

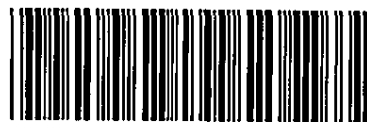
Company Registration No. 2205797

FirstBus Investments Limited

Report and Financial Statements

31 March 2009

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FirstBus Investments Limited

Report and financial statements 2009

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FirstBus Investments Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Principal activities and future prospects

The principal activity of the company is to act as a holding company. The company owns an investment in intermediate holding companies, FirstGroup Acquisitions Inc. and FirstGroup America Inc. via its 75% interest in FirstGroup Investment Partnership. The company's share in the assets, liabilities, income and expenditure of the Partnership is included in these accounts.

There will be no changes in the activity of the company for the foreseeable future.

Financial matters

The results for the year are given in the profit and loss account on page 6. The directors do not recommend payment of a dividend (2008 – £nil). The retained loss for the year was £3,449,000 (2008 – loss £7,551,000).

The company has taken advantage of the exemption from the enhanced business review on the grounds that it is a small company under section 246(4) of the Companies Act 1985.

Directors

The directors who held office throughout the year are as follows:

D K Finch (resigned 1st May 2009)
J Carr (appointed 29 September 2009)
Sir M Lockhead
B L Ruppel
N K Chevis

Audit information

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

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

This confirmation is given and should be interpreted in accordance with provision S234ZA of the Companies Act 1985.

FirstBus Investments Limited

Directors' Report (continued)

Financial Risk Management

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 most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the directors consider the only financial risk to be that the entity is not able to pay its intercompany liabilities as they fall due.

Key management mitigate these risks by monitoring of the company's financial position throughout the year.

The company does not manage its financial risk by the use of financial derivative instruments.

Going Concern

After making appropriate enquiries, the Directors have considered the Going Concern assumption given the current economic climate and 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. The Directors have considered the company forecasts and the financial commitment from the parent company in forming this judgement.


The parent company has provided the Directors of the company with a letter confirming that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The Directors have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support. Based on these enquiries and considerations, they continue to adopt the Going Concern basis in preparing the financial statements.

Auditors

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually. Deloitte LLP have indicated their willingness to continue as auditors of the company and are therefore deemed to be reappointed for a further term.

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

By order of the Board



J Carr
Director

14 January 2010

Ground Floor
50 Eastbourne Terrace
London, W2 6LG

FirstBus Investments Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare such 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). The financial statements are required by law to 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 and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, and
- (d) 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 proper accounting records which 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 1985. 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 auditors' report to the members of FirstBus Investments Limited

We have audited the financial statements of FirstBus Investments Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of FirstBus Investments Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

15 January 2010

FirstBus Investments Limited

Profit and loss account Year ended 31 March 2009

| | Notes | 2009 £'000 | 2008 £'000 |
|--|-------|----------------|----------------|
| Operating result | 2 | - | - |
| Interest payable and similar charges | 4 | (4,651) | (9,669) |
| Loss on ordinary activities before taxation | | (4,651) | (9,669) |
| Tax credit on loss on ordinary activities | 5 | 1,202 | 2,118 |
| Retained loss on ordinary activities after taxation for the financial year, transferred to reserves | 10 | (3,449) | (7,551) |

All activities in the current and preceding year are a result of continuing operations.

FirstBus Investments Limited

Statement of total recognised gains and losses Year ended 31 March 2009

| | 2009 | 2008 |
|--|---------------|-----------------|
| | £'000 | £'000 |
| Loss for the financial year | (3,449) | (7,551) |
| Foreign exchange translation differences | 79,298 | (4,133) |
| Total recognised gains and losses for the year | <u>75,849</u> | <u>(11,684)</u> |

Reconciliation of movements in shareholders' funds Year ended 31 March 2009

| | 2009 | 2008 |
|--|----------------|-----------------|
| | £'000 | £'000 |
| Loss for the financial year | (3,449) | (7,551) |
| Foreign exchange translation differences | 79,298 | (4,133) |
| Net reduction in shareholders' funds | <u>75,849</u> | <u>(11,684)</u> |
| Opening shareholders' funds | 249,622 | 261,306 |
| Closing shareholders' funds | <u>325,471</u> | <u>249,622</u> |

FirstBus Investments Limited

Balance sheet 31 March 2009

| | Notes | 2009 £'000 | 2008 £'000 |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 6 | 565,506 | 364,704 |
| Current assets | | | |
| Debtors | 7 | 28,132 | 40,032 |
| Creditors: amounts falling due within one year | 8 | (268,167) | (155,114) |
| Net current liabilities | | (240,035) | (115,082) |
| Net assets | | 325,471 | 249,622 |
| Capital and reserves | | | |
| Called up share capital | 9 | 25,150 | 25,150 |
| Share premium account | 10 | 356,850 | 356,850 |
| Profit and loss account | 10 | (56,529) | (132,378) |
| Equity shareholders' funds | | 325,471 | 249,622 |

These financial statements were approved by the Board of Directors on 14 January 2010.

Signed on behalf of the Board of Directors

J Carr
Director



FirstBus Investments Limited

Notes to the financial statements **Year ended 31 March 2009**

1. Principal accounting policies

The following accounting policies have been applied consistently throughout the current and preceding year in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The going concern basis has been applied as described in the going concern statement in the Directors' Report.

Cash flow statement

As allowed under FRS 1 issued by the Accounting Standards Board, this statement has not been prepared as the company is a wholly owned subsidiary undertaking of a company which publishes consolidated financial statements including a consolidated cash flow statement.

Investments

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

Where an entity is considered a "Joint Arrangement that is Not an Entity" (JANE), the balance sheet and the profit and loss account includes the company's proportionate interest in the assets, liabilities and expenditure of the JANE in accordance with FRS 9.

Group accounts are not presented as the company is a wholly owned subsidiary undertaking of FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. In accordance with section 228(1) of the Companies Act 1985, no consolidated accounts have been prepared. Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Exchange differences arising from the translation at the closing rate of investments in subsidiaries and associated undertakings are taken to reserves as are exchange differences arising on foreign currency borrowings which finance these investments.

Taxation

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

The credit for taxation is based on the loss 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 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. Deferred tax assets and liabilities are not discounted.

2. Operating result

There were no employees during the current or prior year.

The fee for the audit of the financial statements for the year borne by the parent company, FirstGroup plc was £2,000, (2008: £2,000).

FirstBus Investments Limited

Notes to the financial statements Year ended 31 March 2009

3. Directors' remuneration

D K Finch (resigned 1 May 2009) and Sir M Lockhead are directors of FirstGroup plc, the ultimate parent company, and their emoluments and pension details are disclosed in the financial statements of that company.

N K Chevis and B L Ruppel received remuneration from FirstGroup Holdings Limited in the current and prior years.

It is not considered practicable to allocate the remuneration between services provided to that company, and services provided in their capacity as directors to FirstBus Investments Limited.

4. Interest payable and similar charges

| | 2009 £'000 | 2008 £'000 |
|---|---------------|---------------|
| Amounts payable to other group undertakings | 4,651 | 9,669 |

5. Tax credit on loss on ordinary activities

| | 2009 £'000 | 2008 £'000 |
|---|---------------|---------------|
| Current taxation | | |
| Group relief receivable | (1,202) | (2,118) |
| Total tax credit on loss on ordinary activities | (1,202) | (2,118) |

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 28% (2008: 30%). The actual current tax credit for the current and previous year differed from the standard rate for the reasons set out in the following reconciliation:

| | 2009 % | 2008 % |
|--|-----------|-----------|
| Standard rate of taxation | 28.0 | 30.0 |
| Factors affecting charge: | | |
| Expenses not deductible for tax purposes | (2.2) | (8.1) |
| Current taxation rate for the year | 25.8 | 21.9 |

FirstBus Investments Limited

Notes to the financial statements Year ended 31 March 2009

6. Fixed assets investments

| | Subsidiary undertakings unlisted shares £'000 |
|---|--|
| Cost | |
| At 1 April 2008 | 364,704 |
| Foreign exchange movement | 141,824 |
| Increase in Investment in FirstGroup Canada | 58,978 |
| | <hr/> |
| At 31 March 2009 | <u>565,506</u> |

The subsidiary undertakings at the end of the year were as follows:

FirstGroup Acquisitions, Inc – Dormant
FirstGroup America, Inc - Holding Company
FirstBus Canada Limited – North America school bus operator

Both FirstGroup Acquisitions, Inc and FirstGroup America, Inc are incorporated in the United States of America and are wholly owned subsidiaries of the FirstGroup Investment Partnership (investment holding company). The company has a 75% interest in FirstGroup Investment Partnership and the above investment in subsidiary undertakings reflects its share in the assets held in the Partnership. The remaining 25% interest in FirstGroup Investment Partnership is held by a fellow group subsidiary.

FirstBus Canada Limited is incorporated in Canada. It is a wholly owned subsidiary of the company.

All shares held in subsidiary undertakings are ordinary shares.

7. Debtors

| | 2009 £'000 | 2008 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | <u>28,132</u> | <u>40,032</u> |

8. Creditors: amounts falling due within one year

| | 2009 £'000 | 2008 £'000 |
|------------------------------------|----------------|----------------|
| Bank overdraft | 12 | 12 |
| Amounts owed to group undertakings | <u>268,155</u> | <u>155,102</u> |
| | <u>268,167</u> | <u>155,114</u> |

Where applicable interest on "Amounts owed to group undertakings" is charged at LIBOR plus 1% - 3% from group companies.

FirstBus Investments Limited

Notes to the financial statements Year ended 31 March 2009

9. Called up share capital

| | 2009 £'000 | 2008 £'000 |
|--|---------------|---------------|
| Authorised: | | |
| 25,150,000 ordinary shares of £1 each | 25,150 | 25,150 |
| Allotted, called up, and fully paid | | |
| 25,150,000 ordinary shares of £1 each | 25,150 | 25,150 |

10. Reserves

| | Share premium account £000 | Profit and loss account £000 |
|--|-------------------------------------|---------------------------------------|
| At 1 April 2008 | 356,850 | (132,378) |
| Retained loss for the year | - | (3,449) |
| Foreign exchange translation differences | - | 79,298 |
| At 31 March 2009 | 356,850 | (56,529) |

11. Commitments

The company had no capital or any other commitments at 31 March 2009 or at 31 March 2008.

12. Contingent liabilities

The company has guaranteed the bank overdrafts of certain fellow subsidiary undertakings. The amount outstanding at the end of the year under the guarantees is £nil (2008 – £nil).

13. Related party transactions

The company is taking advantage of the exemption under FRS 8 not to disclose transactions with group companies that are related parties.

14. 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 accounts of FirstGroup plc can be obtained on request from Ground Floor, 50 Eastbourne Terrace, London, W2 6LG.