Registered no: 2995468

Fastline Limited

Annual report and financial statements

for the year ended 31 March 2009

Fastline Limited
Annual report and financial statements
for the year ended 31 March 2009

Fastline Limited
Directors and advisors

Directors	M A A Akinlade R W Entwistle S W Laird J W T Snowdon R M Thornton B L Westbrook
Secretary	Secretariat Services Limited
Registered office	Meridian House The Crescent York YO24 1AW
Auditors	Grant Thornton UK LLP No 1 Whitehall Riverside Whitehall Road Leeds LS1 4BN
Bankers	Lloyds TSB Bank plc PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

Fastline Limited
Directors' report
for the year ended 31 March 2009

The directors present their report and the audited financial statements for the year ended 31 March 2009.

Business review and principal activities

Fastline Limited (the "Company") is a wholly owned subsidiary undertaking of Jarvis plc (the "Parent" or "Jarvis") and a guarantor of the financing facilities of the Parent's group of companies (the "Group"), details of which are given in note 22 to the Financial Statements. The Company provides the rail industry with a range of on track machines (OTMs), specialist plant and small plant equipment. It is also a rail freight operating company and manages an extensive fleet of commercial vehicles through its Transport business.

The Company experienced a mixed year.

Performance in OTM exceeded expectations due to larger than anticipated volumes on the West Coast and as a result of the teams playing an integral part in the successful delivery of many rail project enhancement works. The strong performance in OTM was also in part as a result of the contract to operate and maintain Network Rail's Multi Purpose Vehicles (MPVs). The fleet undertook weed spraying across much of the network covering more than 37,000 kilometres of track over the spring and summer of 2008 and the 2009 season is now well underway.

We have been working with several companies in the Middle East, Egypt and Central and Eastern Europe to assess their on track machinery requirements. This resulted in 11 machines being exported in the year including six which are now being utilised on major projects in Saudi Arabia.

Small Plant also performed well with increased turnover primarily due to the higher volumes of rail activity in the first half and sustained growth in revenues from the contract with Metronet.

Specialist Plant completed many projects on behalf of all the major contractors and was utilised by our rail teams on major projects including Airdrie-Bathgate, Lugton Loop and Rugby. However performance did not meet expectations.

Transport performed poorly affected by a downturn in external demand as result of the worsening economic climate and the reduction in our rail workload in the final quarter.

The rail freight business consisted of two quite separate activities, the coal haulage contract and the intermodal (container) business. To service the E.ON coal haulage contract we acquired, through operating lease, five new class 66 locomotives and 94 coal hopper wagons. The contract commenced in May 2008 with the new equipment being phased in until we achieved full production in November 2008. The phased start up worked to plan and in general the contract is performing well. Indeed E.ON has now extended the contract to December 2015 which has enabled us to place an order for additional equipment.

Fastline Limited
Directors' report
for the year ended 31 March 2009 (continued)

Business review and principal activities (continued)

The intermodal business has been quite a different story. There has been a significant reduction in container imports as the impact of the economic downturn has come in to full effect. Container volumes through Thamesport reduced dramatically in the second half of the year. We therefore concluded that we should close this business and we ceased to carry any containers from March 2009.

In January 2009 Network Rail stated its intention to delay works, particularly track renewals, until later in Control Period 4. The direct and indirect impact of this is that volumes within the business will probably remain at a reduced level throughout the 2009-10 financial year but pick up thereafter.

Following this unexpected development the Company moved quickly to downsize its business at all levels to adapt to the reduced workload. A key task, initiated during the final quarter of the year, was to reduce headcount in the business in recognition of the lower volumes now anticipated for the coming year and we are working with Network Rail and others stakeholders to put our plans into effect. This process is well underway and continues into 2009-10.

On 21 November 2008 Fastline Ltd hived up the businesses, including the business assets, of its subsidiary undertaking, On Track Plant Limited, and its underlying subsidiary undertaking Jarvis Plant Hire Limited.

Overall, as a result of poor performance in transport, the costs of closing the intermodal freight business and the costs of restructuring the business as a result of Network Rail's decision to defer work until later in Control Period 4 the Company is reporting a loss for the year as shown below.

Results and dividends for the year

The loss for the year reported in the accounts was £17,618,000 (2008: Loss of £2,981,000). The directors do not recommend the payment of a dividend (2008: £nil).

Key performance indicators (KPI's)

The KPI's of the Jarvis plc company, including non-financial measures, are disclosed in the Report and Accounts of Jarvis plc. As a subsidiary company of the Jarvis plc company, the principal financial performance indicators used by the management team to measure the performance of Fastline Limited are revenue, operating loss before non-recurring costs, operating margin and operating cashflow. Non recurring costs include operating redundancy costs, amortisation of goodwill and impairment of tangible fixed assets.

Key performance indicator	**2009**	**2008**
	£'000	**£'000**
Revenue	79,699	65,792
Operating profit/(loss) before non-recurring costs	(4,253)	(967)
Operating margin	(5.3)%	(1.5)%
Operating cashflow adjusted for non recurring costs	84	3,081

Fastline Limited
Directors' report
for the year ended 31 March 2009 (continued)

Non-Financial KPIs

The business achieved a remarkable 55 per cent improvement in its accident frequency rate (AFR), the key performance indicator for safety, compared with the previous year. In addition to AFR monitoring, the Company has also introduced a complementary safety performance measurement tool based on fatalities and weighted injuries.

The business continued to recognise safety performance with its internal award scheme with a total 13 depots surpassing at least a year without a reportable accident. The Small Plant and Transport businesses have worked a highly commendable 761 and 1,462 days respectively without an accident whilst the team operating the Medium Output ballast Cleaner contract achieved an outstanding three years accident free.

It is also particularly pleasing to report that once again the number and volume of oil spills has reduced with a 41 per cent reduction in the volume of hydraulic oil spills and leaks being achieved compared to the previous year.

Risks and Uncertainties

This annual report contains certain forward looking statements. These statements are made by the Directors in good faith, based on the information available to them up to the time of approval of this report. Actual results may differ to those expressed in such statements, depending on a variety of factors. These factors include customer acceptance of the Company's services, levels of demand in the market, restrictions to market access, competitive pressure on pricing or additional costs, failure to retain or recruit key personnel and overall economic conditions.

The latter is particularly important as the Company's operations, like those of other companies, are not immune from the current severe economic downturn, the length and severity of which may continue to have an impact on its activities. In addition, the Directors remain mindful that performance continues, as always, to depend on demand from its principal customers which in turn can depend on the pace at which Central Government/Network Rail undertake planned rail capital works programmes. As ever, a risk inherent in the industry is the nature, timing and contractual conditions which exist at the time of contract procurement and its dependency on one large customer, Network Rail. If Network Rail's anticipated level of spend for 2009-10 is not implemented or track renewals expenditure and volumes are further deferred, the Company's business, financial position and cashflows could be adversely affected.

The Company is restructuring its business to reflect its current understanding of changes in phasing and timing and of Network Rail's overall proposed investment in rail infrastructure in Control Period 4 (2009-14) and believes that given its pricing structure, history of innovation and safety record it is well positioned to continue to undertake work on behalf of Network Rail and its other customers.

Risks and Uncertainties (continued)

Safety is of paramount importance in the industry in which the Company operates. The impact of failing to operate safe systems of working can potentially have significant implications on each of the Company's stakeholders, cause reputational damage to the Company and lead to the possible loss of future business. For these reasons the Company has put in place robust systems of safety management to ensure that it identifies and manages safety risks across all of its operations as effectively as possible.

Risk continues to be a formal consideration in the Monthly Operating Review meeting for the Company's operational management. Key issues are escalated within the Company itself and where appropriate to the management of its parent undertaking, Jarvis plc.

Financial risk management

The Company's operations expose it to a variety of financial risks but the principal financial risk is funding and liquidity due to the contractual nature of the business and its commercial arrangements with clients. The treasury department of the Group implements appropriate risk management strategies to ensure adequate cost effective funding whilst limiting the adverse effects of liquidity credit and interest rate risks on the Company. The treasury team ensures that financial risks are identified by means of formalised reporting, a regular review of operational results and involvement in the planning and forecasting processes.

Credit risk

The Company's credit risk is primarily attributable to the structure of its customer base with certain customers who operate through measured contracts and its exposure to leasing of plant assets for the business. The Group's main working capital funding facility is syndicated with highly credit rated banks and institutions, with surplus cash being invested with highly credit rated banks.

Interest rate risk

The Company benefits from loan facilities negotiated by the Group. The Group facilities are predominantly subject to floating interest rates due to the type of facility in place.

Funding and liquidity risk

A key function of the Group's Treasury department is to ensure that the Company has sufficient cost effective facilities to meet its obligations in the short medium and long terms with regard to the Company's underlying cash generation and usage. In order to establish the funding requirement the Group's treasury department monitors:

- Regular cash flow forecasts prepared by the Company's finance team;
- Budgets and forecasts;
- Actual trading results and resultant debt and balance sheet positions; and
- Capital expenditure requests.

Fastline Limited
Directors' report
for the year ended 31 March 2009 (continued)

Directors

The directors holding office during the year ended 31 March 2009 and subsequent to that date, together with dates of appointment and resignation, are shown below:

M A A Akinlade	
R W Entwistle	
M D Houghton	(Resigned 13 May 2008)
S W Laird	(Appointed 23 April 2008)
J W T Snowdon	
R M Thornton	
B L Westbrook	

There is third party indemnity insurance in place for the directors of the Company.

Employment policies

It is the policy of the Company that there shall be no discrimination or less favourable treatment of employees, workers or job applicants in respect of race, colour, ethnic or national origins, religious beliefs, sex, sexual orientation, disability, political beliefs, age or marital status.

Full consideration is given to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for that position, and wherever possible to re-train employees who become disabled, so that they can continue their employment in the same or in another position. Jarvis plc and its subsidiaries engage, promote, and train staff on the basis of their capabilities, qualifications and experience, without discrimination, giving all employees an equal opportunity to progress within the Group.

The Company continues to be committed to the health, safety and welfare of its employees and to observe the terms of the Health & Safety at Work Act 1974, and all other relevant regulatory and legislative requirements.

The directors recognise the need for communication with employees at every level. All employees have access to a copy of the Jarvis plc Annual Report and Accounts, which together with team briefings and internal noticeboard statements, keeps them informed of the Group's progress. In addition, information is available on the Company's intranet and via its collaborative, team-working platform TeamSpace which was introduced during the year.

Creditor payment terms

When entering into commitments for the purchase of services and goods the Company gives due consideration to quality, delivery, price and the terms of payment. Suppliers are made aware of these terms. The Company abides by these terms whenever it is satisfied that suppliers have provided the services or goods in accordance with agreed terms and conditions. In the event of disputes, efforts are made to resolve them quickly.

Fastline Limited
Directors' report
for the year ended 31 March 2009 (continued)

Creditor payment terms (continued)

During the year ended 31 March 2009 the Company on average paid its creditors within 60 days (2008: 46 days) of receipt of the invoice.

Environment

The Company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this report the Company has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that 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 1985. 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.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the board

For and on behalf of
Secretariat Services Ltd

K. Hogg

For and on behalf of
Secretariat Services Limited
Secretary
13 July 2009

Report of the Independent Auditor to the members of Fastline Limited

We have audited the financial statements of Fastline Limited for the year ended 31 March 2009 which comprise the profit and loss account, the balance sheet and notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the Independent Auditor to the members of Fastline Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' report is consistent with the financial statements.

Grant Thornton UK LLP.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants

Leeds, England
13 July 2009

Fastline Limited
Profit and loss account
for the year ended 31 March 2009

	Notes	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Turnover from continuing operations		**71,890**	65,792
Turnover from acquisitions		**7,809**	-
Total Turnover	2	**79,699**	65,792
Cost of sales		**(78,159)**	(56,592)
Gross profit		**1,540**	9,200
Administration expenses		**(8,204)**	(9,547)
Operating loss from continuing operations		**(8,050)**	(347)
Operating profit from acquisitions		**1,386**	-
Total Operating loss	3	**(6,664)**	(347)
Dividends received from subsidiaries		**2,415**	6,300
Fundamental restructuring costs	4	**(6,897)**	-
Profit on disposal of fixed assets	4	**1,558**	-
(Loss)/profit on ordinary activities before interest and taxation		**(9,588)**	5,953
Interest receivable	8	**264**	3,485
Interest payable and similar charges	9	**(8,746)**	(12,419)
Loss on ordinary activities before taxation		**(18,070)**	(2,981)
Taxation	10	**452**	-
Loss on ordinary activities after taxation	20	**(17,618)**	(2,981)

The results reported above reflect the continuing operations of the Company.

The Company has no recognised gains and losses other than the losses stated above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 12 to 22 form part of these financial statements.

Fastline Limited
Balance sheet
as at 31 March 2009

	Notes	31 March 2009 £'000	31 March 2008 £'000
Fixed assets			
Tangible fixed assets	11	**17,355**	12,950
Intangible fixed assets	12	**18,911**	-
Investments	13	**-**	20,487
		36,266	33,437
Current assets			
Stocks and work in progress	14	**1,154**	1,479
Debtors	15	**15,183**	22,534
Cash at bank and in hand		**682**	818
		17,019	24,831
Creditors: amounts falling due within one year	16	**(89,700)**	(78,232)
Net current liabilities		**(72,681)**	(53,401)
Total assets less current liabilities		**(36,415)**	(19,964)
Creditors: amounts falling due after more than one year	17	**-**	(7,383)
Provisions for liabilities	18	**(8,550)**	-
Net liabilities		**(44,965)**	(27,347)
Capital and reserves			
Called up share capital	19	**5,000**	5,000
Profit and loss account - deficit	20	**(49,965)**	(32,347)
Deficit on equity shareholders' funds	20	**(44,965)**	(27,347)

The financial statements on pages 10 to 22 were approved by the Board on 13 July 2009 and were signed on its behalf by:

M A A Akinlade
Director

Fastline Limited
Notes to the financial statements
for the year ended 31 March 2009

1. Principal accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and the Companies Act 1985. The results presented are for the financial year 1 April 2008 to 31 March 2009. The comparative results are for the financial year 3 April 2007 to 31 March 2008, in line with the reporting period of the Jarvis plc group and hence is referred to as "year ended 31 March 2008" in these financial statements.

The Company is a subsidiary undertaking of Jarvis plc and is dependent upon the continued provision of financial support by Jarvis plc and its subsidiary undertakings in order to meet its liabilities as they fall due.

(b) Consolidated accounts

For the period ending 31 March 2008, by virtue of section 228 of the Companies Act 1985, the results of the Company's subsidiary undertakings have not been consolidated in these financial statements as the Company is itself a wholly owned subsidiary of Jarvis plc, a company incorporated in England and Wales, which is preparing consolidated accounts. The financial statements present information about the Company and not its group. For the year ending 31 March 2009 the two subsidiary companies were hived up into Fastline Limited.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost to the company, being their purchase cost together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less any residual value, on a straight line basis over the expected useful lives of the assets concerned.

The principal rates of depreciation used for this purpose are:

Plant and machinery	5% - 20% per annum
Motor vehicles	25% per annum
Fixtures and fittings	10% - 25% per annum
Office equipment	25% - 50% per annum

In accordance with Financial Reporting Standard 11, any impairment of fixed assets is charged to the profit and loss account in the period it arises.

(d) Intangible fixed assets

Goodwill was created on the hive up of the two subsidiary businesses. In accordance with Financial Reporting Standard 10, the goodwill is being amortised over its estimated useful life of four years, on a straight line basis.

(e) Stocks

Stocks and manufacturing work-in-progress are stated at the lower of cost, including attributable overheads, and net realisable value.

1. Principal accounting policies (continued)

(f) Long-term contracts

When the outcome of a long-term contract can be estimated reliably, contract revenue is recognised by reference to the degree of completion of each contract, based on the amounts certified and to be certified by the customer.

Incentive payments and insurance claims arising from long-term contracts are included where they have been agreed with the client. Variations and other claims are included where it is probable that the amount will be settled, based on agreements in principle with the customer. When the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable.

Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately.

Where revenue recognised exceeds progress billings, the balance is shown as due from customers on long-term contracts within trade and other receivables. Where progress billings exceed costs incurred, the balance is shown as due to customers on long-term contracts within trade and other payables.

(g) Pre-contract costs

All costs incurred in advance of a contract being awarded are written off to the profit and loss account until the date that, in the opinion of the directors, it is virtually certain that the contract has been secured. Where the directors consider virtual certainty has been achieved but the contract has not yet been awarded, costs are carried as work in progress to the extent that the contract is expected to result in future net cash inflows (i.e. future revenues less attributable costs).

(h) Taxation

(i) Current tax

The tax charge is based on the taxable result for the year. The taxable result differs from the net loss as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred taxation

Full provision has been made for deferred taxation in respect of timing differences that have originated but not reversed at the balance sheet date as the result of an event which results in an obligation to pay more or less tax in the future, except that:

- Provision is not made for the remittance of a subsidiary's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings.

- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Fastline Limited
Notes to the financial statements (continued)
for the year ended 31 March 2009

1. Principal accounting policies (continued)

(ii) Deferred taxation (continued)

Deferred tax is measured on a non-discounted basis at the tax rates expected to apply in the period in which the timing differences reverse, based on tax rates enacted at the balance sheet date.

(j) Leases

Costs in respect of operating leases are charged against operating profit on a straight line basis over the lease term.

(k) Pensions

The Company contributes to defined contribution pension schemes and to personal pension plans according to the arrangements agreed with employees. Contributions paid by the Company are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The Company contributes to defined benefit pension schemes according to the arrangements agreed with employees. These schemes are valued every three years by a qualified actuary, the rates of contribution payable being determined by the actuary. In the intervening years, the appropriateness of the last valuation is reviewed annually. The Company is unable to identify its share of the underlying assets and liabilities of these defined benefit schemes on a consistent and reasonable basis and is therefore accounting for these as defined contribution schemes using the multi employer exemption, in accordance with FRS 17 - Retirement Benefits.

(l) Cash flow statement

The Company is a wholly owned subsidiary of Jarvis plc and the cash flows of the Company are included in the consolidated cash flow statement of Jarvis plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard 1 (revised) from publishing a cash flow statement.

(m) Related party transactions

The Company is a wholly owned subsidiary of Jarvis plc and as such the Company has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose related party transactions which are eliminated on consolidation.

2. Turnover

Turnover excludes value added tax and represents the value of contract work carried out during the period. All turnover in the years ended 31 March 2009 and 31 March 2008 arises from operations within the United Kingdom.

3. Operating loss

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
This is stated after charging/(crediting):		
Hire of plant and machinery	**4,173**	3,843
Depreciation charge for the period:		
- Tangible owned fixed assets	**4,337**	3,104
Impairment charge/(credit) of tangible fixed assets	**835**	(1,421)
Operating lease rentals and hire of plant and machinery	**11,326**	13,033
Amortisation of intangible fixed assets	**1,576**	-
Redundancy costs	**-**	801

The audit fees for the years ended 31 March 2009 and 31 March 2008 were borne by a fellow group undertaking.

4. Exceptional items

Fundamental restructuring costs relate to the restructuring of the business following a significant reduction in demand by Network Rail for Rail services, and for the container services business.

The profit on disposal of fixed assets relates to the sale of on track machinery, to be utilised on major projects in Saudi Arabia. This profit is derived from the proceeds of the sale amounting to £2,218,000 less the net book value of the assets of £485,000 and the costs of refurbishment prior to sale of £175,000.

Fastline Limited
Notes to the financial statements (continued)
for the year ended 31 March 2009

5. Directors' emoluments

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Aggregate emoluments	313	267
Contributions to defined contribution pension arrangements	69	-
Termination payments	163	28
	545	295

Highest Paid Director

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Aggregate emoluments	267	225
Contributions to defined contribution pension arrangements	46	28
	313	253

The emoluments of Messrs M A A Akinlade, R W Entwistle, S W Laird and B L Westbrook were paid by Jarvis plc and the emoluments of R M Thornton were paid by Jarvis Rail Limited. Their emoluments are included in the employment costs of these companies. It is not practical to apportion their remuneration between their services as an employee of Jarvis plc and Jarvis Rail Limited and as directors of the Company.

6. Employee information

The average monthly number of persons employed by the Company, including executive directors, during the period was as follows:

	Year ended 31 March 2009 Number	Year ended 31 March 2008 Number
Plant operations	565	643
Transport	17	16
Freight	52	19
Total	634	678

The employment costs of all employees included above were:

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 Number
Wages and salaries	26,925	26,285
Social security costs	2,641	2,657
Pension costs	1,408	1,357
	30,974	30,299

7. Retirement benefits

The Company operates a number of pension arrangements comprising both defined benefit and defined contribution schemes. The Railway Pension Scheme (RPS) is the only material scheme for the purpose of calculating defined benefit costs and pension scheme assets and liabilities, in accordance with FRS17 – Retirement Benefits. The RPS is a funded UK defined benefit scheme, the assets of which are held in trustee administered funds separate from the Company and the Group.

The defined benefit schemes are closed to new entrants, other than for new employees who qualify for participation in the RPS. Other eligible new employees are offered participation in the Group's defined contribution scheme.

Eligible employees participate in three shared cost sections of the RPS, comprising Jarvis Facilities, Fastline and Relayfast sections. The Company is unable to identify its share of the RPS underlying assets and liabilities on a consistent and reasonable basis and is therefore accounting for it as a defined contribution scheme, in accordance with FRS 17.

The FRS17 surplus on the three Jarvis sections of the RPS, as recognised in the Jarvis plc annual report and accounts, was £3.2 million (2008: £40.4 million).

For the year ended 31 March 2009, employer contributions to the three Jarvis sections of the RPS were 17.22%, 16.82% and 14.40% for the Relayfast, Fastline and Jarvis Facilities sections respectively. Total employer contributions paid by the Company in respect of the three RPS sections for the year ended 31 March 2009 were £0.9 million (2008: £1.2 million).

For other eligible employees, contributions are made to defined contribution arrangements based on a pre-determined percentage of individual salaries. The cost of contributions to defined contribution arrangements, and other non-material defined benefit schemes accounted for as defined contribution schemes, for the year ended 31 March 2009 was £0.5 million (2008: £0.2 million).

8. Interest receivable

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Interest receivable from other group undertakings	**252**	3,345
Other bank interest	**12**	140
	264	3,485

9. Interest payable and similar charges

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
On loans from ultimate parent undertaking	**4,095**	6,731
Other bank interest	**4,651**	5,688
	8,746	12,419

10. Taxation

(a) Analysis of tax (credit) in the period

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Current tax:		
United Kingdom corporation tax	-	-
Payment for group relief	(573)	-
Current tax (credit)/charge	(573)	-
Deferred tax:		
Origination and reversal of timing differences	121	-
Tax (credit) on loss on ordinary activities	(452)	-

(b) Reconciliation of current tax (credit)/charge

	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Loss on ordinary activities before taxation	(18,070)	(2,981)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	(5,060)	(894)
Effects of:		
Expenses not deductible for tax purposes	646	-
Capital allowances for the year in excess of depreciation	67	550
Unrecognised deferred tax asset for tax losses	4,450	2,080
Non taxable income	(676)	(1,898)
Short-term timing differences	-	163
Current tax charge for the period (note 10(a))	(573)	-

11. Tangible fixed assets

	Plant, equipment & motor vehicles £'000
Cost	
At 1 April 2008	26,114
Additions	1,015
Transfers in from hive up	9,110
Disposals	(1,558)
At 31 March 2009	**34,681**
Depreciation	
At 1 April 2008	13,164
Charge for the year	4,337
Impairment charge	835
Disposals	(1,010)
At 31 March 2009	**17,326**
Net Book Value	
At 31 March 2009	**17,355**
At 31 March 2008	12,950

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12. Intangible fixed assets - goodwill

	Goodwill
Cost	**£'000**
At 1 April 2008	-
Additions	20,487
At 31 March 2009	**20,487**
Amortisation	
At 1 April 2008	-
Amortisation charge for the year	1,576
At 31 March 2009	**1,576**
Net Book Value	
At 31 March 2009	**18,911**
At 31 March 2008	-

Goodwill arose from the hive up of the subsidiary businesses of On Track Plant Limited and Jarvis Plant Hire Limited on 21 November 2008, and is being amortised over a period of four years from the date of hive up.

13. Investment in subsidiaries

Cost	**£'000**
At 31 March 2008	20,487
Reclassification to goodwill	(20,487)
At 31 March 2008	-

The company holds no investments at 31 March 2009

Details of subsidiary undertakings as at 31 March 2008 are given below:

Name of undertaking	Country of Incorporation	Description of shares held	Nature of Business	Holding
Jarvis Plant Hire (Holdings) Limited	England and Wales	Ordinary	Non-trading	100%
On Track Plant Limited	England and Wales	Ordinary	Non-trading	100%

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14. Stocks and work in progress

	31 March 2009 £'000	31 March 2008 £'000
Stock of spares	**1,154**	1,479

15. Debtors

	31 March 2009 £'000	31 March 2008 £'000
Amounts falling due after more than one year:		
Trade debtors	**4,458**	9,006
Amounts recoverable on contracts	**3,159**	5,107
Prepayments and accrued income	**7,566**	8,421
	15,183	22,534

16. Creditors: amounts falling due within one year

	31 March 2009 £'000	31 March 2008 £'000
Bank loan	**27,028**	10,433
Trade creditors	**5,682**	5,166
Amounts owed to group undertakings	**52,142**	59,185
Corporation tax due	**332**	-
Other taxation and social security	**521**	830
Accruals and deferred income	**3,995**	2,618
	89,700	78,232

Amounts owed to group undertakings are included under amounts falling due within one year as the dates of their repayment are not fixed. Whilst the amounts are technically repayable on demand, and hence are included in creditors falling due within one year, the directors are of the opinion that, in the ordinary course of business, repayment within such a time scale would not be required.

17. Creditors: amounts falling due after more than one year

	31 March 2009 £'000	31 March 2008 £'000
Bank loan	-	7,290
Other creditors	-	93
	-	7,383
The borrowing is repayable over the following period:		
Within one year	-	10,433
Between one and two years	-	7,290
Between two and five years	-	-
	-	17,723

17. Creditors: amounts falling due after more than one year (continued)

The borrowings relate to the Group's committed facility of £60m arranged by Burdale Financial Limited, the secured asset-based lending subsidiary of the Bank of Ireland, secured by way of a fixed and floating charge on the Group's assets, in particular its plant, machinery and receivables under its rail renewal and plant hire contracts.

Subsequent to the year end the Group negotiated a £50m facility and extended the terms of its borrowings to 31 January 2011.

The effective interest rate on borrowings at the balance sheet date was 5.1% (2008: 11.0%).

18. Provisions for liabilities

	Restructuring £'000	Deferred Tax £'000	Total Provisions £'000
At 1 April 2008	-	-	-
Hive up from Jarvis Plant Hire Limited	-	688	688
Hive up from On Track Plant Limited	-	318	318
Charge to the profit and loss account	7,423	121	7,544
At 31 March 2009	**7,423**	**1,127**	**8,550**

	31 March 2009 £'000	31 March 2008 £'000
Deferred Tax		
Tax effect of timing differences because of:		
Accelerated capital allowances	1,127	-

The restructuring provision relates to the restructuring of the business following a significant reduction in demand by Network Rail for Rail services.

19. Share capital

	31 March 2009 No '000	31 March 2008 No '000
Authorised		
Ordinary shares of £1 each	10,000	10,000

	31 March 2009 £'000	31 March 2008 £'000
Allotted, called up and fully paid		
5,000,000 ordinary shares of £1 each	5,000	5,000

20. Reconciliation of movements in equity shareholders' deficit

	Share capital	Profit & loss account	Total equity shareholders' deficit
	£'000	£'000	£'000
At 1 April 2008	5,000	(32,347)	(27,347)
Loss for the year	-	(17,618)	(17,618)
At 31 March 2009	**5,000**	**(49,965)**	**(44,965)**

21. Capital and lease commitments

The Company had capital commitments of £29,000 at 31 March 2009 (2008: £111,000).

22. Contingent Liabilities

Guarantees have been given by the Company in the ordinary course of business, without limit, in respect of loans and overdrafts of its ultimate parent (Jarvis plc) and fellow subsidiary undertakings (together 'the Group'), which amounted to £60m as at 31 March 2009 (2008: £67m). Subsequent to the year end the Group negotiated a £50m facility and extended the terms of its borrowings to 31 January 2011. A termination of the Group's banking facilities would crystallise the Company's guarantee, both in respect of the repayment of these facilities and in respect of other costs associated with early redemption.

The Company has also guaranteed performance bonds in respect of contracts entered into by fellow subsidiary undertakings in the normal course of business.

23. Financial commitments

The Company has the following obligations under non-cancellable operating leases:

	31 March 2009 Vehicles, plant and machinery	31 March 2008 Vehicles, plant and machinery
	£'000	£'000
Expiring within one year	1,083	1,481
Expiring between two and five years	5,260	6,808
Expiring in over five years	584	561
	6,927	8,850

24. Transfer of business

On 21 November 2008, the trade and net liabilities of On Track Plant Limited ('OTP') and Jarvis Plant Hire Limited ('JPH') were hived up into Fastline Limited at book value.

	OTP £'000	JPH £'000	Total £'000
Fixed assets	3,045	6,065	9,110
Debtors	4,121	1,562	5,683
Bank loan	(7,500)	(10,000)	(17,500)
Deferred tax	(318)	(688)	(1,006)
Net liabilities transferred	**(652)**	**(3,061)**	**(3,713)**

25. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Jarvis Fastline Group Limited, a company registered in England and Wales. The Company's ultimate parent undertaking and ultimate controlling party is Jarvis plc, a company registered and incorporated in England and Wales, whose annual report and financial statements may be obtained from the Secretary, Jarvis plc, Meridian House, The Crescent, York, YO24 1AW.