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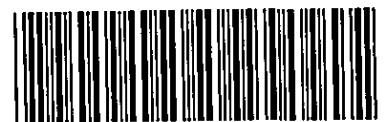
Company Registration No. 53098

Badgerline Yorkshire Limited

Report and Financial Statements

31 March 2006

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Badgerline Yorkshire Limited

Report and financial statements 2006

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Badgerline Yorkshire Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006

Principal activities and future prospects

The company acts as an intermediate holding company for its subsidiary undertaking. There will be no change 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 (2005 – £nil). The retained loss for the financial year was £134,000 (2005 loss – £130,000).

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 of the Companies Act 1985.

Directors and their interests

The directors who held office throughout the year (except as noted) were as follows:

D K Finch
N K Chevis (appointed 19 June 2006)
D J Leeder (resigned 24 July 2006)

None of the directors held any shares in the company or any other group company at any time during the year.

Information, including details of exercise prices, relating to the savings related share option scheme and the long term incentive plan is given in note 35 to the financial statements of First Group plc.

There is no contract or arrangements with the company or any of its fellow group undertakings, other than service contracts, in which the director is materially interested and which is significant in relation to the business of the company or any of its fellow group undertakings taken as a whole.

The interests of the directors in the ordinary shares of the ultimate parent company, FirstGroup plc are disclosed in the directors' report of FirstGroup plc.

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 the provision of S234ZA of the Companies Act 1985.

Badgerline Yorkshire Limited

Directors' report

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.

Auditors

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually. Deloitte and Touche 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



N K Chevis
Director

2 April

2007

Ground Floor
50 Eastbourne Terrace
London

Badgerline Yorkshire Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 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 the system of internal control, 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 Badgerline Yorkshire Limited

We have audited the financial statements of Badgerline Yorkshire Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet, and the reconciliation of movements in shareholders' funds and the related notes 1 to 15. 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 Badgerline Yorkshire 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 2006 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 & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

United Kingdom

5 April

2007

Badgerline Yorkshire Limited

Profit and loss account Year ended 31 March 2006

	Note	2006 £'000	2005 £'000
Operating result		-	-
Interest payable and similar charges	5	(191)	(186)
Loss on ordinary activities before taxation		(191)	(186)
Tax credit on loss on ordinary activities	6	57	56
Retained loss on ordinary activities after taxation for the financial year, transferred to reserves	11	(134)	(130)

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

No statement of total recognised gains and losses is given as all gains or losses for the current and preceding year passed through the profit and loss account

Badgerline Yorkshire Limited

Balance Sheet 31 March 2006

	Note	2006 £'000	2005 £'000
Fixed assets			
Investments	7	38,072	38,072
Current assets			
Debtors	8	5,015	5,298
Creditors' amounts falling due within one year	9	(1,597)	(223)
Net current assets		<u>3,418</u>	<u>5,075</u>
Total assets less current liabilities		<u>41,490</u>	<u>43,147</u>
Creditors' amounts falling due after more than one year	9	(2,737)	(4,260)
Net assets		<u>38,753</u>	<u>38,887</u>
Capital and reserves			
Called up share capital	10	500	500
Share premium account	11	37,572	37,572
Profit and loss account	11	681	815
Equity shareholders' funds		<u>38,753</u>	<u>38,887</u>

These financial statements were approved by the Board of Directors on 2 April 2007
Signed on behalf of the Board of Directors

N K Chevis
Director



Badgerline Yorkshire Limited

Balance Sheet 31 March 2006

	2006 £'000	2005 £'000
Loss for the financial year	<u>(134)</u>	<u>(130)</u>
Net deduction from shareholders' funds	<u>(134)</u>	<u>(130)</u>
Opening shareholders' funds	<u>38,887</u>	<u>39,017</u>
Closing shareholders' funds	<u><u>38,753</u></u>	<u><u>38,887</u></u>

Badgerline Yorkshire Limited

Notes to the accounts Year ended 31 March 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable *United Kingdom accounting standards*. The particular accounting policies adopted are described below

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*

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. Accordingly, these accounts present information about the company as an individual undertaking and not about its group

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

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

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment

Group financial statements 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. Accordingly, these financial statements present information about the company as an individual undertaking and not about the group

2 Directors' remuneration

The directors received remuneration from FirstGroup plc, the ultimate parent company, in the current and prior years, details of which are disclosed in its reports and accounts. It is not considered practicable to allocate this between services provided to that company, and services provided in the capacity as director to Badgerline Yorkshire Limited

Details of retirement benefits accruing to the directors under the group defined benefit schemes is detailed in the financial statements of FirstGroup plc

3. Employee numbers and costs

The company had no employees during the current and prior year

4 Operating costs

The audit fee in the current and prior year is borne by the ultimate parent FirstGroup plc

Badgerline Yorkshire Limited

Notes to the accounts Year ended 31 March 2006

5 Interest payable and similar charges

	2006 £'000	2005 £'000
Loan note interest	191	186

6 Tax credit on loss on ordinary activities

	2006 £'000	2005 £'000
<i>Total current taxation and total tax credit on loss on ordinary activities</i>		
Group relief receivable	(57)	(56)

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 30% (2005 30%) The actual current tax charge for the current and previous year did not differ from the standard rate

7 Fixed assets investments

	Subsidiary undertakings unlisted shares £'000
Cost and net book value	
At 31 March 2006 and 31 March 2005	38,072

The subsidiary undertaking at the end of the year is Rider Holdings Limited, which is incorporated in Great Britain and registered in England and Wales Rider Holdings Limited acts as an intermediate holding company and is a wholly owned subsidiary

All shares held in the subsidiary undertaking are ordinary shares

8 Debtors

	2006 £'000	2005 £'000
Amounts owed by group undertakings	5,015	5,298

9 Creditors

	2006 £'000	2005 £'000
Amounts falling due within one year		
Bank overdraft	29	29
Floating rate guaranteed loan notes	1,523	165
Amounts owed to group undertakings	45	29

Badgerline Yorkshire Limited

Notes to the accounts Year ended 31 March 2006

		1,597	223
		<u> </u>	<u> </u>
9	Creditors (continued)		
		2006	2005
		£'000	£'000
	Amounts falling due after more than one year		
	Floating rate guaranteed loan notes		
	Due between one and two years	2,737	4,260
		<u> </u>	<u> </u>
10	Called up share capital		
		2006	2005
		£'000	£'000
	Authorised:		
	11,000,000 ordinary shares of 5p each	550	550
		<u> </u>	<u> </u>
	Allotted, called up, and fully paid:		
	10,000,000 ordinary shares of 5p each	500	500
		<u> </u>	<u> </u>
11.	Reserves		
		Share premium account £000	Profit and loss account £000
	At 1 April 2005	37,572	815
	Retained loss for the year	-	(134)
		<u> </u>	<u> </u>
	At 31 March 2006	37,572	681
		<u> </u>	<u> </u>
12.	Commitments		
	The company had no capital or any other commitments at 31 March 2006 or at 31 March 2005		
13	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 was £8.2m (2005: £33m).		
	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 Customs & Excise.		
14	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.		

Badgerline Yorkshire Limited

Notes to the accounts

Year ended 31 March 2006

15 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

The company's immediate controlling party is FirstGroup Holdings Limited

Copies of the accounts of FirstGroup plc can be obtained on request from Ground Floor, 50 Eastbourne Terrace, London