

The Yorkshire Traction Company Limited

Financial statements for the year ended 30 April 2015

Registered number: 02065401

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Strategic report

For the year ended 30 April 2015

The directors present their strategic report on the Company for the year ended 30 April 2015.

Review of the business

The Yorkshire Traction Company Limited is a public transport operator, operating predominantly local bus services in and around South Yorkshire and adjacent areas. The Company operates a fleet of 461 buses and employs 1,256 people.

During the prior year the trade and assets of the Group's Chesterfield operations were transferred to the Company from fellow Group subsidiary, East Midlands Motor Services Limited. On the same date, the Group's operations in and around the Sheffield area were also transferred to the Company from fellow Group subsidiary Andrews (Sheffield) Limited.

Results and performance

The results of the Company for the year ended 30 April 2015 show a profit on ordinary activities before taxation of £4,677,000 (2014: £6,193,000) and turnover of £57,201,000 (2014: £47,057,000). The Company has net assets of £10,239,000 (2014: £6,279,000).

The Company's business is built on a successful commercial formula of low fares, investment and high customer service which has delivered broadly consistent passenger volumes and maintained our presence in the region.

Business environment

The Company operates predominantly local bus services, carrying around 126,000 passengers a day. These services are mainly operated on a commercial basis in a largely deregulated market. We also operate tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company benefits from being part of the UK Bus (regional operations) Division of Stagecoach Group plc, a nationwide public transport operator.

The Company operates in a competitive environment and differentiates itself from its competitors by:

- Improving operational and engineering facilities;
- Focusing on recruitment and retention of drivers;
- Investment in new vehicles; and
- Strong focus on technology and innovation.

Strategy

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate.

Strategic report (continued)

For the year ended 30 April 2015

Strategy (continued)

There are several elements to the Company's strategy for growth. They are:

- Continued focus on value-for-money ticket offerings;
- Investment in new vehicles to maximise our customers' experience;
- Commitment to excellent customer service;
- Strong focus on the safety and security of passengers and staff; and
- Consistent excellent operational performance.

Future outlook

Trading in the current financial year to 30 April 2016 is broadly in line with our expectations. The Company does, however, face strong headwinds in light of the effect of government spending cuts imposed on local authorities.

We do not expect significant short-term growth in concessionary and tendered revenue as local authorities look to minimise concessionary reimbursement amounts and bus tenders in light of their budget constraints. Our focus is therefore to seek to continue to deliver good growth in commercial revenue to offset inflationary cost pressures.

Our assessment of the longer term outlook for the Company is positive. Market conditions are good with a combination of a rising population, increasing road congestion and widespread concern for the natural environment providing good potential for increased bus usage across the UK.

Furthermore, we believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to continue to achieve high levels of customer satisfaction and to maximise our performance in the future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The management and reporting of risk is undertaken at group level, rather than at an individual business unit level. The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the Group's 2015 annual report (paragraph 1.4.6 of the Strategic Review), which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Stagecoach Group plc manage the group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus Division of Stagecoach Group plc, which includes the Company, is discussed in the Strategic Review (paragraph 1.4.7) of the Group's 2015 annual report which does not form part of this report.

Strategic report (continued)

For the year ended 30 April 2015

Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices. The effects of changes in interest rates and commodity prices are managed at a group level by a central Group treasury function. The Company has implemented policies, which require appropriate credit checks to be performed on potential customers before sales are made. All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company.

By order of the Board



M J Vaux
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

18 September 2015

Directors' report

For the year ended 30 April 2015

The directors present their report on the affairs of the Company, together with the audited financial statements and independent auditors' report, for the year ended 30 April 2015.

Results and dividends

The results of the Company for the year ended 30 April 2015 show a profit on ordinary activities before taxation of £4,677,000 (2014: £6,193,000) and turnover of £57,201,000 (2014: £47,057,000). The profit for the financial year amounted to £3,960,000 (2014: £4,265,000).

The directors recommend that no dividend be paid (2014: £Nil), and the profit of £3,960,000 (2014: £4,265,000) be transferred to reserves.

Future Developments

Future developments have been discussed in the strategic report on page 2.

Financial Risk Management

Financial risk management has been discussed in the strategic report on page 3.

Directors

The directors who held office during the year under review and up to the date of approval of these financial statements were:

Mr C Brown

Mr R G Andrew

Mr R Montgomery

Mr S Greer

Mr M J Vaux

Mr P Lynch

Mr G Nolan

Employees

Employees are central to the company's strategy to deliver its business plan. A well motivated and engaged workforce will in turn create optimum performance and efficiency within the business. The business objectives are achieved through training, developing and engaging employees in delivering an excellent service to customers and maintaining high operational standards.

Directors' report (continued)

For the year ended 30 April 2015

Employees (continued)

Training and development

We have consistently sought to recruit and retain the best employees in the markets in which we operate.

The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service. The Company, under guidance from central UK Bus management, operates staff development, graduate trainee and apprentice engineer programmes.

Employee involvement

The Company is committed to employee participation and uses a variety of methods to inform, consult and involve its employees. Employees participate directly in the success of the business through the Stagecoach Group's bonus and other remuneration schemes and are encouraged to invest through participation in share option schemes.

Disabled persons

The Company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

Donations

Donations to charitable organisations amounted to £4,000 (2014: £4,100). The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2014: £Nil).

Statement of directors' responsibilities

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

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

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

Directors' report (continued)

For the year ended 30 April 2015

Statement of directors' responsibilities in respect of financial statements (continued)

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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors and disclosure of information to auditors

In the case of each of the persons who were directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

A resolution to re-appoint PricewaterhouseCoopers LLP, as auditors to the Company will be proposed at the next Annual General Meeting.

Indemnification of Directors and officers

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its directors. The Company has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices.

By order of the Board



M J Vaux
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

18 September 2015

6 THE YORKSHIRE TRACTION COMPANY LIMITED

Registered number: 02065401

Independent auditors' report to the members of The Yorkshire Traction Company Limited
For the year ended 30 April 2015

Report on the financial statements

Our opinion

In our opinion, The Yorkshire Traction Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 April 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.

What we have audited

The financial statements comprise:

- the balance sheet as at 30 April 2015;
- the profit and loss account and the note of historical costs profit and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of The Yorkshire Traction Company Limited (continued)

For the year ended 30 April 2015

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 5 and 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

Independent auditors' report to the members of The Yorkshire Traction Company Limited
(continued)

For the year ended 30 April 2015



Graham McGregor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

18 September 2015

Profit and loss account
For the year ended 30 April 2015

	Notes	2015 £000	2014 £000
Turnover	2	57,201	47,057
Cost of sales		(55,501)	(45,051)
Other operating income	3	<u>376</u>	<u>261</u>
Operating profit		2,076	2,267
Income from fixed asset investment	4	2,654	4,000
Finance charges	5	<u>(53)</u>	<u>(74)</u>
Profit on ordinary activities before taxation	6	4,677	6,193
Tax on profit on ordinary activities	9	<u>(717)</u>	<u>(1,928)</u>
Profit for the financial year	17	<u>3,960</u>	<u>4,265</u>

The results for each year arise wholly from continuing operations.

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

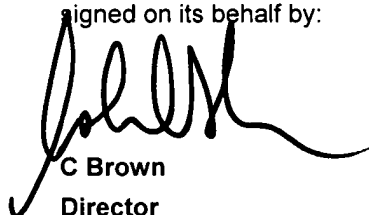
The accompanying notes form an integral part of this profit and loss account.

Balance sheet

As at 30 April 2015

	Notes	2015 £000	2014 £000
Fixed assets			
Tangible assets	10(a)	37,575	37,087
Investments	10(b)	1,803	3,782
		<u>39,378</u>	<u>40,869</u>
Current assets			
Stocks	11	218	297
Debtors	12	2,097	2,335
Cash at bank and in hand		418	403
		<u>2,733</u>	<u>3,035</u>
Creditors: amounts falling due within one year	13	<u>(28,291)</u>	<u>(33,355)</u>
Net current liabilities		<u>(25,558)</u>	<u>(30,320)</u>
Total assets less current liabilities		13,820	10,549
Creditors: amounts falling due after more than one year	13	(1,092)	(1,960)
Provisions for liabilities and charges	15	(2,489)	(2,310)
Net assets		<u>10,239</u>	<u>6,279</u>
Capital and reserves			
Called up share capital	16	1,016	1,016
Capital redemption reserve	17	14	14
Contribution reserve	17	69	69
Profit and loss account	17	9,140	5,180
Total shareholders' funds		<u>10,239</u>	<u>6,279</u>

The financial statements on pages 10 to 27 were approved by the board of Directors on 18 September 2015 and were signed on its behalf by:


C Brown
Director

The accompanying notes form an integral part of this balance sheet.

Additional statements to profit and loss account

At 30 April 2015

Note of historical cost profits and losses	2015	2014
	£000	£000
Reported profit on ordinary activities before taxation	4,677	6,193
Realisation of property revaluation gains of previous years	-	248
Historical cost profit on ordinary activities before taxation	4,677	6,441
Historical cost profit for the year retained after taxation	3,960	4,513

The accompanying notes form an integral part of this reconciliation.

Notes to the financial statements

For the year ended 30 April 2015

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are:

a) Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company is not required to prepare a cash flow statement under FRS 1 (revised), because it is a wholly owned subsidiary of Stagecoach Group plc, which prepares consolidated financial statements which are publicly available.

The Company is a wholly-owned subsidiary of Stagecoach Group plc and is included in the consolidated financial statements of Stagecoach Group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

At 30 April 2015, the Company had net current liabilities of £25,558,000. The directors have received confirmation of continuing financial support from the ultimate holding company. Accordingly, the financial statements have been prepared on the going concern basis.

b) Tangible fixed assets

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Land and buildings and other fixed assets are shown at cost, net of depreciation and any provision for impairment as set out in note 10a.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Freehold buildings	10 to 50 years
Leasehold land and buildings	10 to 50 years
Public service vehicles (PSVs), depending on type	7 to 16 years
Other Plant & equipment & furniture & fittings	3 to 10 years

Freehold land is not depreciated

c) Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment.

Notes to the financial statements (continued)

For the year ended 30 April 2015

1 Accounting policies (continued)

d) Stocks

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Cost is determined using the first-in, first-out ("FIFO") method for fuel stocks and average cost method for all other stocks.

e) Taxation

In accordance with FRS 16, Corporation tax is provided on taxable profits at the current rate. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the pre tax item.

In accordance with FRS 19, full provision is made for deferred tax on a non-discounted basis.

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

f) Turnover

Turnover represents fare and contract revenues receivable in respect of the period. The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class.

g) Other operating income

Revenues incidental to the Company's principal activity are reported as other operating income, and are recognised in the profit and loss account in the period in which they are earned.

Rentals under operating leases are recognised on a straight line basis, over the lease term. The Company's financial statements fall within the scope of The Finance and Leasing Association Statement of Recommended Practice (FLA SORP) and have been prepared in accordance with the provisions thereof.

Notes to the financial statements (continued)

For the year ended 30 April 2015

1 Accounting policies (continued)

h) Hire purchase and lease obligations

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals. Assets held under hire purchase arrangements are depreciated over their useful life.

Obligations from hire purchase contracts and finance leases within creditors represent the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included.

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease.

Rentals under operating leases are charged on a straight-line basis over the lease term.

i) Pension costs and other post retirement benefits

The company operates both a defined benefit and a defined contribution scheme.

The Stagecoach Group Pension Scheme is a defined benefit scheme. For the purposes of FRS 17, the contributions paid by the Company are accounted for as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme.

Additionally, the Company contributes to a defined contribution scheme for certain employees. For defined contribution schemes, the Company pays contributions to a separately administered pension scheme. Once the contributions have been paid, the Company has no further payment obligations. The Company's contributions to a defined contribution scheme are charged to the profit and loss account in the period to which the contributions relate.

j) Grants

Bus service operator's grant is credited to operating costs. Other grants are credited to the profit and loss account as the expenditure is expensed.

l) Investment income

Income from shares in subsidiary undertakings represents dividends, including accruals relating to the current year and prior years, provided that the Company has approved the dividend.

Notes to the financial statements (continued)

For the year ended 30 April 2015

1 Accounting policies (continued)

m) Share based payments

The Group issues cash-settled share based payments to certain employees.

The cost of cash-settled transactions is measured at fair value. Fair value is estimated initially at the grant date and at each balance sheet date thereafter until the awards are settled. Market based performance conditions are taken into account when determining fair value.

During the vesting period, a liability is recognised representing the estimated fair value of the award and the portion of the vesting period expired as at the balance sheet date. Changes in the carrying amount of the liability are recognised in the income statement for the period.

2 Turnover

The turnover and profit on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom.

3 Other operating income

	2015	2014
	£000	£000
Advertising income	225	146
Government grant income	4	3
Property rental income	41	12
Other miscellaneous revenue	106	100
	<u>376</u>	<u>261</u>

4 Investment income

	2015	2014
	£000	£000
Dividend received from subsidiary undertaking	<u>2,654</u>	<u>4,000</u>

Notes to the financial statements (continued)

For the year ended 30 April 2015

5 Finance charges

	2015	2014
	£000	£000
Hire purchase and finance lease interest payable	<u>(53)</u>	<u>(74)</u>

6 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the year is stated after charging:

	2015	2014
	£000	£000
Depreciation of tangible fixed assets:		
- owned	3,292	2,471
- held under hire purchase and finance leases agreements	804	865
Loss on disposal of tangible fixed assets other than properties	83	17
Amounts written off investments	1,979	-
Operating lease rentals:		
- land & buildings	806	666
- PSV's	-	299
- plant & machinery	125	123
Redundancy costs	<u>-</u>	<u>15</u>

No auditors' fees have been settled directly by the Company. Audit fees of £3,027 (2014: £2,517) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

7 Directors remuneration

	2015	2014
	£000	£000
Emoluments of directors	<u>184</u>	<u>197</u>

The above details of directors' emoluments include the emoluments of Mr C Brown, Mr R G Andrew, Mr S Greer, Mr R Montgomery, Mr G Nolan and Mr P Lynch which are paid by a fellow subsidiary, Stagecoach Holdings Limited. £183,999 (2014: £196,575) of their total emoluments received are apportioned to their services as directors of The Yorkshire Traction Company Limited.

Notes to the financial statements (continued)

For the year ended 30 April 2015

7 Directors remuneration (continued)

None of the emoluments of Mr M J Vaux are directly attributable to the Company.

The number of directors who were members of pension schemes was as follows:

	2015	2014
	Number	Number
Defined benefit scheme	6	6
Defined contribution scheme	1	1
	7	7

The number of directors who exercised share options during the year was as follows:

	2015	2014
	Number	Number
Share option scheme	6	6

8 Staff costs

	2015	2014
	£000	£000
Wages and salaries	25,821	21,336
Social security costs	2,227	1,875
Other pension costs (see note 18)	1,510	971
Redundancy Costs	-	15
Share based payment expense - cash settled (see note 20)	38	41
	29,596	24,238

The average monthly number of persons employed by the Company (including executive directors) during the year was:

	2015	2014
	Number	Number
Operations	1,019	870
Maintenance and Engineering	174	154
Administration and supervisory	63	55
	1,256	1,079

Notes to the financial statements (continued)

For the year ended 30 April 2015

9 Tax on profit on ordinary activities

a) Charge for the year

	2015 £000	2014 £000
Current tax:		
UK corporation tax on profits of the year	527	201
Adjustments in respect of prior years	11	55
Total current tax	538	256
Deferred tax:		
Origination and reversal of timing differences	158	1,353
Adjustments in respect of prior years	21	319
Total deferred tax (note 15)	179	1,672
Tax on profit on ordinary activities	717	1,928

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.92% (2014: 22.84%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	4,677	6,193
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.92% (2014: 22.84%)	978	1,414
Effect of:		
Non tax deductible expenditure and other permanent differences	79	66
Treatment of inter-company transactions	(224)	(157)
Write off of investment	414	-
Non taxable dividends received	(555)	(913)
Capital allowances more than depreciation	(165)	(209)
Adjustment to tax charge in respect of previous years	11	55
Current tax charge for year	538	256

Notes to the financial statements (continued)

For the year ended 30 April 2015

9 Tax on profit on ordinary activities (continued)

c) Factors that may affect future tax charges

Changes to the UK corporation tax rates were announced in the Chancellor's budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. Had this change of rate to 18% been substantively enacted at 30 April 2015, the estimated impact of the balance sheet would be a reduction in the deferred tax liability of £249,004 from £2,489,038 to £2,240,034.

Notes to the financial statements (continued)

For the year ended 30 April 2015

10 Fixed assets

a) *Tangible assets*

The movement in the year is summarised below:

	Freehold Land & buildings £000	Leasehold Land & buildings £000	PSVs £000	Other Plant & equipment & furniture & fittings £000	Total £000
Cost or valuation					
At beginning of year	851	5,690	52,854	4,190	63,585
Additions	-	616	2,634	131	3,381
Disposals	(58)	-	(2,392)	(54)	(2,504)
Intercompany transfers	-	-	2,684	38	2,722
At end of year	793	6,306	55,780	4,305	67,184
Accumulated depreciation					
At beginning of year	(257)	(1,317)	(21,699)	(3,225)	(26,498)
Charge for year	(39)	(331)	(3,383)	(343)	(4,096)
Disposals	-	-	2,275	52	2,327
Intercompany transfers	-	-	(1,309)	(33)	(1,342)
At end of year	(296)	(1,648)	(24,116)	(3,549)	(29,609)
Net book value					
At beginning of year	594	4,373	31,155	965	37,087
At end of year	497	4,658	31,664	756	37,575

The net book value of PSV assets leased under finance leases and hire purchase agreements which have been capitalised and included in the above is £11,632,000 (2014: £7,302,000). Depreciation of £804,000 (2014: £865,000) has been charged in the year in respect of PSV assets held under hire purchase or finance lease agreements.

Freehold land amounting to £397,000 has not been depreciated (2014: £397,000).

Notes to the financial statements (continued)

For the year ended 30 April 2015

10 Fixed assets (continued)

b) Investments

	Interests in group undertakings Total £000
Cost	
At beginning of year	<u>3,782</u>
Provision	
During the year	<u>(1,979)</u>
Net book value	
At the end of year	<u>1,803</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Interests in subsidiary undertakings

The subsidiary undertakings together with their principal business activities are as follows:

Name of undertaking	Nature of business
Lincolnshire Road Car Company Limited	Provision of bus and coach services
The Barnsley & District Traction Company Limited	Dormant throughout the year
Strathtay Scottish Omnibuses Limited	Non trading throughout the year
Andrews (Sheffield) Limited	Non trading throughout the year
The Mexborough & Swinton Traction Company Limited	Dormant throughout the year
Lincoln City Transport Limited	Dormant throughout the year
Yorkshire Terrier Limited	Dormant throughout the year
Tanport Limited	Dormant throughout the year
Basichour Limited	Dormant throughout the year

With the exception of the shareholding in Lincoln City Transport Limited, which is held by Lincolnshire Road Car Company Limited, all investments in subsidiary undertakings are held directly by the Company. All of the above investments comprise 100% of the nominal value of issued shares.

The above subsidiaries are registered in England and Wales with the exception of Strathtay Scottish Omnibuses Limited which is registered in Scotland.

Notes to the financial statements (continued)

For the year ended 30 April 2015

11 Stocks

	2015	2014
	£000	£000
Spares, consumables and fuel	<u>218</u>	<u>297</u>

In the opinion of the directors, the difference between the replacement cost of these stocks and their balance sheet value is not material.

12 Debtors

	2015	2014
	£000	£000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	691	619
Prepayments and accrued income	<u>1,406</u>	<u>1,716</u>
	<u>2,097</u>	<u>2,335</u>

Amounts due from fellow group undertakings within one year accrue no interest and are repayable on demand.

13 Creditors

	2015	2014
	£000	£000
<i>Amounts falling due within one year:</i>		
Bank overdraft	1,029	9,709
Hire purchase and lease obligations (note 14)	998	938
Amounts owed to group undertakings	21,602	17,795
Other taxes and social security costs	737	618
Accruals and deferred income	3,239	3,984
Pension costs	159	110
Corporation tax	<u>527</u>	<u>201</u>
	<u>28,291</u>	<u>33,355</u>

Amounts falling due after more than one year:

Hire purchase and lease obligations (note 14)	1,088	1,953
Government capital grant income	<u>4</u>	<u>7</u>
	<u>1,092</u>	<u>1,960</u>

Amounts owed to fellow group undertakings within one year accrue no interest and are repayable on demand.

Notes to the financial statements (continued)

For the year ended 30 April 2015

14 Obligations under hire purchase and finance lease agreements

Borrowings are repayable as follows:

	2015	2014
Amounts payable:	£000	£000
- within one year	998	938
- between one and two years	792	938
- between two and five years	296	1,015
	<u>2,086</u>	<u>2,891</u>

15 Provisions for liabilities and charges

	2015	2014
	£000	£000
Deferred tax		
Accelerated capital allowances	2,528	2,348
Other timing differences	(39)	(38)
Deferred tax liability	<u>2,489</u>	<u>2,310</u>
Deferred tax liability at beginning of year	2,310	638
Deferred tax charge in profit and loss account for year (note 9)	<u>179</u>	<u>1,672</u>
Deferred tax liability at end of year	<u>2,489</u>	<u>2,310</u>

16 Called up share capital

	2015	2014
	£000	£000
<i>Allotted, called up and fully paid</i>		
1,016,446 (2014: 1,016,446) ordinary shares of £1 each	<u>1,016</u>	<u>1,016</u>

Notes to the financial statements (continued)

For the year ended 30 April 2015

17 Reserves

The movement on reserves is summarised below:

	Capital redemption reserve	Profit & loss account	Contribution reserve
	£000	£000	£000
At beginning of year	14	5,180	69
Profit for the financial year	-	3,960	-
At end of year	14	9,140	69

18 Pension

The Company accounts for pensions in accordance with FRS 17 "Retirement Benefits".

The Stagecoach Group Pension scheme is a defined benefit scheme. The Company, together with a number of companies within the Group headed by Stagecoach Group plc, makes contributions to the Scheme. For the purposes of FRS 17, the contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. In the consolidated financial statements of Stagecoach Group plc, the scheme as a whole is accounted for as a defined benefit scheme. The consolidated financial statements of Stagecoach Group plc provide further details of the scheme.

The total contribution by the Company into the Stagecoach Group Pension Scheme for the year ended 30 April 2015 was £576,000 (2014: £533,000), being 8.8% (2014: 8.55%) of pensionable salary, and are based on pension costs across the Group as a whole. An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2011 and a surplus of £72.2 million was identified.

Additionally, contributions of £934,000 (2014: £438,000) were made to a defined contribution scheme by the Company. At 30 April 2015 there was a creditor of £99,000 (2014: £47,000) in relation to these contributions.

Notes to the financial statements (continued)

For the year ended 30 April 2015

19 Guarantees and other financial commitments

a) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2015 Land and buildings £000	2015 Other £000	2014 Land and buildings £000	2014 Other £000
Expiry date				
- within one year	600	9	615	25
- between one and five years	22	91	-	71
- after five years	42	-	65	-
	<u>664</u>	<u>100</u>	<u>680</u>	<u>96</u>

b) Contingent liabilities

The Company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking.

c) Cross guarantees

The company is subject to a cross corporate guarantee in relation to the Stagecoach Group plc banking arrangements with the Bank of Scotland. There have been no instances where this guarantee has been called upon during the year and none are expected in the future.

20 Share based payments

The Company operates a Buy as You Earn Scheme ("BAYE") which enables eligible employees to purchase shares from their gross income. The Company provides two matching shares for every share bought from the first £10 of monthly investment, subject to a maximum Company contribution of shares to the value of £20 per employee per month.

If the shares are held in trust for five years or more, no income tax and national insurance will be payable. The matching shares will be forfeited if the corresponding partnership shares are removed from trust within three years of award.

All share options referred to relate to ordinary shares of Stagecoach Group plc, the ultimate parent company.

Notes to the financial statements (continued)

For the year ended 30 April 2015

20 Share based payments (continued)

At 30 April 2015, there were 217 (2014: 212) participants in the BAYE scheme who have cumulatively purchased 80,590 (2014: 59,739) shares with the Company contributing 35,042 (2014: 28,046) matching shares on a cumulative basis. Dividends had been reinvested in a further 5,213 (2014: 2,756) shares for these participants.

Costs of £38,294 (2014: £40,527) have been recognised in the profit and loss account during the year in relation to the scheme.

21 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in note 12 and 13.

22 Ultimate parent company

The Company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the following address:

Stagecoach Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW