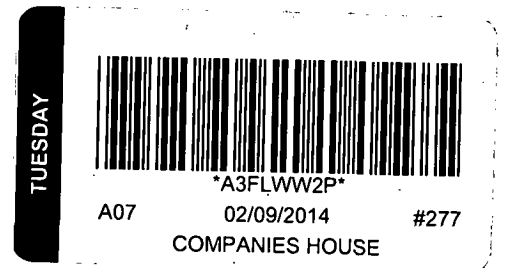


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**ARRIVA CYMRU LIMITED**

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**Annual report and financial statements  
for the year ended 31 December 2013**



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**ARRIVA CYMRU LIMITED**

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**Company Information**

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<b>Directors</b>	R A Bowler P Cummins S P Mills M J Morton P M Stone M D J Yexley
<b>Company secretary</b>	L Edwards
<b>Company number</b>	155374
<b>Registered office</b>	Admiral Way Doxford International Business Park Sunderland Tyne and Wear SR3 3XP
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

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**ARRIVA CYMRU LIMITED**

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**ARRIVA CYMRU LIMITED**

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**Strategic report  
for the year ended 31 December 2013**

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The directors present their Strategic report for the year ended 31 December 2013.

**Principal activities**

The principal activity of the company during the financial year was the operation of bus and coach services.

**Business review**

2013 has been a successful year with earnings growth up on 2012 despite the continuing external economic pressures and the challenging trading conditions the company has faced. The continued investment in new high quality vehicles has resulted in patronage growth on the routes that they serve.

The directors consider the state of the company's affairs to be satisfactory and there have been no material changes since the balance sheet date.


**Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to local and national competition and factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of the UK intermediate parent company, Arriva Plc, which does not form part of this report.

**Key performance indicators**

The directors of Deutsche Bahn AG manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Arriva Cymru Limited. The development performance and position of the group, including this company, is discussed in the group's annual report which does not form part of this report.

This report was approved by the board on 25 July 2014 and signed on its behalf.



**L Edwards**  
Company secretary

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**ARRIVA CYMRU LIMITED**

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**Directors' report  
for the year ended 31 December 2013**

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The directors present their report and the financial statements for the year ended 31 December 2013.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,547,000 (2012 - £1,519,000).

The company did not pay a dividend during the year (2012: £Nil).

**Directors**

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

R A Bowler  
P Cummins  
S P Mills  
M J Morton  
P M Stone  
P T Telford (resigned 27 March 2014)  
M D J Yexley

**Financial risk management and objectives**

Details of financial risk management objectives and policies are shown in the annual report of Arriva Plc which does not form part of this report.

**Future developments**

2014 will see continued investment in new high quality vehicles and the refurbishment of some of the existing fleet. We continue to invest in the Company and we are confident that this will assist in growing patronage.

**Employee involvement**

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

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

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

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**ARRIVA CYMRU LIMITED**

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**Directors' report  
for the year ended 31 December 2013**

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**Disabled employees**

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

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditors**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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**ARRIVA CYMRU LIMITED**

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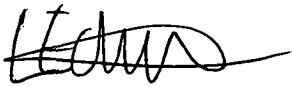
**Directors' report  
for the year ended 31 December 2013**

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**Going concern**

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

This report was approved by the board on 25 July 2014 and signed on its behalf.



**L Edwards**  
Company secretary

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## ARRIVA CYMRU LIMITED

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### Independent auditors' report to the members of Arriva Cymru Limited

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#### Report on the financial statements

##### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

##### What we have audited

The financial statements, which are prepared by Arriva Cymru Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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



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**ARRIVA CYMRU LIMITED**

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**Independent auditors' report to the members of Arriva Cymru Limited**

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

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

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

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

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements, and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*Michael Jeffrey*

Michael Jeffrey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
25 July 2014

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ARRIVA CYMRU LIMITED

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**Profit and loss account  
for the year ended 31 December 2013**

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	Note	2013 £000	2012 £000
<b>TURNOVER</b>	1,2	<b>27,916</b>	<b>27,717</b>
Cost of sales		<u>(21,938)</u>	<u>(22,372)</u>
<b>GROSS PROFIT</b>		<b>5,978</b>	<b>5,345</b>
Administrative expenses		(4,080)	(3,388)
Other operating income	3	<u>-</u>	<u>145</u>
<b>OPERATING PROFIT</b>	4	<b>1,898</b>	<b>2,102</b>
Interest receivable and similar income	7	-	1
Interest payable and similar charges	8	<u>(2)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,896</b>	<b>2,103</b>
Tax on profit on ordinary activities	9	<u>(349)</u>	<u>(584)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	18	<b><u>1,547</u></b>	<b><u>1,519</u></b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account. Therefore, no statement of total recognised gains and losses has been presented.

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

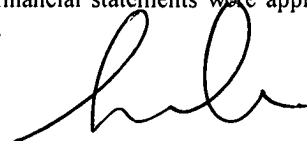
The notes on pages 9 to 18 form part of these financial statements.

**ARRIVA CYMRU LIMITED**  
**Registered number: 155374**

**Balance sheet**  
**as at 31 December 2013**

	Note	£000	2013 £000	£000	2012 £000
<b>FIXED ASSETS</b>					
Intangible assets	10		816		990
Tangible assets	11		10,809		1,433
			<u>11,625</u>		<u>2,423</u>
<b>CURRENT ASSETS</b>					
Stocks	12	184		237	
Debtors	13	20,638		33,714	
Cash at bank and in hand		2		2	
		<u>20,824</u>		<u>33,953</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(20,835)</u>		<u>(26,330)</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(11)</u>		<u>7,623</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,614</u>		<u>10,046</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		(33)		(130)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	16		(410)		(292)
<b>NET ASSETS</b>			<u>11,171</u>		<u>9,624</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		1,400		1,400
Revaluation reserve	18		15		15
Profit and loss account	18		9,756		8,209
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19		<u>11,171</u>		<u>9,624</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 July 2014.



**S P Mills**  
 Director

The notes on pages 9 to 18 form part of these financial statements.

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ARRIVA CYMRU LIMITED

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Notes to the financial statements  
for the year ended 31 December 2013

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1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006, and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover consists of the gross revenue for road passenger transport together with the aggregate amounts receivable for other goods and services supplied in the ordinary course of the business, excluding value added tax. Income is accrued where it is earned in an earlier period to that in which it is billed or received in cash. Income is deferred where it is received in an earlier period than that to which it relates.

1.4 Goodwill and other intangible assets

For acquisitions after 1 October 1998, goodwill, which represents the excess of cost of acquisitions of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal annual instalments over its estimated useful economic life up to a maximum of 20 years. Goodwill previously eliminated against reserves has not been reinstated and will only be charged to the profit and loss account on the subsequent disposal of any business to which it related. Goodwill is tested annually for impairment.

Other intangible assets relate to licences for the use of the Arriva brand name, they are being amortised through the profit and loss account over a period of 15 years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant, machinery, fixtures and motor vehicles	-	10% to 48% straight line
Public service vehicles	-	straight line over periods up to 15 years

Freehold land is not depreciated.

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ARRIVA CYMRU LIMITED

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**Notes to the financial statements  
for the year ended 31 December 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Leasing and hire purchase**

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding. Assets under finance leases are depreciated over their estimated useful life or the term of the lease, whichever is the shorter.

**1.7 Leasing**

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

Where assets are leased out under a finance lease arrangement any amounts due from the lessee are recorded in the balance sheet as a debtor at the amount of the net investment in the lease. Finance lease income under the finance lease is allocated to accounting periods so as to give a constant periodic rate of return on the net cash investment in the lease each period.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.10 Pensions**

During the year the company operated a defined contribution pension scheme, which closed in April 2013, and a contract based pension scheme, which opened in May 2013, and which covered employees of the company.

Arriva plc also operates a defined benefit pension scheme. The assets of the defined benefit scheme are held separately from those of the company in independently administered funds. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions payable by the company are charged to the profit and loss account in the period in which they fall due. Contributions payable under the defined contribution scheme are charged to the profit and loss account as they arise.

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ARRIVA CYMRU LIMITED

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Notes to the financial statements  
for the year ended 31 December 2013

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1. ACCOUNTING POLICIES (continued)

1.11 Capital grants

Capital grants are credited to deferred grant income on the balance sheet and released to the profit and loss account over the estimated useful economic lives of the related assets.

1.12 Dividend distribution

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

1.13 Going concern

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

2. TURNOVER

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

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	2013 £000	2012 £000
Release of deferred grant income	-	145

4. OPERATING PROFIT

The operating profit is stated after charging:

	2013 £000	2012 £000
Amortisation - intangible assets	174	174
Depreciation of tangible assets:		
- owned by the company	473	189
- held under hire purchase and finance lease agreements	107	193
Operating lease rentals:		
- plant and machinery	1,499	1,947
- land and buildings	96	74

During the year, no director received any emoluments in respect of their services to the company (2012 - £NIL).

During the year, the company made a loss on disposal of fixed assets of £15,000 (2012 - £20,000).

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ARRIVA CYMRU LIMITED

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Notes to the financial statements  
for the year ended 31 December 2013

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5. AUDITORS' REMUNERATION

	2013 £000	2012 £000
Fees payable to the company's auditors and its associates for the audit of the company's annual accounts	11	11

6. STAFF COSTS

Staff costs were as follows:

	2013 £000	2012 £000
Wages and salaries	11,976	12,514
Social security costs	979	1,075
Other pension costs (note 20)	422	306
	<u>13,377</u>	<u>13,895</u>

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

	2013 No.	2012 No.
Drivers	445	463
Engineering	41	44
Administrative	31	31
	<u>517</u>	<u>538</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £000	2012 £000
Finance lease interest receivable	-	1

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
On finance leases and hire purchase contracts	2	-

**ARRIVA CYMRU LIMITED**

**Notes to the financial statements  
for the year ended 31 December 2013**

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2013 £000	2012 £000
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	226	598
Adjustments in respect of prior years	5	1
<b>Total current tax</b>	<b>231</b>	<b>599</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	152	(37)
Adjustments in respect of prior years	(34)	22
<b>Total deferred tax (see note 16)</b>	<b>118</b>	<b>(15)</b>
<b>Tax on profit on ordinary activities</b>	<b>349</b>	<b>584</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	1,896	2,103
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	441	515
<b>Effects of:</b>		
Non-tax deductible amortisation of intangible fixed assets	31	32
Expenses not deductible for tax purposes	1	39
Capital allowances for year (in excess of)/less than depreciation	(247)	12
Adjustments in respect of prior years	5	1
<b>Current tax charge for the year (see note above)</b>	<b>231</b>	<b>599</b>

**Factors that may affect future tax charges**

During 2012 the Chancellor announced that the UK Corporation Tax rate applicable from 1 April 2013 would be 23%, and that the UK Corporation Tax rate applicable from 1 April 2014 would be 21%.

On 20 March 2013 the Chancellor made a further announcement that the UK Corporation Tax rate applicable from 1 April 2015 would be 20%.



**ARRIVA CYMRU LIMITED**

**Notes to the financial statements  
for the year ended 31 December 2013**

**10. INTANGIBLE FIXED ASSETS**

	Licences £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2013 and 31 December 2013	1,300	1,359	2,659
<b>Accumulated amortisation</b>			
At 1 January 2013	783	886	1,669
Charge for the year	87	87	174
At 31 December 2013	870	973	1,843
<b>Net book value</b>			
At 31 December 2013	430	386	816
At 31 December 2012	517	473	990

**11. TANGIBLE FIXED ASSETS**

	Freehold property £000	Plant, machinery, fixtures and motor vehicles £000	Public service vehicles £000	Total £000
<b>Cost</b>				
At 1 January 2013	142	1,739	4,420	6,301
Additions	28	56	9,995	10,079
Disposals	(96)	(174)	(1,403)	(1,673)
At 31 December 2013	74	1,621	13,012	14,707
<b>Accumulated depreciation</b>				
At 1 January 2013	130	1,048	3,690	4,868
Charge for the year	6	115	459	580
Disposals	(96)	(174)	(1,280)	(1,550)
At 31 December 2013	40	989	2,869	3,898
<b>Net book value</b>				
At 31 December 2013	34	632	10,143	10,809
At 31 December 2012	12	691	730	1,433

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**ARRIVA CYMRU LIMITED**

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**Notes to the financial statements  
for the year ended 31 December 2013**

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**11. TANGIBLE FIXED ASSETS (continued)**

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

	2013 £000	2012 £000
Public service vehicles	1,151	156

The depreciation charged to the financial statements in the year in respect of such assets amounted to £107,000 (2012: £193,000).

**12. STOCKS**

	2013 £000	2012 £000
Raw materials	184	237

**13. DEBTORS**

	2013 £000	2012 £000
Trade debtors	349	345
Amounts owed by group undertakings	19,108	30,969
Amounts receivable under finance leases	-	6
Other debtors	287	5
Prepayments and accrued income	894	2,389
	<u>20,638</u>	<u>33,714</u>

**14. CREDITORS:  
Amounts falling due within one year**

	2013 £000	2012 £000
Net obligations under finance leases and hire purchase contracts	182	-
Amounts owed to group undertakings	19,321	25,021
Corporation tax	226	598
Other creditors	-	67
Accruals and deferred income	1,106	644
	<u>20,835</u>	<u>26,330</u>

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ARRIVA CYMRU LIMITED

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Notes to the financial statements  
for the year ended 31 December 2013

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15. CREDITORS:

Amounts falling due after more than one year

	2013 £000	2012 £000
Accruals and deferred income	33	130

16. DEFERRED TAXATION

	2013 £000	2012 £000
At 1 January	292	307
Profit and loss account movement in the year (note 9)	118	(15)
At 31 December	410	292

The provision for deferred taxation is made up as follows:

	2013 £000	2012 £000
Excess of capital allowances over depreciation on fixed assets	410	292

17. CALLED UP SHARE CAPITAL

	2013 £000	2012 £000
Authorised, allotted and fully paid		
1,400,000 Ordinary shares of £1 each (2012: 1,400,000)	1,400	1,400

18. RESERVES

	Revaluation reserve £000	Profit and loss account £000
At 1 January 2013	15	8,209
Profit for the financial year	-	1,547
At 31 December 2013	15	9,756

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**ARRIVA CYMRU LIMITED**

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**Notes to the financial statements  
for the year ended 31 December 2013**

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

	2013 £000	2012 £000
Opening shareholders' funds	9,624	8,105
Profit for the financial year	1,547	1,519
	<hr/>	<hr/>
Closing shareholders' funds	<u>11,171</u>	<u>9,624</u>

**20. PENSION COMMITMENTS**

At 31 December 2013 the UK intermediate parent company, Arriva plc, operated both defined benefit and contract based retirement benefit schemes providing benefits to certain employees within Arriva North West Limited. The schemes are financed through separate Trustee administered funds managed by independent professional fund managers on behalf of the Trustees.

Contributions to the defined benefit scheme, The Arriva Passenger Services Pension Plan, are based upon actuarial advice following the most recent actuarial valuation of the fund. The latest actuarial valuation was performed as at 5th April 2011, using the Projected Unit Method. The principal actuarial assumptions were that:

- (i) the annual rate of return on investment would be 7.0 per cent higher than the annual increase in total pensionable remuneration of nil per cent (frozen for 4 years from 1 December 2009, capped at 1% thereafter); and
- (ii) there would be no variation from the scheme's rules to pensions in payment.

On the basis of these assumptions the actuarial value of the funds at 5th April 2011 was sufficient to cover 94.6 per cent of the benefits then accrued to members. The market value of the Scheme's assets at 5th April 2011 was £369.1 million.

The pensions cost charge for the year represents contributions payable by the company to the Plan and amounted to £422,000 (2012: £306,000).

**FRS 17 'Retirement benefits'**

The company makes contributions to a defined benefit scheme, the Arriva Passenger Services Pension Plan which is operated by the UK intermediate parent company, Arriva plc. Other companies within the Arriva Group make contributions to the Plan, therefore it is not possible for the company to identify its share of the underlying assets and liabilities as at 31 December 2013. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions payable by the company are charged to the profit and loss account in the period in which they fall due.

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**ARRIVA CYMRU LIMITED**

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**Notes to the financial statements  
for the year ended 31 December 2013**

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**21. OPERATING LEASE COMMITMENTS**

At 31 December the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>2013</b> <b>£000</b>	<b>Other</b> <b>2012</b> <b>£000</b>
	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>		
<b>Expiry date:</b>				
Within 1 year	27	27	237	205
Between 2 and 5 years	-	-	-	1,646
After more than 5 years	13	13	-	61
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company and ultimate controlling party is Deutsche Bahn AG, a company registered in Germany, which has prepared group financial statements incorporating the results of Arriva Cymru Limited. Copies of these financial statements can be obtained from Potsdamer Platz 2, 10785 Berlin.

Deutsche Bahn AG is the largest group to consolidate the financial statements of Arriva Cymru Limited and DB Mobility Logistics AG is the smallest.

Information on Arriva Cymru Limited can be obtained from their registered address Admiral Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XP.

Transactions with other companies in the Deutsche Bahn Group are not specifically disclosed as the company has taken advantage of the exemption available under FRS 8 'Related party disclosures' for wholly-owned subsidiaries.