Stagecoach Services Limited

Financial statements for the year ended 30 April 2016

Registered number: 2381778

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

Stagecoach Services Limited employs 205 staff engaged in the provision of accounting, payroll and IT services to operating companies within Stagecoach Group plc's UK Bus division, the Sheffield Supertram operation and the Group's East Midlands Trains and East Coast Mainline franchises, and of procurement services to operating companies within Stagecoach Group plc's UK Bus division.

Results and performance

The results of the Company for year ended 30 April 2016 show a profit on ordinary activities before taxation of £2,571,000 (2015: £4,174,000) and revenue of £26,198,000 (2015: £20,134,000). The Company has net liabilities of £3,665,000 (2015: £7,112,000).

Business environment

The Company provides the full range of accounting, payroll and IT services to the operating companies within Stagecoach Group plc's UK Bus division, the Sheffield Supertram operation and to the Group's East Midlands Trains and East Coast Mainline franchises, and of procurement services to operating companies within Stagecoach Group plc's UK Bus division. The Company provides payroll services for approximately 27,000 employees and processing over 400,000 supplier invoices annually. The Company strives to deliver a high value, high quality service to the operating companies whilst also being able to compete with external service providers in terms of cost.

The Company achieves this aim by ensuring:

- accurate and timely delivery of services;
- focusing on recruitment and retention of high quality staff;
- investment in appropriate software and systems to deliver further efficiencies; and
- strong focus on technology and innovation.

Strategy

The Company's overriding objective is to maintain the high quality of the services provided to the Stagecoach Group plc operating companies, and through a program of continuous improvement to deliver further improvements in value, quality and efficiency to its customers.

There are several elements to the Company's strategy for high quality service delivery. They are:

- continued focus on accurate and timely delivery of services;
- investment in accounting software and IT systems;
- commitment to excellent customer service;
- strong focus on the training and development of staff; and
- strong communications links with customers.

Future outlook

The current financial year to 30 April 2017 has started well and trading is in line with our expectations.

We believe our commitment to quality, continued innovation, investment in our systems and commitment to staff training will enable us to improve on our current level of 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 KPI's 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 (regional operations) Division of Stagecoach Group plc, which includes the Company, is discussed in the 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 and credit risk. The effects of changes in interest rates 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.

By order of the Board

M J Vaux
Company Secretary

5 September 2016

Directors' report

For the year ended 30 April 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 year ended 30 April 2016 show a profit on ordinary activities before taxation of £2,571,000 (2015: £4,174,000) and revenue of £26,198,000 (2015: £20,134,000).

The profit for the financial year was £2,422,000 (2015: £2,842,000).

The directors recommend that no dividend be paid (2015: £Nil), and the profit of £2,422,000 (2015: £2,842,000) 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 2.

Directors

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

Mr M Haberfield
Mr C Brown
Mr R G Andrew
Mr R Montgomery
Mr M J Vaux
Mr R J Paterson
Mr A D Smith
Mr B Coburn

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.

Training and development

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

The Company invests significantly to ensure that its staff are properly trained, developed and able to offer the best customer service. The Company encourages its employees to undertake relevant professional qualifications where appropriate, and offers training to ensure that all staff are able to develop to their full potential.

Employees (continued)

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 £450 (2015: £1,133). 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.

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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of directors' responsibilities (continued)

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.

On behalf of the Board

M J Vaux
Director

Daw Bank
Stockport
SK3 ODU

5 September 2016

Report on the financial statements

Our opinion

In our opinion, Stagecoach 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 and 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 4 - 5, 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

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.

M 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	**26,198**	20,134
Administrative costs		**(27,051)**	(20,194)
Gross loss		**(853)**	(60)
Other operating income	3	**3,497**	4,294
Operating profit		**2,644**	4,234
Finance charges (net)	4	**(73)**	(60)
Profit on ordinary activities before taxation	5	**2,571**	4,174
Tax on profit on ordinary activities	8	**(149)**	(1,332)
Profit for the financial year		**2,422**	2,842

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	2016 £000	2015 £000
Profit for the financial year		**2,422**	2,842
Other comprehensive income/(expenses):			
Actuarial gain/(loss) on retirement benefit obligations	15	**1,308**	(905)
Other comprehensive income/(expenses)			
Tax (charge)/credit relating to actuarial gain/(loss) on retirement benefit obligations	13	**(283)**	181
Other comprehensive income/(expenses) for the year, net of tax		**1,025**	(724)
Total comprehensive income for the year		**3,447**	2,118

Balance sheet

As at 30 April 2016

	Note	2016 £000	2015 £000
Non-current assets			
Intangible assets	9(a)	**25,182**	13,173
Tangible assets	9(b)	**1,976**	1,008
		27,158	14,181
Current assets			
Stocks	10	**3,819**	3,245
Debtors: amounts falling due within one year	11	**62,021**	96,073
Cash at bank and in hand		**9,458**	2,130
		75,298	101,448
Creditors: amounts falling due within one year	12	**(100,910)**	(114,115)
Net current liabilities		**(25,612)**	(12,667)
Total assets less current liabilities		**1,546**	1,514
Creditors: amounts falling due after more than one year	12	**(227)**	(307)
Provisions for liabilities and charges	13	**(3,759)**	(5,918)
Retirement benefit obligations	15	**(1,225)**	(2,401)
Net liabilities		**(3,665)**	(7,112)
Capital and reserves			
Called up share capital	14	**20**	20
Share premium account		**19,980**	19,980
Contribution reserve		**184**	184
Profit and loss account		**(23,849)**	(27,296)
Total shareholders' deficit		**(3,665)**	(7,112)

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

The financial statements on pages 8 to 33 were approved by the board of Directors on 5 September 2016 and were signed on its behalf by:

C Brown
Director

Statement of changes in equity

For the year ended 30 April 2016

	Called up share capital £000	Share premium account £000	Contribution reserve £000	Profit and loss account £000	Total shareholders' deficit £000
As at 1 May 2014	**20**	**19,980**	**184**	**(29,414)**	**(9,230)**
Profit for the financial year	-	-	-	2,842	2,842
Other comprehensive loss for the year	-	-	-	(724)	(724)
Total comprehensive income for the year	-	-	-	2,118	2,118
As at 30 April 2015	**20**	**19,980**	**184**	**(27,296)**	**(7,112)**
Profit for the financial year	-	-	-	2,422	2,422
Other comprehensive gain for the year	-	-	-	1,025	1,025
Total comprehensive income for the year	-	-	-	**3,447**	**3,447**
As at 30 April 2016	**20**	**19,980**	**184**	**(23,849)**	**(3,665)**

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 5 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.

At 30 April 2016, the Company had net current liabilities of £25,612,000 (2015: £12,667,000) and net liabilities of £3,665,000 (2015: £7,112,000). 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) Intangible assets

Intangible assets, consisting of software, are shown at their original historic cost net of amortisation and any provision for impairment. Cost includes the original purchase price of the assets and costs attributable to bringing the asset to its working condition for its intended use.

Amortisation is charged on a straight-line basis over the estimated useful economic life of the asset, typically 3 to 10 years, and is recorded in operating costs in the Income Statement.

The need for any impairment write-down is assessed by comparing the carrying value of the asset against the higher of net realisable value and value in use.

1 Accounting policies (continued)

c) Tangible fixed assets and depreciation

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. Assets are shown at cost, net of depreciation and any provision for impairment as set out in note 9(b).

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:

Plant and equipment	3 to 10 years
Leasehold improvements	10 years
Motor vehicles	3 years
Token minting costs	2 to 10 years

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

e) 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.

f) Revenue

Revenue comprises gross revenue earned from the provision of accounting, payroll and IT services to operating companies within Stagecoach Group plc UK Bus and Light Rail divisions and the Group's East Midlands Trains and East Coast Mainline franchises, and excludes future payments received on account.

g) Cash flow statement

The Company is a wholly owned subsidiary of Stagecoach Group Plc. It is included in the consolidated financial statements of Stagecoach Group Plc which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2016 from the requirement to prepare consolidated financial statements.

1 Accounting policies (continued)

h) 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 year in which they are earned.

i) Tokens

Tokens issued by the Company are credited to the token redemption reserve provision. Redemptions are offset against the provision and associated handling commissions paid to third parties are included in operating costs. The estimation of the balance sheet provision for token redemption is based on the value of tokens issued by the Company but not yet redeemed at the balance sheet date. Allowance is made, with reference to historic redemption rates, for the estimated proportion of tokens in issue that will never be redeemed. The directors consider that the amount of tokens issued, which will not subsequently be presented for redemption, will amount to 3% of tokens issued and consequently no provision has been made for their redemption.

The face value of tokens issued during the year is credited to other operating income.

j) Operating leases

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

k) Pension costs and other post retirement benefits

The Company participates in a defined benefit scheme, the Stagecoach Group Pension Scheme, and a defined contribution scheme.

In respect of the 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.

1 Accounting policies (continued)

k) Pension costs and other post retirement benefits (continued)

For defined contributions schemes, the Company pays contributions to a separately administered pension scheme. Once the contributions have been paid the Company has no further obligations. The Company's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

l) Grants

Grants are credited to the profit and loss account as the expenditure is expensed.

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 profit and loss account for the period.

n) 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.

1 Accounting policies (continued)

n) Critical accounting policies and estimates (continued)

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.

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 or the franchise period. 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.

2 Revenue

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

3 Other operating income

	2016 £000	2015 £000
Taxi-card concession sales	-	17
Sale of tokens	437	496
Release of tokens provision	2,447	3,708
Grant income	80	13
Other miscellaneous revenue	533	60
	3,497	4,294

4 Finance charges (net)

	2016 £000	2015 £000
Bank interest payable	-	(3)
Bank interest receivable	11	11
Net finance charge on pension liability (note 15)	(84)	(68)
	(73)	(60)

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the year is stated after charging/(crediting):

	2016 £000	2015 £000
Depreciation of tangible fixed assets		
- owned	354	212
Amortisation of software intangible	2,082	701
Operating lease rentals		
- land and buildings	467	393
- plant and equipment	116	120
Token redemption arising on sale of tokens (note 13a)	423	481
Release of un-utilised token redemption provision relating to prior years (note 13a)	(2,447)	(3,708)

No audit fees were 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 Staff costs

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

	2016 Number	2015 Number
Administration and supervisory	205	204

The aggregate remuneration comprised:	2016 £000	2015 £000
- Wages and salaries	6,577	6,216
- Social security costs	678	610
- Pension costs (see note 15)	617	559
- Share based payment charge – cash settled (see note 17)	15	14
	7,887	7,399

7 Directors' remuneration

	2016	2015
	£000	£000
Aggregate emoluments of directors	725	599

The above details of directors' emoluments include the emoluments of Mr M Haberfield, Mr C Brown, Mr R G Andrew, Mr R Montgomery, Mr A Smith and Mr B Coburn which are paid by a fellow subsidiary, Stagecoach Holdings Limited. £725,000 (2015: £599,000) of their total emoluments received are apportioned to their services as directors of Stagecoach Services Limited.

The emoluments of Mr R J Paterson and Mr M J Vaux are also paid by Stagecoach Holdings Limited. None of their emoluments relate to their duties as a director of Stagecoach Services Limited.

The highest paid director in the year received £328,000 (2015: £259,000).

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

	2016	2015
	Number	Number
Defined benefit scheme	4	7
Defined contribution scheme	1	1
	5	8

The highest paid director accrued defined pension benefits of £48,156 (2015: £43,761) and lump sum benefits of £131,218 (2015: £123,798).

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

	2016	2015
	Number	Number
Share options	7	7

8 Tax on profit on ordinary activities and exceptional tax

a) Tax recognised in the income statement

	2016	2015
	£000	£000
Current tax:		
UK corporation tax on profits of the year	62	900
Amounts received from a fellow subsidiary in respect of group relief	-	(203)
Adjustments in respect of prior years	(106)	-
Total current tax	(44)	697
Deferred tax:		
Origination and reversal of timing differences	403	471
Adjustments in respect of prior years	(210)	164
Total deferred tax (note 13)	193	635
Total tax reported in the income statement	149	1,332

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK of 20.00% (2015: 20.92%). The differences are explained below:

	2016	2015
	£000	£000
Profit on ordinary activities before taxation	2,571	4,174
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.92%)	514	873
Effect of:		
Non taxable expenses and other permanent differences	4	2
Treatment of inter-company transactions	22	517
Impact of reduction in UK tax rate on current year's deferred tax	(48)	(22)
Impact of reduction in UK tax rate on prior year's deferred tax	(27)	-
Adjustments to tax charge in respect of prior years	(316)	(39)
Change of accounting basis	-	1
Total tax reported in the income statement	149	1,332

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 liability 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 £27,000.

8 Tax on profit on ordinary activities and exceptional tax (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 statement of comprehensive income on page 9.

9 Non-current assets

a) Intangible assets

	Computer software
	£000
Cost	
At beginning of year	13,922
Additions	14,110
Intercompany transfers	(20)
At end of year	**28,012**
Accumulated amortisation	
At beginning of year	(749)
Amortisation charged to the income statement	(2,082)
Intercompany transfers	1
At end of year	**(2,830)**
Net book value	
At beginning of year	13,173
At end of year	**25,182**

9 Non- current assets (continued)

b) Tangible assets

The movement in the year is summarised below:

	Plant and equipment	Leasehold improvements	Motor vehicles	Token minting costs	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	8,579	11	9	239	8,838
Additions	1,177	124	-	-	1,301
Disposals	(320)	-	-	-	(320)
Intercompany transfers	21	-	-	-	21
At end of year	**9,457**	**135**	**9**	**239**	**9,840**
Accumulated depreciation					
At beginning of year	(7,577)	(5)	(9)	(239)	(7,830)
Charge for year	(344)	(10)	-	-	(354)
Disposals	320	-	-	-	320
At end of year	**(7,601)**	**(15)**	**(9)**	**(239)**	**(7,864)**
Net book value					
At beginning of year	**1,002**	**6**	**-**	**-**	**1,008**
At end of year	**1,856**	**120**	**-**	**-**	**1,976**

10 Stocks

	2016	2015
	£000	£000
Uniforms and fuel	**3,819**	3,245

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

11 Debtors

	2016	2015
	£000	£000
Amounts falling due within one year:		
Trade debtors	**19,949**	18,179
Amounts owed by group undertakings	**36,560**	71,886
Other debtors	**2,765**	3,514
Prepayments and accrued income	**2,747**	2,494
	62,021	96,073

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

Stagecoach Services Limited has been appointed by the operating companies of Stagecoach Group plc UK Bus and Light Rail divisions to manage their accounts receivable. The amount shown as trade debtors above includes the total amount of trade debtors for those companies.

12 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Bank overdraft	**5,007**	37,191
Intercompany loan	**24,000**	-
Trade creditors	**16,840**	21,047
Amounts owed to group undertakings	**37,791**	41,523
Intercompany group relief payable	**48**	48
Corporation tax creditor	**62**	900
Capital grant	**80**	80
Other creditors	**267**	248
Accruals and deferred income	**16,815**	13,078
	100,910	114,115

Amounts falling due after more than one year:		
Capital grant	**227**	307

With the exception of the intercompany loan which accrues interest at a rate of LIBOR plus 5%, amounts owed to group undertakings accrue no interest and are repayable on demand.

Stagecoach Services Limited has been appointed by the operating companies of Stagecoach Group plc UK Bus and Light Rail divisions to manage their accounts payable. The amount shown as trade creditors above includes the total amount of trade creditors for those companies.

13 Provisions for liabilities and charges

	2016	2015
	£000	£000
Unredeemed tokens (a)	3,278	5,828
Unredeemed taxi-card funds (b)	-	85
Deferred tax (c)	481	5
	3,759	5,918

a) Unredeemed tokens	Unredeemed Tokens £000
Provision at start of year	5,828
Arising on sale of tokens	423
Redemption of tokens	(526)
Release of provision not utilised	(2,447)
Provision at end of year	**3,278**

The provision for token redemptions is measured at each balance sheet date and is based on the value of tokens issued by the Company but not yet redeemed or cancelled at the balance sheet date. Allowance is made for the estimated proportion of tokens in issue that will never be redeemed. Due to the number and nature of token redemptions, it is uncertain when the provision will be fully utilised.

b) Unredeemed taxi-card funds	Unredeemed Taxi-card Funds £000
Provision at start of year	85
Redemption of funds in year	(85)
Provision at end of year	-

Electronic funds loaded onto taxi cards were redeemable at face value and therefore were provided for in full. Unredeemed funds are refundable to the customer at the year end of the scheme year. The taxi-card scheme has now ceased and the provision has been utilised in full.

13 Provisions for liabilities and charges (continued)

c) 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:

Deferred tax	**2016**	2015
	£000	£000
Deferred tax to be recovered after more than 12 months:		
Deferred tax liability	**701**	485
Pension temporary differences	**(220)**	(480)
Net deferred tax provision	**481**	5

	2016	2015
The movement in deferred tax during the year was as follows:	**£000**	£000
At start of year	**5**	(449)
Charged to income statement (note 8a)	**193**	635
Charged/(credited) to equity	**283**	(181)
At end of year	**481**	5

	2016	2015
Deferred tax included in the balance sheet comprises:	**£000**	£000
Accelerated capital allowances	**726**	496
Pension temporary differences	**(221)**	(480)
Other timing differences	**(24)**	(11)
Net deferred tax provision	**481**	5

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	**230**	653
Pension temporary differences	**(24)**	(15)
Other short term differences	**(13)**	(3)
Deferred tax charged to the income statement (note 8a)	**193**	635

14 Called up share capital

	2016 £000	2015 £000
Allotted and fully paid		
20,002 (2015: 20,002) Ordinary shares of £1 each	**20**	20

15 Retirement benefit obligations

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

The Company contributes to two defined benefit occupational pension schemes, as follows:

- The Stagecoach Group Pension Scheme ("SGPS"); and
- The Greater Manchester County Superannuation Fund governed by the Local Government Superannuation regulations 1986.

In addition the company contributes to defined contribution schemes for certain employees. Contributions to defined contribution schemes during the year amounted to £253,000 (2015: £230,000). At 30 April 2016 there was a creditor of £47,000 (2015: £21,000) in relation to these contributions.

The Stagecoach Group Pension Scheme ("SGPS")

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.

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

	2016 £000	2015 £000
Equities	**12,994**	12,068
Bonds	**3,653**	3,526
Cash	**928**	1,098
Property	**1,716**	1,090
Fair value of plan assets	**19,291**	17,782
Present value of obligations	**(20,516)**	(20,183)
Liability recognised in the balance sheet	**(1,225)**	(2,401)

15 Retirement benefit obligations (continued)

The amounts recognised in the income statement were as follows:

	2016	2015
	£000	£000
Defined benefit obligation		
Current service cost	**315**	277
Administration cost	**12**	14
Interest cost	**84**	68
Total defined benefit cost	**411**	359
Defined contribution cost	**290**	268
Total income statement charge	**701**	627

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

	2016	2015
	£000	£000
Total included in staff costs (note 6)	**617**	559
Total included in interest receivable and similar charges (note 4)	**84**	68
	701	627

The amounts recognised within the statement of other comprehensive income were as follows:

	2016	2015
	£000	£000
Actual return less expected return on pension scheme assets	**1,420**	2,473
Experience gains and losses arising on the scheme liabilities	**398**	(3,379)
Changes in assumptions underlying the present value of the scheme liabilities	**(510)**	1
Total actuarial gain/(loss) recognised	**1,308**	(905)

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

	2016	2015
	£000	£000
Liability at the beginning of the year	**(2,401)**	(1,418)
Total expense	**(411)**	(359)
Employer's contributions	**279**	281
Actuarial gain/(loss)	**1,308**	(905)
Liability at end of the year	**(1,225)**	(2,401)

15 Retirement benefit obligations (continued)

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

	2016	2015
	£000	£000
At beginning of year	**17,782**	15,027
Expected return on plan assets	**1,420**	2,473
Interest income	**696**	722
Administration costs	**(12)**	(14)
Employer's contributions	**279**	281
Members' contributions	**6**	6
Benefits paid	**(880)**	(713)
At end of year	**19,291**	17,782

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:

	2016	2015
	£000	£000
At beginning of year	**20,183**	16,445
Current service costs	**315**	277
Interest cost	**780**	790
Members' contributions	**6**	6
Actuarial (gain)/loss - experience gains and losses	**(398)**	3,379
Actuarial loss/(gain) - changes in assumptions	**510**	(1)
Benefits paid	**(880)**	(713)
At end of year	**20,516**	20,183

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 provisions 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.

The principal actuarial assumptions used were as follows:

	30 April 2016	30 April 2015
	%	%
Rate of increase in pensionable salaries	**2.2**	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
Consumer prices inflation assumption	**1.7**	1.9

15 Retirement benefit obligations (continued)

The life expectancy assumptions used for each scheme are periodically reviewed. The weighted average life expectancies announced 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 Greater Manchester County Superannuation Fund

Contributions of £37,000 (2015: £38,000) were made to The Greater Manchester County Superannuation Fund a scheme governed by the Local Government Superannuation regulations 1986. The Greater Manchester County Superannuation Fund is a defined benefit scheme. The Company, together with Greater Manchester Buses South Limited, a fellow group company, makes contributions to the Scheme. For the purposes of FRS17, 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 financial statements of Greater Manchester Buses South Limited, the scheme as a whole is accounted for as a defined benefit scheme. The financial statements of Greater Manchester Buses South Limited provide further details of the scheme.

16 Guarantees and other financial commitments

a) Lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows

	2016 Land and Building	**2016 Other**	2015 Land and Building	2015 Other
	£000	**£000**	£000	£000
- within one year	**127**	**83**	197	80
- between one and five years	**835**	**83**	187	63
- after five years	**807**	**-**	10	-
	1,769	**166**	394	143

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 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 82 (2015: 75) participants in the BAYE scheme who have cumulatively purchased 39,030 (2015: 30,928) shares with the Company contributing 17,692 (2015: 13,698) matching shares on a cumulative basis. Dividends had been reinvested in a further 3,517 (2015: 2,064) shares for these participants.

Share based payment charges of £15,000 (2015: £14,000) 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 IAS 24 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 11 and 12.

Alexander Dennis Limited
Sir Brian Souter (Stagecoach Group plc Chairman) and Ann Gloag (Stagecoach Group plc Non-Executive Director) collectively hold 55.1% (2015: 55.1%) of the shares and voting rights in Alexander Dennis Limited. Sir Ewan Brown (Stagecoach Group plc Non-Executive Director) is a director of Noble Grossart Limited. Noble Grossart Investments Limited, a subsidiary of Noble Grossart Limited, controls a further 33.2% (2015: 33.2%) of the shares and voting rights of Alexander Dennis Limited. None of Brian Souter, Ann Gloag or Sir Ewan Brown is a director of Alexander Dennis Limited nor do they have any involvement in the management of Alexander Dennis Limited. Furthermore, they do not participate in deciding on and negotiating the terms and conditions of transactions between the Company and Alexander Dennis Limited.

For the year ended 30 April 2016, the Company purchased £9,852,000 (2015: £8,932,000) of spare parts and other services from Alexander Dennis Limited and £Nil (2015:£22,607,000) of vehicles. The balance outstanding at 30 April 2016 was £1,035,000 (2015: £812,000)

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 to the public from 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	-	13,173	13,173	-	5,473	5,473
Tangible assets	14,181	(13,173)	1,008	6,416	(5,473)	943
	14,181	-	14,181	6,416	-	6,416
Current assets						
Stocks	3,245	-	3,245	3,951	-	3,951
Debtors: amounts falling due within one year	96,073	-	96,073	110,574	-	110,574
Debtors: amounts falling due after one year	-	-	-	165	284	449
Cash at bank and in hand	2,130	-	2,130	2,090	-	2,090
	101,448	-	101,448	116,780	284	117,064
Creditors: amounts falling due within one year	(114,115)	-	(114,115)	(121,337)	-	(121,337)
Net current liabilities	(12,667)	-	(12,667)	(4,557)	284	(4,273)
Total assets less current liabilities	1,514	-	1,514	1,859	284	2,143
Creditors: amounts falling due after more than one year	(307)	-	(307)	-	-	-
Provisions for liabilities and charges	(6,398)	480	(5,918)	(9,955)	-	(9,955)
Retirement benefit obligations	-	(2,401)	(2,401)	-	(1,418)	(1,418)
Net liabilities	(5,191)	(1,921)	(7,112)	(8,096)	(1,134)	(9,230)
Capital and reserves						
Share capital	20	-	20	20	-	20
Share premium	19,980	-	19,980	19,980	-	19,980
Contribution reserve	184	-	184	184	-	184
Profit and loss account	(25,375)	(1,921)	(27,296)	(28,280)	(1,134)	(29,414)
Total shareholders' deficit	(5,191)	(1,921)	(7,112)	(8,096)	(1,134)	(9,230)

20 Transition to FRS 101 (continued)

Restatement of equity from UK GAAP to FRS 101

a) 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 an adjustment is to recognise the tax impact of pension transition adjustments (see note b below). The impact is a decrease in the deferred tax liability as follows:

	30 April 2015 £000	30 April 2014 £000
Debtors: amounts falling due after one year - deferred tax asset	-	284
Provisions for liabilities and charges – deferred tax liability	480	-

b) 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.

An 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 provisions basis.

	30 April 2015 £000	30 April 2014 £000
Retirement benefit obligations	(2,401)	(1,418)

c) Treatment of Software

Under IAS 16 some items of software, which do not meet the criteria of fixed assets, have been reclassified as intangible assets. The impact of IAS 16 is shown below:

	30 April 2015 £000	30 April 2014 £000
Intangible assets	13,173	5,473
Tangible assets	(13,173)	(5,473)
	-	-

20 Transition to FRS 101 (continued)

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

	Note	UK GAAP	Effect of transition to FRS 101	FRS 101
		£000	£000	£000
Revenue	2	20,134	-	20,134
Operating costs		(20,184)	(10)	(20,194)
Other operating income	3	4,294	-	4,294
Operating profit		4,244	(10)	4,234
Finance charges (net)	4	8	(68)	(60)
Profit on ordinary activities before taxation	5	4,252	(78)	4,174
Taxation on profit on ordinary activities	8	(1,347)	15	(1,332)
Profit for the financial year		2,905	(63)	2,842

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	2,905
Software amortisation	
Reclassification of software depreciation under IAS 16	701
Reclassification of software amortisation under IAS 16	(701)
Total of software amortisation remeasurements	-
Retirement benefit obligations	
Remeasurement of pension scheme financial income under IAS 19	281
Remeasurement of pension service cost under IAS 19	(359)
Deferred tax on IAS 19 remeasurements	15
Total of defined benefit obligation remeasurements	(63)
Profit for the year ended 30 April 2015 under FRS 101	2,842