

Company Registration No. 02094289

FG Properties Limited

Annual Report and Financial Statements

For the year ended 28 March 2020



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FG Properties Limited

Annual Report and financial statements

Contents	Page
Directors' report	1
Directors' responsibilities statement	4
Independent auditor's report	5
Income statement	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10

FG Properties Limited

Directors' report

The directors have pleasure in submitting the annual report and the audited financial statements for the year ended 28 March 2020. As FG Properties Limited is entitled to small companies exemption no strategic report has been prepared.

Principal activity and business review

The principal activity of the company is to develop properties which will then be used by UK trading entities of First Group. There have not been any significant changes in the Company's principal activity in the year under review and no significant change in the Company's principal activity is expected.

The Directors have considered the events and implications of Brexit up to the date of signing and do not consider there to be a material impact on the Company.

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 year to 28 March 2020 which does not form part of this report and is publicly available.

Results and dividends

The results for the year are given in the income statement on page 7 which shows a loss for the financial year of £186,000 (2019: profit of £135,000). Expenses recognised within the income statement represent staff and administrative costs less recharges to fellow group companies for services provided. During the year net liabilities increased by £186,000 to £38,421,000 (2019: £38,235,000).

The directors do not recommend payment of a dividend (2019: £nil).

Events after the reporting period

The impact of the coronavirus pandemic on the company's operations is discussed within the future developments section on page 2.

Details of events after the reporting period can be found in note 16 to the financial statements.

Directors

The directors who held office throughout the year and up to the date of this report are as follows:

D M Collie

S Parker

N K Chevis

M Gregory

Resigned 1 February 2021

Resigned 18 June 2019

Going concern

At 28 March 2020, the company had net liabilities of £38,421,000 with the principal liability relating to intercompany balances of £38,003,000. The company also had a bank overdraft of £2,201,000. As at September 2021 the company had net current liabilities of £38,892,000 and net liabilities of £38,225,000.

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 have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support. This has been taken into account in the going concern assessment for the company.

The directors of the company also noted from the Group's full year results for the 52 weeks ended 27 March 2021 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, and in particular whether any of the circumstances giving rise to the material uncertainties at the 2020 year-end still existed. Consistent with prior years, 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.

FG Properties Limited

Directors' report

Going concern (continued)

In the prior year results the Group disclosed that the risks and uncertainties facing the Group at that stage of the coronavirus pandemic indicated that material uncertainty existed that could cast doubt on the Group's ability to continue as a going concern. The material uncertainty related to:

- the uncertainty regarding the levels of fiscal financial and contractual support which may be provided beyond the period for which that funding and contractual support is currently being provided;
- whether passenger volumes recover to the levels necessary to sustain the business without the current fiscal financial and contractual support;
- the ability of the Group to obtain covenant waivers from debt providers if required;
- the ability of the Group to draw down on c.£550m of the currently available but uncommitted facilities throughout the going concern period; and
- the timing of cash flows, including movements in working capital and the timing of receipts of contractual and fiscal support that may impact debt levels at covenant test dates.

Compared with the position in 2020 the Group now has substantially greater clarity about the resilience of the Group, being the contractual arrangements in First Rail through the Emergency Measure Agreements (EMA), Emergency Recovery Measure Agreements (ERMA) and National Rail Contracts (NRC) and the fiscal arrangements in place in the UK and North America.

In addition, the sale of First Student and First Transit was completed in July 2021 for net disposal proceeds of \$3,123m and a headline enterprise value of \$4.6bn. Following the receipt of the proceeds of sale, the Group has completed the reorganisation of the Group's debt arrangements and settled the majority of its outstanding financial indebtedness.

Following this sale, on 31 August 2021, the Group announced it had signed a new multi-year £300m sustainability-linked Revolving Credit Facility ('RCF') with a group of its relationship banks. The new RCF replaced all the Group's former committed syndicated and bilateral banking facilities, which have been repaid and cancelled. The Group has also repaid the UK Government's Covid Corporate Financing Facility ('CCFF') commercial paper as well as all of its Private Placement debt, and on 17 September 2021 it redeemed its £325m 5.25% bonds due November 2022 completing the reorganisation of the Group's debt arrangements.

After making appropriate enquiries and considering the current economic climate, taking into consideration the group support and the funding received as noted in the events after the reporting period, 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.

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 risk to be the recoverability of its investments and intercompany debtors 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 assets are not sufficient to fund obligations as they fall due.

Key management mitigate these risks by monitoring of the company's financial position and that of its subsidiary investment throughout the year, coupled with consideration of relevant forecasts and budgets for anticipated future performance.

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 year to 28 March 2020 which does not form part of this report and is publicly available.

Future developments

The trading environment for the next 12 months is set to be challenging in light of the ongoing coronavirus pandemic. The actions taken by governments and society in response to the pandemic have had a significant impact on all of the industry as a whole, and will continue to do so for some time to come.

FG Properties Limited

Directors' report

Future developments (continued)

Based on current measures, and the cost reductions made in response to lower demand, the directors are hopeful of a resilient financial performance while these arrangements remain in place. However, there remains a continued level of uncertainty regarding the outcome for any future periods where the coronavirus pandemic is still ongoing.

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 year and up to and including the date of the Directors' report for the benefit of the Directors of the Company.

Auditor

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

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

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

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually. The Company has appointed PricewaterhouseCoopers LLP as the Company's auditor for the year ending 27 March 2021 following a formal tender process.

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



Duncan Collie
Director

8 November 2021

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

FG Properties Limited

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of FG Properties Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of FG Properties Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 28 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise the:

- Income Statement,
- the Statement of Financial Position,
- the Statement of Changes in Equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Independent Auditor's Report (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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.

Edward Salter

Edward Salter FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP Statutory Auditor
London, United Kingdom

FG Properties Limited

Income statement

For the year ended 28 March 2020

	Note	2020 £'000	2019 £'000
Operating expenses	2	(1,766)	(1,245)
Other operating income	2	1,561	1,433
Operating (loss)/profit		<u>(205)</u>	<u>188</u>
(Loss)/profit before taxation		(205)	188
Tax on (loss)/profit	5	19	(53)
(Loss)/profit for the financial year		<u>(186)</u>	<u>135</u>

All activities relate to continuing operations.


There are no recognised gains or losses other than those reflected in the income statement account for the current or preceding year. Accordingly, no separate statement of comprehensive income has been presented.

FG Properties Limited

Statement of financial position As at 28 March 2020

	Note	2020 £'000	2019 £'000
Fixed Assets			
Investments	6	-	-
Tangible assets	7	536	429
		<u>536</u>	<u>429</u>
Current Assets			
Debtors: amounts falling due within one year	8	3,310	2,431
		<u>3,310</u>	<u>2,431</u>
Creditors: amounts falling due within one year	9	(42,267)	(41,095)
Net current liabilities		<u>(38,957)</u>	<u>(38,664)</u>
Net liabilities		<u>(38,421)</u>	<u>(38,235)</u>
Capital and reserves			
Called up share capital	10	10	10
Profit and loss account	10	(38,431)	(38,245)
Shareholder's deficit		<u>(38,421)</u>	<u>(38,235)</u>

The financial statements of FG Properties Limited (Company Registration Number: 02094289) were approved by the Board of Directors and authorised for issue and were signed on its behalf by:



Duncan Collie

Director

8 November 2021

FG Properties Limited**Statement of changes in equity
For the year ended 28 March 2020**

	Share Capital £'000	Profit and loss account £'000	Total £'000
At 31 March 2018	10	(38,380)	(38,370)
Profit for the financial year	-	135	135
At 30 March 2019	10	(38,245)	(38,235)
Loss for the financial year	-	(186)	(186)
At 28 March 2020	10	(38,431)	(38,421)

FG Properties Limited

Notes to the financial statements

Year ended 28 March 2020

1. Accounting policies

The accounting policies have been applied consistently throughout the current and preceding year, with the exception of investment properties which are stated at fair value in the current year as detailed below.

General information and basis of accounting

FG Properties 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. FG Properties 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 page 1.

The financial statements for the year ended 28 March 2020 include the results and financial position for the Company for the 52 weeks ended 28 March 2020 and the financial statements for the year ended 30 March 2019 include the results and financial position of the Company for the 52 weeks ended 30 March 2019.

The functional currency of FG Properties 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 under the historical cost convention, with the exception of freehold investment properties within tangible fixed assets which are stated at fair value, and on a going concern basis as described in the going concern statement in the Directors' Report on page 1 and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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.

FG Properties Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and intra-group transactions.

Going concern

At 28 March 2020, the company had net liabilities of £38,421,000 with the principal liability relating to intercompany balances of £38,003,000. The company also had a bank overdraft of £2,201,000. As at September 2021 the company had net current liabilities of £38,892,000 and net liabilities of £38,225,000.

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 have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support.

This has been taken into account in the going concern assessment for the company.

The directors of the company also noted from the Group's full year results for the 52 weeks ended 27 March 2021 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, and in particular whether any of the circumstances giving rise to the material uncertainties at the 2020 year-end still existed. Consistent with prior years, 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.

In the prior year results the Group disclosed that the risks and uncertainties facing the Group at that stage of the coronavirus pandemic indicated that material uncertainty existed that could cast doubt on the Group's ability to continue as a going concern. The material uncertainty related to:

FG Properties Limited

Notes to the financial statements

Year ended 28 March 2020

1. Accounting policies (continued)

- the uncertainty regarding the levels of fiscal financial and contractual support which may be provided beyond the period for which that funding and contractual support is currently being provided;
- whether passenger volumes recover to the levels necessary to sustain the business without the current fiscal financial and contractual support;
- the ability of the Group to obtain covenant waivers from debt providers if required;
- the ability of the Group to draw down on c.£550m of the currently available but uncommitted facilities throughout the going concern period; and
- the timing of cash flows, including movements in working capital and the timing of receipts of contractual and fiscal support that may impact debt levels at covenant test dates.

Compared with the position in 2020 the Group now has substantially greater clarity about the resilience of the Group, being the contractual arrangements in First Rail through the Emergency Measure Agreements (EMA), Emergency Recovery Measure Agreements (ERMA) and National Rail Contracts (NRC) and the fiscal arrangements in place in the UK and North America.

In addition, the sale of First Student and First Transit was completed in July 2021 for net disposal proceeds of \$3,123m and a headline enterprise value of \$4.6bn. Following the receipt of the proceeds of sale, the Group has completed the reorganisation of the Group's debt arrangements and settled the majority of its outstanding financial indebtedness.

Following this sale, on 31 August 2021, the Group announced it had signed a new multi-year £300m sustainability-linked Revolving Credit Facility ('RCF') with a group of its relationship banks. The new RCF replaced all the Group's former committed syndicated and bilateral banking facilities, which have been repaid and cancelled. The Group has also repaid the UK Government's Covid Corporate Financing Facility ('CCFF') commercial paper as well as all of its Private Placement debt, and on 17 September 2021 it redeemed its £325m 5.25% bonds due November 2022 completing the reorganisation of the Group's debt arrangements.

After making appropriate enquiries and considering the current economic climate, taking into consideration the group support and the funding received as noted in the events after the reporting period, 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. Based on these enquiries and consideration, they will continue to adopt the going concern basis in preparing these financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the accounting policies which are described above, the directors consider that there are no critical accounting judgements or key sources of estimation uncertainty.

Tangible fixed assets and depreciation

Plant and equipment assets are stated at cost, net of depreciation and any provision for impairment.

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

Plant and equipment	– 3 to 8 years straight-line
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Assets under construction are carried at cost. Depreciation commences when the assets are ready for their intended use.

Investment Properties

Investment property are measured at fair value each year, with any change recognised in the profit and loss account. This policy was adopted in the year ended 30 March 2019.

FG Properties Limited

Notes to the financial statements (continued)

Year ended 28 March 2020

1. Accounting policies (continued)

Impairment of Assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

An asset impairment where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

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

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

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

Defined benefit scheme

The company participates in the FirstGroup Pension flexible benefit scheme for which FirstGroup Holdings Limited, a fellow group company, is legally responsible. This is a defined benefit scheme which closed to further accrual on 5 April 2018.

Whilst the company and FirstGroup Holdings Limited are under common control being subsidiaries of FirstGroup plc, FirstGroup Holdings Limited has recognised the net retirement benefit obligation in its individual financial statements which do not form part of this report. In accordance with FRS 102.28.38, the company has recognised a cost equal to its contribution payable for the period.

Defined contribution scheme

Payments made to defined contribution retirement benefit schemes are charged and expensed as they fall due. There is no legal or constructive obligation to pay additional contributions into a defined contribution scheme if the fund has sufficient assets to pay all employees' benefits relating to service in current and prior periods.

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.

Fixed asset investments

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

Financial instruments

Financial assets and liabilities are recognised 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.

Finance costs

Finance costs of financial liabilities are recognised in the income statement over the term of such instruments at a constant rate on the carrying amount.

FG Properties Limited
Notes to the financial statements (continued)
Year ended 28 March 2020

2. Operating expenses

	2020	2019
	£'000	£'000
Staff costs (note 3)	1,219	947
Other expenses	541	188
Revaluation of tangible fixed assets	-	48
Depreciation (note 7)	5	37
Rentals payable under operating leases	1	25
	<u>1,766</u>	<u>1,245</u>

Other operating income of £1,561,000 (2019: £1,433,000) represent management recharges to other Group subsidiary undertakings in respect of costs incurred from acting as a property management and administration company for the group.

Fees for the audit of the financial statements for the year of £7,500 (2019: £7,500) have been borne by other group companies. There have been no non-audit fees in the current and prior year

3. Employee numbers and costs

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

	2020	2019
	No.	No.
Administration	<u>13</u>	<u>9</u>

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£'000	£'000
Wages and salaries	1,042	804
Social security costs	113	87
Other pension costs (note 13)	64	56
	<u>1,219</u>	<u>947</u>

FG Properties Limited
Notes to the financial statements (continued)
Year ended 28 March 2020

4. Directors' remuneration

All directors received remuneration from other First Group Companies except for Mr S Parker who received remuneration from FG Properties Limited in relation to qualifying services for the current year. Details of retirement benefits accruing to the directors under the group defined benefit schemes are detailed in the financial statements of FirstGroup plc. The remuneration of the directors remunerated by the company during the year was as follows:

	2020	2019
	£'000	£'000
Aggregate emoluments (excluding pension contributions)	456	445
	2020	2019
	Number	Number
The number of directors who:		
Are members of a defined benefit pension scheme	-	-

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 and payments made under long-term incentive schemes.

5. Taxation

	2020	2019
	£'000	£'000
- Group relief surrendered	(40)	50
- Adjustment in respect of prior years	23	14
Total current taxation	(17)	64
Deferred taxation		
Origination and reversal of timing differences	1	(6)
Impact on deferred tax of rate change	(1)	-
Adjustment in respect of prior year	(2)	(5)
Total deferred taxation	(2)	(11)
Total tax charge/(credit) on profit/(loss)	(19)	53

The UK Government enacted legislation to maintain the main rate of UK corporation tax at 19% from 1 April 2020 and deferred tax is now calculated at 19%. Under the enacted legislation at 30 March 2019 the rate was set to reduce to 17% from 1 April 2020 resulting in deferred tax being calculated at 17% in the prior year. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. 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:

	2020	2019
	£'000	£'000
Profit/(loss) before tax	(205)	188
Profit/(loss) multiplied by UK standard rate of Corporation Tax of 19% (2019: 19%)	(39)	35
Factors affecting charge/(credit)		
- Expenses not adjustable for tax	-	8
- Impact on deferred tax of rate change	(1)	-
- Effect of decrease in tax rate on origination and reversal of timing differences	-	1
- Prior year adjustments	21	9
Total tax charge/(credit) on profit/(loss)	(19)	53

FG Properties Limited
Notes to the financial statements (continued)
Year ended 28 March 2020

6. Fixed asset investments

The subsidiary undertakings at the end of the year are:

Subsidiary name	Holding	%	Principal Activity	Country of incorporation
FirstGroup Construction Limited	Ordinary	100	Dormant	England and Wales

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

All shares held in subsidiary undertaking are ordinary shares.

7. Tangible fixed assets

	Assets under construction £'000	Investment Property £'000	Plant and equipment £'000	Total £'000
Cost or valuation				
At 31 March 2019	51	375	90	516
Additions	110	-	-	110
Revaluation	-	-	2	2
At 28 March 2020	161	375	92	628
Accumulated depreciation				
At 31 March 2019	-	-	87	87
Depreciation	-	-	5	5
At 28 March 2020	-	-	92	92
Net book value				
At 28 March 2020	161	375	0	536
At 30 March 2019	51	375	3	429

Assets under construction, as at the 28 March 2020, include various minor capital projects undertaken on behalf of fellow FirstGroup companies. When a capital project has been completed it is then transferred to the relevant FirstGroup company, as represented by the transfers under the assets under construction column above.

Investment properties, which are all freehold, were revalued to fair value at 28 March 2020, based on a valuation undertaken by The Property Bureau, an independent estate agent valuer with extensive, recent experience in the location and class of the investment property being valued. The method of determining fair value based on the current property market and similar properties were considered in preparing the valuation. There are no restrictions on the realisability of investment property.

	2020 £'000	2019 £'000
The net book value of investment properties comprises:		
Freehold	375	375

FG Properties Limited
Notes to the financial statements (continued)
Year ended 28 March 2020

8. Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	36	15
Other debtors	375	509
Amounts owed by group undertakings	2,661	1,898
Group relief	55	-
Deferred tax asset	11	9
Prepayments and accrued income	2	-
VAT	170	-
	<u>3,310</u>	<u>2,431</u>

The deferred tax asset has been recognised because it is anticipated that the tax deductions generated by the reversal of the timing differences will be offset against future taxable profits of the company/group undertakings by way of group relief.

Intercompany balances are interest free and repayable on demand.

9. Creditors

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade creditors	1,225	598
Bank overdraft	2,201	1,621
Group relief	-	100
Amounts owed to group undertakings	38,003	37,977
VAT	-	26
Other creditors	818	725
Accruals and deferred income	20	48
	<u>42,267</u>	<u>41,095</u>

Intercompany balances are interest free and repayable on demand.

10. Called up share capital and reserves

	2020	2019
	£'000	£'000
Allotted, called up and fully paid:		
8,000 ordinary "A" shares of £1 each	8	8
2,000 ordinary "B" shares of £1 each	2	2
	<u>10</u>	<u>10</u>

There are no differences between the classes of shares, neither carry the 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.

11. Commitments

The company has capital commitments of £nil as at 28 March 2020 (2019: £nil).

FG Properties Limited
Notes to the financial statements (continued)
Year ended 28 March 2020

12. 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 Ltd.

13. Pension scheme

FirstGroup Flexible benefit scheme

The company is a member of the FirstGroup flexible benefit scheme. This is a defined benefit scheme, the assets and liabilities of which are administered in funds independent from those of the company. During the year this scheme closed to defined benefit accrual on 5 April 2018.

The surplus on the scheme of £32.8m (2019: surplus £26.6m) will affect the company through periodic adjustments to the company's contribution rate as determined by the actuary.

The total pension cost in relation to the scheme during the year was £nil (2019: £nil), all of which related to defined benefit schemes. There were no amounts owing or prepaid as at 28 March 2020 (2019: £nil).

14. Ultimate parent company

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

FirstGroup Holdings Limited is the company's immediate parent.

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

15. 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.

FG Properties Limited
Notes to the financial statements (continued)
Year ended 28 March 2020

16. Events after the reporting period

The impact of the coronavirus pandemic on the company's operations is discussed in the Directors Report.

Subsequent to the balance sheet date, the company has monitored the business performance, internal actions, as well as other relevant external factors (such as changes in any of the government restrictions and policy guidance). No adjustments to the key estimates and judgements that impact the balance sheet as at 28 March 2020 have been identified.

The following non-adjusting events have occurred since 28 March 2020:

- In the 52 weeks ending 27 March 2021, subsidiary companies were able to claim funding recognised as revenue under the COVID-19 Bus Service Support Grant (CBSSG) scheme in England, and the COVID-19 Support Grant – Restart (CSG-R) in Scotland, and other income via the Coronavirus Job Retention Scheme (CJRS). This enabled the companies to run services at pre-pandemic levels, without incurring any profit or loss. The Bus Recovery Grant (BRG) replaced the CBSSG scheme in September 2021. With the exception of CJRS which ended in August 2021, all funding is expected to remain in place until at least March 2022. No adjustments to the key estimates and judgements that impact the balance sheet as at 28 March 2020 have been identified.
- On 21 July 2021 the Group completed the sale of First Student and First Transit divisions to EQT Infrastructure for net disposal proceeds of \$3,123m and a headline enterprise value of \$4.6bn. Following the receipt of the proceeds of sale, the Group has completed the reorganisation of the Group's debt arrangements and settled the majority of its outstanding financial indebtedness. This is covered in more detail under going concern in the Directors Report section. No adjustment to the key estimates and judgements that impact the balance sheet as at 28 March 2020 have been identified.
- On 31 August 2021, the Group announced it had signed a new multi-year £300m sustainability-linked Revolving Credit Facility ('RCF') with a group of its relationship banks. The new RCF replaced all the Group's former committed syndicated and bilateral banking facilities, which have been repaid and cancelled. The Group has also repaid the UK Government's Covid Corporate Financing Facility ('CCFF'). No adjustments to the key estimates and judgements that impact the balance sheet as at 28 March 2020 have been identified.
- On 21 October 2021, the Group announced the completion of the sale of Greyhound Lines, Inc. to a wholly-owned subsidiary of FlixBus GmbH for a cash consideration of \$172m. No adjustments to the key estimates and judgements that impact the balance sheet as at 28 March 2020 have been identified.