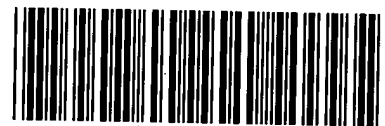


Plymouth Citybus Limited

Report and Financial Statements

27 June 2015

TUESDAY



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COMPANIES HOUSE

Plymouth Citybus Limited

Directors

K Down
R Stevens
D A Brown
N J D Woods
M B Horide

Secretary

C Ferguson

Auditor

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

Solicitors

Dickinson Dees LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 3UR

Registered office

3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

Strategic Report

Results

The operating profit for the year amounted to £509,000 (2014: £156,000). The profit for the year, after taxation, amounted to £417,000 (2014: £259,000).

Principal activities and review of the business

The principal activities of the business are as follows:

- Commercial, tendered and contracted bus and coach services in Plymouth, South East Cornwall and West Devon.
- Coach tours and coach hire throughout the United Kingdom.
- Servicing, repair and refurbishment of cars, commercial vehicles, buses and coaches.

Key performance indicators

Turnover, operating profit and the number of passenger journeys, schedule adherence and route costing analysis are some of the key financial performance indicators used. Other performance indicators measured and monitored by management include customer satisfaction, employee engagement surveys alongside the more traditional employee absenteeism and turnover ratios.

The Company acquired South East Cornwall routes, buses and staff from Western Greyhound further improving its offering within the travel to work area.

Due to our website views being mostly via a mobile device the Company developed and launched our new website which is now mobile and tablet responsive. Following on from last year's launch of mobile ticketing we now have over 15,500 downloads in the city.

The Company further increased its score in the Passenger Focus UK Satisfaction Survey to achieve 93%. This result is particularly pleasing against a backdrop of 4.4% growth in passenger numbers and gives testament to the continued focus and investment given to achieving excellent standards of customer service.

Building on the success of obtaining Investors In People Silver the Company went on to achieve the coveted Investors in People Gold award making Plymouth Citybus the first bus company in the South of England and the first Go-Ahead bus company to achieve Gold status.

Future developments

The continued focus of staff engagement for the company is targeted on the battle for quality and is supported by a range of innovative communication materials and competitions designed to raise staff awareness and achieve buy in at all levels throughout every department.

During 2015/2016 the company will undertake the next stage in the Investors In People journey when it will be assessed against the Champion standard; which when achieved would make Plymouth Citybus the first bus company in the UK to achieve Champion.

Marketing developments will include the next development stage of the Mobile App with the "Gifting Tickets" feature to enhance the user purchasing experience. An animation video explaining how to use the new feature will be available on all platforms to customers.

Building on the success of the FLASH branded buses, the introduction of Yellow FLASH and 10 new Enviro 400's vehicles will be launched in the summer of 2015. Yellow FLASH will join the already existing Blue and Red premium branded buses.

Risk management objectives and policies

The main risks associated with the company's financial assets and liabilities are set out below. Given that the majority of the risks below derive from transactions with other group companies, the Company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

Interest rate risk

All surplus cash is swept by the ultimate parent company, which is invested at a group level. Interest is charged at a variable rate on group loans. Therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates. However, the exposure is reduced because of the group control.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates.

Credit risk

The Company manages its debtors on an ongoing basis and significant resource is put into mitigating credit risk.

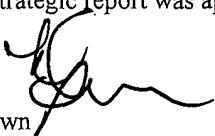
Liquidity risk

The Company aims to mitigate liquidity risk by managing cash generated by its operations in line with group policies. A cash sweeping facility exists with the ultimate parent company and therefore further information regarding the liquidity risk can be found in the group financial statements. Capital expenditure is approved at group level.

Foreign currency risk

The Company has no foreign currency risk, all of the transactions, assets and liabilities are in sterling.

The strategic report was approved by the Board of Directors and signed on their behalf by :


K Down
11 November 2015

Directors' Report

The directors present their report for the year ended 27 June 2015

Directors

The directors who served the Company during the year and up to date of approval of the financial statements were as follows:

K Down
D A Brown
R Stevens
N J D Woods
M B Horide

Messrs Brown and Down were directors of the ultimate parent company, The Go-Ahead Group plc during the year.

Dividends

The directors do not recommend the payment of an ordinary dividend.

Management and staff

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, on matters likely to affect employees' interests.

Information on matters of concern to employees is provided through information bulletins and reports to achieve a common awareness of the financial and economic factors affecting the Company's performance.

It is the policy of the Company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

As part of our continued staff engagement training the Company is working to ensure our workforce replicates the diversity of society as a whole.

Health and Safety

Health and Safety is at the forefront of every process and decision the company undertakes. This is managed through a process of established policies and procedures, safe systems of work and risk assessments. Our safety culture is embedded in everything we do and reviewed at regular intervals in a process led by the Engineering Director engaging with staff representatives; There were no serious incidents or near misses relating to Health and Safety reported during this financial year.

Going concern

The directors have considered the Company's current and future prospects and its availability of financing from its ultimate group undertaking and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

Directors' Report (continued)

Directors' responsibilities for audit information

Insofar as the directors are 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.

Auditor

The auditor, Grant Thornton UK LLP will be proposed for re-appointed in accordance with Section 485 of the Companies Act 2006.

Registered office:
3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

On behalf of the Board



K Down
Director
11 November 2015

Statement of directors' responsibilities of financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements for the year ended 27 June 2015 in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Plymouth Citybus Limited

We have audited the financial statements of Plymouth Citybus Limited for the period ended 27 June 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of the audit of the financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 June 2015 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.

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.

Matters on which we are required to report by exception

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

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



Simon Lowe

for and on behalf of Grant Thornton UK LLP, Statutory Auditor
London

11 November 2015

Profit & Loss Account

	<i>Notes</i>	<i>2015 £000</i>	<i>2014 £000</i>
Turnover	2	22,857	20,477
Operating costs	3	(22,348)	(20,321)
Operating profit	4	509	156
Interest receivable	7	77	24
Interest payable and similar charges	8	(65)	(41)
Profit on ordinary activities before taxation		521	139
Tax on profit on ordinary activities	9	(104)	120
Profit for the financial year transferred to reserves		417	259

All activities are continuing.

Statement of total recognised gains and losses for the year ended 27 June 2015

		<i>2015 £000</i>	<i>2014 £000</i>
Profit for the financial year		417	259
Actuarial gain/(loss) on pension scheme	18	(191)	(28)
Movement on deferred tax relating to pension deficit		38	(82)
Total recognised gains relating to the year		264	149

Balance sheet

At 27 June 2015

Registered No. 02004966

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	11	8,582	9,138
		<u>8,582</u>	<u>9,138</u>
Current assets			
Stocks		198	169
Debtors	12	7,708	7,658
Cash at bank		133	141
		<u>8,039</u>	<u>7,968</u>
Creditors: amounts falling due within one year	13	(7,334)	(8,030)
Net current assets/(liabilities)		<u>705</u>	<u>(62)</u>
Total assets less current liabilities		<u>9,287</u>	<u>9,076</u>
Creditors: amounts falling due after more than one year	14	(63)	(75)
Provisions for liabilities	17	(1,614)	(1,771)
Net assets excluding pension liability		<u>7,610</u>	<u>7,230</u>
Pension liability	18	(2,382)	(2,274)
Net assets including pension liability		<u>5,228</u>	<u>4,956</u>
Capital and reserves			
Equity share capital	19	1,290	1,290
Profit and loss account	20	3,938	3,666
	20	<u>5,228</u>	<u>4,956</u>

Approved by the Board and signed on its behalf by:



K Down
Director

11 November 2015

Notes to the financial statements

At 27 June 2015

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The Company has net current assets of £705,000, including net amounts due from group undertakings of £129,000. The Company is dependent on continuing financial support being available from its ultimate parent undertaking. The directors have received confirmation from the company's ultimate parent undertaking that the necessary financial support will continue to be available to the company for the foreseeable future and, in particular, for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors of the Company believe that it is appropriate to prepare the financial statements on a going concern basis. Should the financial support from the company's ultimate parent undertaking not be available, the going concern basis may be invalid and adjustments would have to be made to reduce the value of assets to their realizable amount, to provide any financial commitments or further liabilities which might arise and to reclassify fixed assets and long term liabilities to current assets and liabilities.

Turnover

Turnover comprises revenue from bus transport services in the United Kingdom. Where appropriate amounts are shown excluding value added tax.

Bus revenue principally comprises amounts receivable from ticket sales and concessionary fare schemes. Concessionary amounts are recognised in the period in which the service is provided based on a predetermined formula as agreed with the relevant local authority.

Other bus revenue comprises amounts receivable from contracts with local authorities and are recognised as the services are provided. Non bus revenue includes amounts receivable from commercial engineering, advertising, tours, excursions and private hire contracts and other income and are recognised as the services are provided.

Fixed assets and depreciation

The cost of all tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold buildings	-	10 years
Plant & equipment	-	3 to 15 years
Rolling stock	-	8 to 15 years
Other motor vehicles	-	5 years

Freehold land is not depreciated. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

At 27 June 2015

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Provision is made where necessary for obsolete, slow moving and defective stocks.

Deferred taxation

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

Deferred tax is provided for on all timing differences which have originated but not reversed at the balance sheet date. Except where otherwise required by accounting standards, no timing differences are recognised in respect of deferred tax assets except to the extent that it is more likely than not that they will be recovered. Deferred tax is calculated at the enacted rates at which it is estimated the tax will be payable. The deferred tax provision is not discounted to net present value.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Insurance

The Company limits its exposure to the cost of motor, employer and public liability claims through insurance policies issued by third parties. These provide individual claim cover, subject to high excess limits and an annual aggregate stop loss for total claims within the excess limits. An amount is recognised within Provisions for liabilities for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, subject to the overall stop loss.

The estimation of this liability is made after taking appropriate professional advice and is based on an assessment of the expected settlement of known claims, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but that have not yet been reported to the Company by the insurer.

The pre-existing policy was that the expenditure cap was written to in full for the current year. At the end of the following financial year the claim year was reviewed and revised to the insurance claims position with any respective adjustment being released to the profit and loss account.

Notes to the financial statements

At 27 June 2015

1. Accounting policies (continued)

Pensions

The Company participates in the Local Government Superannuation Scheme, which is a defined benefit scheme. The proportion of the schemes assets and liabilities relating to the company, have been determined by an independent actuary.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax.

The Company also operates the Plymouth Citybus Pension Scheme. This is a defined contribution scheme. Premiums are charged to the profit and loss account in the period to which they relate.

The company is also a member of the Go-Ahead Group Pension Scheme operated by The Go-Ahead Group plc for the majority of its employees. Plymouth Citybus Limited is part of the defined contribution section.

For the defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they related.

Notes to the financial statements

At 27 June 2015

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2015 £000	2014 £000
United Kingdom	<u>22,857</u>	<u>20,477</u>

3. Operating costs

	2015 £000	2014 £000
Materials and external charges	7,814	7,318
Staff costs	13,321	11,921
Depreciation of tangible fixed assets	1,422	1,314
Other operating income	(209)	(232)
	<u>22,348</u>	<u>20,321</u>

4. Operating profit

This is stated after charging/(crediting):

	2015 £000	2014 £000
Auditor's remuneration - audit services	<u>8</u>	<u>8</u>
Depreciation of owned fixed assets	1,092	930
Depreciation of assets held under hire purchase contracts	330	384
	<u>1,422</u>	<u>1,314</u>
Profit on disposal of tangible assets	(37)	(7)
Deferred capital grant released into profit	(12)	(11)
Rent receivable	<u>(22)</u>	<u>(39)</u>

Notes to the financial statements

At 27 June 2015

5. Staff costs

	2015 £000	2014 £000
Wages and salaries	11,918	10,633
Social security costs	1,022	923
Other pension costs – defined benefit	80	82
– defined contribution	301	283
	<u>13,321</u>	<u>11,921</u>

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

	2015 No.	2014 No.
Bus operations and other activities	496	451
Administration	30	33
	<u>526</u>	<u>484</u>

6. Directors' emoluments

	2015 £000	2014 £000
Aggregate emoluments in respect of qualifying services	<u>185</u>	<u>187</u>
Company pension contributions to money purchase schemes	<u>13</u>	<u>12</u>

	2015 No.	2014 No.
Number of directors accruing benefits under defined benefit schemes	<u>-</u>	<u>-</u>
Number of directors accruing benefits under money purchase pension schemes	<u>2</u>	<u>2</u>

The amounts in respect of the highest paid director are as follows:

	2015 £000	2014 £000
Emoluments	<u>100</u>	<u>100</u>
Company pension contributions to money purchase schemes	<u>10</u>	<u>8</u>

Notes to the financial statements

At 27 June 2015

7. Interest receivable and similar income

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Interest receivable	1	-
Interest receivable on defined benefit pension scheme	76	24
	<u>77</u>	<u>24</u>

8. Interest payable and similar charges

	<i>2015</i> <i>£000</i>	<i>2014</i> <i>£000</i>
Finance lease and hire purchase interest	44	53
Unwinding of discounting on provisions	21	(12)
	<u>65</u>	<u>41</u>

Notes to the financial statements

At 27 June 2015

9. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015 £000	2014 £000
<i>Current tax:</i>		
UK corporation tax	(22)	(180)
Total current tax (note 9(b))	<u>(22)</u>	<u>(180)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 17)	119	190
Adjustment in respect of previous periods (note 17)	(3)	-
Adjustment in respect of rate change (note 17)	-	(132)
Deferred tax charge on movement in FRS17 Pension scheme liability	10	2
Tax on profit on ordinary activities	<u>104</u>	<u>(120)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.75% (2014 – 22.5%).

	2015 £000	2014 £000
Profit on ordinary activities before tax	<u>521</u>	<u>139</u>
Profit on ordinary activities by rate of tax 20.75 %	108	29
Accelerated capital allowances	(119)	(191)
Short term timing differences (including pension)	(10)	2
Expenses not deductible for tax purposes/income not taxable	4	4
Deferred tax rate difference	(5)	(24)
Total current tax (note 9(a))	<u>(22)</u>	<u>(180)</u>

(c) Deferred tax

	2015 £000	2014 £000
Accelerated capital allowances	1,181	1,066
Other timing differences	-	-
Deferred tax excluding that relating to the pension liability (note 17)	<u>1,181</u>	<u>1,066</u>
Pension liability (note 18)	(596)	(568)
Total deferred tax liability	<u>585</u>	<u>498</u>

Notes to the financial statements

At 27 June 2015

9. Taxation on ordinary activities (continued)

(d) Factors affecting future tax charges

The UK Government has announced its intention to reduce the UK corporation tax rate to 20% by 1 April 2015. A reduction in the UK corporation tax rate from 23% to 21% came into effect on 1 April 2014. Finance Bill 2013 was substantively enacted on 2 July 2013 and given Royal Assent on 17 July 2013, giving effect to a 20% rate effective from 1 April 2015.

A reduction in the UK corporation tax rate from 23% to 21% came into effect on the 1 April 2014. A further reduction in the UK corporation rate from 21% to 20% came into effect on 1 April 2015.

As proposed in the Summer Budget 2015, the rates of corporation tax are being reduced to 18% in 2020, with an interim reduction to 19% in 2017. These proposals were included in the draft Finance Bill 2015 which was not substantively enacted at the balance sheet date, therefore the currently enacted 20% rate has been applied to deferred tax liabilities/assets at the year end.

If the reduction to 18% had been enacted at the balance sheet date, the Company's deferred tax liability excluding that relating to the pension liability would have been reduced by £118k to £1,063k and the deferred tax asset relating to the pension liability would have been reduced by £60k to £536k.

10. Dividends

No dividends were payable during the year (2014: nil)

Notes to the financial statements

At 27 June 2015

11. Tangible fixed assets

	<i>Freehold land & buildings £000</i>	<i>Plant & machinery £000</i>	<i>Rolling Stock £000</i>	<i>Total £000</i>
Cost:				
At 28 June 2014	174	2,712	22,092	24,978
Additions		36	637	673
Disposals			(391)	(391)
Transfers from other group undertakings			1,266	1,266
At 27 June 2015	<u>174</u>	<u>2,748</u>	<u>23,604</u>	<u>26,526</u>
Depreciation:				
At 28 June 2014	23	2,083	13,734	15,840
Provided during the year	16	166	1,240	1,422
Disposals			(370)	(370)
Transfers from other group undertakings			1,052	1,052
At 27 June 2015	<u>39</u>	<u>2,249</u>	<u>15,656</u>	<u>17,944</u>
Net book value:				
At 27 June 2015	<u>135</u>	<u>499</u>	<u>7,948</u>	<u>8,582</u>
At 28 June 2014	<u>151</u>	<u>629</u>	<u>8,358</u>	<u>9,138</u>

The net book value of assets above includes an amount of £1,144,000 (2014 - £1,475,000) in respect of assets held under hire purchase contracts.

On 8 December 2014, Plymouth Citybus Limited acquired certain tendered contracts, commercial operations and nine buses from Western Greyhound Limited for a cash consideration of £0.4m.

Net assets at date of acquisition:

	Total acquisitions – Fair value to Group 2015 £m
Tangible fixed assets	0.4
Cash	0.4
Total consideration	0.4

Acquisition costs of less than £0.1m have been expensed through operating costs.

From the date of acquisition in the year, the acquisition recorded an operating profit of £nil and revenue of £0.9m. Had the acquisition been completed on the first day of the financial period, the impact on the Group's operating profit would have been £nil and the impact on revenue would have been £1.5m.

Notes to the financial statements

At 27 June 2015

12. Debtors

	2015 £000	2014 £000
Trade debtors	441	449
Amounts due from group undertakings	5,850	6,078
Other debtors	82	88
Prepayments and accrued income	1,333	884
Corporation tax debtor	2	159
	<u>7,708</u>	<u>7,658</u>

13. Creditors: amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to group undertakings	5,721	6,014
Obligations under finance leases (note 15)	-	108
Trade creditors	531	469
Other taxation and social security	267	253
Accruals and deferred income	804	1,175
Deferred capital grant (note 16)	11	11
	<u>7,334</u>	<u>8,030</u>

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

	2015 £000	2014 £000
Deferred capital grant (note 16)	63	75
	<u>63</u>	<u>75</u>

15. Obligations under finance leases

The maturity of these amounts is as follows:

	2015 £000	2014 £000
Amounts payable:		
Within one year	-	112
In two to five years	-	-
	<u>-</u>	<u>112</u>
Less: Finance charges allocated to future periods	-	(4)
	<u>-</u>	<u>108</u>

Notes to the financial statements

At 27 June 2015

16. Deferred capital grants

	£000
At 28 June 2014	86
Grants released to profit and loss account	(12)
At 27 June 2015	<u>74</u>

17. Provisions for liabilities and charges

	£000
<i>Deferred tax</i>	
At 28 June 2014	1,066
Deferred tax charge in profit and loss account (note 9(a))	115
At 27 June 2015 (note 9(c))	<u>1,181</u>
<i>Insurance provision</i>	
At 28 June 2014	705
Provided during the year (after discounting)	338
Utilised during the year	(631)
Unwinding of discounting	21
At 27 June 2015	<u>433</u>
At 27 June 2015	<u>1,614</u>
At 28 June 2014	<u>1,771</u>

It is estimated that the majority of uninsured claims will be settled within the next six years

18. Pension commitments

The company participates in both a defined contribution scheme and a defined benefit scheme:

Defined contribution:

The company participates in the defined contribution scheme of The Go-Ahead Group Pension Plan. This scheme is not contracted-out of the State Second Pension Scheme and is open to new entrants. The expense recognised in these accounts for the year is £301,000 (2014: £283,000) being the contributions paid and payable. The pre-existing scheme was transferred to the Go-Ahead Group Pension Plan in April 2010.

Defined benefit:

Plymouth Citybus participates in the Local Government Pension Scheme administered by Devon county council. In accordance with FRS17, Plymouth Citybus is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. The Local Government Pension Scheme is a UK defined benefit scheme based on final pensionable salary and is contracted out of the State second pension.

Notes to the financial statements

At 27 June 2015

18. Pension commitments (continued)

The most recent full actuarial valuation was carried out as at 31 March 2013 using the projected unit method, and has been updated by independent actuaries to the Devon County Council Pension Fund to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 27 June 2015. The expected return on assets is based on the long term future expected investment for each asset class as at the beginning of the period. The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The company has paid contributions to the scheme 20.0% of pensionable salaries plus expenses and costs of running the plan up until 31 March 2014. Weekly paid members contributed at the rate of 6.5% of gross salaries and monthly paid members contributed at the rate 6.5% of pensionable salaries. From 1 April 2014, these rates were reviewed to 23.8% and 6.5% respectively. The contribution rate is subject to review at future actuarial valuations.

The group's contributions made in the year were £59,000 (2014: £69,000). There were £1,719 outstanding contributions due to the scheme at the balance sheet date.

Main assumptions:

	2015	2014	2013
	%	%	%
Rate of increase in salaries	4.1	4.4	4.4
Discount rate	3.6	4.1	4.2
Inflation RPI assumption	3.2	3.4	3.0
Inflation CPI assumption	2.3	2.6	2.2

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit are:

	2015		2014		2013
	<i>Long-term rate of return expected %</i>	<i>Long-term rate of return expected Value £000</i>	<i>Long-term rate of return expected Value £000</i>	<i>Long-term rate of return expected %</i>	<i>Value £000</i>
Equities		7,128	6,937	6.5	6,249
Bonds		642	823	3.5	1,354
Properties		1,156	1,176	5.5	833
Cash		304	235	0.5	312
Absolute return funds		1,793	1,764	4.9	1,666
Infrastructure		328	235	-	-
Other Bonds		407	588	-	-
Alternative assets		214			
Total market value of assets		11,972	11,758		10,414
Present value of scheme liabilities		(14,950)	(14,600)		(13,239)
Pension liability before deferred tax		(2,978)	(2,842)		(2,825)
Related deferred tax asset		596	568		650
Net pension liability		(2,382)	(2,274)		(2,175)

Notes to the financial statements

At 27 June 2015

An analysis of the defined benefit cost for the year is as follows:

	2015 £000	2014 £000
Current service cost	(80)	(82)
Total operating charge	<u>(80)</u>	<u>(82)</u>
	2015 £000	2014 £000
Expected return on assets in the scheme	663	569
Interest cost on scheme liabilities	(587)	(545)
Net interest	<u>76</u>	<u>24</u>
STRGL: difference between expected and actual return on assets	188	361
STRGL: experience (losses) / gains arising from scheme liabilities	(379)	611
STRGL: effect of changes in assumptions underlying the present value of scheme liabilities	-	(1,000)
Actuarial (losses)	<u>(191)</u>	<u>(28)</u>

A history of experience gains and losses is shown below:

	2015	2014	2013	2012	2011
Gain/(losses) on section assets					
- amount (£000)	188	1,267	553	(839)	2,723
- % of scheme assets	1.6	10.8	5.3	(8.4)	25.6
Experience gains/(losses) arising on scheme liabilities					
- amount (£000)	(379)	(295)	-	82	(4,131)
- % of the present value of scheme liabilities	(2.5)	(2.0)	-	0.6	(34.1)

Changes in the fair value of the scheme assets are analysed as follows;

	2015 £000	2014 £000
Fair value of assets at the start of the year	11,758	10,414
Expected return on assets	663	569
Actuarial gain/(loss) on assets	188	1,267
Actual company contributions	59	69
Actual member contributions	16	21
Actual benefit payments	(712)	(582)
Fair value of assets at end of the year	<u>11,972</u>	<u>11,758</u>

Notes to the financial statements

At 27 June 2015

18. Pension commitments (continued)

Changes in the present value of the plan liabilities are analysed as follows;

	2015 £000	2014 £000
Present value of liabilities at the start of the year	14,600	13,239
Current service cost	80	82
Interest cost	587	545
Actual member contributions	16	21
Actuarial loss	379	1,295
Actual benefit payments	(710)	(580)
Unfunded pension payments	(2)	(2)
Present value of liabilities at end of the year	<u>14,950</u>	<u>14,600</u>

19. Share capital

	No.	2015 £000	Allotted, called up and fully paid 2014 £000
Ordinary shares of £1 each	1,290,100	<u>1,290</u>	<u>1,290</u>

20. Reconciliation of shareholders' funds and movement on reserves

	Equity share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 29 June 2013	1,290	3,514	4,804
Profit for the financial period	-	259	259
Actuarial loss on pension scheme (net of taxation)	-	(107)	(107)
At 28 June 2014	<u>1,290</u>	<u>3,666</u>	<u>4,956</u>
Profit for the financial year	-	417	417
Actuarial gain on pension scheme (net of taxation)	-	(153)	(153)
Share based payments (note 22)	-	8	8
At 27 June 2015	<u>1,290</u>	<u>3,938</u>	<u>5,228</u>

21. Operating lease commitments

At 27 June 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	2015 £000	2014 £000
Operating leases which expire:		
Within one year	7	4
In two to five years	3	8
	<u>10</u>	<u>12</u>

Notes to the financial statements

At 27 June 2015

22. Shared based payments

Share Incentive Plan

The company participates in an HMRC approved share incentive plan, operated by the ultimate parent undertaking, known as The Go-Ahead Group plc Share Incentive Plan (the "SIP"). The SIP is open to all group employees (including executive directors) who have completed at least six month's service with a group company at the date they are invited to participate in the plan.

The SIP permits The Go-Ahead Group plc to make four different types of awards to employees (free shares, partnership shares, matching shares and dividend shares), although the group has, so far, made awards of partnership shares only. Under these awards, the group invites qualifying employees to apply between £10 and £150 per month in acquiring shares in the group at the prevailing market price. Under the terms of the scheme, certain tax advantages are available to the group and employees.

Deferred Share Bonus Plan

The Deferred Share Bonus Plan (DSBP) provides for directors and certain other senior employees to be awarded shares in the Group conditional on the achievement of financial and strategic targets. The shares are deferred over a three year period.

The expense recognised for the DSBP during the year to 27 June 2015 was £8,000 (2014: £nil).

The DSBP options are not subject to any market based performance conditions. Therefore the fair value of the options is equal to the share price at the date of grant.

The weighted average fair value of options granted during the year was £25.99 (2014: nil).

The following table shows the number of share options for the DSBP:

	2015	2014
Outstanding at the beginning of the year	–	–
Granted during the year	1,009	–
Forfeited during the year	–	–
Exercised during the year	–	–
Outstanding at the end of the year	1,009	–

At the year end, no options were exercisable.

The weighted average remaining contractual life of the options was 2.0 years (2014: nil).

23. Related party transactions

The company is a 100% subsidiary of The Go-Ahead Group plc. Advantage has been taken of the exemptions in paragraph 3 of Financial Reporting Standard 8 and transactions with entities that are part of the group have not been disclosed.

24. Ultimate parent company and controlling party

The company's immediate parent undertaking is Go-Ahead Holding Limited. In the directors' opinion the company's ultimate parent company and controlling party is The Go-Ahead Group plc which is also the parent undertaking of the group of undertakings for which group financial statements are drawn up. The Go-Ahead Group plc is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.