

---

**ARRIVA LONDON SOUTH LIMITED**

---

**Annual report and financial statements**  
**for the year ended 31 December 2014**

TUESDAY



A24 \*A4GY52J5\* 29/09/2015 #27  
COMPANIES HOUSE

---

**ARRIVA LONDON SOUTH LIMITED**

---

**Company Information**

---

<b>Directors</b>	P J Batty R A Bowler R Scowen I R Tarran I A Warr S Loh
<b>Company secretary</b>	L Edwards
<b>Company number</b>	2328467
<b>Registered office</b>	Admiral Way Doxford International Business Park Sunderland Tyne and Wear SR3 3XP
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

---

## ARRIVA LONDON SOUTH LIMITED

---

### Contents

---

	Page
<b>Strategic report</b>	1
<b>Directors' report</b>	2 - 3
<b>Independent auditors' report</b>	4 - 5
<b>Profit and loss account</b>	6
<b>Balance sheet</b>	7
<b>Notes to the financial statements</b>	8 - 17

---

## ARRIVA LONDON SOUTH LIMITED

---

### Strategic report for the year ended 31 December 2014

---

The directors present their Strategic Report on the affairs of Arriva London South Limited (the "company") for the year ended 31 December 2014.

#### Principal activities

The principal activity of the company continues to be the operation of bus services.

#### Business review

Trading is in line with expectations against the backdrop of a challenging economic and tendering environment.

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

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.

#### 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 Arriva plc which does not form part of this report.

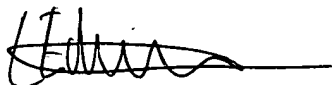
#### Future developments

2015 will see more challenges, with a number of competitors challenging for new routes up for tender. Investment is being made in engineering to ensure the company is well equipped to deal with the increasing number of hybrid buses coming into the fleet. Arriva will continue to work with TfL to ensure performance continues to improve and we remain the 'Operator of choice' in the London bus market.

#### 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 London South 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.

This report was approved by the board on 7 September 2015 and signed on its behalf.



**L Edwards**  
Company secretary

---

## ARRIVA LONDON SOUTH LIMITED

---

### Directors' report for the year ended 31 December 2014

---

The directors present their report and the audited financial statements for the year ended 31 December 2014.

#### Results and dividends

The loss for the financial year, after taxation, amounted to £2,542,000 (2013 - loss £611,000).

The company did not pay a dividend during the year (2013: £Nil).

#### Directors

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

P J Batty  
R A Bowler  
J Quantrell (resigned 1 May 2015)  
R Scowen  
I R Tarran  
M D J Yexley (resigned 3 July 2015)  
I A Warr  
R S Saund (resigned 1 February 2014)  
S Loh (appointed 1 May 2015)

#### 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.

#### Employee involvement

The company recognises that its employees are key to its success and is committed to creating a working environment where everyone has the opportunity to learn, develop and contribute to the success of the company, working within a common set of values.

The company continues to aim to be an employer of choice and to employ a diverse workforce with the skills, abilities and attitudes to meet business objectives and needs. The company's aim is to provide appropriate remuneration, benefits and conditions of employment which will serve to attract, retain, motivate and reward such employees.

The company has, subject to the restraints of commercial confidentiality, continued its policy of employee involvement, by making information available to employees on a regular basis regarding recent and probable future developments and business activities.

#### Disabled employees

The company continues to give full and fair consideration to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The company's policy includes, where applicable, the continued employment of those who may become disabled during their employment.

---

## ARRIVA LONDON SOUTH LIMITED

---

### Directors' report for the year ended 31 December 2014

---

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

#### Disclosure of information to auditors

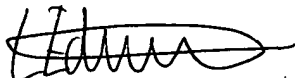
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 relevant audit information and to establish that the company's auditors are aware of that information.

#### Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company DB Mobility Logistics AG, which is a wholly owned subsidiary of Deutsche Bahn AG.

This report was approved by the board on 7 September 2015 and signed on its behalf.



**L Edwards**  
Company secretary

---

## **ARRIVA LONDON SOUTH LIMITED**

---

### **Independent auditors' report to the members of Arriva London South Limited**

---

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Arriva London South Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

##### **What we have audited**

Arriva London South Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

##### **Other matters on which we are required to report by exception**

###### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

## ARRIVA LONDON SOUTH LIMITED

---

### Independent auditors' report to the members of Arriva London South Limited

---

#### Responsibilities for the financial statements and the audit

##### Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 & Ireland) ("ISAs (UK & 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.

##### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Michael Jeffrey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
24 September 2015



---

**ARRIVA LONDON SOUTH LIMITED**

---

**Profit and loss account  
for the year ended 31 December 2014**

---

	Note	2014 £000	2013 £000
<b>TURNOVER</b>	1,2	112,859	110,058
Cost of sales		(104,347)	(99,120)
<b>GROSS PROFIT</b>		8,512	10,938
Administrative expenses		(13,394)	(11,453)
Other operating income	3	1,864	-
<b>OPERATING LOSS</b>	4	(3,018)	(515)
Interest receivable and similar income	7	-	62
Interest payable and similar charges	8	(8)	(120)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(3,026)	(573)
Tax on loss on ordinary activities	9	484	(38)
<b>LOSS FOR THE FINANCIAL YEAR</b>	18	(2,542)	(611)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account. Therefore, no statement of total recognised gains and losses has been presented.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 17 form part of these financial statements.

**ARRIVA LONDON SOUTH LIMITED**  
**Registered number: 2328467**

**Balance sheet**  
**as at 31 December 2014**

	Note	£000	2014 £000	£000	2013 £000
<b>FIXED ASSETS</b>					
Intangible assets	10		959		1,199
Tangible assets	11		27,064		24,744
			<u>28,023</u>		<u>25,943</u>
<b>CURRENT ASSETS</b>					
Stocks	12	550		599	
Debtors	13	5,510		4,742	
Cash at bank and in hand		1		2	
		<u>6,061</u>		<u>5,343</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(26,264)</u>		<u>(21,313)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(20,203)</u>		<u>(15,970)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,820</u>		<u>9,973</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		<u>(389)</u>		<u>-</u>
<b>NET ASSETS</b>			<u>7,431</u>		<u>9,973</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		3,992		3,992
Share premium account	18		3,991		3,991
Profit and loss account	18		(552)		1,990
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19		<u>7,431</u>		<u>9,973</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2015.



**S Loh**  
Director

The notes on pages 8 to 17 form part of these financial statements.

---

## ARRIVA LONDON SOUTH LIMITED

---

### Notes to the financial statements for the year ended 31 December 2014

---

#### 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 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:

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

##### 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 held 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 each period.

---

## ARRIVA LONDON SOUTH LIMITED

---

### Notes to the financial statements for the year ended 31 December 2014

---

#### 1. ACCOUNTING POLICIES (continued)

##### 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

During the year the UK intermediate parent company, Arriva plc, operated a contract based pension scheme, which covered employees of the company.

Arriva plc also operates a defined benefit pension scheme. 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.

##### 1.10 Dividends

Dividend distributions to the company's shareholders are recognised in the company's financial statements in the period in which the dividends are paid.

##### 1.11 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate parent company DB Mobility Logistics AG, which is a wholly owned subsidiary of Deutsche Bahn AG.

#### 2. TURNOVER

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

All turnover arose within the United Kingdom.

---

**ARRIVA LONDON SOUTH LIMITED**

---

**Notes to the financial statements  
for the year ended 31 December 2014**

---

**3. OTHER OPERATING INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Contract termination fees	<b>1,864</b>	-

**4. OPERATING LOSS**

The operating loss is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Amortisation - intangible assets	<b>240</b>	<b>240</b>
Depreciation of tangible assets:		
- owned by the company	<b>7,404</b>	<b>1,630</b>
- held under hire purchase agreements	<b>135</b>	<b>106</b>
Operating lease rentals:		
- plant and machinery	<b>1,663</b>	<b>8,792</b>
- land and buildings	<b>227</b>	<b>208</b>

During the year, no director received any emoluments in respect of their services to the company (2013 - £NIL).  
The company made a profit on disposal of tangible fixed assets of £11,000 (2013 - £8,000).

**5. AUDITORS' REMUNERATION**

During the year, the audit fees were borne by Arriva London North Limited, a fellow group undertaking.

---

**ARRIVA LONDON SOUTH LIMITED**

---

**Notes to the financial statements  
for the year ended 31 December 2014**

---

**6. STAFF COSTS**

Staff costs were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	58,766	57,590
Social security costs	5,790	5,726
Other pension costs (note 20)	2,106	1,402
	<u>66,662</u>	<u>64,718</u>

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Drivers	1,391	1,460
Engineering	100	91
Administrative	169	172
	<u>1,660</u>	<u>1,723</u>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group undertakings	-	62
	<u>-</u>	<u>62</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Other interest payable	8	-
Interest payable to group undertakings	-	120
	<u>8</u>	<u>120</u>

---

**ARRIVA LONDON SOUTH LIMITED**

---

**Notes to the financial statements  
for the year ended 31 December 2014**

---

**9. TAX ON LOSS ON ORDINARY ACTIVITIES**

	<b>2014 £000</b>	<b>2013 £000</b>
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax credit on loss for the year	(418)	(62)
Adjustments in respect of prior years	110	1
<b>Total current tax</b>	<u>(308)</u>	<u>(61)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(168)	67
Adjustments in respect of prior years	(8)	32
<b>Total deferred tax</b> (see note 16)	<u>(176)</u>	<u>99</u>
<b>Total tax on loss on ordinary activities</b>	<u><u>(484)</u></u>	<u><u>38</u></u>

**Factors affecting tax credit for the year**

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%). The differences are explained below:

	<b>2014 £000</b>	<b>2013 £000</b>
Loss on ordinary activities before tax	<u>(3,026)</u>	<u>(573)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	(651)	(133)
<b>Effects of:</b>		
Non-tax deductible amortisation of intangible fixed assets	52	56
Capital allowances for year less than depreciation	181	15
Adjustments in respect of prior years	110	1
<b>Current tax credit for the year</b>	<u><u>(308)</u></u>	<u><u>(61)</u></u>

**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%.

**ARRIVA LONDON SOUTH LIMITED**

**Notes to the financial statements  
for the year ended 31 December 2014**

**10. INTANGIBLE ASSETS**

	<b>Licences £000</b>
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	<b>3,600</b>
<b>Accumulated amortisation</b>	
At 1 January 2014	<b>2,401</b>
Charge for the year	<b>240</b>
At 31 December 2014	<b>2,641</b>
<b>Net book value</b>	
At 31 December 2014	<b>959</b>
At 31 December 2013	<b>1,199</b>

**11. TANGIBLE ASSETS**

	<b>Plant, machinery, fixtures and motor vehicles £000</b>	<b>Public service vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2014	<b>3,078</b>	<b>24,635</b>	<b>27,713</b>
Additions	<b>499</b>	<b>11,018</b>	<b>11,517</b>
Disposals	<b>-</b>	<b>(4,621)</b>	<b>(4,621)</b>
At 31 December 2014	<b>3,577</b>	<b>31,032</b>	<b>34,609</b>
<b>Accumulated depreciation</b>			
At 1 January 2014	<b>1,745</b>	<b>1,224</b>	<b>2,969</b>
Charge for the year	<b>257</b>	<b>7,282</b>	<b>7,539</b>
Disposals	<b>-</b>	<b>(2,963)</b>	<b>(2,963)</b>
At 31 December 2014	<b>2,002</b>	<b>5,543</b>	<b>7,545</b>
<b>Net book value</b>			
At 31 December 2014	<b>1,575</b>	<b>25,489</b>	<b>27,064</b>
At 31 December 2013	<b>1,333</b>	<b>23,411</b>	<b>24,744</b>



---

**ARRIVA LONDON SOUTH LIMITED**

---

**Notes to the financial statements  
for the year ended 31 December 2014**

---

**11. TANGIBLE ASSETS (continued)**

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

	2014 £000	2013 £000
Public service vehicles	-	726

The depreciation charged to the financial statements in the year in respect of such assets amounted to £135,000 (2013: £106,000).

**12. STOCKS**

	2014 £000	2013 £000
Raw materials and consumables	550	599

**13. DEBTORS**

	2014 £000	2013 £000
Trade debtors	-	1
Amounts owed by group undertakings	581	-
Group relief repayable	418	62
Other debtors	59	84
Prepayments and accrued income	3,730	4,049
Deferred tax asset (see note 16)	722	546
	<u>5,510</u>	<u>4,742</u>

**14. CREDITORS:**

**Amounts falling due within one year**

	2014 £000	2013 £000
Net obligations under finance leases and hire purchase contracts	-	335
Amounts owed to group undertakings	19,470	15,015
Other creditors	-	180
Accruals and deferred income	6,794	5,783
	<u>26,264</u>	<u>21,313</u>

**ARRIVA LONDON SOUTH LIMITED**

**Notes to the financial statements  
for the year ended 31 December 2014**

**15. CREDITORS:**

**Amounts falling due after more than one year**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Accruals and deferred income	<b>389</b>	<b>-</b>

**16. DEFERRED TAX ASSET**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
At 1 January	<b>546</b>	<b>645</b>
Credited/(charged) for year (note 9)	<b>176</b>	<b>(99)</b>
At 31 December	<b>722</b>	<b>546</b>

The deferred tax asset is made up as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Excess of depreciation of fixed assets over capital allowances	<b>722</b>	<b>546</b>

**17. CALLED UP SHARE CAPITAL**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised</b>		
15,000,000 Ordinary shares of £1 each (2013: 15,000,000)	<b>15,000</b>	<b>15,000</b>
<b>Allotted and fully paid</b>		
3,992,000 Ordinary shares of £1 each (2013: 3,992,000)	<b>3,992</b>	<b>3,992</b>

**18. RESERVES**

	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>
At 1 January 2014	<b>3,991</b>	<b>1,990</b>
Loss for the financial year	<b>-</b>	<b>(2,542)</b>
At 31 December 2014	<b>3,991</b>	<b>(552)</b>

---

**ARRIVA LONDON SOUTH LIMITED**

---

**Notes to the financial statements  
for the year ended 31 December 2014**

---

**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Opening shareholders' funds	<b>9,973</b>	<b>10,584</b>
Loss for the financial year	<b>(2,542)</b>	<b>(611)</b>
	<hr/>	<hr/>
Closing shareholders' funds	<b>7,431</b>	<b>9,973</b>
	<hr/>	<hr/>

**20. PENSION COMMITMENTS**

At 31 December 2014 the UK intermediate parent company, Arriva plc, operated both defined benefit and contract based retirement benefit schemes providing benefits to certain employees within Arriva London South 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 London North and Arriva London South Pension Scheme, are based upon actuarial advice following the most recent actuarial valuation of the fund. The latest actuarial valuation was performed as at 5th April 2012, using the Projected Unit Method. The principal actuarial assumptions were that:

(i) the annual rate of return on investment would be 4.75% higher than the annual increase in total pensionable remuneration of 0% (frozen in 2010); and

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

On the basis of these assumptions the actuarial value of the funds at 5th April 2012 was sufficient to cover 48.3 per cent of the benefits then accrued to members. The market value of the Scheme's assets at 5th April 2012 was £119.0 million.

The pension cost for the year represents contributions payable by the company to both schemes and amounts to £2,106,000 (2013: £1,402,000).

**FRS 17 'Retirement benefits'**

The company makes contributions to a defined benefit Scheme, the Arriva London North and Arriva London South 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 2014. 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 year in which they fall due.

---

**ARRIVA LONDON SOUTH LIMITED**

---

**Notes to the financial statements  
for the year ended 31 December 2014**

---

**21. 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 London South 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 of Arriva London South Limited and DB Mobility Logistics AG is the smallest.

Information on Arriva London South 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.