

COMPANY NUMBER 1991069

EUROLINES (UK) LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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EUROLINES (UK) LIMITED

DIRECTORS' REPORT AND BUSINESS REVIEW

The Directors present their annual report, business review and accounts for the year ended 31 December 2012

Principal activities

The Company administers and markets express coach services to Europe
The company's website, www.eurolines.co.uk, provides information on timetables, fares and further information on the business

Review of business and outlook

The Company has performed satisfactorily during the year and has seen continued growth in passenger numbers on key European corridors. The major routes have performed well producing a net profit margin on ordinary activities before tax and after royalty charges to National Express Group of 14% (2011 15%)

The company has continued to consolidate the position of its product in the market and is confident that this will continue into the future

Results and dividend

Revenue increased in the year by 6.3% to £10.2m compared to £9.6m in 2011. This was largely as a result of improved passenger numbers, load factors and average fares

The profit for the year after taxation amounted to £1.1m (2011 £1.1m). Retained profits for the year of £1.1m (2011 £1.1m) have been transferred to reserves

The Company has paid an interim dividend in the year of £1m (2011 £5m). The directors do not propose the payment of a final dividend (2011 £nil). Net assets decreased to £1,163,000 (2011 £1,081,000)

Health and Safety

Safety is of paramount importance to the company. The company's policy is one of continuous improvement in safety

All the company's coaches are fitted with seat belts by law, and since 2006 it has been mandatory for passengers over 14 to wear them in the UK

Environment

It is becoming clear that wider recognition of the environmental credentials of public transport over the car and the plane is contributing to the increased use of the company's services. Businesses, as well as consumers, are becoming more focused on reducing their carbon footprint for travel and the company is developing a range of corporate products to encourage this

Operational review

The business performed well in the year with improvements to the average fare and to the management of load factors

EUROLINES (UK) LIMITED

DIRECTORS' REPORT AND BUSINESS REVIEW

Employees

The company is a non-discriminatory employer operating an Equal Opportunities Policy which aims to eliminate unfair discrimination, harassment, victimisation and bullying. The company is committed to ensuring that all individuals are treated fairly, with respect and are valued irrespective of disability, race, gender, health, social class, sexual preference, marital status, nationality, religion, employment status, age or membership or non-membership of a trade union.

The company's policy is to continue to employ those who become disabled in service. Training is adjusted to cater for an individual disability and the disabled share the same conditions of service as other staff in relation to career development and promotion.

The company uses consultative procedures agreed with its staff and elected representatives with a view to ensuring that employees are aware of the financial and economic factors which affect the company's performance and prospects. In addition, the company issues a periodic newspaper to all employees informing them of developments within the company, whilst the National Express Group's magazine keeps employees in touch with the world wide activities of the Group. The company maintains a company wide intranet service.

The company participates in the Group wide annual Employee Survey to monitor employee satisfaction. Results are followed through using employee focus groups to understand the key issues raised in the survey. Employees make recommendations at these forums which are then developed into company action plans.

Key risks and uncertainties

The company is subject to internal and external risk factors. External risks include general economic conditions, competitor activity and regulatory changes. Internal risks include failure of internal controls, regulatory compliance and industrial disputes.

Economic conditions – Difficult economic conditions currently exist in the UK and Europe. As passenger transport is a more discretionary part of people's spend, the business may be adversely affected by reduced economic activity. Revenues may be affected by lower passenger demand. We seek to mitigate this risk through proactive cost control and our revenue management systems.

Fuel costs – The business is exposed indirectly to fuel costs, primarily Ultra low sulphur diesel for coaches. Fuel prices are subject to significant volatility due to economic, political and climate circumstances. Increases in fuel costs will affect profitability. We seek to control these costs by negotiation with our coach operators.

Competition – The coach market in Europe is increasingly competitive and new entrants to the market commenced operations during 2012 which resulted in more difficult trading conditions.

Exchange rate – The company is exposed to the currency market fluctuations as the majority of the operators are paid in Euros rather than sterling.

The Directors evaluate the above risks and the results are discussed at management level prior to being presented to the board.

EUROLINES (UK) LIMITED

DIRECTORS' REPORT AND BUSINESS REVIEW

Further discussion of these risks and uncertainties, in the context of the group as a whole is provided in the Operational and Financial Review on page 43-45 of the National Express Group PLC 2012 Annual Report and Accounts

Going concern

At the time of preparation of these accounts and after making enquires, the Directors have considered the uncertainties of Eurolines and have concluded that there is a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts

Directors

The Directors of the company who served during the year and up to the date of signing were

J Gilbert

R Newman

A Cleaves (Resigned 10th December 2012)

T Stables (Appointed 10th December 2012)

Indemnity

The Company's Articles of Association include a provision indemnifying the Directors and officers in accordance with the provisions of the Companies Act 2006

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts 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 year. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 accounts,
- prepare the accounts 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 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 to enable them to ensure that the accounts 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

EUROLINES (UK) LIMITED

DIRECTORS' REPORT AND BUSINESS REVIEW

Directors' statement as to disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' Report and Business Review confirm that

- to the best of each Directors' knowledge there is no information relevant to the preparation of their audit report to which the Company's auditor is unaware, and
- Each Director has taken all steps that a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies' Act 2006

Auditors

In accordance with section 487 of the Companies Act 2006, Deloitte LLP shall be deemed to be re-appointed as the company's auditors 28 days after the accounts are sent to members

By order of the Board



J Gilbert
Director

Date 24/09/2013

Registered Office
National Express House
Birmingham Coach Station
Mill Lane
Digbeth
Birmingham B5 6DD

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF

EUROLINES (UK) LIMITED

We have audited the financial statements of Eurolines (UK) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 financial statements 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 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

EUROLINES (UK) 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



Christopher Robertson

(Senior statutory auditor)

for and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor
Birmingham, UK

Date 25/9/2013

EUROLINES (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

		2012 £'000	2011 £'000
	<i>Note</i>		
Turnover	2	10,152	9,600
Operating costs	3	<u>(8,789)</u>	<u>(8,160)</u>
Operating profit		1,363	1,440
Interest receivable	6	<u>7</u>	<u>31</u>
Profit on ordinary activities before taxation		1,370	1,471
Tax on profit on ordinary activities	7	(288)	(390)
Profit on ordinary activities after taxation and for the financial year	14	<u>1,082</u>	<u>1,081</u>

The profit and loss account relates wholly to continuing operations

The company had no recognised gains and losses other than the profit for the year of £1,082,000 (2011 £1,081,000), and therefore no separate statement of recognised gains and losses has been prepared

EUROLINES (UK) LIMITED

BALANCE SHEET

AT 31 DECEMBER 2012

		2012 £'000	2011 £'000
	<i>Note</i>		
Fixed assets			
Tangible assets	9	86	8
Current assets			
Debtors	10	2,100	1,862
Cash at bank and in hand		<u>1,304</u>	<u>1,719</u>
		3,404	3,581
Creditors amounts falling due within one year	11	<u>(2,327)</u>	<u>(2,508)</u>
Net current assets		<u>1,077</u>	<u>1,073</u>
Net assets		<u>1,163</u>	<u>1,081</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	<u>1,063</u>	<u>981</u>
Shareholders' funds	15	<u>1,163</u>	<u>1,081</u>

The accounts were approved for issue by the board of directors and were signed on their behalf by



J Gilbert
Director

Date: 24/09/2013

COMPANY NUMBER 1991069

EUROLINES (UK) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards. The accounting policies have been applied consistently through the current and prior period.

The accounts have been prepared under the going concern basis as outlined in the Directors' Report.

Turnover

Turnover of the Company comprises revenue from road passenger transport and is recognised in the period in which the journeys take place. The company is party to contracts with other European Eurolines organisations under the terms of which arrangements for the sharing of revenue are in place. Turnover for the last three months of the year therefore includes figures in respect of amounts earned under these contracts which had not been finalised at the year end. The subsequent finalisation of these figures after the year end has had no significant impact on the turnover figure.

Fixed assets and depreciation

Tangible fixed assets are stated at cost together with any direct incidental costs of acquisition.

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

Plant and equipment	3 – 5 years
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The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

The charge for taxation is based on the profit for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all material timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Cash flow statement

As the Company is a wholly owned subsidiary undertaking of National Express Group PLC, a company registered in England and Wales, which prepares a published consolidated cash flow statement, the Company has taken advantage

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

of the exemption provided under FRS 1 (Revised) not to prepare a cash flow statement

Pension costs

The Company is part of a multi-employer defined benefit pension scheme that also incorporates other companies within the National Express Group. In accordance with the multi employer exemption within FRS 17, where it is not possible to determine the company's share of the assets and liabilities, the Company treats the scheme as if it were a defined contribution scheme and recognises charges as and when contributions are due to the scheme.

Operating leases

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

Share based payments

The Company applied the requirements of FRS 20 'Share-based Payment' with effect from 1 January 2005. In accordance with the transitional provisions, the standard has been applied to all equity-settled awards granted after 7 November 2002 that were unvested as of 1 January 2005.

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant by an external valuer using a stochastic model. Non-market-based performance-related vesting conditions are not taken into account when estimating the fair value; instead those non-market conditions are taken into account in calculating the current best estimate of the number of shares that will eventually vest and at each balance sheet date before vesting, the cumulative expense is calculated based on that estimate.

Market-based performance conditions are taken into account when determining the fair value. At each balance sheet date before vesting, the cumulative expense is calculated irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are met.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date. Any exchange differences arising are dealt with through the profit & loss account.

Classification of debtors and creditors

Amounts owing to and from other European Eurolines organisations have been classified as trade debtors and creditors.

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

2. Turnover

Turnover comprises revenue from the one principal activity of road passenger transport and related activities. Revenue, all of which arises in the United Kingdom, is stated net of value added tax where applicable.

3. Operating costs

	2012	2011
	£'000	£'000
External charges	7,820	7,288
Auditor remuneration – audit of the accounts	12	12
Staff costs (note 5)	877	798
Depreciation – Owned assets	14	4
Operating lease charges – Land and buildings	60	58
Exceptional Item Redundancy Costs	6	-
	<u>8,789</u>	<u>8,160</u>

4. Directors' remuneration

The remuneration of the Directors during the year comprised the following

	2012	2011
	£'000	£'000
Aggregate Emoluments	<u>111</u>	<u>111</u>
Number of directors granted share options in respect of qualifying services	<u>1</u>	<u>2</u>
Number of directors who exercised share options	<u>1</u>	<u>-</u>

One director was remunerated in Eurolines UK Limited. Other directors of the company are also directors of other companies in the National Express Group and are remunerated in these other group companies. The directors consider that the levels of their qualifying services provided to this company are inconsequential.

Defined Benefit Pension scheme finished in Jan 2011, no retirement benefits are accruing (2011: one Director) under defined benefit schemes operated on behalf of the Company.

EUROLINES (UK) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

5. Staff costs

	2012 £'000	2011 £'000
Wages and salaries	780	706
Social security costs	74	65
Pension contributions (Note 16)	23	27
	<u>877</u>	<u>798</u>

The average monthly number of full time equivalent employees during the year, including Directors, was

	2012 Number	2011 Number
Management and administration	17	16
Operational	12	13
	<u>29</u>	<u>29</u>

Share based payments

The charge in respect of share-based payment transactions included in the Profit and Loss account for the year is as follow

	2012 £'000	2011 £'000
Charge arising from share and share option plans	9	4
	<u>9</u>	<u>4</u>

6. Interest receivable

	2012 £'000	2011 £'000
Group interest	7	31
	<u>7</u>	<u>31</u>

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

7. Taxation

(a) Analysis of taxation charge in the year

	2012 £'000	2011 £'000
<i>Current tax</i>		
UK Corporation tax	331	386
Adjustments in respect of prior years	(47)	-
Total Current tax (note 7b)	<u>284</u>	<u>386</u>
<i>Deferred tax (note 12)</i>		
Origination and reversal of timing differences	3	3
Change in tax rate	1	1
Adjustment in respect of prior years	-	-
Total Deferred tax	<u>4</u>	<u>4</u>
Tax on profit on ordinary activities	<u>288</u>	<u>390</u>

(b) Factors affecting the current tax charge for the year

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	<u>1,370</u>	<u>1,471</u>
Profit on ordinary activities at the standard rate of corporation tax 24.5% (2011 26.5%)	336	390
Timing differences in respect of fixed assets	(3)	(3)
Permanent differences	(2)	(1)
Adjustments in respect of prior years	(47)	-
Total current tax (note 7(a))	<u>284</u>	<u>386</u>

On 21 March 2012, the UK Chancellor of the Exchequer announced a further 1% reduction in the UK Corporate tax rate to 24% effective from 1 April 2012, along with subsequent reductions to 23% from 1 April 2013 and 21% from 1 April 2014

On 20 March 2013, the UK Chancellor of the Exchequer announced a further 1% reduction in the UK Corporate tax rate to 20% effective from 1 April 2015

At the balance sheet date a rate of 23% (2011 25%) was substantively enacted. The change in rate from 25% to 23% has resulted in a tax charge of £1,083 to the income statement

The proposed changes to reduce the UK Corporation tax rate from 24% to 20% will have similar effects in future years

EUROLINES (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

8 Dividends payable

	2012 £'000	2011 £'000
Dividend declared and paid during the year of £10 per share (2011 £50 per share)	1,000	5,000

9. Tangible assets

	Plant and Equipment £'000
Cost	
At 1 January 2012	74
Additions	92
At December 31 2012	166
Depreciation	
At 1 January 2012	66
Charge for the year	14
At December 31 2012	80
Net Book Value	
At December 31 2012	86
At December 31 2011	8

10. Debtors

	2012 £'000	2011 £'000
Trade debtors	606	602
Amounts due from group undertakings	1,326	1,139
Deferred tax asset (note 12)	9	14
Other debtors	98	70
Prepayments and accrued income	61	37
	2,100	1,862

EUROLINES (UK) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

11 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	1,785	1,750
Amounts due to group undertakings	15	30
UK corporation tax	284	385
Other creditors and accruals	243	343
	<u>2,327</u>	<u>2,508</u>

12 Deferred taxation

The movements in the deferred taxation asset during the current year are as follows

	£'000
At 1 January 2012	13
Credit in the profit and loss account (note 7(a))	(4)
	<u>9</u>
At 31 December 2012	<u>9</u>

The deferred tax asset comprises

	2012 £'000	2011 £'000
Accelerated capital allowances	<u>9</u>	<u>13</u>

13. Share capital

	Issued, called up and fully paid	
	2012 £'000	2011 £'000
100,000 Ordinary shares of £1 each, (2011 100,000)	100	100

EUROLINES (UK) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

14. Reserves

	Profit & loss account £'000
At 1 January 2012	981
Profit for the financial year	1,082
Interim Dividend	(1,000)
At 31 December 2012	<u>1,063</u>

15. Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	1,082	1,081
Shareholders' funds at 1 January	1,081	5,000
Interim Dividend	(1,000)	(5,000)
Shareholders' funds at 31 December	<u>1,163</u>	<u>1,081</u>

16. Retirement benefits

The pension charge for the year amounted to £23,000 (2011 £27,000) Unpaid contributions at the year end amounted to £nil (2011 £nil)

17. Contingent liabilities

The Company is a party to guarantees supported by charges in respect of overdraft facilities, which have been granted by the Group's bankers

18. Annual commitments under non-cancellable operating lease agreements

	Land and buildings	
	2012 £'000	2011 £'000
Leases expiring:		
In less than one year	61	36
Within two to five years	97	-
In more than five years	28	22
	<u>186</u>	<u>58</u>

EUROLINES (UK) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

19. Related party transactions

The Company has taken advantage of the exemption in paragraph 3c of FRS8 from disclosing transactions with related parties that are part of the National Express Group PLC or investees of the Group. There were no other related party transactions.

20. Ultimate parent and controlling company

The Company is a wholly owned subsidiary undertaking of National Express Holdings Limited, registered in England and Wales.

The Company's ultimate parent and controlling company and the only company in which the Company's results are consolidated is National Express Group PLC, registered in England and Wales.

The Group accounts are available to the public and may be obtained from

The Secretary
National Express Group PLC
National Express House
Birmingham Coach Station
Mill Lane
Digbeth
Birmingham B5 6DD