Company Registration No. 02818607

First Manchester Limited

Annual Report and Financial Statements

For the 52 week period ended 28 March 2026

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First Manchester Limited

Annual report and financial statements 2026

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First Manchester Limited

Strategic report

The directors have pleasure in submitting their strategic report for the 52 week period ended 28 March 2026.

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, the company's turnover was £11.1 million compared to £12.4 million in the prior period. The decrease in turnover in the period was driven by the transition from commercial operations to franchised operations, as the prior period contained some revenue streams outside the franchised operations.

Other operating income of £0.2 million (2025: £0.1 million), as set out in note 7, includes additional government funding in respect of Bus Service Operators Grant Plus (BSOG+).

Operating profit decreased from £2.1 million to £1.1 million, mainly due to the decrease in turnover, as costs remained stable overall.

The balance sheet shows the company's financial position at the period end. Net liabilities have increased from £13.8 million to £14.9 million in the current period. This was due to an actuarial loss of £1.9 million (after deferred taxation) in relation to the defined benefit pension scheme and the profit after taxation for the period of £0.8 million both being transferred to reserves.

Rochdale Bee Network franchise

Over the past year, First Manchester's Rochdale Bee Network franchise has delivered a highly successful period of operation, marked by consistent performance and strong alignment with TfGM's Bee Network vision. The team has demonstrated professionalism, reliability, and commitment to delivering a high-quality, customer-focused bus service across Rochdale and the wider Greater Manchester area.

Operational performance has remained strong throughout the year, with punctuality, reliability, and vehicle presentation exceeding Bee Network standards. Continuous focus on driver training, safety compliance, and customer service excellence has been key to maintaining this success.

Customer feedback across Bee Network routes operated from Rochdale has been positive, highlighting driver courtesy, service dependability, and the clean, well-presented fleet. The operation's investment in both staff development and vehicle maintenance has reinforced passenger confidence and contributed to growing ridership figures.

Collaboration with TfGM has been proactive and effective, supporting smooth network integration and ensuring the consistent delivery of a reliable, sustainable, and accessible transport service. The Rochdale operation has also embraced the Bee Network's community ethos, contributing positively to local engagement and environmental initiatives.

Looking forward, First Manchester (Rochdale) remains committed to continuous improvement-enhancing efficiency, supporting staff development, and leveraging innovation to help drive TfGM's vision of a world-class, fully integrated public transport network for Greater Manchester.

Key performance indicators

The key performance indicators for the company are turnover, net assets and operating profit, which have been discussed above, and sustainability and safety KPIs discussed below. 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. FirstGroup plc ("the group") manages its operations on a divisional basis. The performance of the UK Bus Division of FirstGroup plc, which includes the company, and the key performance indicators for the group are discussed in the group's Annual Report which does not form part of this report. Details of where the group's Annual Report can be found are set out in note 21.

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. Safety as a key performance indicator is discussed for the group as a whole in the group's Annual Report.

Sustainability is also a focus for the group. As part of the Mobility Beyond Today sustainability framework, the UK Bus Division is committed to operating a zero emission commercial First Bus fleet by 2035. Sustainability as a key performance indicator is discussed for the group and division in the group's Annual Report.

Strategic report (continued)

Future developments

The trading environment for the next 12 months is set to be relatively stable as the company will look to continue to deliver on its contractual commitments with the contract expected to run through the next financial period and beyond.

The division and company continue to target a fully zero emission commercial fleet by 2035. First Bus is the first UK bus operator to offer access to electric vehicle charging infrastructure to external organisations and operators. Sustainability remains a focus and First Bus now has one of the largest zero emission bus fleets in the UK. At the end of the current financial period, we have 1,414 zero emission vehicles, making up 25.9% of our bus fleet. We have four fully electrified depots and seventeen partially electrified depots, with at least four further depots expected to be electrified in the next financial period.

As well as lowering emissions, the division is benefiting from electrification operational and cost efficiencies and making use of smart technologies to optimise our battery charging and energy use. We are starting to generate revenues from third party charging at our depots and we officially launched the 'First Charge' brand, providing third parties with access to our ultra rapid charging infrastructure at competitive rates.

Going concern

At 28 March 2026 the company had cash of £0.8 million (2025: £0.1 million), net current liabilities of £20.0 million (2025: £18.7 million), net liabilities of £14.9 million (2025: £13.8 million) and made a profit after taxation of £0.8 million (2025: £1.5 million).

A going concern assessment has been performed for the group as a whole, which shows positive operating cashflows for a period of at least 12 months from the date of signing the financial statements. The base case assumes growth in passenger volumes and yield, with some government funding. The macro projections in the updated base case assume that the UK operates in a low-growth, cautiously recovering economy.

A severe but plausible downside scenario was also considered with reduced passenger volumes and unexpected cost inflation. The directors believe that the likelihood of an extreme downside scenario leading to failure by the company to meet its obligations as they fall due is remote.

A letter of support has been received from the ultimate parent company, FirstGroup plc ("the group"), that allows for the flow of funds around the group.

Therefore, there is the intention to 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 of the financial statements.

Section 172(1) statement

The directors have a duty to promote the success of the company for the benefit of its members as a whole. The directors understand the need to have regard to the views and interests of wider stakeholders when assessing the consequences of a decision over the longer term.

FirstGroup plc's key stakeholders, as identified in the group's Annual Report and Accounts are customers, investors, government, employees, communities and strategic partners and suppliers. The directors of First Manchester Limited confirm that its key stakeholders are the same as those of FirstGroup plc.

Further details on how the directors engage with them are set out below.

- **Customers**

  The company conducts regular customer and passenger satisfaction surveys to identify what customers feel is done well and what can be improved, and has robust customer feedback processes through online and traditional channels.

- **Investors**

  FirstGroup plc engages with investors through various means, including monthly updates from the Chief Executive and regular communications on the website. The group also has an Investor Relations team who are available to discuss the Group's strategy with major shareholders at any time. The company provides input into the engagement that FirstGroup plc has with investors where relevant.

Strategic report (continued)

Section 172(1) statement (continued)

- **Government**

  The company works closely with local authorities to pursue formal and informal partnerships which help to deliver better services through measures which cut road congestion and give priority to buses. Other key areas of focus for the directors are compliance with laws and regulations and health and safety. The board is updated on legal and regulatory developments and takes these into account when considering future actions. The company made no *political donations in the current or previous period.*

- **Employees**

  Engagement with employees is achieved through formal and informal consultation meetings with both employees and trade union representatives (where appropriate), and the inclusion of an employee director on FirstGroup plc's board of directors. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Further details can be found in the Directors' Report.

- **Communities**

  At a group level engagement with the community is driven through targeted engagement plans and activities, community investment, charitable engagement and employee volunteering. Feedback from the community is achieved through regular surveys at group and local level where applicable.

- **Strategic partners and suppliers**

  The company understands that collaboration with strategic partners and suppliers enables best practice to be established. The company engages with partners and suppliers through regular formal and informal dialogue, collaboration in cross-industry forums and by adhering to the highest ethical and sustainability standards.

Further details on how the group as a whole has discharged their duties under section 172(1) can be found in the group's Annual Report which does not form part of this report. Details of where the group's Annual Report can be found are set out in note 21.

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.

Specific business risks faced by the company include the following:

Competition risk

The company faces the risk of loss of customers through other bus companies providing improved services or more competitive pricing. Management mitigate the competitive pressure by monitoring competitors' behaviour and strategies to ensure that the company acts appropriately under current market conditions.

Labour cost and employee relations and retention 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 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 requirements 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 4 to the financial statements.

Strategic report (continued)

Principal risks and uncertainties (continued)

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.

Environmental risk (including climate change)

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.

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.

Economic risk

Economic risks to the business include increased costs due to inflation, changing customer needs, declining passenger demand, reduced operations due to industrial actions and reduced opportunities for growth.

Whilst passenger demand has been stable, potential changes in passenger behaviours and the applicable economic conditions remain uncertain in the medium term.

The company will prioritise a customer-focused perspective and seek to provide innovative transport solutions, by adapting to market uncertainties and driving demand, and to focus on controlling costs to ensure it remains competitive.

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



J R McInnes
Director

29 September 2026

First Manchester Limited

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the 52 week period ended 28 March 2026.

Results and dividends

The results for the financial year are given in the profit and loss account.

No ordinary dividends were paid during the period (2025: £nil). The directors do not recommend the payment of a final dividend (2025: £nil).

Directors

The directors who held office throughout the period and up to the date of signing the financial statements are as follows:

Z Hands		
J R McInnes	Appointed 31 March 2025	
G Hitchmough	Appointed 31 March 2025	Resigned 31 July 2026
C Brown	Resigned 31 March 2025	Appointed 31 July 2026
A S Jarvis	Resigned 31 March 2025	

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, which remained in place throughout the period and up to the date of signing of the financial statements.

Strategic report

In accordance with the Companies Act 2006, section 414C(11) the directors have chosen to include details of future developments and going concern in the strategic report rather than the directors' report.

Research and development

The company undertakes Research and Development (R&D) activities, primarily in the engineering department, with the support of the centralised functions in the UK Bus Division and the group. External advisors are contracted to review such activities by consulting with project managers in order to confirm R&D activity for Research and Development Expenditure Credit (RDEC) claims. The company incurs R&D costs primarily within staffing costs, utilities and consumables directly attributable to each qualifying project in accordance with the Department for Business, Energy and Industrial Strategy (BEIS) R&D Guidelines.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The company's principal financial assets are bank balances and intercompany debtors.

The credit risk on liquid funds is limited because the counterparties are banks. The directors do not consider there to be any immediate risk associated with intercompany balances as these are managed for the group as a whole by FirstGroup plc.

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 many customers. Although certain risks, for example fuel price, are hedged on a group basis, the company does not directly enter into any derivative financial instruments.

Liquidity risk

In order to maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses intercompany finance.

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 operating leases are paid by direct debit.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Stakeholder engagement

Employees

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through formal and informal consultation meetings with both employees and trade union representatives (where appropriate), and the inclusion of an employee director on FirstGroup plc's board of directors. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

A HMRC approved Share Incentive Plan (SIP) share plan is operated which is open to all employees. This allows employees to purchase FirstGroup plc shares each month from gross earnings.

Other stakeholders

The directors of the company understand the need to have regard to the views and interests of customers, investors, government, our people, communities and strategic partners and suppliers when assessing the consequences of a decision over the longer term. Details of how the company engages with them is included within the strategic report.

Streamlined energy and carbon reporting (SECR)

The company is exempt from the Streamlined Energy and Carbon Reporting (SECR) regulations on the basis that it is a UK subsidiary whose results are included in the group's Annual Report. Details of where the group's Annual Report can be found are set out in note 21.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' report (continued)

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



J R McInnes
Director

29 September 2026

First Manchester Limited

Profit and loss account
For the 52 week period ended 28 March 2026

	Note	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Turnover	3	11,145	12,378
Operating costs	6	(10,304)	(10,337)
Other operating income	7	233	80
Operating profit		1,074	2,121
Net interest income/(expense)	8	63	(70)
Profit before taxation		1,137	2,051
Tax on profit	9	(336)	(503)
Profit for the financial year		801	1,548

All activities relate to continuing operations in the current year.

Statement of comprehensive income
For the 52 week period ended 28 March 2026

	Note	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Profit for the financial year		801	1,548
Remeasurement (loss)/gain recognised on net defined benefit pension scheme	19	(2,540)	2,590
Actuarial gain on unfunded defined pension liability	19	9	100
Movement on deferred tax relating to pension scheme	17	633	(672)
Other comprehensive (expense)/income		(1,898)	2,018
Total comprehensive (expense)/income for the financial year		(1,097)	3,566

First Manchester Limited

Balance Sheet
As at 28 March 2026

	Note	As at 28 March 2026 £000	£000	As at 29 March 2025 £000	£000
Non-current assets					
Intangible assets	10		-		-
Goodwill	11		-		-
Tangible assets	12		6,976		7,196
Pension asset - due after one year	19		758		1,267
Current assets			7,734		8,463
Stocks	13	122		107	
Debtors	14	2,646		5,519	
Cash at bank and in hand		760		120	
		3,528		5,746	
Creditors: amounts falling due within one period	15	(23,506)		(24,465)	
Net current liabilities			(19,978)		(18,719)
Total assets less current liabilities			(12,244)		(10,256)
Creditors: amounts falling due after more than one period	15		(162)		(359)
Provisions for liabilities	16		(1,260)		(1,894)
Pension liability	19		(1,215)		(1,314)
Net liabilities			(14,881)		(13,823)
Capital and reserves					
Called up share capital	20		40,000		40,000
Profit and loss account			(54,881)		(53,823)
Total shareholders' deficit			(14,881)		(13,823)

For the period ended 28 March 2026 the company was entitled to exemption from audit by parent guarantee under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements on pages 8 to 28 were approved by the board of directors on 29 September 2026 and signed on its behalf by:

J R McInnes
Director

First Manchester Limited

Statement of changes in equity
For the 52 week period ended 28 March 2026

	Called up share capital £000	Profit and loss account £000	Total shareholders' deficit £000
As at 31 March 2024	**40,000**	**(57,425)**	**(17,425)**
Profit for the financial year	-	1,548	1,548
Other comprehensive income	-	2,018	2,018
Total comprehensive income	-	3,566	3,566
Share-based payments (note 4)	-	36	36
As at 29 March 2025 and 30 March 2025	**40,000**	**(53,823)**	**(13,823)**
Profit for the financial year	-	801	801
Other comprehensive expense	-	(1,898)	(1,898)
Total comprehensive expense	-	(1,097)	(1,097)
Share-based payments (note 4)	-	39	39
As at 28 March 2026	**40,000**	**(54,881)**	**(14,881)**

First Manchester Limited

Notes to the financial statements
For the 52 week period ended 28 March 2026

1. Principal accounting policies

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

General information and basis of preparation

First Manchester Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The company's registered office is The Point, 8th Floor, 37 North Wharf Road, London, W2 1AF. The nature of the company's operations and its principal activities are set out in the strategic report.

The financial statements for the period ended 28 March 2026 include the results and financial position of the company as at and for the 52 weeks ended 28 March 2026. The financial statements for the prior period include the results and financial position of the company as at and for the 52 weeks ended 29 March 2025.

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, and in accordance with the requirements of the Companies Act 2006.

The functional currency of First Manchester Limited is pound 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. The company is consolidated in the financial statements of its ultimate parent, FirstGroup plc, which may be obtained at 395 King Street, Aberdeen, AB24 5RP.

The company has elected to take the following exemptions:

- not to present the company statement of cash flows, on the basis that FirstGroup plc includes the company's cash flows in its consolidated financial statements [1.12(b)];
- a reconciliation of the number of shares outstanding at the beginning and end of the period [4.12(a)(iv)];
- financial instrument disclosures as included in FirstGroup plc consolidated financial statements [11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A];
- disclosure requirements of Section 26 in respect of share-based payments as provided in FirstGroup plc consolidated financial statements [26.18(b), 26.19–26.21, and 26.23]; and
- key management personnel compensation in total [33.7].

The numerical references in the bullet points above refer to the disclosure requirements in the respective paragraphs under FRS 102.

Going concern

At 28 March 2026 the company had cash of £0.8 million (2025: £0.1 million), net current liabilities of £20.0 million (2025: £18.7 million), net liabilities of £14.9 million (2025: £13.8 million) and made a profit after taxation of £0.8 million (2025: £1.5 million).

A going concern assessment has been performed for the group as a whole, which shows positive operating cashflows for a period of at least 12 months from the date of signing the financial statements. The base case assumes growth in passenger volumes and yield, with some government funding. The macro projections in the updated base case assume that the UK operates in a low-growth, cautiously recovering economy.

A severe but plausible downside scenario was also considered with reduced passenger volumes and unexpected cost inflation. The directors believe that the likelihood of an extreme downside scenario leading to failure by the company to meet its obligations as they fall due is remote.

A letter of support has been received from the ultimate parent company, FirstGroup plc ("the group"), that allows for the flow of funds around the group. Therefore, there is the intention to 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 of the financial statements.

1. Principal accounting policies (continued)

Tangible assets and depreciation

Tangible assets are stated at cost net of depreciation and any provision for impairment. Transfers in from other group companies have net book value as the deemed cost. Transfers out to other group companies are at gross cost and accumulated depreciation.

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

Buildings	-	50 years straight-line
Passenger carrying vehicle fleet:		
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

No depreciation is provided on the land element of long leasehold properties.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Goodwill and intangible assets

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.

Computer software is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licences, website development, costs attributable to the development, design and implementation of the computer software and internal costs directly attributable to the software.

Intangible assets have a residual value of nil and are amortised on a straight-line basis over their estimated useful economic lives of 3-5 years.

Impairment of tangible assets

Assets are assessed for indicators of impairment at each balance sheet date within First Bus (excluding London) cash-generating unit (CGU) (see note 2 for details of critical judgements). If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. There were no indicators of impairment in the year.

Operating leases

All 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.

Capital grants

Capital grants relating to tangible assets are held in creditors and released to the profit and loss statement through grant amortisation over the expected useful lives of the assets concerned. Capital grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions to them and that the grant will be received.

1. **Principal accounting policies (continued)**

Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Government grants and subsidies

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Amounts receivable for tendered services and concessionary fare schemes are included in turnover. Grant income is credited to deferred income and is released to the profit and loss account over the estimated useful lives of the assets to which they relate. The grant income is netted off against operating costs.

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 into 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 been enacted by the balance sheet date.

Pension costs

For all schemes, balance sheet date may differ from the valuation date but, where the difference is immaterial, no adjustment is made.

Group schemes - Bus Section of the FirstGroup Pension Scheme

The company participates in a group defined benefit scheme, The Bus Section of the FirstGroup Pension Scheme (formerly the First UK Bus Pension Scheme), which is held in separately administered funds. The funding level of the scheme on 5 April 2017 failed to reach a pre-agreed funding level, and as such, the scheme closed to defined benefit accrual on 5 April 2018.

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 as at 31 March 2018.

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 as 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 for the purposes of inclusion in the financial statements under FRS 102. In some periods the balance sheet date may differ from the FRS 102 valuation date but, where the difference is immaterial, no adjustment is made. The last formal actuarial valuation was at 5 April 2024.

1. **Principal accounting policies (continued)**

Pension costs (continued)

Group schemes - Group Section of the FirstGroup Pension Scheme

The company participates in a group multi-employer defined benefit scheme, the Group Section of the FirstGroup Pension Scheme (formerly the FirstGroup Pension Scheme). 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 of FirstGroup Holdings Limited during the period to 28 March 2026. There is no charge in the company's profit and loss. The assets and liabilities of the scheme are held separately and cannot be allocated out, accordingly, the scheme is treated as a defined contribution scheme in the financial statements.

This scheme has been allocated across three participating employing entities based on the proportion of pensionable pay relating to the members employed by that entity as at 31 March 2018.

Company specific schemes- Greater Manchester Pension Fund Unfunded Scheme

The company participates in an unfunded defined benefit pension scheme. In the unfunded defined benefit pension, no assets are set aside, and payments are made by the company using current income as the liabilities fall due, rather than making contributions to a separately administered fund.

Due to sufficient information regarding the unfunded defined benefit pension scheme being made available in the period, the scheme can now be recognised as a defined benefit pension scheme using defined benefit accounting rather than defined contribution accounting. The latest formal actuarial valuation was at 5 April 2024. The actuarial valuations will be obtained at least triennially going forwards. The valuations are updated at each balance sheet date for FRS 102 purposes.

Defined contribution pension scheme

The company operates a defined contribution pension scheme. Payments to the defined contribution scheme are charged as an expense as they fall due. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments. There is no legal or constructive obligation to pay additional contributions into the defined contribution scheme if the fund has insufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Turnover recognition

Turnover principally comprises amounts receivable from operating transport services under franchise contracts with Transport for Greater Manchester. Turnover is recognised in the period in which the contracted service is provided, which is determined in the contract. Where there is a contingent element to the turnover, the turnover is recognised based on the applicable operational measures when the amount can be reliably estimated and it is highly probable that a significant reversal will not occur.

Other operating income

Income from BSOG+ is recognised within other operating income in the period in which the relevant fuel costs are incurred. BSOG+ started on 1 July 2023 and provides reduced levels of funding to operators with the payments being made through an uplift to the existing BSOG payments and an additional pence per km payment to all operators.

1. **Principal accounting policies (continued)**

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Insurance provision

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. The total provision is allocated to each subsidiary company based on the estimated cost of settling uninsured claims for incidents occurring prior to the balance sheet date within that company.

Share-based payments

The company's ultimate parent 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. 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.

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 in the statement of changes in equity £39,000 (2025: £36,000) relating to equity-settled share-based payment transactions.

Financial instruments

Financial instruments are accounted for using Sections 11 & 12 of Financial Reporting Standard 102 - Financial Instruments.

The company only enters into 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 balance sheet 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. At the end of each reporting period financial assets are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The impairment reversal is recognised in profit or loss.

Accrued income

Services provided during the financial year, which are not yet invoiced to the customer, are recognised as accrued income.

Deferred income

Advance payments received for services not yet provided in the period, is recognised as deferred income at period end.

1. **Principal accounting policies (continued)**

Share capital

Ordinary shares are classified as equity. The company has one class of ordinary shares which carry full voting, dividend, and capital distribution rights.

2. **Critical accounting estimates and judgements**

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

Critical accounting estimates

Inter-company debtors

Management assesses the recoverability of the inter-company debtors, based on the financial position of each company and the support provided by the group to assess if the debts are likely to be repaid.

Trade and other debtors

Management assesses at the end of each year, the recoverability of trade and other debtors, and the need for any provisions, to ensure the year end values are the best estimates available.

Provision for doubtful debts

Trade and other debtors are categorised by age and risk each period. A sliding percentage scale is assigned to calculate the provision for each debt at intervals of greater than three months, six months and 12 months. Management will then assess the calculation to adjust for circumstances in which each specific debtor should have greater or less provision booked.

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 current market volatility and fundamental economic uncertainties have resulted in difficulties in valuing certain assets of the pension schemes that are not listed on public markets (e.g. property, infrastructure, private debt). Where asset valuations were not provided prior to the production of this report, we have consulted with investment managers and actuarial advisers in estimating adjustments to asset values where appropriate. Further details are set out in note 19.

The net pension asset for the FirstGroup UK Bus fund, before deferred tax, as at the balance sheet date was £0.8 million (2025: £1.3 million) as set out in note 19.

The net pension liability for the Greater Manchester Pension unfunded scheme, before deferred tax, as at the balance sheet date was £1.2 million (2025: £1.3 million) as set out in note 19.

Impairment of tangible assets

The carrying values of the company's tangible 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.

The recoverable amount of the First Bus (excluding London) cash-generating unit (CGU) was determined using a value-in-use calculation which required the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the directors covering a two-year period. Cash flows beyond the two-year period are extrapolated using an estimated growth rate.

Key sources of estimation uncertainty include growth rate, passenger numbers and future costs due to the impact on inflation. The key assumption in the value-in-use calculation is the budgeted gross margin.

The carrying value of the company's tangible assets is £7.0 million (2025: £7.2million).

2. Critical accounting estimates and judgements (continued)

Useful lives of assets

At the end of each financial reporting period, management review the useful lives of tangible assets. This review considers any changes in their condition, technology and other factors, that might impact the remaining useful lives.

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 as at the balance sheet date were £0.4 million (2025: £0.6 million).

Critical accounting judgements

UK Bus Division as a cash-generating unit

The determination of a cash-generating unit (CGU) for assessing fixed asset recoverable value requires judgement. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Outside of London, assets, primarily passenger carrying vehicles, move freely within the division and are frequently transferred between statutory entities according to each entity's operational requirements. A cascade plan is managed and determined divisionally. Furthermore, the group considers the cash flows of the total division in monthly management reviews.

It is therefore the directors' judgement that cash flows in each entity are not considered to be largely independent due to the assets being transferred between entities, and therefore First Bus (excluding London) is considered to be the lowest level CGU to which the company's assets belong.

3. Turnover

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

The whole of the turnover derives from the company's principal activities within the United Kingdom.

	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Provision of passenger transport services	9,588	11,104
Funding in respect of £2/£3 fare cap scheme	-	110
Other turnover	1,557	1,164
	11,145	12,378

4. Employee numbers and costs

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

	52 weeks ended 28 March 2026 No.	52 weeks ended 29 March 2025 No.
Drivers	107	113
Maintenance and traffic	30	29
Administration	6	7
	143	149

4. Employee numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Wages and salaries	5,227	5,033
Social security costs	673	529
Other pension costs: defined benefit scheme	263	204
Other pension costs: defined contribution scheme	199	176
Share-based payments	39	36
	6,401	5,978

The total pension costs above include costs relating to participation in the FirstGroup plc defined contribution scheme, as well as the defined benefit schemes set out in note 20.

5. *Directors' remuneration*

Three directors (2025: three) are employed by other FirstGroup companies, for which their apportioned qualifying services to the company total £40,000 (2025: £43,000).

There were no directors who were remunerated by the company during the period.

6. Operating profit

Operating profit is stated after charging/(crediting):

	Note	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Raw materials and consumables		1,388	1,477
Staff costs	4	6,401	5,978
Other operating costs		1,555	2,432
Depreciation	12	854	783
(Loss)/gain on disposal of tangible assets		27	(4)
Amortisation of government grants		(57)	(668)
Operating lease rentals		99	347
Impairment of stock reversed		(12)	(8)
Dilapidations charge released	16	36	-
Impairment of intercompany receivables		13	-
		10,304	10,337

Amortisation of government grants disclosed above relate to the release of capital grants. See notes 3 and 7 for other government grants.

7. Other operating income

	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
BSOG	233	80

8. Net interest income/(expense)

	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Other finance income/(expense)	63	(70)

Other finance income/(expense)

	Note	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Interest (expense)/income on unfunded pension scheme	19	(72)	62
Interest income/(expense) on defined benefit pension scheme	19	132	(115)
Unwinding of discount on provision	16	5	(17)
Other interest payable		(2)	-
		63	(70)

9. Tax on profit

	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Current taxation		
- Group relief	126	(2,194)
- Adjustment in respect of prior periods	57	8
Total current taxation	183	(2,186)
Deferred taxation		
- Origination and reversal of timing differences	161	2,674
- Adjustment in respect of prior periods	(8)	15
Total deferred taxation	153	2,689
Total tax charge on profit	336	503

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 25%. Deferred tax has been provided for at 25%.

In the period commencing 29 March 2026, the net decrease in deferred tax liability is expected to increase the current tax charge for the period by £1,000. This is primarily due to depreciation, capital allowances, pensions and capital grant amortisation.

There is no expiry date on timing differences, unused tax losses or tax credits.

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

	52 weeks ended 28 March 2026 £000	52 weeks ended 29 March 2025 £000
Profit before tax	1,137	2,051
Tax on profit before tax at standard UK corporation tax rate of 25% (2025: 25%)	284	513
Factors affecting credit:		
- Expenses not deductible for tax purposes	3	(33)
- Adjustments in respect of prior periods	49	23
Total tax charge on profit	336	503

10. Intangible assets

	Computer software £000
Cost	
At 30 March 2025	9
Disposals	(9)
At 28 March 2026	-
Accumulated amortisation	
At 30 March 2025	9
Disposals	(9)
At 28 March 2026	-
Net book value	
At 28 March 2026 and 29 March 2025	-

Amortisation of intangible assets is included in operating costs.

11. Goodwill

	£000
Cost	
At 30 March 2025 and 28 March 2026	1,594
Accumulated amortisation and impairment	
At 30 March 2025 and 28 March 2026	1,594
Net book value	
At 28 March 2026 and 29 March 2025	-

Amortisation and impairment of goodwill is included in operating costs.

12. Tangible assets

	Freehold buildings £000	Passenger carrying vehicle fleet £000	Plant and equipment £000	Total £000
Cost				
At 30 March 2025	980	8,340	1,677	10,997
Additions	50	479	109	638
Transfers in from other group companies	-	276	-	276
Transfers out from other group companies	-	(990)	-	(990)
Disposals	-	(34)	-	(34)
At 28 March 2026	1,030	8,071	1,786	10,887
Accumulated depreciation and impairment				
At 30 March 2025	309	1,887	1,605	3,801
Charge for period	178	663	13	854
Transfers out from other group companies	-	(738)	-	(738)
Disposals	-	(6)	-	(6)
At 28 March 2026	487	1,806	1,618	3,911
Net book value				
At 28 March 2026	543	6,265	168	6,976
At 29 March 2025	671	6,453	72	7,196

13. Stocks

	2026 £000	2025 £000
Spare parts and consumables	122	107

There is no material difference between the balance sheet value of the stocks and their replacement cost in the current or previous period.

14. Debtors

	2026 £000	2025 £000
Trade debtors	2	130
Amounts owed by group undertakings	1,878	5,130
Other debtors	150	70
Prepayments	408	76
Accrued income	166	62
VAT debtor	42	51
	2,646	5,519

Amounts owed by group undertakings are interest free and repayable on demand. There is no interest receivable on these amounts.

15. Creditors

	2026 £000	2025 £000
Amounts falling due within one year		
Bank overdrafts	-	4,755
Trade creditors	365	333
Amounts owed to group undertakings	22,253	18,300
Taxation and social security	139	144
Other creditors	92	67
Accruals	243	422
Deferred income	414	444
	23,506	24,465
Amounts falling due after more than one year		
Deferred income	162	359

Amounts owed to group undertakings are interest free and repayable on demand. There is no interest payable on these amounts.

Included within deferred income are grants received for the acquisition of buses which are amortised over the life of the bus.

The amount of deferred income falling due after more than five periods is £0.1 million (2025: £0.1 million).

16. Provisions for liabilities

	Dilapidations charge £000	Deferred taxation £000	Insurance claims £000	Total £000
At 30 March 2025	-	1,283	611	1,894
Charged to the profit and loss account	36	153	133	322
Movement in other comprehensive income	-	(633)	-	(633)
Unwinding of discount	-	-	(5)	(5)
Utilised in the period	-	-	(318)	(318)
At 28 March 2026	36	803	421	1,260

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 years.

The dilapidation provision arises because as part of the property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised within the life of the relevant lease.

17. Deferred taxation

	Deferred taxation £000
At 30 March 2025	1,283
Charged to the profit and loss account	153
Movement in other comprehensive income	(633)
At 28 March 2026 (note 16)	803

Deferred taxation consists of the following amounts:

	2026 £000	2025 £000
Capital allowances in excess of depreciation	1,200	1,335
Other timing differences	(47)	(40)
Defined benefit pension	(46)	317
Unfunded pension	(304)	(329)
Deferred taxation liability	803	1,283

18. Commitments

Capital commitments

The company had capital commitments of £nil as at 28 March 2026 (2025: £nil).

Operating leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2026		2025	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Not later than one period	96	5	95	4
Later than one period and not later than five periods	380	16	380	7
Later than five periods	641	-	736	-
	1,117	21	1,211	11

Other commitments

The company participates in a notional cash pool arrangement and overdraft facility with its ultimate 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.

19. Pension schemes

Bus Section of the FirstGroup Pension Scheme

The Bus Section of the FirstGroup Pension Scheme (formerly the First UK Bus Pension Scheme) is included as part of its disclosure under FRS 102. The scheme closed to defined benefit accrual on 5 April 2018 and so the disclosure has been based on the proportion of pensionable pay relating to First Manchester Limited members as at 31 March 2018. The scheme's assets are held and managed independently of the company's finances by independent investment managers appointed by trustees of the scheme. The actuarial valuations are obtained at least triennially. The last formal actuarial valuation was at 5 April 2024. The valuations are updated at each balance sheet date for FRS 102 purposes.

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

	2026 %	2025 %
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment	2.51	2.58
Discount rate	6.22	5.78
Inflation	2.84	2.61
Post-retirement mortality (life expectancy in years):	**Years**	**Years**
Current pensioners aged 65		
Male	19.7	19.3
Female	22.0	21.8
Future pensioners at 65 aged 45 now		
Male	20.5	19.7
Female	22.9	23.9

The assets in the scheme were:

	2026 £m	2025 £m
Equities	11.3	14.3
Fixed income/liability driven investment	63.0	62.3
Cash	3.7	1.6
Other return seeking assets	0.2	1.6
	78.2	79.8

The balance sheet position for the company:

	2026 £m	2025 £m
Total market value of assets	78.2	79.8
Present value of scheme liabilities	(77.4)	(78.5)
Surplus in the scheme	0.8	1.3

19. Pension schemes (continued)

Bus Section of the FirstGroup Pension Scheme (continued)

Amounts recognised in the profit and loss account:

	2026 £m	2025 £m
Net interest income	0.1	0.1
Service cost (chargeable as operating cost)	(0.3)	(0.2)
	(0.2)	(0.1)

Amounts recognised in the statement of comprehensive income:

	2026 £m	2025 £m
Actuarial loss on pension scheme assets	(2.2)	(10.2)
Experience (loss)/gain arising on scheme liabilities	(3.0)	4.1
Changes in assumptions	2.7	8.7
	(2.5)	2.6

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

	2026 £m	2025 £m
Opening position	78.5	93.1
Current service cost	0.3	0.4
Past service cost	-	(0.2)
Interest cost	4.3	4.4
Actuarial loss/(gain)	0.3	(12.8)
Effects of settlements	(0.4)	(0.4)
Benefits paid	(5.6)	(6.0)
Closing position as at balance sheet date	77.4	78.5

Current service costs of the First UK Bus Pension Scheme represent the administrative costs of the scheme.

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

	2026 £m	2025 £m
Opening position	79.8	91.6
Interest income	4.4	4.4
Employer contributions	2.2	0.4
Actuarial loss	(2.2)	(10.2)
Effects of settlements	(0.4)	(0.4)
Benefits paid	(5.6)	(6.0)
Closing position as at balance sheet date	78.2	79.8

19. Pension schemes (continued)

Greater Manchester Pension Fund Unfunded Scheme (GMPFUS)

The company participates in an unfunded defined benefit pension scheme. In the unfunded defined benefit pension, no assets are set aside, and payments are made by the company using current income as the liabilities fall due, rather than making contributions to a separately administered fund.

The latest formal actuarial valuation was at 5 April 2024. The actuarial valuations will be obtained at least triennially going forwards. The valuations are updated at each balance sheet date for FRS 102 purposes.

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

	2026 %	2025 %
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment	2.51	2.36
Discount rate	6.22	5.78
Inflation	2.84	2.61

Post-retirement mortality (life expectancy in years):	Years	Years
Current pensioners aged 65		
Male	19.7	19.3
Female	22.0	21.8
Future pensioners at 65 aged 45 now		
Male	20.5	19.7
Female	22.9	23.9

The balance sheet position for the company:

	2026 £m	2025 £m
Total market value of assets	-	-
Present value of scheme liabilities	(1.2)	(1.3)
Deficit in the scheme	(1.2)	(1.3)

Amounts recognised in the profit and loss account:

	2026 £m	2025 £m
Net interest expense	0.1	0.1

Amounts recognised in the statement of comprehensive income:

	2026 £m	2025 £m
Changes in assumptions	-	0.1

19. Pension schemes (continued)

Greater Manchester Pension Fund Unfunded Scheme (GMPFUS) (continued)

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

	2026 £m	2025 £m
Opening position	1.3	1.5
Interest expense	0.1	0.1
Actuarial gain	-	(0.1)
Benefits paid	(0.2)	(0.2)
Closing position as at balance sheet date	1.2	1.3

Group Section of the FirstGroup Pension Scheme

The company participates in a group multi-employer defined benefit scheme, the Group Section of the FirstGroup Pension Scheme (formerly the FirstGroup Pension Scheme).

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 of FirstGroup Holdings Limited during the period to 28 March 2026. There is no charge in the company's profit and loss. The assets and liabilities of the scheme are held separately and cannot be allocated out; accordingly, the scheme is treated as a defined contribution scheme in the financial statements.

The surplus on the FirstGroup Pension Scheme of £8.7 million (2025: £7.1 million) is reported within FirstGroup Holdings Limited financial statements.

20. Share capital and reserves

	2026 £000	2025 £000
Allotted, called up and fully paid		
40,000,100 (2025: 40,000,100) ordinary shares of £1 each	40,000	40,000

The company has one class of ordinary shares which carry full voting, dividend and capital distribution rights.

The company's other reserves are as follows:

The profit and loss account represents cumulative profits and losses net of dividends paid.

21. Ultimate parent company

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

The directors regard FirstGroup plc, a company incorporated in the United Kingdom 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.

Copies of the financial statements of FirstGroup plc can be obtained on request from 395 King Street, Aberdeen, AB24 5RP, which is the registered office of FirstGroup plc.