2404351

ARRIVA TEES & DISTRICT LIMITED

Annual report and financial statements

for the year ended 31 December 2012

Company Information

Directors	R A Bowler J Greaves N P Featham D Cocker
Company secretary	E A Davies
Company number	2404351
Registered office	Admiral Way Doxford International Business Park Sunderland Tyne and Wear SR3 3XP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 89 Sandyford Road Newcastle upon Tyne NE1 8HW

ARRIVA TEES & DISTRICT LIMITED

Contents

Directors' report
for the year ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012

Principal activities

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

Business review

The directors consider the state of the company's affairs to be satisfactory On 1 January 2013 the trade and certain of the assets of the company were transferred to Arriva Durham County Limited, a fellow subsidiary company

The trade and certain assets of the company were transferred to a fellow subsidiary company on 1 January 2013, and therefore the financial statements have been prepared on a break up basis rather than a going concern basis, as the company ceased to trade from this date No adjustment to the carrying value of assets and liabilities is deemed necessary As the tangible assets of the company will continue to be used in the business, the classification of these on the balance sheet remains within fixed assets

Results and dividends

The profit for the year, after taxation, amounted to £46,000 (2011 - £405,000)

The company did not pay a dividend during the year (2011 £Nil)

Directors

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

R A Bowler
J Greaves
N P Featham
D Cocker (appointed 14 December 2012)

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 Tees & District 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

Directors' report
for the year ended 31 December 2012

Directors' responsibilities statement

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 judgements 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 5 July 2013 and signed on its behalf

E A Davies
Company secretary

Independent auditors' report to the members of Arriva Tees & District Limited

We have audited the financial statements of Arriva Tees & District Limited for the year ended 31 December 2012 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 directors' responsibilities statement 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 In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Arriva Tees & District Limited

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

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

30 August 2013

Profit and loss account
for the year ended 31 December 2012

	Note	2012 £000	2011 £000
TURNOVER	1,2	**8,567**	8,995
Cost of sales		**(7,388)**	(7,323)
GROSS PROFIT		**1,179**	1,672
Administrative expenses		**(1,141)**	(1,130)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	**38**	542
Tax on profit on ordinary activities	5	**8**	(137)
PROFIT FOR THE FINANCIAL YEAR	14	**46**	405

All amounts relate to discontinued operations

There were no recognised gains and losses for 2012 or 2011 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 profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents

The notes on pages 7 to 15 form part of these financial statements

ARRIVA TEES & DISTRICT LIMITED
Registered number: 2404351

Balance sheet
as at 31 December 2012

	Note	£000	2012 £000	£000	2011 £000
FIXED ASSETS					
Intangible assets	6		201		234
Tangible assets	7		322		311
			523		545
CURRENT ASSETS					
Stocks	8	120		101	
Debtors	9	34,711		29,157	
		34,831		29,258	
CREDITORS: amounts falling due within one year	10	(34,404)		(28,796)	
NET CURRENT ASSETS			427		462
TOTAL ASSETS LESS CURRENT LIABILITIES			950		1,007
CREDITORS: amounts falling due after more than one year	11		-		(91)
PROVISIONS FOR LIABILITIES					
Deferred tax	12		(276)		(288)
NET ASSETS			674		628
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Profit and loss account	14		673		627
TOTAL SHAREHOLDERS' FUNDS	15		674		628

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 July 2013

D Cocker
Director

The notes on pages 7 to 15 form part of these financial statements

Notes to the financial statements for the year ended 31 December 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared 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

The trade and certain assets of the company were transferred to a fellow subsidiary company on 1 January 2013, and therefore the financial statements have been prepared on a break up basis rather than a going concern basis, as the company ceased to trade from this date No adjustment to the carrying value of assets and liabilities is deemed necessary As the tangible assets of the company will continue to be used in the business, the classification of these on the balance sheet remains within fixed assets

1.2 Cash flow statement

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

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 fixed assets, which relate to licences for the use of the Arriva brand name, are being amortised through the profit and loss account over the licence 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

Freehold property	-	2% per annum straight line
Plant, machinery, fixtures and motor vehicles	-	10% to 48% straight line
Public service vehicles	-	straight line over periods up to 15 years

1. ACCOUNTING POLICIES (continued)

1.6 Leasing and hire purchase commitments

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

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

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 over the lease term

1.7 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 8 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

1.9 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

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit is stated after charging

	2012 £000	2011 £000
Amortisation - intangible assets	33	33
Depreciation of tangible assets		
- owned by the company	60	14
- held under hire purchase and finance lease agreements	21	53
Auditors' remuneration	5	5
Operating lease rentals		
- plant and machinery	529	530
- land and buildings	32	32

During the year, no director received any emoluments in respect of their services to the company (2011 - £NIL)

4. STAFF COSTS

Staff costs were as follows

	2012 £000	2011 £000
Wages and salaries	3,599	3,929
Social security costs	317	358
Other pension costs (note 16)	46	57
	3,962	4,344

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

	2012 No.	2011 No
Drivers	153	150
Engineering	15	17
Administrative	9	15
	177	182

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £000	2011 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	6	118
Adjustments in respect of prior years	(2)	(260)
Total current tax	4	(142)
Deferred tax		
Origination and reversal of timing differences	(8)	21
Adjustments in respect of prior years	(4)	258
Total deferred tax (see note 12)	(12)	279
Total tax on profit on ordinary activities	(8)	137

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24 5% (2011 - 26 5%) The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	38	542
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 - 26 5%)	9	144
Effects of.		
Non-tax deductible amortisation of intangible fixed assets	8	9
Expenses not deductible for tax purposes	4	8
Capital allowances for year less than depreciation	(15)	(43)
Adjustments in respect of prior years	(2)	(260)
Current tax charge/(credit) for the year (see note above)	4	(142)

Factors that may affect future tax charges

During 2012 the Chancellor announced that the UK Corporation Tax rate applicable from 1 April 2013 would be 23%, and that the UK Corporation Tax rate applicable from 1 April 2014 would be 21%

On 20 March 2013 the Chancellor made a further announcement that the UK Corporation Tax rate applicable from 1 April 2015 would be 20%

6. INTANGIBLE ASSETS

	Licences £000
Cost	
At 1 January 2012 and 31 December 2012	500
Accumulated amortisation	
At 1 January 2012	266
Charge for the year	33
At 31 December 2012	299
Net book value	
At 31 December 2012	201
At 31 December 2011	234

7 TANGIBLE ASSETS

	Freehold property £000	Plant, machinery, fixtures and motor vehicles £000	Public service vehicles £000	Total £000
Cost				
At 1 January 2012	26	752	843	1,621
Additions	-	93	64	157
Disposals	-	-	(65)	(65)
At 31 December 2012	26	845	842	1,713
Accumulated depreciation				
At 1 January 2012	22	545	743	1,310
Charge for the year	1	37	43	81
At 31 December 2012	23	582	786	1,391
Net book value				
At 31 December 2012	3	263	56	322
At 31 December 2011	4	207	100	311

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

	2012 £000	2011 £000
Public service vehicles	14	35

**Notes to the financial statements
for the year ended 31 December 2012**

7. TANGIBLE ASSETS (continued)

The depreciation charged to the financial statements in the year in respect of such assets amounted to £21,000 (2011 £53,000)

8 STOCKS

	2012 £000	2011 £000
Raw materials and consumables	120	101

9. DEBTORS

	2012 £000	2011 £000
Amounts owed by group undertakings	34,173	28,523
Other debtors	68	125
Prepayments and accrued income	470	509
	34,711	29,157

10. CREDITORS.
Amounts falling due within one year

	2012 £000	2011 £000
Bank loans and overdrafts	-	3,353
Amounts owed to group undertakings	34,327	25,089
Corporation tax	6	118
Accruals and deferred income	71	236
	34,404	28,796

11 CREDITORS:
Amounts falling due after more than one year

	2012 £000	2011 £000
Accruals and deferred income	-	91

Notes to the financial statements for the year ended 31 December 2012

12. DEFERRED TAXATION

	2012 £000	2011 £000
At 1 January	288	9
Profit and loss account movement during the year (note 5)	(12)	279
At 31 December	276	288

The provision for deferred taxation is made up as follows

	2012 £000	2011 £000
Accelerated capital allowances	276	288

13. CALLED-UP SHARE CAPITAL

	2012 £000	2011 £000
Authorised		
1,000,000 Ordinary shares of £1 each (2011 1,000,000)	1,000	1,000
Allotted and fully paid		
1,000 Ordinary shares of £1 each (2011 1,000)	1	1

14. RESERVES

	Profit and loss account £000
At 1 January 2012	627
Profit for the financial year	46
At 31 December 2012	673

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Opening shareholders' funds	628	223
Profit for the financial year	46	405
Closing shareholders' funds	674	628

16 PENSION COMMITMENTS

At 31 December 2012 the UK intermediate parent company, Arriva plc, operated both defined benefit and defined contribution retirement benefit schemes providing benefits to certain employees within Arriva Tees & District Limited The schemes are 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 Passenger Services Pension Plan, are based upon actuarial advice following the most recent actuarial valuation of the fund The latest actuarial valuation was performed as at 5th April 2011, using the Projected Unit Method The principal actuarial assumptions were that

(i) the annual rate of return on investment would be 7 0 per cent higher than the annual increase in total pensionable remuneration of nil per cent (frozen for 4 years from 1 December 2009, capped at 1% thereafter), 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 5th April 2011 was sufficient to cover 94 6 per cent of the benefits then accrued to members The market value of the Scheme's assets at 5th April 2011 was £369 1 million

The pensions cost for the year represents contributions payable by the company to both schemes and amounted to £46,000 (2011 £57,000)

FRS 17 'Retirement benefits'

The company makes contributions to a defined benefit scheme, the Arriva Passenger Services Pension Plan 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 2012 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

17. OPERATING LEASE COMMITMENTS

The company had annual commitments under other non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Expiry date:				
Between 2 and 5 years	**32**	32	**363**	108
After more than 5 years	**-**	-	**71**	321

18. 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 Tees & District 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 Tees & District 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