

# Independent auditors' report to the members of FirstGroup plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- FirstGroup plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 March 2024 and of the group's loss and the group's cash flows for the 53 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the "Annual Report"), which comprise: the Consolidated balance sheet and the Company balance sheet as at 30 March 2024; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statements of changes in equity, the Company statement of changes in equity, and the Consolidated cash flow statement for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 6, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Our audit approach

### Context

The group consists of two main divisions, Rail and Bus. In the Rail division, all train operating companies have continued to be operating under contracts with the Department for Transport ("DfT") with Great Western Railway (GWR) and South Western Railway (SWR) on National Rail Contracts for the full year and Avanti West Coast (AWC) under an Emergency Recovery Measures Agreement (ERMA) until October 2023 before moving onto a National Rail Contract. Under both types of contract this has meant a fixed management fee was received to operate at agreed service levels, as well as a performance-based fee element. The structure of the contracts within the Rail division has reduced the revenue and cost risk compared to the previous franchise arrangements. Outside of the TOCs the Rail Division also includes Hull Trains and Lumo which have experienced growth year on year. First Bus continued to receive government support in the way of Business Recovery Grants (BRG) in England, Bus Emergency Scheme (BES) in Wales and Bus Service Operators Grant (BSOG) in Scotland for the first three months of the year and has continued to receive funding in respect of the £2 bus fare cap in England which provided further government revenue support in the Bus division with this now extended to December 2024. The group has continued to realise value from retained assets from the sale of US businesses with the Transit Earn Out being settled in the year and a partial buy-in performed in relation to legacy Greyhound pension schemes. In addition the group has exited two Local Government Pension Schemes in the year, significantly reducing the assets and liabilities in relation to their pensions assets and liabilities, incurring an exit cost of £146.9m as well as a gain of £161.0m within Other Comprehensive Income from the restricted accounting surplus.

### Overview

#### Audit scope

- The scope of our audit determines where we go and what we do, the best types of audit evidence to obtain, the right areas of operations to focus on and the resources needed to deliver this. As group auditors we are required to obtain sufficient audit evidence from the components of the group. We have determined there are four components for group reporting purposes.
- Each Rail Train Operating Company (TOC) is a separate component, with all TOCs operating throughout the whole year in scope for group reporting, being Great Western Railway (GWR), South Western Railway (SWR), and Avanti West Coast (AWC).
- First Bus

#### Key audit matters

- Valuation of pension liabilities driven by salary increase, mortality, discount rate and inflation level assumptions (group)
- Valuation of complex investments within the pension assets (group)
- Recoverability of the company's investments in subsidiary undertakings (parent)

#### Materiality

- Overall group materiality: £20,000,000 (2023: £20,000,000) based on 0.42% of revenue.
- Overall company materiality: £13,600,000 (2023: £16,200,000) based on 1% of total assets.
- Performance materiality: £15,000,000 (2023: £15,000,000) (group) and £10,200,000m (2023: £12,150,000) (company).

## Independent auditors' report to the members of FirstGroup plc continued

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

### Key audit matter

#### Valuation of pension liabilities driven by salary increase, mortality, discount rate and inflation level assumptions (group)

The group has gross defined benefit obligations in the UK and North America totalling £5,026.6m at 30 March 2024 (2023: £6,156.5m). The total liabilities has been reduced significantly largely due to the exit of two local government pension schemes in the period. The valuation of pension plan liabilities requires estimation in determining appropriate assumptions such as salary increases, mortality rates, discount rates and inflation levels. Movement in these assumptions can have a material impact on the determination of the liability. Management uses external actuaries to assist in determining these assumptions, and this is considered to be the significant audit risk. Management's actuaries carry out the valuation of the pension liabilities based on these assumptions. In addition, there are restrictions under IAS19 and IFRIC 14 as to when a net pension surplus should be recognised, as well as balance sheet adjustments in respect of First Rail due to the Rail contracts. Refer to note 37 and the Critical accounting judgements and key sources of estimation uncertainty section in note 2. Refer to the Audit Committee report for a description of its assessment of this significant judgement.

### How our audit addressed the key audit matter

We used our actuarial experts to assess whether the assumptions used in calculating the defined benefit liabilities for the UK, US and Canadian Schemes were reasonable and in line with accounting standards. We assessed whether mortality rate assumptions were appropriate for each plan and, where applicable, incorporated considerations of relevant national actuarial data. We also assessed whether the discount rate and inflation rates were consistent with our internally developed benchmarks and in line with market information. We examined the salary increase assumptions to consider whether they represent management's best estimate. In addition to our significant risk areas, we reviewed the trust deeds and statutory legislation relevant to each plan where applicable. We tested the IFRIC 14 adjustments in respect of these plans, agreed the value of the restrictions and found them to be reasonable, based on the specifics of each plan. We also assessed management's judgement with regard to the rail 'contract adjustment' and found no exceptions. We evaluated the calculations prepared by the external actuaries to assess whether the disclosed pension liabilities are consistent with the assumptions used. Where there has been updated Funding Valuations, we have performed completeness checks and reviewed movements in the census data for each scheme by reference to the latest Funding Valuation performed. We have performed procedures on the exit of two Local Government Pension Schemes and obtained support for the final liability position and settlement cost and release of the restricted surplus. Based on procedures performed we consider that the assumptions used to value the pension obligation are within an acceptable range other than a trivial difference. We assessed the appropriateness of the related disclosures in note 37 of the group financial statements and consider them to be materially appropriate.

## Independent auditors' report to the members of FirstGroup plc continued

Key audit matter	How our audit addressed the key audit matter	Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of complex investments within the pension assets (group)</b></p> <p>As set out in note 37, the group has gross defined benefit plan assets in the UK and North America totalling £5,135.0m at 30 March 2024 (2023: £6,220.0m) excluding agent arrangements. The pension schemes in which the group participates hold unquoted pooled investment vehicles which invest in private equity, infrastructure, and property funds. There is significant estimation uncertainty in determining the valuation of these investments which are based on inputs that are not directly observable. The funds where the valuation requires significant judgement across the group total £475m (2023: £467m). The funds are present in the FirstGroup UK Bus Pension Scheme. There is a potential range of reasonable outcomes to the valuations of these assets greater than our materiality for the financial statements as a whole.</p>	<p>We obtained pricing confirmations directly from investment managers as primary sources of evidence. We also performed additional procedures on investments that are more complex in nature to evaluate whether there is any contradictory evidence suggesting that the pricing confirmations do not reflect an appropriate valuation as at the balance sheet date. For investments considered more complex these procedures included one or more of the following:</p> <ul style="list-style-type: none"> <li>■ Obtained the most recent third party controls assurance reports and bridging letters on the valuation procedures and investment managers' operations;</li> <li>■ Reviewed the pricing of transactions taking place close to the balance sheet date;</li> <li>■ Performed look back testing of previous valuations provided by investment managers to their audited financial statements;</li> <li>■ Performed independent internet based searches for information suggesting any doubts in the investment managers' capability of pricing; and/or</li> <li>■ Reviewed investment contributions and distributions between the valuation date and the balance sheet date and obtained affirmations from investment managers that the price taken is the latest price available where the valuation date is different to the balance sheet date.</li> </ul> <p>Based on the procedures performed we have no findings to report.</p>	<p><b>Recoverability of the company's investments in subsidiary undertakings (parent)</b></p> <p>As set out in note 5 to the Company financial statements, investments in subsidiaries are £738.2m (2023: £740.7m). Of this balance, £659.3m relates to the direct and indirect ownership of the Bus division. The investments are accounted for at cost less provision for impairment in the Company balance sheet at 30 March 2024. The carrying value of the investment in Bus is supported by the recoverable amount which has been calculated on a value in use basis. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of any impairment loss. Consideration is also given to whether there are indications that impairments previously booked should be reversed. Management have prepared a value in use model which shows headroom compared to the carrying value of the investment. This is considered a significant audit risk. Judgement is required in this area, particularly in assessing whether the carrying value of an asset can be supported by the recoverable value, being the higher of fair value less cost of disposal or the net present value of future cash flows which are estimated based on the continued use of the asset in the business. Refer to note 5 in the Plc company accounts and the Critical accounting judgements and key sources of estimation uncertainty section in note 1.</p>	<p>The recoverable value of the investment in First Bus subsidiaries was determined from the discounted future cash flows of the Bus division. We obtained management's value in use impairment assessment and ensured the calculations were mathematically accurate. We evaluated the inputs in the value in use calculation and challenged the key assumptions including:</p> <ul style="list-style-type: none"> <li>■ The operating margins forecast to be achieved, noting that the margins in the terminal year are consistent with those achieved in the industry pre-covid;</li> <li>■ Using our internal valuation experts to calculate an independent WACC rate range, with reference to comparable businesses, and to assess whether management's rate is within a reasonable range;</li> <li>■ With the support of internal valuation experts assessing the long-term growth rate applied. We evaluated the extent to which the considerations of climate change, such as capital expenditure on battery, electric and hydrogen fuel cell vehicle fleets had been reflected in the underlying cash flows. We verified adjustments made to the value in use in respect of external and intercompany debt within the subsidiaries.</li> </ul> <p>Based on our procedures we did not identify any matters indicating that management's model was inappropriate. We have assessed the disclosures provided and consider them to be appropriate. For non-Bus investments we have assessed the value of the US investment to the net assets which provides sufficient support.</p>

## Independent auditors' report to the members of FirstGroup plc continued

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is organised into two operating divisions, First Bus and First Rail. There are 134 reporting units within the consolidation, the majority of which are inactive although there is some trading activity in nine reporting units in addition to those included in group reporting scope. We have defined a component as a business unit where legal entities have been grouped together based on the fact they have the same management, the same control environment and also considering the way the component reports to the group. We have determined there are four components required for group reporting as follows: SWR, GWR, AWC and First Bus. We have performed audit procedures over significant or large balances outside of the in scope entities and performed analytics over all out of scope entities.

### The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process management on climate change adopted to assess the extent of the potential impact of climate risk on the group's financial statements and support the disclosures made within the Note 2 and Note 11.

In addition to enquiries with management, we also:

- Read the governance processes in place to assess climate risk
- Read additional reporting made by the entity on climate including its Environmental Performance Report 2024

We challenged the completeness of management's climate risk assessment by:

- Reading external reporting made by management including the Carbon Disclosure Project submissions
- Reading the entity's website /communications for details of climate related impacts

Management has made commitments to operate a fully zero emission Bus fleet by 2035.

Management considers the impact of climate risk does give rise to a potential material financial statement impact.

The key areas of the financial statements where management evaluated that climate risk has a potential significant impact are disclosures relating to impairment assessment of goodwill and carrying value of investments in subsidiaries.

Using our knowledge of the business we evaluated management's risk assessment, its estimates as set out in note 2 of the financial statements and resulting disclosures where significant. We considered the following areas that could potentially be materially impacted by climate risk and consequently we focused our audit work in these areas:

- Valuation of goodwill
- Carrying value of investment in subsidiaries

To respond to the audit risks identified in these areas we tailored our audit approach to address these, in particular, we:

- Challenged management on how the impact of climate commitments made by the group would impact the assumptions within the discounted cash flows prepared by management that are used in the group's impairment analysis.
- Evaluated whether the impact of both physical and transition risks arising due to climate risk had been appropriately included in the recoverable value of the group's assets.
- Challenged whether the impact of climate risk in the Directors' assessments and disclosures of going concern and viability were consistent with management's climate impact assessment

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the period ended 30 March 2024.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£20,000,000 (2023: £20,000,000).	£13,600,000 (2023: £16,200,000).
How we determined it	Based on 0.42% of revenue	Based on 1% of total assets
Rationale for benchmark applied	Revenue is considered to be the most appropriate benchmark for the financial year. In the engagement leader's judgement £20 million is an appropriate materiality for a group of the scale and size of FirstGroup plc.	The entity is a holding company of the rest of the group and is not a trading entity. Therefore an asset based measure is considered appropriate.

## Independent auditors' report to the members of FirstGroup plc continued

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £13,500,000 and £19,000,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £15,000,000 (2023: £15,000,000) for the group financial statements and £10,200,000m (2023: £12,150,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,000,000 (group audit) (2023: £1,000,000) and £680,000 (company audit) (2023: £810,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the Directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and agreeing management's going concern assessment to the business's Board-approved plan and ensuring that the base case scenario indicates that the business generates sufficient cash flows to meet its obligations within the going concern assessment period while complying with covenant arrangements;
- considering the extent to which the group's and company's future cash flows might be adversely affected by discontinuation of Government support and the impact of contingent liabilities, pending litigation, or cost of living;
- reviewing management's cash flow forecasts, assessing the existing sources of finance and considering the overall impact on liquidity;
- ensuring the mathematical accuracy of management's models;
- evaluating management's severe but plausible scenario and ensuring this is appropriately modelled through the cash flows;
- considering the risk of breach of the covenant arrangements in place for external borrowings under the severe but plausible scenario;
- evaluating whether the cash flows in the going concern period include the costs associated with achieving the group's climate change goals such as capital expenditure on battery, electric and hydrogen fuel cell vehicle fleet;
- performing further sensitivity analysis on the severe but plausible scenario;
- considering the adequacy of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Independent auditors' report to the members of FirstGroup plc continued

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report and additional disclosures, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report and additional disclosures

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report and additional disclosures for the period ended 30 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report and additional disclosures.

### Directors' remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Independent auditors' report to the members of FirstGroup plc continued

### Responsibilities for the financial statements and the audit

#### Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and regulations and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries including those to increase revenue and management bias within accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Enquiries of management at the group and divisional levels;
- Enquiries of the group's legal teams;
- Enquiries with component auditors;

- Review of internal audit reports in so far as they related to the financial statements;
- Identifying and testing journal entries, in particular certain journal entries posted with unusual account combinations which result in an impact to revenue; and
- Challenging estimates and judgements made by management in determining significant accounting estimates, in particular in relation to valuation of pensions liabilities, valuation of complex investments within the pension assets and recoverability of investments held by the parent.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

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.

## Independent auditors' report to the members of FirstGroup plc continued

### Other required reporting

#### Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 5 November 2020 to audit the financial statements for the year ended 27 March 2021 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 27 March 2021 to 30 March 2024.

#### Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

#### Matthew Mullins (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

Watford  
11 June 2024