)	(39.1)	(24.3)
Benefit payments	(3.7)	(3.7)	(6.2)	(5.4)
At end of period	<u>69.0</u>	<u>90.9</u>	<u>95.8</u>	<u>124.0</u>

FirstGroup Holdings Limited

Notes to the financial statements (continued)

Period ended 25 March 2023

18. Pension schemes (continued)

(d) Fair value of schemes' assets

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

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
	£m	£m	£m	£m
At beginning of period	98.7	-	161.8	165.2
Transfer from sponsored entities	-	85.0	-	-
Interest income on assets	2.9	1.9	4.6	3.4
Company contributions	-	15.2	0.4	1.9
Actuarial (loss)/gain	(28.4)	0.3	(53.8)	(3.3)
Benefit paid from schemes	(3.7)	(3.7)	(6.2)	(5.4)
At end of period	<u>69.5</u>	<u>98.7</u>	<u>106.8</u>	<u>161.8</u>

(e) Asset allocation

The majority of the assets held by the pension arrangements are invested in pooled funds with a quoted market price.

The analysis of the scheme's assets at the period end date was as follows:

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
	£m	£m	£m	£m
Equities	10.2	18.4	19.2	27.5
Property	0.1	0.2	1.1	3.2
Fixed income / Liability driven investment	55.8	46.0	77.5	100.3
Other return seeking assets	2.5	32.2	0.1	16.2
Annuities	-	-	6.4	9.7
Cash	0.9	1.9	2.5	4.9
	<u>69.5</u>	<u>98.7</u>	<u>106.8</u>	<u>161.8</u>

(f) Statement of comprehensive income

Amounts presented in the statement of comprehensive income comprise:

	FG UK Bus		FG Flexible	
	2023	2022	2023	2022
	£m	£m	£m	£m
Transfer from sponsored entities	-	(13.8)	-	-
Actuarial gain on defined benefit obligations	21.0	6.4	26.0	15.2
Actuarial (loss)/gain on assets	(28.4)	0.3	(53.8)	(3.3)
Actuarial (loss)/gain on defined benefit schemes	<u>(7.4)</u>	<u>(7.1)</u>	<u>(27.8)</u>	<u>11.9</u>

19. Ultimate parent company

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

Copies of the financial statements of FirstGroup plc can be obtained on request from 395 King Street, Aberdeen, AB24 5RP, the registered office.

FirstGroup Holdings Limited

Notes to the financial statements (continued)

Period ended 25 March 2023

20. Related party transactions

The company is taking advantage of the exemption under FRS 102 (para 33.1A) "Disclosure of related party transactions" with other wholly owned group companies. The ultimate parent company, FirstGroup plc, has prepared consolidated financial statements which include the results of the company and are available to the public.

21. Share-based payments

Save as you earn (SAYE)

The company's ultimate parent company operates an HMRC approved savings-related share option scheme. Grants were made as set out below. The scheme is based on eligible employees being granted options and their agreement to opening a share save account with a nominated savings carrier and to save weekly or monthly over a specified period. Share save accounts are held with Computershare. The right to exercise the option is at the employee's discretion at the end of the period previously chosen for a period of six months. Details of the share options outstanding during the period are disclosed in the published financial statements for FirstGroup plc.

Buy as you earn (BAYE)

BAYE enables eligible employees to purchase shares from their gross income. The company provides two matching shares in FirstGroup plc for every three shares bought by employees, subject to a maximum company contribution or shares to a value of £20 per employee per month. If the shares are held in a trust for five years or more, no income tax or national insurance will be payable. The matching shares will be forfeited if the corresponding partnership shares are removed from trust within three years of award.

Deferred bonus shares (DBS)

DBS awards vest over a three-year period following the financial period that they relate to and are typically settled by equity.

Long-Term Incentive Plan (LTIP)

LTIP awards have total shareholder return (TSR), return on capital employed (ROCE) and EPS targets and vest over a three-year period following the financial period that they relate to and are settled by equity where an award exceeds a performance target.

Executive Share Plan (ESP)

ESP awards vest over a three-year period following the financial period that they relate to and are typically settled by equity.

The group has allocated the expense amongst its trading subsidiary undertakings based on the number of employees participating in the scheme. The company has recognised a total expense of £5.4 million (2022: £10.5 million) relating to equity-settled share-based payment transactions.

22. Post balance sheet events

There were no non-adjusting events since 25 March 2023.

No adjustments to the key estimates and judgements that impact the balance sheet as at 25 March 2023 have been identified.