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**ARRIVA YORKSHIRE NORTH LIMITED**

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**Annual report and financial statements**  
**for the year ended 31 December 2010**



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**ARRIVA YORKSHIRE NORTH LIMITED**

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**Company Information**

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|                             |   |
|-----------------------------|---|
| <b>Directors</b>            | R A Bowler<br>D Cocker<br>N P Featham   |
| <b>Company secretary</b>    | E A Thorpe  |
| <b>Company number</b>       | 2225132   |
| <b>Registered office</b>    | Admiral Way<br>Doxford International Business Park<br>Sunderland<br>Tyne and Wear<br>SR3 3XP                                      |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>89 Sandyford Road<br>Newcastle upon Tyne<br>NE1 8HW |

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**ARRIVA YORKSHIRE NORTH LIMITED**

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## **ARRIVA YORKSHIRE NORTH LIMITED**

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### **Directors' report for the year ended 31 December 2010**

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The directors present their annual report and the financial statements for the year ended 31 December 2010

#### **Principal activities**

The principal activity of the company during the year was the operation of bus and coach services

On 27 August 2010, the company's ultimate parent company changed from Arriva Plc to Deutsche Bahn AG

#### **Business review**

The directors consider the state of the company's affairs to be satisfactory and there have been no material changes since the balance sheet date

The directors remain confident that the company will continue to trade in line with expectations in the future

#### **Results and dividends**

The loss for the financial year, after taxation, amounted to £183,000 (2009 - profit £19,000)

The company did not pay a dividend during the year (2009 £nil)

#### **Directors**

The directors who served during the year, and up to the date of signing the financial statements, were

P Adcock (resigned 1 February 2010)  
R A Bowler  
D Cocker  
P Cummins (resigned 1 October 2010)  
N P Featham

#### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to local and national competition and factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of the intermediate parent company, Arriva plc, which does not form part of this report.

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies are shown in the annual report of the UK intermediate parent company, Arriva Plc, which does not form part of this report.

#### **Key performance indicators**

The directors of Deutsche Bahn AG manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Arriva Yorkshire North Limited. The development performance and position of the group, including this company, is discussed in the group's annual report which does not form part of this report.

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**ARRIVA YORKSHIRE NORTH LIMITED**

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**Directors' report  
for the year ended 31 December 2010**

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**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- 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.

**Provision of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 9 September 2011 and signed on its behalf



**E A Thorpe**  
Secretary

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## ARRIVA YORKSHIRE NORTH LIMITED

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### Independent auditors' report to the members of Arriva Yorkshire North Limited

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We have audited the financial statements of Arriva Yorkshire North Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes. 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).

#### Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members 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.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

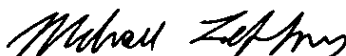
#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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



Michael Jeffrey (Senior statutory auditor)

for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

89 Sandyford Road  
Newcastle upon Tyne  
NE1 8HW

23 September 2011

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**ARRIVA YORKSHIRE NORTH LIMITED**

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**Profit and loss account  
for the year ended 31 December 2010**

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|   | Note | 2010<br>£000        | 2009<br>£000     |
|---|------|---------------------|------------------|
| <b>TURNOVER</b>   | 1,2  | <b>4,669</b>        | <b>4,946</b>     |
| Cost of sales   |      | <u>(4,105)</u>      | <u>(4,309)</u>   |
| <b>GROSS PROFIT</b>   |      | <b>564</b>          | <b>637</b>       |
| Administrative expenses   |      | (793)               | (578)            |
| Other operating income  |      | <u>6</u>            | <u>-</u>         |
| <b>OPERATING (LOSS)/PROFIT</b>                                  | 3    | <b>(223)</b>        | <b>59</b>        |
| Interest receivable and similar income                          | 5    | -                   | 1                |
| Interest payable and similar charges                            | 6    | <u>(27)</u>         | <u>(16)</u>      |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE<br/>TAXATION</b> |      | <b>(250)</b>        | <b>44</b>        |
| Tax on (loss)/profit on ordinary activities                     | 7    | <u>67</u>           | <u>(25)</u>      |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                     | 15   | <b><u>(183)</u></b> | <b><u>19</u></b> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account therefore, no statement of total recognised gains and losses has been presented

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above, and their historical cost equivalents

The notes on pages 6 to 14 form part of these financial statements

**ARRIVA YORKSHIRE NORTH LIMITED**  
Registered number: 2225132

**Balance sheet**  
**as at 31 December 2010**

|   | Note | £000            | 2010<br>£000 | 2009<br>£000    |
|---|------|-----------------|--------------|-----------------|
| <b>FIXED ASSETS</b>                                   |      |                 |              |                 |
| Intangible assets                                     | 8    |                 | 107          | 122             |
| Tangible assets                                       | 9    |                 | 124          | 193             |
|   |      |                 | <u>231</u>   | <u>315</u>      |
| <b>CURRENT ASSETS</b>                                 |      |                 |              |                 |
| Stocks  | 10   | 45              |              | 43              |
| Debtors   | 11   | 36,699          |              | 36,739          |
|   |      | <u>36,744</u>   |              | <u>36,782</u>   |
| <b>CREDITORS: amounts falling due within one year</b> | 12   | <u>(36,411)</u> |              | <u>(36,498)</u> |
| <b>NET CURRENT ASSETS</b>                             |      |                 | <u>333</u>   | <u>284</u>      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |                 | <u>564</u>   | <u>599</u>      |
| <b>PROVISIONS FOR LIABILITIES</b>                     |      |                 |              |                 |
| Deferred tax  | 13   |                 | <u>(253)</u> | <u>(105)</u>    |
| <b>NET ASSETS</b>                                     |      |                 | <u>311</u>   | <u>494</u>      |
| <b>CAPITAL AND RESERVES</b>                           |      |                 |              |                 |
| Called up share capital                               | 14   |                 | 1            | 1               |
| Profit and loss account                               | 15   |                 | 310          | 493             |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                      | 16   |                 | <u>311</u>   | <u>494</u>      |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 September 2011.



**R A Bowler**  
Director

The notes on pages 6 to 14 form part of these financial statements



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## ARRIVA YORKSHIRE NORTH LIMITED

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### Notes to the financial statements for the year ended 31 December 2010

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 applicable to companies reporting under UK GAAP, and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1 (Revised 1996) 'Cash Flow Statements'.

##### 1.3 Turnover

Turnover consists of the gross revenue for road passenger transport together with the aggregate amounts receivable for other goods and services supplied in the ordinary course of the business, excluding value added tax. Income is accrued where it is earned in an earlier period to that in which it is billed or received in cash. Income is deferred where it is received in an earlier period than that to which it relates.

##### 1.4 Intangible fixed assets and amortisation

Intangible assets relate to licences for the use of the Arriva brand name and they are being amortised through the profit and loss account over a period of 15 years.

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                         |   |   |
|-------------------------|---|---|
| Plant and machinery     | - | 10% to 48% straight line                  |
| Public service vehicles | - | straight line over periods up to 15 years |

##### 1.6 Leasing and hire purchase

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding. Assets under finance leases are depreciated over their estimated useful life or the term of the lease, whichever is the shorter.

Where assets are leased out under a finance lease arrangement any amounts due from the lessee are recorded in the balance sheet as a debtor at the amount of the net investment in the lease. Finance lease income under the finance lease is allocated to accounting periods so as to give a constant periodic rate of return on the net cash investment in the lease each period.

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## ARRIVA YORKSHIRE NORTH LIMITED

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### Notes to the financial statements for the year ended 31 December 2010

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

##### 1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

##### 1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### 1.10 Pensions

Arriva plc operates retirement benefit schemes, both defined benefit and defined contribution schemes, which cover employees of the company. The assets of the defined benefit scheme are held separately from those of the company in independently administered funds. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions payable by the company are charged to the profit and loss account in the period in which they fall due. Contributions payable under the defined contribution scheme are charged to the profit and loss account as they arise.

#### 2. TURNOVER

The whole of the turnover is attributable to the company's principal activity

All turnover arose within the United Kingdom

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**ARRIVA YORKSHIRE NORTH LIMITED**

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**Notes to the financial statements  
for the year ended 31 December 2010**

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**3. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging

|                                  | 2010<br>£000      | 2009<br>£000      |
|----------------------------------|-------------------|-------------------|
| Amortisation - intangible assets | 15                | 13                |
| Depreciation of tangible assets  |                   |                   |
| - owned by the company           | 33                | 32                |
| - held under finance leases      | 28                | 52                |
| Auditors' remuneration           | 3                 | 3                 |
| Operating lease rentals          |                   |                   |
| - plant and machinery            | 473               | 358               |
| - land and buildings             | 11                | 11                |
|                                  | <u>          </u> | <u>          </u> |

During the year, no director received any emoluments for their services to the company (2009 - £NIL)

During the year the company made a profit on disposal of fixed assets of £6,000 (2009 loss £1,000)

**4. STAFF COSTS**

Staff costs were as follows

|                       | 2010<br>£000      | 2009<br>£000      |
|-----------------------|-------------------|-------------------|
| Wages and salaries    | 2,079             | 2,229             |
| Social security costs | 157               | 165               |
| Other pension costs   | 114               | 129               |
|                       | <u>          </u> | <u>          </u> |
|                       | <u>2,350</u>      | <u>2,523</u>      |

The average monthly number of employees, including the directors, during the year was as follows

|                | 2010<br>No        | 2009<br>No        |
|----------------|-------------------|-------------------|
| Drivers        | 78                | 86                |
| Engineering    | 6                 | 6                 |
| Administrative | 5                 | 5                 |
|                | <u>          </u> | <u>          </u> |
|                | <u>89</u>         | <u>97</u>         |

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

|                                   | 2010<br>£000      | 2009<br>£000      |
|-----------------------------------|-------------------|-------------------|
| Finance lease interest receivable | -                 | 1                 |
|                                   | <u>          </u> | <u>          </u> |

**ARRIVA YORKSHIRE NORTH LIMITED**

**Notes to the financial statements  
for the year ended 31 December 2010**

**6. INTEREST PAYABLE AND SIMILAR INCOME**

|                                 | 2010<br>£000 | 2009<br>£000 |
|---------------------------------|--------------|--------------|
| Bank overdraft interest payable | 27           | 16           |

**7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| <b>Analysis of tax (credit)/charge in the year</b>               |              |              |
| <b>Current tax (see note below)</b>                              |              |              |
| UK corporation tax (credit)/charge on (loss)/profit for the year | (76)         | 15           |
| Adjustments in respect of prior years                            | (139)        | 10           |
| <b>Total current tax</b>   | (215)        | 25           |
| <b>Deferred tax</b>  |              |              |
| Origination and reversal of timing differences                   | -            | 1            |
| Adjustment in respect of prior years                             | 148          | (1)          |
| <b>Total deferred tax (see note 13)</b>                          | 148          | -            |
| <b>Tax on (loss)/profit on ordinary activities</b>               | (67)         | 25           |

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2009 - higher than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

|   | 2010<br>£000 | 2009<br>£000 |
|---|--------------|--------------|
| (Loss)/profit on ordinary activities before taxation  | (250)        | 44           |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%) | (70)         | 12           |
| <b>Effects of:</b>  |              |              |
| Non-tax deductible amortisation of intangible assets  | 4            | 4            |
| Capital allowances for year in excess of depreciation   | (8)          | (1)          |
| Adjustments in respect of prior years   | (139)        | 10           |
| Other differences leading to a decrease in the tax charge   | (2)          | -            |
| <b>Current tax (credit)/charge for the year</b>   | (215)        | 25           |

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**ARRIVA YORKSHIRE NORTH LIMITED**

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**Notes to the financial statements  
for the year ended 31 December 2010**

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**7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)**

**Factors that may affect future tax charges**

On 23 March 2011 the Chancellor announced that the UK Corporation Tax rate applicable from 1 April 2011 would be 26% (as opposed to 27% which was substantively enacted on 20 July 2010) and that the previously announced 1% increments would result in the UK Corporation Tax rate reducing to 23% (as opposed to 24%) with effect from 1 April 2014

**8. INTANGIBLE ASSETS**

|  | <b>Licences<br/>£000</b> |
|--|--------------------------|
| <b>Cost</b>                            |                          |
| At 1 January 2010 and 31 December 2010 | <u>200</u>               |
| <b>Accumulated amortisation</b>        |                          |
| At 1 January 2010                      | 78                       |
| Charge for the year                    | <u>15</u>                |
| At 31 December 2010                    | <u>93</u>                |
| <b>Net book value</b>                  |                          |
| At 31 December 2010                    | <u>107</u>               |
| At 31 December 2009                    | <u>122</u>               |

# ARRIVA YORKSHIRE NORTH LIMITED

## Notes to the financial statements for the year ended 31 December 2010

### 9. TANGIBLE ASSETS

|                                 | Plant and<br>machinery<br>£000 | Public service<br>vehicles<br>£000 | Total<br>£000 |
|---------------------------------|--------------------------------|------------------------------------|---------------|
| <b>Cost</b>                     |                                |                                    |               |
| At 1 January 2010               | 330                            | 324                                | 654           |
| Additions                       | 2                              | -                                  | 2             |
| Disposals                       | -                              | (550)                              | (550)         |
| At 31 December 2010             | 332                            | (226)                              | 106           |
| <b>Accumulated depreciation</b> |                                |                                    |               |
| At 1 January 2010               | 264                            | 197                                | 461           |
| Charge for the year             | 20                             | 41                                 | 61            |
| On disposals                    | -                              | (540)                              | (540)         |
| At 31 December 2010             | 284                            | (302)                              | (18)          |
| <b>Net book value</b>           |                                |                                    |               |
| At 31 December 2010             | 48                             | 76                                 | 124           |
| At 31 December 2009             | 66                             | 127                                | 193           |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

|                         | 2010<br>£000 | 2009<br>£000 |
|-------------------------|--------------|--------------|
| Public service vehicles | 18           | 51           |

The depreciation charged to the financial statements in the year in respect of such assets amounted to £28,000 (2009 £52,000)

### 10. STOCKS

|                               | 2010<br>£000 | 2009<br>£000 |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | 45           | 43           |

**ARRIVA YORKSHIRE NORTH LIMITED**

**Notes to the financial statements  
for the year ended 31 December 2010**

**11. DEBTORS**

|   | 2010<br>£000  | 2009<br>£000  |
|---|---------------|---------------|
| Amounts owed by group undertakings      | 36,105        | 36,304        |
| Corporation tax                         | 76            | -             |
| Amounts receivable under finance leases | 7             | 8             |
| Prepayments and accrued income          | 511           | 427           |
|   | <u>36,699</u> | <u>36,739</u> |

**12. CREDITORS**

Amounts falling due within one year

|                                    | 2010<br>£000  | 2009<br>£000  |
|------------------------------------|---------------|---------------|
| Bank overdrafts                    | 1,681         | 1,065         |
| Amounts owed to group undertakings | 34,646        | 35,342        |
| Corporation tax                    | -             | 15            |
| Other creditors                    | 28            | 13            |
| Accruals and deferred income       | 56            | 63            |
|                                    | <u>36,411</u> | <u>36,498</u> |

The company is party to an unlimited multi-lateral guarantee involving the bank borrowings of Arriva plc and other group undertakings

**13. DEFERRED TAXATION**

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| At beginning of year                             | 105          | 105          |
| Profit and loss account movement during the year | 148          | -            |
| At end of year                                   | <u>253</u>   | <u>105</u>   |

The provision for deferred taxation is made up as follows

|  | 2010<br>£000 | 2009<br>£000 |
|--|--------------|--------------|
| Excess of capital allowances over depreciation on fixed assets | <u>253</u>   | <u>105</u>   |

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**ARRIVA YORKSHIRE NORTH LIMITED**

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**Notes to the financial statements  
for the year ended 31 December 2010**

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**14. CALLED-UP SHARE CAPITAL**

|                                     | 2010<br>£000 | 2009<br>£000 |
|-------------------------------------|--------------|--------------|
| Authorised, allotted and fully paid |              |              |
| 1,000 Ordinary shares of £1 each    | 1            | 1            |

**15. RESERVES**

|                             | Profit and loss<br>account<br>£000 |
|-----------------------------|------------------------------------|
| At 1 January 2010           | 493                                |
| Loss for the financial year | (183)                              |
| At 31 December 2010         | 310                                |

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|                                      | 2010<br>£000 | 2009<br>£000 |
|--------------------------------------|--------------|--------------|
| Opening shareholders' funds          | 494          | 475          |
| (Loss)/profit for the financial year | (183)        | 19           |
| Closing shareholders' funds          | 311          | 494          |

**17. PENSION COMMITMENTS**

At 31 December 2010 the UK intermediate parent company, Arriva plc, operated both defined benefit and defined contribution retirement benefit schemes providing benefits to certain employees within Arriva Yorkshire North Limited. The scheme is financed through separate Trustee administered funds managed by independent professional fund managers on behalf of the Trustees.

Contributions to the defined benefit scheme, the Arriva Yorkshire Pension Scheme, are based upon actuarial advice following the most recent actuarial valuation of the fund. The latest actuarial valuation was performed as at 5 April 2007, using the Projected Unit Method. The principal actuarial assumptions were that

(i) the annual rate of return on investment would be 1.75 per cent higher than the annual increase in total pensionable remuneration of 4.5 per cent, and

(ii) there would be no variation from the scheme's rules to pensions in payment.

On the basis of these assumptions the actuarial value of the funds at 5 April 2007 was sufficient to cover 43 per cent of the benefits then accrued to members. The market value of the Scheme's assets at 5 April 2007 was £36.6 million.

The pensions cost for the year represents contributions payable by the company to the scheme and amounted to £114,000 (2009: £129,000).



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## ARRIVA YORKSHIRE NORTH LIMITED

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### Notes to the financial statements for the year ended 31 December 2010

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#### 17. PENSION COMMITMENTS (continued)

##### FRS 17 'Retirement Benefits'

The company makes contributions to a defined benefit scheme, the Arriva Yorkshire Pension Scheme which is operated by the UK intermediate parent company, Arriva plc. Other companies within the Arriva Group make contributions to the scheme, therefore it is not possible for the company to identify its share of the underlying assets and liabilities as at 31 December 2010. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions payable by the company are charged to the profit and loss account in the period in which they fall due.

#### 18. OPERATING LEASE COMMITMENTS

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

|                         | Land and buildings |      | Other |
|-------------------------|--------------------|------|-------|
|                         | 2010               | 2009 | 2009  |
|                         | £000               | £000 | £000  |
| Expiry date             |                    |      |       |
| Within 1 year           | -                  | -    | 255   |
| Between 2 and 5 years   | 11                 | 11   | -     |
| After more than 5 years | -                  | -    | 155   |

#### 19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company and ultimate controlling party is Deutsche Bahn AG, a company registered in Germany, which has prepared group financial statements incorporating the results of Arriva Yorkshire North Limited. Copies of these financial statements can be obtained from Potsdamer Platz 2, 10785 Berlin.

Deutsche Bahn AG is the largest group to consolidate the financial statements and DB Mobility Logistics AG is the smallest.

Information on Arriva Yorkshire North Limited can be obtained from their registered address Admiral Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XP.

Transactions with other companies in the Deutsche Bahn Group are not specifically disclosed as the company has taken advantage of the exemption available under FRS 8 'Related party disclosures' for wholly-owned subsidiaries.