

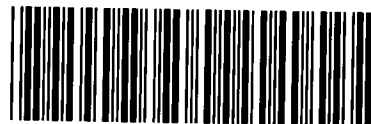
First Manchester Limited

Report and Financial Statements

26 March 2016



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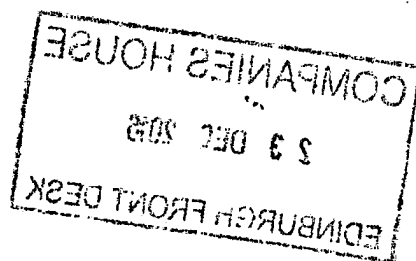


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First Manchester Limited

Report and financial statements 2016

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First Manchester Limited

Strategic report

The directors, in preparing this strategic report for First Manchester Limited, have complied with s414C of the Companies Act 2006.

Principal activities

The company's principal activities are the provision of bus and coach operations in and around the Greater Manchester area.

Business review

As shown in the company's profit and loss account on page 7, the company's sales have decreased by 1.9% over the prior period predominantly due to the discontinuation of tender contracts by Transport for Greater Manchester in a drive to reduce their bus service subsidy and as part of the network rationalisation programme. There has also been a reduction in concessionary income in line with the three-year agreement. Operating profit increased from £0.8 million to £1.3 million which has been mainly due to the reduction in engineering materials due to network changes, a decrease in the fuel price and the implementation of initiatives to increase operational efficiencies.

The balance sheet on page 8 shows the company's financial position at the period end. Net liabilities have increased from £18.1 million to £21.6 million in the current period, primarily as a result of the movements in actuarial assumptions in relation to the defined benefit pension scheme and the loss for the period. The net pension liability recognised on the company's balance sheet has increased from £30.8 million to £32.8 million. Further details are set out in note 21.

Capital expenditure, including transfers from other group companies, was £9.4 million in the period. Further details are set out in note 11.

Significant cost increases continue to place pressure on margins. The directors continue to carry out regular detailed reviews of route profitability to ensure that company resources are managed as efficiently as possible whilst matching service provision with demand and driving down unit costs through operational efficiencies and higher productivity.

Safety remains the highest priority. The directors are continuously developing and improving processes to ensure that a 'Safety First' culture is embedded throughout the company and strive to make our services as safe as possible for our customers and staff.

FirstGroup plc manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the UK Bus Division of FirstGroup plc, which includes the company, is discussed in the Group's Annual Report which does not form part of this report.

Outlook

The trading environment for the next 12 months is set to continue to be challenging. In spite of this, the directors remain confident that the company's activities will generate a satisfactory result in the coming period.

Going concern

At 26 March 2016 the company had cash of £0.9 million, bank overdrafts of £9.7 million, net current liabilities of £51.5 million and net liabilities of £21.6 million. The directors have considered the going concern assumption given the current uncertainty of the economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts (including downside sensitivities), uncertainties and the financial commitment from the parent company in forming this judgement.

The ultimate parent company has provided the directors of the company with a letter confirming that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The directors have made enquiries and understand that the ultimate parent company has adequate resources to be able to provide this financial support.

After making enquiries and considering the above facts, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

There are a number of potential risks and uncertainties that could have an impact on the company's long-term performance. The directors have established an ongoing process for identifying, evaluating and managing the significant risks and uncertainties faced by the company and continue to assess these on a regular basis in the light of internal and external events.

First Manchester Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Specific business risks faced by the company include the following:

Competition risk

Management mitigate the competitive pressure by monitoring competitors' behaviour and strategies to ensure that the company acts appropriately under current market conditions.

Legal and regulatory risk

The directors are aware of the continual change in laws and other regulations and the increasing costs of compliance. The directors conduct regular reviews of safety procedures, equipment specifications, employment requirements, environmental procedures, insurance coverage and other areas to ensure they are appropriate and operating effectively.

Litigation and claims risk

The company has three main insurance risks, third party claims arising from vehicle and general operations, employee injuries and property damage. FirstGroup plc has a very strong focus on safety, as one of its core values, the promotion of a 'Safety First' culture at all levels throughout the business minimises insurance premiums and other related claims.

Liquidity risk

The company's principal financial assets are bank balances, intercompany receivables, prepayments and accrued income. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. The credit risk on liquid funds is limited because the counterparties are banks. Although certain risks, for example fuel price, are hedged on a group basis, the company does not directly enter into any derivative financial instruments. In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of intercompany loans, hire purchase and finance leases.

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions. A number of significant purchases, such as commitments under finance leases and hire purchase contracts and under operating leases are paid by direct debit.

Labour cost and employee relation risk

Labour costs represent the most significant element of the company's operating costs. The directors continue to monitor employee recruitment, training, personal development and remuneration to ensure the company attracts and retains the right people.

To retain the right people the company believes that good communication with employees is effected mainly through regular briefing and negotiating meetings between the directors, the senior management and employee representatives on the central and depot negotiating committees. The briefing meetings enable senior management to consult employees and to ascertain their views on matters likely to affect their interests.

The company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirement which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain newly disabled employees and at the same time provide full and fair opportunities for the career development of disabled people.

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Fuel cost risk

Fuel costs represent a significant proportion of the company's cost base. Fuel prices are directly influenced by international, political and economic circumstances as well as natural disasters. Wherever possible, the group seek to minimise the operational and financial impact of such events through fixed price forward contracts and other operational efficiency measures.

First Manchester Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Environmental risk

FirstGroup plc recognises the importance of its environmental policies, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the Group's Annual Report, which do not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Through our core business activities we are committed to providing a safe, good quality, reliable and cost effective public transport to all our customers. Our core business strategy is to increase customer numbers and encourage a greater move towards the use of bus transport. This will support the needs of society to achieve more sustainable travel. We recognise the environmental impacts arising from our business activities and are committed to reducing these through effective environmental management.

Approved by the Board of directors and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D B Alexander', written in a cursive style.

D B Alexander
Director
15 December 2016

First Manchester Limited

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the 52 week period ended 26 March 2016. The company's financial risk management objectives, policies and future developments are discussed in the Strategic report on page 2.

Results and dividends

The results for the financial period are given in the profit and loss account on page 7.

The directors do not recommend the payment of a dividend for the current period (2015: £nil).

Directors

The directors who held office throughout the period and subsequently are as follows:

D B Alexander
T M Broxton (Resigned 31 October 2016)
A Clegg
A R Foster (Resigned 4 April 2016)
A M McManus (Resigned 22 April 2016)
S D Pearson (Resigned 22 April 2016)

Directors' and officers' liability insurance

Directors' and officers' liability insurance is taken out by FirstGroup plc, the company's ultimate parent undertaking, for the benefit of the directors and officers of the company.

Directors' indemnity

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the period and up to and including the date of the directors' report for the benefit of the directors of the company.

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 auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any 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 S418 of the Companies Act 2006.

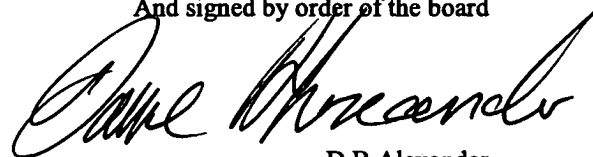
Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
And signed by order of the board



D B Alexander
Director
15 December 2016

First Manchester Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST MANCHESTER LIMITED

We have audited the financial statements of First Manchester Limited for the 52 week period ended 26 March 2016 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 24. 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), including Financial Reporting Standard 102 (applicable in the UK and Republic of Ireland).

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 annual report 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.

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 26 March 2016 and of its profit for the period 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.

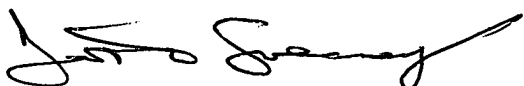
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



David Sweeney, CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

21 December 2016

First Manchester Limited

Profit and loss account

52 weeks ended 26 March 2016

		52 weeks ended 26 March 2016 £000	Restated 52 weeks ended 28 March 2015 £000
	Notes		
Turnover	3	88,214	89,935
Operating costs	4	(86,941)	(89,119)
Operating profit		1,273	816
Net interest payable	7	(1,284)	(1,651)
Loss on ordinary activities before taxation	8	(11)	(835)
Tax credit on loss on ordinary activities	9	442	90
Profit / (loss) for the financial period, transferred from reserves		431	(745)
Profit / (loss) for the financial period attributable to:			
Equity shareholders of the parent company		431	(745)

All activities relate to continuing operations.

Details of the restatement are disclosed in note 24.

The accompanying notes are an integral part of this profit and loss account.

Statement of comprehensive income

52 weeks ended 26 March 2016

	52 weeks ended 26 March 2016 £000	Restated 52 weeks ended 28 March 2015 £000
Profit / (loss) for the financial period	431	(745)
Remeasurement loss recognised on defined pension scheme (note 21)	(3,616)	(422)
Movement on deferred tax relating to pension scheme	651	84
Reduced deferred tax asset arising from rate change	(1,037)	-
Total other comprehensive cost	(4,002)	(338)
Total comprehensive cost for the period	(3,571)	(1,083)

Details of the restatement are disclosed in note 24.

First Manchester Limited

Balance Sheet At 26 March 2016

			26 March 2016 £000	Restated 28 March 2015 £000
	Notes	£000	£000	£000
Assets employed:				
Fixed assets				
Goodwill	10		287	368
Tangible assets	11		70,294	68,777
Investments	12		1,405	1,405
			<u>71,986</u>	<u>70,550</u>
Current assets				
Stocks	13	1,069		1,167
Debtors				
- due within one period	14	23,844		25,345
- due after one period	14	383		962
Cash at bank and in hand		850		692
		<u>26,146</u>		<u>28,116</u>
Creditors: amounts falling due within one period	15	(77,636)		(74,367)
Net current liabilities			(51,490)	(46,201)
Total assets less current liabilities			20,496	24,349
Creditors: amounts falling due after more than one period	15		(4,063)	(6,105)
Provisions for liabilities	16		(38,006)	(36,384)
Net liabilities			<u>(21,573)</u>	<u>(18,140)</u>
Financed by:				
Capital and reserves				
Called up share capital	18		-	-
Profit and loss account			(21,573)	(18,140)
Shareholder's deficit			<u>(21,573)</u>	<u>(18,140)</u>

Details of the restatement are disclosed in note 24.

The accompanying notes are an integral part of this balance sheet.

The financial statements of First Manchester Limited (registration number 02818607) were approved by the board of directors and authorised for issue on 15 December 2016. They were signed on its behalf by:



D B Alexander
Director

First Manchester Limited

Statement of changes in equity 52 weeks ended 26 March 2016

	Called up share capital £000	Profit and loss account £000	Total £000
At 29 March 2014 as previously stated	-	(5,362)	(5,362)
Changes on transition to FRS 102 (note 24)	-	(11,778)	(11,778)
At 29 March 2014 as restated	-	(17,140)	(17,140)
Loss for the financial period	-	(745)	(745)
Other comprehensive costs	-	(338)	(338)
	-	(18,223)	(18,223)
Share based payments	-	83	83
At 28 March 2015	-	(18,140)	(18,140)
Profit for the financial period	-	431	431
Other comprehensive costs	-	(4,002)	(4,002)
	-	(21,711)	(21,711)
Share based payments	-	138	138
At 26 March 2016	-	(21,573)	(21,573)

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

1. Principal accounting policies

The accounting policies have been applied consistently throughout the current and preceding period.

(a) General information and basis of preparation

First Manchester Limited is a company incorporated in the United Kingdom under the Companies Act. Its registered office is Wallshaw Street, Oldham, OL1 3TR. The nature of the company's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The financial statements are made up to the Saturday nearest to the period end for each financial period.

The prior period financial statements were restated for material adjustments on adoption of FRS 102 in the current period. For more information see note 24.

The functional currency of First Manchester Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, presentation of a cash-flow statement, intra-group transactions, key management personnel and financial instrument disclosures.

(b) Going concern

At 26 March 2016 the company had cash of £0.9 million, bank overdrafts of £9.7 million, net current liabilities of £51.5 million and net liabilities of £21.6 million. The directors have considered the going concern assumption given the current uncertainty of the economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts (including downside sensitivities), uncertainties and the financial commitment from the ultimate parent company in forming this judgement.

The ultimate parent company has provided the directors of the company with a letter confirming that it will make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The directors have made enquiries and understand that the ultimate parent company has adequate resources to be able to provide this financial support.

After making enquiries and considering the above facts, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this report.

(c) Group financial statements

Under the provisions of section 401 of the Companies Act 2006, and in accordance with paragraph 1.12 of Financial Reporting Standard 102, the company is exempt from preparing consolidated financial statements by virtue of the fact that the company is a subsidiary of another company which prepares group financial statements. The financial statements therefore present information about the company as an individual undertaking and not as a group.

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	-	50 years straight line
Long leasehold properties	-	50 years straight line
Passenger carrying vehicle:		
Double and single decks	-	15 to 17 years straight line
Midibuses	-	12 or 15 years straight line
Minibuses	-	9 years straight line
Plant and equipment	-	3 to 15 years straight line

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

1. Principal accounting policies (continued)

(d) Tangible fixed assets and depreciation (continued)

No depreciation is provided on freehold land, or the land element of long leasehold properties. As a result of an assessment performed during the year the useful economic lives of certain assets have been revised to reflect their anticipated use:

Double and single decks – 15 years have been revised to 15-17 years

Other plant and equipment – 3 to 8 years have been revised to 3 to 15 years

(e) Investments

Fixed asset investments are shown at cost less provision for impairment.

(f) Goodwill

Purchased goodwill is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

(g) Leases and hire purchase

Assets held under finance leases, which are those leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and under hire purchase contracts are recorded in the balance sheet as tangible fixed assets. Depreciation is provided on these assets over their estimated useful lives or lease term, as appropriate.

Future obligations under finance leases and hire purchase contracts are included in creditors, net of finance charges. Payments are apportioned between the finance element, which is charged to the profit and loss account as interest, and the capital element, which reduces the outstanding obligations. The finance charges are calculated in relation to the reducing amount of obligations outstanding and are charged to the profit and loss account on the same basis.

All other leases are operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

(h) Government grants and subsidies

Amounts receivable for tendered services and concessionary fare schemes are included in turnover. Rebates in respect of duty paid on fuel are netted off operating costs.

(i) Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving or defective items where appropriate.

(j) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liability is reduced wholly or in part by the surrender of losses by group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertaking.

The charge for taxation is based on the profit for the period and takes in to account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

First Manchester Limited

Notes to the financial statements (continued) **52 weeks ended 26 March 2016**

1. Principal accounting policies (continued)

(k) Pension costs

Company specific schemes (Greater Manchester Pension Fund)

The company operates a defined benefit scheme being the Greater Manchester Pension Fund which is held in separately administrated funds.

The amounts charged to operating profit regarding the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The interest costs and the expected return on the assets are shown as a net amount of other financial costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond or equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other assets on the face of the balance sheet.

Group schemes

FirstGroup UK Bus Scheme

The company is a member of a Group defined benefit scheme, the FirstGroup UK Bus Scheme, which is held in separately administered funds. This scheme has been allocated across all participating employing entities based on the proportion of pensionable pay relating to the members employed by that entity. The amounts charged to operating profit regarding the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected return on the assets are shown as a net amount of other financial costs or credits included within interest payable. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other assets on the face of the balance sheet.

FirstGroup Pension Scheme

The company participates in a Group defined benefit scheme, the FirstGroup Pension Scheme, which is held in separately administered funds. This scheme is disclosed in FirstGroup Holdings Limited's financial statements and is funded separately by defined contributions which have been expensed to the profit and loss account during the period to 26 March 2016, accordingly there is no charge to First Manchester Limited profit and loss.

(l) Turnover

UK Bus turnover principally comprises amounts receivable from ticket sales and concessionary fare schemes. Ticket sales are recognised in the period in which the service is provided. Concessionary amounts are recognised in the period in which the service is provided based on a predetermined formula as agreed with the relevant local authority. Other bus and services revenue from contracts with government bodies and similar organisations are recognised as the services are provided.

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

1. Principal accounting policies (continued)

(m) Share based payment

The company's parent issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and is adjusted for the effects of non-market based vesting conditions.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group has allocated the expense amongst its trading subsidiary undertakings based on the number of employees participating in the scheme. The company has recognised a total expense of £138,000 (2015: £83,000) relating to equity-settled share-based payment transactions.

(n) Insurance

FirstGroup plc's policy is to self-insure high frequency, low value claims within the businesses. To provide protection above these types of losses, cover is obtained through third-party insurance policies. Provision is made under FRS 102 paragraph 21 for the estimated cost of settling uninsured claims for incidents occurring prior to the balance sheet date.

(o) Financial instruments

The company only enters in to basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, financing arrangements from banks and other third parties and balances due to and from related parties.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the accounting policies which are described above, management has made the following judgments and estimates that have the most significant effect on the amounts recognised in the financial statements.

Defined benefit pension arrangements

Measurement of defined benefit pension obligations requires estimation of a suitable discount rate, the expected return on scheme assets, expected rate of inflation of future salary and pension costs along with assumptions about mortality rates. The most significant of these are the discount rate and inflation rate assumptions. The gross pension liability, before deferred tax, as at the balance sheet date was £32.8 million (2015: £30.8 million) as set out in note 21.

Self-insurance

Provision is made for all known incidents for which there is self-insurance using management's best estimate of the likely settlement of these incidents. The estimated settlement is reviewed on a regular basis with independent actuarial advice and the amount provided is adjusted as required. The entity's total self-insurance provisions, including those classified within accruals, as at the balance sheet date were £4.3 million (2015: £4.4 million) as set out in note 16.

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of fixed assets

The carrying values of the company's fixed assets, including passenger carrying vehicles, are reviewed at each balance sheet date to determine whether there is any indication of impairment. Particularly in relation to passenger carrying vehicles, management consider the future plans for the company and fellow subsidiaries in determining whether there is a use for the asset in the future. If any indication of impairment exists, the recoverable amount of the asset is estimated. An impairment is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverability of deferred tax

The recoverability of deferred tax is reviewed at each balance sheet date.

Impairment of fixed asset investments

The carrying values of the company's fixed asset investments are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication of impairment exists, the recoverable amount of the fixed asset investment is estimated.

3. Turnover

Turnover represents the amounts receivable for services supplied to customers during the period, and includes amounts receivable for tendered services and concessionary fare schemes.

The whole of the turnover and profit on ordinary activities before taxation derives from the company's principal activities within the United Kingdom. The company has one principal class of business, namely the provision of passenger transport services.

4. Operating costs

	52 weeks ended 26 March 2016 £000	Restated 52 weeks ended 28 March 2015 £000
Raw materials and consumables	16,323	17,880
Staff costs (note 5)	51,511	52,223
Other external charges	12,096	12,284
Depreciation	6,930	6,651
Amortisation of goodwill	81	81
	<u>86,941</u>	<u>89,119</u>

Details of the restatement are disclosed in note 24.

5. Employee numbers and costs

The average number of persons employed by the company (including directors) during the period was as follows:

	52 weeks ended 26 March 2016 No.	52 weeks ended 28 March 2015 No.
Drivers	1,441	1,429
Maintenance and traffic	337	357
Administration	49	48
	<u>1,827</u>	<u>1,834</u>

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

5. Employee numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 26 March 2016 £000	Restated 52 weeks ended 28 March 2015 £000
Wages and salaries	44,437	45,123
Social security costs	3,725	3,763
Other pension costs	3,211	3,254
Share based payments	138	83
Total staff costs	<u>51,511</u>	<u>52,223</u>

Details of the restatement are disclosed in note 24.

6. Directors' remuneration

Four directors (2015: four) received remuneration from other FirstGroup companies totalling £641,000 (2015: £707,000). It is not considered practicable to allocate this between services provided to those companies, and services provided in their capacity as directors of First Manchester Limited.

The remuneration of the directors who are remunerated by the company during the period was as follows:

	52 weeks ended 26 March 2016 £000	52 weeks ended 28 March 2015 £000
Aggregate emoluments (excluding pension contributions)	178	181
Company contributions to defined benefit pension schemes	46	46
	<u>224</u>	<u>227</u>

Retirement benefits accrue to two (2015: two) directors under other FirstGroup plc defined benefit schemes, treated as defined contribution schemes.

Directors' emoluments include salary, fees, bonuses, company contributions to money purchase pension schemes, sums paid by way of expense allowances subject to UK income tax and the money value of other non-cash benefits and exclude share options, other company pension contributions and payments made under long-term incentive schemes.

The emoluments of the highest paid director amounted to:

	52 weeks ended 26 March 2016 £000	52 weeks ended 28 March 2015 £000
Aggregate emoluments	<u>219</u>	<u>223</u>
<i>Defined benefit scheme</i>		
Accrued pension at end of period	45	16
Accrued lump sum at end of period	<u>220</u>	<u>80</u>

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

7. Net finance costs

	52 weeks ended 26 March 2016 £000	Restated 52 weeks ended 28 March 2015 £000
Unwinding of discount provision	(221)	(386)
Net interest on pension schemes	(949)	(1,119)
Finance leases and hire purchase contracts	(146)	(188)
Interest receivable from group undertakings	32	42
	<u>(1,284)</u>	<u>(1,651)</u>

8. Loss on ordinary activities before taxation

	52 weeks ended 26 March 2016 £000	52 weeks ended 28 March 2015 £000
Loss on ordinary activities before taxation is stated after charging / (crediting):		
Auditor's remuneration:		
Fees payable to the Company's auditors for the audit of the Company's financial statements	71	86
Depreciation	6,930	6,651
Amortisation of goodwill	81	81
(Gain) / loss on sale of fixed assets	(16)	30
Government grants	(6,002)	(6,258)
Operating lease rentals	1,037	1,034
Impairment of stock	120	136
	<u></u>	<u></u>

There were no fees payable to Deloitte LLP and their associates for non-audit services to the company during the period (2015: £nil).

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

9. Tax credit on loss on ordinary activities

	52 weeks ended 26 March 2016 £000	Restated 52 weeks ended 28 March 2015 £000
Current taxation		
- Group relief payable / (receivable)	1,024	(578)
- Adjustments in respect of prior periods	43	(128)
Total current taxation	1,067	(706)
Deferred taxation		
- Origination and reversal of timing differences	(830)	594
- Effect of decrease in tax rate on opening deferred tax balance	(642)	-
- Adjustment in respect of prior periods	(37)	22
Total deferred taxation	(1,509)	616
Total tax credit on loss on ordinary activities	(442)	(90)

The standard rate of taxation for the period, based on the UK standard rate of corporation tax, is 20% (2015: 21%).

During the period the UK Government enacted legislation to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017, plus a further reduction to 18% from 1 April 2020. Subsequent to the year end the UK Government announced a further reduction to the standard rate of corporation tax from 1 April 2020 to 17%.

The impact of this rate reduction to 18% has reduced the deferred tax liability on UK timing differences.

The actual current tax credit for the current and previous period differed from the standard rate for the reasons set out in the following reconciliation:

	52 weeks ended 26 March 2016 £000	Restated 52 weeks ended 28 March 2015 £000
Loss on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 20% (2015:21%)	(2)	(175)
Factors affecting charge		
- Expenses not deductible for tax purposes	104	191
- Prior year adjustments	6	(106)
- Effect of decrease in tax rate on origination and reversal of timing difference	92	-
- Effect of decrease in tax rate on opening deferred tax balance	(642)	-
Total tax credit on loss on ordinary activities	(442)	(90)

Details of the restatement are disclosed in note 24.

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

10. Goodwill

	£000
Cost	
At 29 March 2015 and 26 March 2016	1,594
Amortisation	
At 29 March 2015	1,226
Charge for period	81
At 26 March 2016	1,307
Net book value	
At 26 March 2016	287
At 28 March 2015	368

11. Tangible fixed assets

	Land and buildings £000	Passenger carrying vehicle fleet £000	Plant and equipment £000	Total £000
Cost or valuation				
At 29 March 2015	15,995	94,212	7,092	117,299
Additions	1,035	6,987	1,005	9,027
Intra group transfers in	-	2,057	-	2,057
Intra group transfers out	-	(3,344)	-	(3,344)
Disposals	-	(1,965)	-	(1,965)
At 26 March 2016	17,030	97,947	8,097	123,074
Depreciation				
At 29 March 2015	4,543	39,977	4,002	48,522
Charge for period	306	5,811	813	6,930
Intra group transfers in	-	1,689	-	1,689
Intra group transfers out	-	(2,397)	-	(2,397)
Disposals	-	(1,964)	-	(1,964)
At 26 March 2016	4,849	43,116	4,815	52,780
Net book value				
At 26 March 2016	12,181	54,831	3,282	70,294
At 28 March 2015	11,452	54,235	3,090	68,777

The net book value of land and buildings comprises:

	26 March 2016 £000	28 March 2015 £000
Freehold	10,755	9,988
Long leasehold	1,426	1,464
	12,181	11,452

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

11. Tangible fixed assets (continued)

Depreciation is not provided on the land element of freehold property which amounts to £3.0 million (2015: £2.3 million).

Depreciation is not provided on the land element of the long leasehold property which amounts to £0.2 million (2015: £0.2 million).

£9.1 million (2015: £10.3 million) of the net book value of the passenger carrying vehicle fleet was acquired under finance leases and hire purchase contracts. The depreciation charge on these assets during the period was £1.1 million (2015: £1.1 million).

12. Fixed asset investments

	Subsidiary undertakings £000
Cost	
At 29 March 2015 and 26 March 2016	1,506
Provision for impairment	
At 29 March 2015 and 26 March 2016	101
Net book value	
At 26 March 2016 and 28 March 2015	1,405

The subsidiary undertakings at the end of the period, and the nature of their business are:

Subsidiary undertakings	Country of incorporation	Principal activity	Holding %
Bolton Coachways & Travel Ltd	UK	Dormant	Ordinary shares 100
First Ashton Ltd	UK	Dormant	Ordinary shares 100

13. Stocks

	26 March 2016 £000	28 March 2015 £000
Spare parts and consumables	1,069	1,167

There is no material difference between the balance sheet value of the stocks and their replacement cost.

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

14. Debtors

	26 March 2016 £000	Restated 28 March 2015 £000
Amounts due within one period		
Trade debtors	179	1,658
Amounts owed by group undertakings	13,780	16,998
Other debtors	1,379	1,462
Other prepayments and accrued income	3,459	1,301
Deferred tax asset (note 17)	5,047	3,926
	<u>23,844</u>	<u>25,345</u>
Amounts due after one period		
Amounts owed by group undertakings	383	962
	<u>383</u>	<u>962</u>

Financial assets are repayable on demand and are interest free.

Details of the restatement are disclosed in note 24.

15. Creditors

	26 March 2016 £000	Restated 28 March 2015 £000
Amounts falling due within one period		
Bank overdrafts	9,721	51,133
Obligations under finance leases and hire purchase contracts	2,015	1,702
Trade creditors	12,672	4,677
Amounts owed to group undertakings	42,937	6,553
Other tax and social security	1,030	1,112
Other creditors	751	716
Accruals and deferred income	8,510	8,474
	<u>77,636</u>	<u>74,367</u>
Amounts falling due after more than one period		
Obligations under finance leases and hire purchase contracts	4,063	6,077
Other creditors	-	28
	<u>4,063</u>	<u>6,105</u>
Obligations under finance leases and hire purchase contracts		
Due in less than one period	2,015	1,702
Due in more than one period but not more than two periods	2,327	2,014
Due in more than two periods but not more than five periods	1,736	4,063
	<u>6,078</u>	<u>7,779</u>

Financial liabilities are repayable on demand and are interest free.

Finance lease contract liabilities are secured on the assets to which they relate.

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

16. Provisions for liabilities

	Insurance claims £000	Unfunded pension £000	Restated Total £000
At 29 March 2015	2,850	2,719	5,569
Charge to the profit and loss account	1,403	-	1,403
Unwinding of discount	221	-	221
Utilised in the period / transferred to accruals	(1,695)	(212)	(1,907)
At 26 March 2016	<u>2,779</u>	<u>2,507</u>	<u>5,286</u>
Provision for net defined benefit scheme deficit (2015: £30.8 million) (note 21)			32,720
At 26 March 2016			<u>38,006</u>

Details of the restatement are disclosed in note 24.

Details of the deferred tax provision are given in note 17.

Insurance claims accruals due within one period at 26 March 2016 amounted to £1,497,000 (2015: £1,535,000) and are included in 'accruals and deferred income' within note 15. The amount included within provisions above represents the estimate of amounts due after more than one period.

The insurance claims provision arises from estimated exposures for incidents occurring prior to the balance sheet date. It is anticipated that the majority of such claims will be settled within the next six periods.

17. Deferred taxation

Deferred taxation consists of the following amounts:

	26 March 2016 £000	Restated 28 March 2015 £000
Capital allowances in excess of depreciation	(1,376)	2,859
Other timing differences	73	(78)
Pensions	5,898	(6,163)
Unfunded pension	452	(544)
Deferred tax asset / (provision)	<u>5,047</u>	<u>(3,926)</u>

Details of the restatement are disclosed in note 24.

18. Share capital and reserves

	26 March 2016 £000	28 March 2015 £000
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>-</u>	<u>-</u>

The company's other reserves are as follows:

The profit and loss reserves represents cumulative profits and losses net of dividends paid and other adjustments.

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

19. Commitments

Capital expenditure

Capital commitments, contracted for at the end of the financial period for which no provision has been made are £nil (2015: £nil).

Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	26 March 2016		28 March 2015	
	Land & Buildings £000	Other £000	Land & Buildings £000	Other £000
Operating leases:				
Within one period	66	20	199	21
Between two and five periods	15	1,934	40	2,821
More than five periods	1,490	-	105	-
	<u>1,571</u>	<u>1,954</u>	<u>344</u>	<u>2,842</u>

20. Other commitments

The company participates in an overdraft facility with its parent company, FirstGroup plc and other group companies. The company has jointly and severally guaranteed the liabilities of the other parties under these arrangements.

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 HMRC. The value of the group commitment owed to HMRC can be found within the FirstGroup plc financial statements.

21. Pension schemes

Greater Manchester Pension Fund (GMPF)

The company is a member of a defined benefit pension scheme, which is funded. The scheme's assets are held and managed independently of the company's finances by independent investment managers appointed by the trustees of the scheme.

FirstGroup UK Bus Pension Scheme

The company is a member of a Group defined benefit scheme, the FirstGroup UK Bus Scheme, which is held in separately administered funds. This scheme has been allocated across all participating employing entities based on the proportion of pensionable pay relating to the members employed by that entity. The amounts charged to operating profit regarding the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected return on the assets are shown as a net amount of other financial costs or credits included within interest payable. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other assets on the face of the balance sheet.

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

21. Pension schemes (continued)

The main financial assumptions used in this update were as follows:

	GMPF		FG UK Bus	
	2016	2015	2016	2015
Rate of increase in salaries	3.35%	3.45%	1.75%	1.85%
Rate of increase of pensions in payment	1.75%	1.85%	1.75%	1.85%
Rate of increase of pensions in deferment	1.75%	1.85%	1.75%	1.85%
Discount rate	3.70%	3.50%	3.70%	3.50%

The assets in the scheme were:

	GMPF		FG UK Bus	
	2016	2015	2016	2015
	Value £m	Value £m	Value £m	Value £m
Equities	133.2	136.7	36.0	17.6
Bonds	34.1	35.6	37.1	47.1
Property	14.6	12.6	2.1	3.5
Other	-	9.8	-	7.5
Cash	6.5	6.7	23.2	26.0
	<u>188.4</u>	<u>201.4</u>	<u>98.4</u>	<u>101.7</u>

The balance sheet position for the company:

	GMPF		FG UK Bus	
	2016 £m	2015 £m	2016 £m	2015 £m
Total market value of assets	188.4	201.4	98.4	101.7
Present value of scheme liabilities	(215.4)	(227.3)	(104.2)	(106.6)
Deficit in the scheme	(27.0)	(25.9)	(5.8)	(4.9)
Related deferred tax asset	4.9	5.2	1.0	1.0
Net pension liability	<u>(22.1)</u>	<u>(20.7)</u>	<u>(4.8)</u>	<u>(3.9)</u>

Analysis of amount charged to operating profit:

	GMPF		FG UK Bus	
	2016 £m	2015 £m	2016 £m	2015 £m
Current service costs	<u>1.4</u>	<u>1.6</u>	<u>1.0</u>	<u>1.3</u>

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

21. Pension schemes (continued)

Amounts charged to profit on ordinary activities before taxation:

	GMPF		FG UK Bus	
	2016	2015	2016	2015
	£m	£m	£m	£m
Interest income on assets	7.0	8.5	3.5	3.8
Interest cost	(7.8)	(9.3)	(3.7)	(4.1)
Net return charged as finance income	(0.8)	(0.8)	(0.2)	(0.3)
Current service cost (chargeable as operating cost)	(1.4)	(1.6)	(1.0)	(1.3)
Net pension charge	(2.2)	(2.4)	(1.2)	(1.6)

Amounts recognised in the statement of comprehensive income:

	GMPF		FG UK Bus	
	2016	2015	2016	2015
	£m	£m	£m	£m
Actual return less expected return on pension scheme assets	(11.1)	6.6	(6.0)	13.3
Experience gains and losses arising on scheme liabilities	-	9.9	(1.2)	1.1
Changes in assumptions underlying the present value of scheme liabilities	8.8	(20.0)	5.9	(11.3)
	(2.3)	(3.5)	(1.3)	3.1

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income before and since the adoption of FRS 102 is a charge of £53.3 million (2015: £51.0 million).

Movements in the present value of defined benefit obligations were as follows:

	GMPF		FG UK Bus	
	2016	2015	2016	2015
	£m	£m	£m	£m
At 29 March 2015	227.3	216.4	106.6	94.0
Current service cost	1.4	1.6	1.0	1.3
Employee contributions	0.3	0.4	1.0	0.6
Interest cost	7.8	9.3	3.7	4.1
Actuarial loss	(8.8)	10.1	(4.7)	10.2
Benefits paid	(12.6)	(10.5)	(3.4)	(3.6)
At 26 March 2016	215.4	227.3	104.2	106.6

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

21. Pension schemes (continued)

Movements in the fair value of scheme assets were as follows:

	GMPF		FG UK Bus	
	2016	2015	2016	2015
	£m	£m	£m	£m
At 29 March 2015	201.4	194.9	101.7	85.8
Expected return on scheme assets	7.0	8.5	3.5	3.8
Employer contributions	3.4	1.6	1.6	1.7
Employee contributions	0.3	0.3	1.0	0.7
Actuarial gain	(11.1)	6.6	(6.0)	13.3
Benefits paid	(12.6)	(10.5)	(3.4)	(3.6)
At 26 March 2016	<u>188.4</u>	<u>201.4</u>	<u>98.4</u>	<u>101.7</u>

FirstGroup Pension Scheme

The company participates in a Group defined benefit scheme, the FirstGroup Pension Scheme, which is held in separately administered funds. This scheme is disclosed in FirstGroup Holdings Limited's financial statements and is funded separately by defined contributions which have been expensed to the profit and loss account during the period to 26 March 2016, accordingly there is no charge to First Manchester Limited profit and loss.

The surplus on the FirstGroup Pension Scheme of £14.2 million (2015: deficit £7.0 million) is reported within FirstGroup Holdings Limited financial statements.

22. Related party transactions

The company is taking advantage of the exemption under FRS 102 paragraph 33.1A not to disclose transactions with wholly owned group companies that are related parties.

23. Ultimate parent company

The directors regard FirstGroup plc, a company incorporated in Great Britain and registered in Scotland, as the ultimate parent and controlling company, which is the smallest and largest group that includes the company's results and for which group financial statements are prepared.

The company's immediate parent company is First North West Limited.

Copies of the financial statements of FirstGroup plc can be obtained on request from Ground Floor, 50 Eastbourne Terrace, Paddington, London, W2 6LG.

24. Explanation of transition to FRS 102

This is the first period that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the 52 week period ended 28 March 2015 and the date of transition was therefore 30 March 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. Details of exemptions taken can be found in note 1.

Reconciliation of profit for the financial period ended 28 March 2015

	£000
Profit for the financial period under previous UK GAAP	3,005
1. UK Bus pension scheme adjustment	71
2. Interest on UK Bus pension scheme	(4,619)
3. Deferred tax on UK Bus pension scheme	798
Restated loss for the financial period	<u>(745)</u>

First Manchester Limited

Notes to the financial statements (continued) 52 weeks ended 26 March 2016

24. Explanation of transition to FRS 102 (continued)

Reconciliation of equity

	29 March 2014 £000	28 March 2015 £000
Equity reported under previous UK GAAP	(5,362)	(8,594)
1. Brought forward adjustment from prior period	-	(11,778)
2. UK Bus pension scheme adjustment	(2,879)	(560)
3. Pension liability on UK Bus pension scheme	(8,224)	3,309
4. Deferred tax asset on UK Bus pension scheme	1,645	(662)
5. UK Bus unfunded pension liability	(2,900)	181
6. Deferred Tax on UK Bus unfunded pension liability	580	(36)
Restated equity for the financial period	<u>(17,140)</u>	<u>(18,140)</u>

The restatement of the profit and loss account and the balance sheet relate to the inclusion of the FirstGroup UK Bus pension scheme as the multi-employer exemption permissible under UK GAAP (FRS 17) is no longer available under FRS 102. The above tables show the previous periods adjustments of the pension deficit.