Busways Travel Services Limited

Financial statements for the year ended 30 April 2016

Registered number: 2295227

Strategic report

For the year ended 30 April 2016

The directors present their strategic report on the Company for the year ended 30 April 2016.

Review of the business

Busways Travel Services Limited is a public transport operator, operating predominantly local bus services in and around the Tyne & Wear and adjacent areas. The Company operates a fleet of 375 buses and employs 1,133 people.

Results and performance

The results of the Company for the year ended 30 April 2016 show a profit on ordinary activities before taxation of £11,532,000 (2015: £10,745,000) and revenue of £56,845,000 (2015: £57,977,000). The Company has net asset of £17,828,000 (2015: £5,050,000).

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 143,000 passengers a day. These services are mainly operated on a commercial basis in a largely deregulated market. The Company also operate tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company works closely with local authorities, passengers and other stakeholders. 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.

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 2017 is broadly in line with our expectations. The Company does, however, face strong headwinds in light of the effects of the ongoing weak local and national economy, and resultant government spending cuts imposed on local authorities.

We expect only modest short-term revenue growth and our focus is therefore to seek to stimulate demand through low fare increases, enhanced marketing and the further development and promotion of our digital offering. Modest revenue growth is balanced with costs continuing to be well controlled and with some further reduction in fuel costs anticipated.

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 2016 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 2016 annual report which does not form part of this report.

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 ODU

5 September 2016

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 2016.

Results and dividends

The results of the Company for the year ended 30 April 2016 show a profit on ordinary activities before taxation of £11,532,000 (2015: £10,745,000) and revenue of £56,845,000 (2015: £57,977,000). The profit for the financial year amounted to £9,034,000 (2015: £8,239,000).

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 Andrew

Mr R Montgomery

Mr M Vaux

Mr S Greer

Mr P Medlicott

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.

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 £4,118 (2015: £6,794).

The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2015: 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Statement of directors' responsibilities (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 the Group 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 the Group 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

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Following Stagecoach Group's external audit tender process, Ernst & Young LLP shall become the company's auditors in the next financial year.

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 Vaux
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

5 September 2016

Report on the financial statements

Our opinion

In our opinion, Busways Travel Services 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 2016 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, included within the Financial statements (the "Annual report"), comprise:

- the balance sheet as at 30 April 2016;
- the income statement for the year then ended;
- statement of other comprehensive income for the year then ended;
- the statement of changes in equity 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 United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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.

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 Annual Report 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.

Cowie

Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

5 September 2016

Income statement

For the year ended 30 April 2016

	Note	2016 £000	2015 £000
Revenue	2	**56,845**	57,977
Cost of sales		**(45,623)**	(47,366)
Gross profit		**11,222**	10,611
Other operating income	3	**774**	996
Operating profit		**11,996**	11,607
Finance income (net)	4	**(464)**	(862)
Profit on ordinary activities before taxation	5	**11,532**	10,745
Tax on profit on ordinary activities	7	**(2,498)**	(2,506)
Profit for the financial year		**9,034**	8,239

The results for the year arise wholly from continuing operations.

The accompanying notes form an integral part of this income statement.

Statement of other comprehensive income
For the year ended 30 April 2016

	Note	Year ended 30 April 2016 £000	Year ended 30 April 2015 £000
Profit for the financial year		**9,034**	8,239
Other comprehensive income:			
Actuarial gain on retirement benefit obligations	**14**	**4,942**	2,879
Other comprehensive income		**4,942**	2,879
Tax charge relating to actuarial gain on retirement benefit obligations	**11**	**(1,198)**	(576)
Other comprehensive income for the year, net of tax		**3,744**	2,303
Total comprehensive income for the year		**12,778**	10,542

The accompanying notes form an integral part of this statement of other comprehensive income.

Balance sheet

As at 30 April 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	8	**1,802**	1,744
Current assets			
Stocks	9	**222**	337
Debtors : amounts falling due within one year	10	**25,832**	1,161
Debtors : amounts falling due after one year	10	**2**	5
Cash at bank and in hand		**2,760**	21,694
Deferred tax asset	11	**1,272**	3,060
		30,088	26,257
Creditors: amounts falling due within one year	12	**(6,684)**	(7,393)
Net current assets		**23,404**	18,864
Total assets less current liabilities		**25,206**	20,608
Provisions for liabilities and charges	13	**(38)**	(111)
Retirement benefit obligation	14	**(7,340)**	(15,447)
Net assets		**17,828**	5,050
Capital and reserves			
Called up share capital	15	**300**	300
Contribution reserve		**418**	418
Profit and loss account		**17,110**	4,332
Total shareholders' funds		**17,828**	5,050

The financial statements on pages 10 to 37 were approved by the board of directors on 5 September 2016 and were signed on its behalf by:

C Brown
Director

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

Statement of changes in equity

For the year ended 30 April 2016

	Called up share capital £000	Profit and loss account £000	Contribution reserve £000	Total shareholders' funds £000
At 1 May 2014	**300**	**(6,210)**	**418**	**(5,492)**
Profit for the financial year	-	8,239	-	8,239
Other comprehensive income	-	2,303	-	2,303
Total comprehensive income for the year	**-**	**10,542**	**-**	**10,542**
At 30 April 2015	**300**	**4,332**	**418**	**5,050**
Profit for the financial year	-	9,034	-	9,034
Other comprehensive income	-	3,744	-	3,744
Total comprehensive income for the year	**-**	**12,778**	**-**	**12,778**
At 30 April 2016	**300**	**17,110**	**418**	**17,828**

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 Company is a private limited company registered in England. The address of the Company's registered office is shown on page 6 and a description of the Company's principal activities are set out on page 1.

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act).

The Company's date of transition from UK Generally Accepted Accounting Practice (UK GAAP) to FRS 101 was 1 May 2014. The effect of transition from the Company's previously adopted accounting policies in accordance with UK GAAP are disclosed in note 20.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46-52 of IFRS 2, 'Share-based payment'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 'Presentation of financial statements
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- Paragraph 17 of IAS 24, 'Related party disclosures'

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements.

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 9.

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:

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

1 Accounting policies (continued)

c) 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

d) Taxation

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

Corporation tax is provided on taxable profits at the current rate applicable. Tax charges and credits are accounted for through the same primary statement as the related pre-tax item.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is measured at the rates that are expected to apply in periods in which the temporary differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

e) Revenue

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

f) Other operating income

Revenues incidental to the Company's principal activity are reported as other operating income, and are recognised in the income statement 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.

g) 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.

Rentals under operating leases are credited to the profit and loss account on a straight line basis, over the lease terms.

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.

1 Accounting policies (continued)

h) Pension costs and other post retirement benefits

The company participates in both a defined benefit and a defined contribution scheme. The Stagecoach Group Pension Scheme is a defined benefit scheme.

In respect of the Stagecoach Group defined benefit scheme, obligations are measured at discounted present value whilst scheme assets are recorded at market value. The recognised net asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the scheme. An economic benefit is available to the Company if it is realisable during the life of the scheme or on settlement of the scheme liabilities.

The operating and financing costs of the defined benefit plan is included within operating profit and is disclosed separately in the notes to the financial statements; service costs are spread systematically over the working lives of employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income. Mortality rates are considered when retirement benefit obligations are calculated.

Past service costs and adjustments are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period), in which case the past service costs are amortised using a straight-line method over the vesting period.

A full actuarial valuation is undertaken triennially for the scheme and updated annually using independent actuaries following the projected unit credit method. The present value of the scheme obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity equivalent to the terms of the related obligations. Experience adjustments and changes in assumptions which affect actuarial gains and losses are reflected in the actuarial gain or loss for the year.

i) Grants

Bus service operators grant is credited to operating costs. Other grants are credited to the income statement as the expenditure is expensed.

j) Dividends

Dividends on ordinary shares are recorded in the financial statements in the period in which they are approved by the shareholders, or in the case of interim dividends, on the period in which they are paid.

1 Accounting policies (continued)

k) 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.

l) Cash flow statement

Busways Travel Services Limited is not required to prepare a cash flow statement under IAS 7, as it is a wholly owned subsidiary undertaking of Stagecoach Group plc whose consolidated financial statements, which are publicly available, include a consolidated cash flow statement in which the cash flows of the company are included.

m) Critical accounting policies and estimates

Preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union requires Directors to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual outcomes could differ from those estimated. The Directors believe that the accounting policies and estimation techniques discussed below represent those that require the greatest exercise of judgement. The Directors have used their best judgement in determining the estimates and assumptions used in these areas but a different set of judgements could result in material changes to the Company's reported financial performance and/or financial position.

The critical accounting policies summarised below cover the policies regarded by the Directors as critical to the Company's reporting in general.

i) Pensions

The determination of the Company's pension benefit obligation and expense for defined benefit pension schemes is dependent on the selection by the Directors of certain assumptions used by actuaries in calculating such amounts. Those assumptions include the discount rate, the annual rate of increase in future salary levels and mortality rates. The Directors' assumptions are based on actual historical experience and external data. While we believe that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the pension obligation and future expense.

ii) Taxation

The Company's tax charge is based on the pre-tax profit for the year and tax rates in force. Estimation of the tax charge requires an assessment to be made of the potential tax consequences of certain items that will only be resolved when agreed by the relevant tax authorities. Assessment of the likely outcome is based on historical experience, professional advice from external advisors, and the current status of any judgemental issues. However, the final tax cost to the company may differ from the estimates.

1 Accounting policies (continued)

m) Critical accounting policies and estimates (continued)

iii) Property, plant and equipment

Property, plant and equipment, other than land, are depreciated on a straight-line basis to write off the cost or valuation less estimated residual value of each asset over the shorter of their estimated useful lives. Useful lives are estimated based on a number of factors, including the expected usage of the asset, expected deterioration and technological obsolescence. If another depreciation method (for example, reducing balance) was used or different useful lives or residual values were applied, this could have a material effect on the Company's depreciation charge and net profit.

iv) *Contract provisions*

A provision is recognised in the balance sheet for any contract that is "onerous" or when acquired as part of a business combination, that is unfavourable to market terms. A contract is considered onerous where it is probable that the future economic benefits to be derived from the contract are less than the unavoidable costs under that contract. Determining the amount of any contract provision necessitates forecasting future cash flows and applying an appropriate discount rate to determine a net present value. The recognition of a contract provision is charged to the consolidated income statement. Losses that subsequently arise on that contract are treated as a utilisation of the provision to the extent they have been provided for. The amount of any contract provision (or potential contract provision) is re-assessed at each balance sheet date. Any increase or decrease required to the amount of the provision is charged or credited to the income statement.

2 Revenue

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

3 Other operating income

	2016	2015
	£000	£000
Advertising income	388	375
Printing income	252	252
Newspaper distribution income	66	67
Property rental income	22	21
Grant release	-	232
Other miscellaneous revenue	46	49
	774	996

4 Finance income (net)

	2016	2015
	£000	£000
Net finance income on pension assets (note 14)	464	862

5 Profit on ordinary activities before taxation

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

	2016	2015
	£000	£000
Depreciation and amounts written off tangible fixed assets:		
- owned	269	289
Loss on disposal of tangible fixed assets, other than properties	-	1
Redundancy costs	21	23
Operating lease rentals:		
- land and buildings	747	806
- PSV	3,157	2,996
- plant and machinery	164	180

No auditor's fees have been settled directly by the Company. Audit fees of £3,540 (2015: £3,027) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

6 Directors and employees

	2016	2015
	£000	£000
Emoluments of directors	139	116

6 Directors and employees (continued)

The above details of directors' emoluments include an apportionment of the emoluments of C Brown, R Andrew, S Greer, G Nolan, P Medlicott and R Montgomery which are paid by a fellow subsidiary, Stagecoach Holdings Limited. £139,307 (2015: £115,682) of their total emoluments received are apportioned to their services as directors of Busways Travel Services Limited.

No part of the remuneration of Mr M Vaux is directly attributable to the Company.

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

	2016	2015
	Number	Number
Defined benefit scheme	**4**	6
Defined contribution scheme	**1**	1
	5	7

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

	2016	2015
	Number	Number
Share options	**6**	6

	2016	2015
Staff costs	**£000**	£000
Wages and salaries	**24,247**	23,939
Social security costs	**2,088**	2,047
Other pension costs (see note 14)	**2,087**	2,182
Share based payments - cash settled (see note 17)	**52**	52
Redundancy costs	**21**	23
	28,495	28,243

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

	2016	2015
	Number	Number
Operations	**1,059**	1,052
Administration and supervisory	**74**	89
	1,133	1,141

7 Tax on profit on ordinary activities

	2016	2015
a) Charge for the year	**£000**	£000
Current tax:		
UK corporation tax on profits in the year	**1,875**	1,754
Adjustments in respect of prior years	**33**	89
Total current tax	**1,908**	1,843
Deferred tax:		
Origination and reversal of timing differences	**552**	572
Adjustments in respect of prior years	**38**	91
Total deferred tax (note 11)	**590**	663
Total tax reported in the income statement	**2,498**	2,506

b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.92%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	**11,532**	10,745
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.92%)	**2,307**	2,248
Effect of:		
Non tax deductible expenditure and other permanent differences	**9**	12
Treatment of inter-company transactions	**180**	92
Impact of reduction in UK tax rate on current years deferred tax	**(62)**	(48)
Impact of reduction in UK tax rate on prior years deferred tax	**(7)**	
Adjustments in respect of prior years	**71**	181
Change of accounting basis	**-**	21
Total tax charge for the year reported in the income statement	**2,498**	2,506

c) Factors that may affect future tax charges

Reductions in the tax rate to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 30 April 2016 has been calculated based on this rate. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. Had the reduction to 19% been substantively enacted the estimated impact of this reduction on the deferred tax liability would have been a reduction of £70,656.

7 Tax on profit on ordinary activities (continued)

d) Tax on items taken directly or transferred from equity

The components of tax on items taken directly to or transferred from equity are shown in the consolidated statement of comprehensive income on page 11.

8 Fixed assets

Tangible assets

The movement in the year is summarised below:

	Leasehold land and buildings £000	Other plant and equipment and furniture and fittings £000	Total £000
Cost			
Beginning of year	536	6,277	6,813
Additions	51	61	112
Disposal	-	(952)	(952)
Intra-group transfer	-	215	215
End of year	**587**	**5,601**	**6,188**
Accumulated depreciation			
Beginning of year	(190)	(4,879)	(5,069)
Charge for year	(55)	(214)	(269)
Disposal	-	952	952
Intra-group transfer	-	-	-
End of year	**(245)**	**(4,141)**	**(4,386)**
Net book value			
Beginning of year	346	1,398	1,744
End of year	**342**	**1,460**	**1,802**

9 Stocks

	2016	2015
	£000	£000
Spares, consumables and fuel	222	337

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

10 Debtors

	2016	2015
Amounts falling due within one year:	£000	£000
Amounts owed by group undertakings	24,677	244
Prepayments and accrued income	1,155	917
	25,832	1,161
Amounts falling due after one year:		
Deferred tax asset	1,272	3,060
Electrical inspection contract	2	5
	1,274	3,065

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

11 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

	2016	2015
	£000	£000
Deferred tax to be recovered after more than 12 months:		
Deferred tax asset	**(49)**	(29)
Pension temporary differences	**1,321**	3,089
Net deferred tax asset	**1,272**	3,060

The movement in deferred tax during the year was:	**2016** **£000**	2015 £000
At beginning of year	**3,060**	4,299
Credited to income statement (note 7a)	**(590)**	(663)
Credited to equity	**(1,198)**	(576)
At end of year	**1,272**	3,060

Deferred tax included in the Balance Sheet comprises:	**2016** **£000**	2015 £000
Accelerated capital allowances	**(80)**	(51)
Other timing differences	**31**	22
Pension timing difference	**1,321**	3,089
Net deferred tax asset	**1,272**	3,060

11 Deferred tax *(continued)*

The amount of deferred tax recognised in the income statement by type of temporary difference is as follows:

	2016	2015
	£000	£000
Accelerated capital allowances	(29)	(90)
Pension temporary differences	(570)	(572)
Other short term differences	9	(1)
Deferred tax charge	(590)	(663)

12 Creditors

	2016	2015
Amounts falling due within one year:	£000	£000
Amounts owed to group undertakings	2,050	3,005
Corporation tax	1,875	1,754
Other taxes and social security costs	610	581
Other creditors	512	724
Accruals and deferred income	1,637	1,329
	6,684	7,393

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

13 Provisions for liabilities and charges

Onerous lease provision

	2016	2015
	£000	£000
Provision at start of year	111	133
Utilised in the year	(73)	(22)
Provision at end of year	38	111

The provision for onerous lease relates to ongoing property lease costs at the vacated travel shop premises in Waterloo Place, Sunderland and is expected to be utilised over the period to June 2017 when the lease expires.

14 Retirement benefit obligations

On transition to FRS 101, IAS 19 (2011 revised) Employee Benefits has been adopted in place of FRS 17 Retirement Benefits.

The Company participates in two defined benefit occupational pension schemes, as follows:

- Tyne & Wear Local Government Pension Scheme ("LGPS")
- The Stagecoach Group Pension Scheme ("SGPS")

The Tyne & Wear Local Government Pension scheme is a defined benefit scheme. For the purposes of FRS 101, IAS 19 the Company accounts for its portion of the retirement benefit obligation, based on its share of contributions to the scheme. The calculations of the IAS19 disclosures for the Merseyside Local Government Pension Scheme have been based on the most recent actuarial valuations, which have been updated fo 30 April 2016 by an independent professionally qualified actuary to take account of the requirements of IAS 19.

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 101, IAS 19 the Company accounts for its portion of the retirement benefit obligation, based on its share of contributions to 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. A full actuarial valuation of the scheme is carried out every 3 years. The last actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2014 and showed that the scheme was 111% funded on the Trustee's technical provisional basis.

The management and reporting of the Stagecoach Group Pension Scheme is undertaken at group level. A sensitivity analysis of significant actuarial assumptions is included within note 25 of the Group's 2016 annual report, which does not form part of this report.

Both schemes are closed to new members from the Company.

Additionally, the Company operates various defined contribution schemes for its employees, for which it has no further obligation once the contributions are paid. Contributions of £638,000 (2015: £678,000) were made to defined contribution schemes by the Company, and as at 30 April 2016 there was a creditor of £512,000 (2015: £547,000) in relation to these contributions.

The principal actuarial assumptions used in determining the pension amounts in relation to the defined benefit schemes were as follows:

	30 April 2016	30 April 2015
	%	%
Rate of increase in pensionable salaries	3.0	3.2
Rate of increase of pension payment	1.7	1.9
Discount rate	3.7	3.7
Rate of inflation (RPI)	3.0	3.2

14 Retirement benefit obligations (continued)

The life expectancy assumptions used for each scheme are periodically reviewed. The weighted average life expectancies at 30 April were:

	2016	2015
	Years	Years
Current pensioner aged 65 – male	19.0	19.0
Current pensioner aged 65 – female	23.6	23.5
Future pensioner at 65 (aged 45 now) – male	20.9	20.9
Future pensioner at 65 (aged 45 now) - female	25.2	25.1

The amounts recognised in the balance sheet were determined as follows:

As at 30 April 2016	LGPS	SGPS	**Total**
	£000	£000	**£000**
Equities	53,816	45,517	**99,333**
Bonds	18,075	12,795	**30,870**
Cash	10,042	3,251	**13,293**
Property	6,931	6,010	**12,941**
Fair value of plan assets	88,864	67,573	**156,437**
Present value of obligations	(86,177)	(71,864)	**(158,041)**
Surplus/(deficit) in the scheme	2,687	(4,291)	**(1,604)**
Asset ceiling	(5,736)	-	**(5,736)**
Liability recognised in the balance sheet	(3,049)	(4,291)	**(7,340)**

As at 30 April 2015	LGPS	SGPS	**Total**
	£000	£000	**£000**
Equities	53,521	46,381	**99,902**
Bonds	17,976	13,551	**31,527**
Cash	9,986	4,219	**14,205**
Property	6,893	4,191	**11,084**
Fair value of plan assets	88,376	68,342	**156,718**
Present value of obligations	(91,213)	(77,572)	**(168,785)**
Deficit in the scheme	(2,837)	(9,230)	**(12,067)**
Asset ceiling	(3,380)	-	**(3,380)**
Liability recognised in the balance sheet	(6,217)	(9,230)	**(15,447)**

14 Retirement benefit obligations (continued)

The amounts recognised in the income statement were as follows:

Year ended 30 April 2016	LGPS £000	SGPS £000	DC £000	**Total £000**
Current service cost	302	1,102	-	**1,404**
Administration cost	4	41	-	**45**
Interest cost expense	43	296	-	**339**
Interest expense on asset ceiling	125	-	-	**125**
Total defined benefit cost	474	1,439	-	**1,913**
Defined contribution cost	-	-	638	**638**
Total income statement charge	474	1,439	638	**2,551**

Year ended 30 April 2015	LGPS £000	SGPS £000	DC £000	**Total £000**
Current service cost	387	1,064	-	**1,451**
Administration cost	5	54	-	**59**
Interest cost expense	315	262	-	**577**
Interest expense on asset ceiling	285	-	-	**285**
Total defined benefit cost	992	1,380	-	**2,372**
Defined contribution cost	-	-	678	**678**
Total income statement charge	992	1,380	678	**3,050**

The impact of the income statement charge can be analysed as follows:

	2016 £000	2015 £000
Total included in staff costs (note 6)	**2,087**	2,182
Total included in finance charges (note 4)	**464**	868
	2,551	3,050

The amounts recognised within the Statement of Other Comprehensive Income were as follows:

Year ended 30 April 2016	LGPS £000	SGPS £000	**Total £000**
Actual return less expected return on pension scheme assets	(1,941)	(1,081)	**(3,022)**
Experience gains and losses arising on the scheme liabilities	201	5,088	**5,289**
Changes in assumptions underlying the present value of the scheme liabilities	3,513	1,393	**4,906**
Changes in asset ceiling	(2,231)	-	**(2,231)**
Total actuarial (loss)/gain recognised in the statement of other comprehensive income	(458)	5,400	**4,942**

14 Retirement benefit obligations (continued)

Year ended 30 April 2015	LGPS £000	SGPS £000	**Total £000**
Actual return less expected return on pension scheme assets	7,502	4,487	**11,989**
Experience gains and losses arising on the scheme liabilities/asset	(2)	2	**-**
Changes in assumptions underlying the present value of the scheme liabilities	(4,860)	(7,495)	**(12,355)**
Changes in asset ceiling	3,245	-	**3,245**
Total actuarial gain/(loss) recognised in the statement of other comprehensive income	5,885	(3,006)	**2,879**

The movement in the liability recognised in the balance sheet in respect of the defined benefit plan during the year under IAS 19 was:

As at 30 April 2016	LGPS £000	SGPS £000	**Total £000**
Liability at the beginning of the year	(6,217)	(9,230)	**(15,447)**
Employer's contributions	4,100	978	**5,078**
Current service cost	(302)	(1,102)	**(1,404)**
Finance income	(168)	(296)	**(464)**
Administration cost	(4)	(41)	**(45)**
Recognised in the statement of comprehensive income	(458)	5,400	**4,942**
Liability at end of the year	(3,049)	(4,291)	**(7,340)**

As at 30 April 2015	LGPS £000	SGPS £000	**Total £000**
Liability at the beginning of the year	(15,260)	(5,924)	**(21,184)**
Employer's contributions	4,150	1,080	**5,230**
Current service cost	(387)	(1,064)	**(1,451)**
Finance income	(600)	(262)	**(862)**
Administration cost	(5)	(54)	**(59)**
Recognised in the statement of comprehensive income	5,885	(3,006)	**2,879**
Liability at end of the year	(6,217)	(9,230)	**(15,447)**

14 Retirement benefit obligations (continued)

The movement in fair value of the plan assets during the year under IAS 19 is as follows:

As at 30 April 2016	LGPS £000	SGPS £000	**Total £000**
At beginning of year	88,376	68,343	**156,719**
Actuarial loss	(1,941)	(1,081)	**(3,022)**
Interest income	3,255	2,438	**5,693**
Administration costs	(4)	(41)	**(45)**
Employer's contributions	4,100	978	**5,078**
Members' contributions	86	20	**106**
Benefits paid	(5,008)	(3,084)	**(8,092)**
At end of year	88,864	67,573	**156,437**

As at 30 April 2015	LGPS £000	SGPS £000	**Total £000**
At beginning of year	77,994	62,773	**140,767**
Actuarial gain	7,502	4,486	**11,988**
Interest income	3,495	2,775	**6,270**
Administration costs	(5)	(54)	**(59)**
Employer's contributions	4,150	1,080	**5,230**
Members' contributions	118	23	**141**
Benefits paid	(4,877)	(2,740)	**(7,617)**
At end of year	88,377	68,343	**156,720**

The movement in the present value of obligations recognised in the balance sheet in respect of the defined benefit plan during the year under IAS 19 is as follows:

As at 30 April 2016

	LGPS £000	SGPS £000	**Total £000**
At beginning of year	91,213	77,572	**168,785**
Current service costs	302	1,102	**1,404**
Interest cost	3,298	2,734	**6,032**
Members' contributions	86	20	**106**
Actuarial gain – experience gains and losses	(201)	(1,392)	**(1,593)**
Actuarial gain – changes in assumptions	(3,513)	(5,088)	**(8,601)**
Benefits paid	(5,008)	(3,084)	**(8,092)**
At end of year	86,177	71,864	**158,041**

14 Retirement benefit obligations (continued)

As at 30 April 2015

	LGPS £000	SGPS £000	**Total £000**
At beginning of year	86,913	68,695	**155,608**
Current service costs	387	1,064	**1,451**
Interest cost	3,810	3,037	**6,847**
Members' contributions	118	23	**141**
Actuarial gain – experience gains and losses	2	(2)	**-**
Actuarial loss – changes in assumptions	4,860	7,495	**12,355**
Benefits paid	(4,877)	(2,740)	**(7,617)**
At end of year	91,213	77,572	**168,785**

15 Called up share capital

Authorised	**2016 £000**	2015 £000
6,000,000 (2015: 6,000,000) Ordinary shares of £0.05p each	**300**	300
1 (2015: 1) 'A' share of £1	**-**	-
Allotted, called up and fully paid		
6,000,000 (2015: 6,000,000) Ordinary shares of £0.05p each	**300**	300
1 (2015: 1) 'A' share of £1	**-**	-

16 Guarantees and other financial commitments

a) Lease commitments

The Company had commitments under non-cancellable operating leases. Future minimum rentals payable under these leases are as follows:

	Land and Buildings 2016 £000	**Other 2016 £000**	Land and Buildings 2015 £000	Other 2015 £000
- within one year	**779**	**134**	679	146
- between one and five years	**3,031**	**250**	25	239
- over five years	**2,907**	**-**	-	385
	6,717	**384**	704	770

16 Guarantees and other financial commitments (continued)

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.

17 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 the trust within three years of award.

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

At 30 April 2016, there were 276 (2015: 290) participants in the BAYE scheme who have cumulatively purchased 171,318 (2015: 140,874) shares with the Company contributing 60,666 (2015: 51,802) matching shares on a cumulative basis. Dividends had been reinvested in a further 14,861 (2015: 8,924) shares for these participants.

Share based payment charges of £52,000 (2015: £52,000) have been recognised in the profit and loss account during the year in relation to the scheme.

18 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 notes 10 and 12.

19 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 Company Secretary at the following address:

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

20 Transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 April 2016, the comparative information presented in these financial statements for the year ended 30 April 2015 and in the preparation of an opening FRS 101 balance sheet at 1 May 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

20 Transition to FRS 101 (continued)

	As at 30 April 2015			As at 30 April 2014		
	UK GAAP	Effect of transition to FRS 101	FRS 101	UK GAAP	Effect of transition to FRS 101	FRS 101
	£000	£000	£000	£000	£000	£000
Non-current assets						
Intangible assets	1,744		1,744	1,371		1,371
	1,744	-	1,744	1,371	-	1,371
Current assets						
Stocks	337	-	337	514	-	514
Debtors: amounts falling due within one year	1,161	-	1,161	723	-	723
Debtors: amounts falling due after one year	5	-	5	74	(63)	11
Cash at bank and in hand	21,694	-	21,694	17,427	-	17,427
Deferred tax	-	3,060	3,060	-	4,299	4,299
	23,197	3,060	26,257	18,738	4,236	22,974
Creditors: amounts falling due within one year	(7,393)	-	(7,393)	(8,521)	-	(8,521)
Net current Liabilities	15,804	3,060	18,864	10,217	4,236	14,453
Total assets less current liabilities	17,548	3,060	20,608	11,588	4,239	15,824
Provisions for liabilities and charges	(140)	29	(111)	(133)		(133)
Retirement liability obligations	(4,974)	(10,473)	(15,447)	(12,207)	(8,976)	(21,183)
Net assets/(liabilities)	12,434	(7,384)	5,050	(752)	(4,740)	(5,492)
Capital and reserves						
Share capital	300	-	300	300	-	300
Contribution reserve	418	-	418	418	-	418
Profit and loss account	11,716	(7,384)	4,332	(1,470)	(4,740)	(6,210)
Total shareholders' funds	12,434	(7,384)	5,050	(752)	(4,740)	(5,492)

20 Transition to FRS 101 (continued)

Restatement of equity from UK GAAP to FRS 101

1 Current and deferred tax

IFRS defines deferred tax in relation to temporary differences between carrying values and their related tax bases, rather than timing differences in the income statement; therefore adjustments are required to recognise assets that were previously eligible for the now obsolete Industrial Building Allowances for which no deferred tax was recognised under UK GAAP, and to recognise the tax impact of the pension transfer adjustment (see note 2). The impact has been to increase the deferred tax asset as follows:

	30 April 2015 £000	30 April 2014 £000
Provisions for liabilities and charges - Deferred tax liability (fixed assets)	-	(1)
Provisions for liabilities and charges - Deferred tax liability (pension)	1,846	1,185
	1,846	1,184

The restatement to the deferred tax asset disclosed can be analysed as follows:

	30 April 2015 £000	30 April 2014 £000
Reclassification of deferred tax asset from retirement benefit obligations	**1,243**	3,052
Reclassification of deferred tax asset from debtors to deferred tax asset	-	63
Reclassification of deferred tax liability from provisions for liabilities and charges to deferred tax asset	**(29)**	-
Increase in deferred tax asset on transition from UK GAAP to FRS101	**1,846**	1,184
	3,060	4,299

2 Retirement benefit obligation

On transition to FRS 101, IAS 19 (2011 revised) Employee Benefits has been adopted in place of 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 101, the Company accounts for its portion of the retirement benefit obligation, based on its share of contributions to 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.

20 Transition to FRS 101 (continued)

2 Retirement benefit obligation (continued)
A full actuarial valuation of the scheme is carried out every 3 years. The last actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2014 and showed that the scheme was 111% funded on the Trustee's technical provisional basis.

	30 April 2015 £000	30 April 2014 £000
Retirement benefit obligations	(9,230)	(5,924)

Deferred tax on pension obligations has been reallocated from retirement benefit obligations to be shown as part of the deferred tax asset balance. The restatement of the retirement benefit obligation is analysed as follows:

	30 April 2015 £000	30 April 2014 £000
Recognition of SGPS retirement benefit obligation	**9,230**	5,924
Reallocation of deferred tax balance to deferred tax asset	**1,243**	3,052
	10,473	8,976

Effect on the income statement for the year ended 30 April 2015:

	Note	**UK GAAP £000**	**Effect of transition to FRS 101 £000**	**FRS 101 £000**
Revenue	2	57,977	-	57,977
Operating costs		(47,328)	(38)	(47,366)
Gross profit		10,649	(38)	10,611
Other operating income	3	996	-	996
Operating profit		11,645	(38)	11,607
Finance charges (net)	4	1,434	(2,296)	(862)
Profit on ordinary activities before taxation	5	13,079	(2,334)	10,745
Taxation on profit on ordinary activities	7	(2,973)	467	(2,506)
Profit for the financial year		10,106	(1,867)	8,239

20 Transition to FRS 101 (continued)

Reconciliation of profit for the year ended 30 April 2015

The effect of all measurement differences on the reported profit of the Company for the year ended 30 April 2015 is as follows:

	£000
Profit for the year ended 30 April 2015 under UK GAAP	10,106
Retirement benefit obligations	
Remeasurement of pension scheme financial income under IAS 19	(954)
Remeasurement of pension service cost under IAS 19	(1,380)
Deferred tax on IAS 19 remeasurements	467
Total of defined benefit obligation remeasurements	(1,867)
Profit for the year ended 30 April 2015 under FRS 101	8,239