Glenvale Transport Limited

Financial statements for the year ended 30 April 2014

Registered number: 03990677

Strategic report
For the year ended 30 April 2014

The directors present their strategic report on the Company for the year ended 30 April 2014.

Review of the business
Glenvale Transport Limited is a public transport operator, operating predominantly local bus services in and around the Merseyside, South Lancashire and West Cheshire areas. The Company operates a fleet of 441 buses and employs 1,125 people.

On 13 January 2013 the Company purchased the business and assets of two additional depots in the Birkenhead and Chester area expanding its current network. On 27 May 2014 operations in and around the Preston, Chorley and Fleetwood area were transferred to the Company from fellow group subsidiary Stagecoach (North West) Limited, further expanding the company's network.

Results and performance
The results of the Company for the year ended 30 April 2014 show a profit on ordinary activities before taxation of £4,140,000 (2013: loss £6,000) and turnover of £52,010,000 (2013: £26,076,000). The Company has net assets of £5,789,000 (2013: net assets £2,462,000).

The Company's business is built on a successful commercial formula of low fares, investment and high customer service which has delivered continued passenger volume growth. The results for the year reflect a continuation of our successful strategy to grow revenue and passenger volumes organically, as well as pursuing targeted small bolt-on acquisitions.

Business environment
The Company operates predominantly local bus services, carrying around 105,000 passengers a day. These services are mainly operated on a commercial basis in a largely deregulated market. The Company also operates tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company benefits from being part of the UK Bus (regional operations) Division of Stagecoach Group plc, a nationwide public transport operator.

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

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

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

Strategy (continued)

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

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

Future outlook

The current financial year to 30 April 2015 has started well and trading is broadly in line with our expectations. The Company does, however, face strong headwinds in light of the ongoing economic situation and the effects of government spending cuts imposed on local authorities.

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

Our assessment of the longer term outlook for the Company is positive. Market conditions are good with a combination of a rising population, increasing road congestion, the cost of running a car 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 2014 annual report (paragraph 2.3.6 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 2.3.7) of the Group's 2014 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
22 September 2014

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 2014.

Results and dividends

The results of the Company for the year ended 30 April 2014 show a profit on ordinary activities before taxation of £4,140,000 (2013: loss £6,000) and turnover of £52,010,000 (2013: £26,076,000). The profit for the financial year amounted to £3,463,000 (2013: £305,000). The directors do not recommend the payment of a dividend (2013: Nil).

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

Mrs E Tasker

Mr R Andrew

Mr R Montgomery

Mr M Vaux

Mr G Nolan (Appointed 02 May 2013)

Mr S Greer

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 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 (regional operations) 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.

Employees (continued)

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 £5,079 (2013: £1,970).

The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2013: Nil).

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors and disclosure of information to auditors

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.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company.

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

22 September 2014

Independent auditors' report to the members of Glenvale Transport Limited
For the year ended 30 April 2014

Report on the financial statements
Our opinion
In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 April 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited
The financial statements, which are prepared by Glenvale Transport Limited, comprise:

- the balance sheet as at 30 April 2014;
- the profit and loss account and statement of total recognised gains and losses for the year then ended;
- the reconciliation of movements in shareholders' funds 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 their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Financial Statements (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.

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 page 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 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.

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

22 September 2014

Profit and loss account

For the year ended 30 April 2014

	Note	2014 £000	2013 £000
Turnover	2	**52,010**	26,076
Cost of sales		**(48,048)**	(25,788)
Other operating income	3	**440**	150
Operating profit		**4,402**	438
Finance charges (net)	4	**(262)**	(444)
Profit/(loss) on ordinary activities before taxation	5	**4,140**	(6)
Tax on profit/(loss) on ordinary activities	7	**(677)**	311
Profit for the financial year	17	**3,463**	305

The results for the year arise wholly from continuing operations.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents.

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

Balance sheet

At 30 April 2014

	Note	2014 £000	2013 £000
Fixed assets			
Intangible assets	8(a)	**843**	1,348
Tangible assets	8(b)	**29,543**	18,800
		30,386	20,148
Current assets			
Stocks	9	**388**	326
Debtors	10	**2,527**	1,753
Cash at bank and in hand		**3,413**	1,253
		6,328	3,332
Creditors: amounts falling due within one year	11	**(27,831)**	(16,511)
Net current liabilities		**(21,503)**	(13,179)
Total assets less current liabilities		**8,883**	6,969
Creditors: amounts falling due after more than one year	11	**(1,863)**	(3,104)
Provisions for liabilities and charges	14	**(1,701)**	(1,775)
Net assets excluding pension asset		**5,319**	2,090
Pension asset, net of deferred tax	15	**470**	372
Net assets including pension asset		**5,789**	2,462
Capital and reserves			
Called up share capital	16	**10,010**	10,010
Share premium account	17	**263**	263
Contribution reserve	17	**104**	104
Profit and loss account	17	**(4,588)**	(7,915)
Total shareholders' funds		**5,789**	2,462

The financial statements on pages 9 to 32 were approved by the board of directors 22 September 2014 and were signed on its behalf by:

C Brown
Director

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

Additional statements

For the year ended 30 April 2014

Statement of total recognised gains and losses

	2014	2013
	£000	£000
Profit for the financial year	**3,463**	305
Recognition of net actuarial (loss)/gain on defined benefit pension schemes	**(188)**	43
Recognition of tax on net actuarial (loss)/gain on defined benefit pension schemes	**52**	(8)
Total recognised gains relating to the year	**3,327**	340

Reconciliation of movements in shareholders' funds

	2014	2013
	£000	£000
Profit for the financial year	**3,463**	305
Proceeds from the issue of ordinary share capital	**-**	10,000
Recognition of net actuarial (loss)/gain on defined benefit pension schemes	**(188)**	43
Recognition of tax on net actuarial (loss)/gain on defined benefit pension schemes	**52**	(8)
Net increase in shareholders' funds	**3,327**	10,340
Opening shareholders' funds/(deficit)	**2,462**	(7,878)
Closing shareholders' funds	**5,789**	2,462

The accompanying notes form an integral part of this reconciliation.

1 Accounting policies

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

a) Basis of accounting

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

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

At 30 April 2014, the Company had net current liabilities of £21,503,000. 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 fixed assets

Purchased goodwill (representing the excess of the fair value of consideration paid over the fair value of the separable net assets acquired) and costs of acquiring new businesses are amortised over their useful economic lives. Positive goodwill has been capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. The useful life of goodwill arising on past acquisitions is estimated by the directors to be between 2 and 20 years. The company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account. Amortisation is provided at rates calculated to write off the cost or valuation, of each asset on a straight-line basis over its estimated useful life, as follows:

Goodwill	2 to 20 years

c) 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 8(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:

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

Freehold land is not depreciated

1 Accounting policies (continued)

d) Stocks

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

e) Taxation

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

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

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

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

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

f) Turnover

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

g) Other operating income

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

1 Accounting policies (continued)

h) Hire purchase and lease obligations

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

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

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

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

i) Pension costs and other post retirement benefits

The Company operates both a defined benefit scheme and defined contribution scheme, the Merseyside Local Government Pension Scheme in accordance with FRS 17 'Retirement benefits'. Obligations are measured at discounted present value whilst assets are recorded at market value. Service costs are spread systematically over the lives of employees and are charged to operating profit within the profit and loss account, and financing costs are recognised in the periods in which they arise and are charged to interest within the profit and loss account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. A full actuarial valuation is undertaken triennially with the surplus /deficit being updated annually by independent actuaries. 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 a maturity equivalent to the terms of the related obligations.

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

j) Grants

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

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 year.

2 Turnover

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

	2014	2013
	£000	£000
Advertising income	**297**	119
Property rental income	**12**	-
Other miscellaneous revenue	**131**	31
	440	150

4 Finance charges (net)

	2014	2013
	£000	£000
Bank interest receivable	**-**	(16)
Inter-company interest payable	**552**	595
Unwinding of discounts on provisions	**8**	6
Hire purchase and finance lease interest payable	**98**	99
Net finance income on pension asset (see note 15)	**(396)**	(240)
	262	444

5 Profit/(loss) on ordinary activities before taxation

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

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned	2,622	1,249
- held under hire purchase and finance leases agreements	607	409
Amortisation of goodwill	505	208
(Gain)/loss on disposal of tangible fixed assets, other than properties	(3)	5
Redundancy costs	40	200
Operating lease rentals:		
- land and buildings	505	189
- other operating lease	112	60

No auditor's fees have been settled directly by the Company. Audit fees of £2,517 (2013: £2,340) 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

	2014 £000	2013 £000
Emoluments of directors	128	140

The above details of directors' emoluments include an apportionment of the emoluments of Mr C Brown, Mr R Andrew, Mr R Montgomery, Mr S Greer and Mrs E Tasker which are paid by a fellow subsidiary, Stagecoach Holdings Limited. £128,105 (2013: £119,472) of their total emoluments received are apportioned to their services as directors of Glenvale Transport Limited. The emoluments of Mr LB Warneford included in the above are £Nil (2013: £20,485).

The emoluments of Mr M Vaux are also paid by a fellow group company. None of his emoluments relate to his duties as director of Glenvale Transport Limited.

6 Directors and employees (continued)

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

	2014 Number	2013 Number
Defined benefit scheme	6	6
Defined contribution scheme	1	1
	7	7

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

	2014 Number	2013 Number
Share options	**5**	5

Staff costs:	**2014 £000**	2013 £000
Wages and salaries	**23,719**	12,678
Social security costs	**2,115**	1,149
Other pension costs (see note 15)	**1,160**	356
Share based payment expense – cash settled (see note 19)	**37**	19
Redundancy costs	**40**	200
	27,071	14,402

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

	2014 Number	2013 Number
Operations	**1,063**	530
Administration and supervisory	**62**	39
	1,125	569

7 Tax on profit/(loss) on ordinary activities

a) Charge/(credit) for the year

	2014 £000	2013 £000
Current tax:		
UK corporation tax on profits of the year	**496**	-
Amounts receivable from fellow subsidiary company in respect of tax saved by group relief	**-**	(277)
Adjustments in respect of prior years	**9**	(213)
Total current tax	**505**	(490)
Deferred tax:		
Origination and reversal of timing differences	**152**	212
Adjustments in respect of prior years	**20**	(33)
Total deferred tax (note 14)	**172**	179
Tax charge/(credit) on profit/(loss) on ordinary activities	**677**	(311)

b) Factors affecting the tax charge/(credit) for the year

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK 22.84% (2013: 23.92%). The differences are explained below:

	2014 £000	2013 £000
Profit/(loss) on ordinary activities before tax	**4,140**	(6)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.84% (2013: 23.92%)	**946**	(1)
Effect of:		
Non tax deductible expenditure and other permanent differences	**34**	67
Treatment of inter-company transactions	**(110)**	(71)
Capital allowances more than depreciation	**(307)**	(200)
Pension cost relief in excess of pension cost charge	**(67)**	(72)
Adjustment to tax charge in respect of previous years	**9**	(213)
Current tax charge/(credit) for year	**505**	(490)

c) Factors that may affect future tax charges

During the year, a change in the UK corporation tax rate from 23% to 21% was enacted on 23 July 2013 and became effective from 1 April 2014.

In addition, legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 was included in the Finance Act 2013, which was substantively enacted on 2 July 2013. The impact of this change has been reflected in the closing deferred tax balance.

8 Fixed assets

a) Intangible assets

Intangible assets consist of purchased goodwill arising on acquisition of new route operations. All of the intangible fixed assets that have been recognised by the Company are amortised over periods not exceeding 20 years. The movement for the year was as follows:

	Goodwill £000
Cost	
At beginning of year	**2,491**
Additions	-
At end of year	**2,491**
Accumulated amortisation	
At beginning of year	(1,143)
Charge for year	(505)
At end of year	**(1,648)**
Net book value	
At beginning of year	1,348
At end of year	**843**

In January 2013 the Company purchased operations at Chester and Birkenhead from subsidiaries of First Group Plc for a consideration of £4,733,000 resulting in goodwill of £819,000.

8 Fixed assets (continued)

b) Tangible assets

The movement in the year is summarised below:

	Freehold land and buildings	Leasehold land and buildings	PSVs	Other plant and equipment and furniture and fittings	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	1,403	716	27,509	1,842	31,470
Additions	20	295	4,125	126	4,566
Disposals	-	-	(2,856)	(46)	(2,902)
Intercompany transfers	-	516	15,489	1,248	17,253
At end of year	**1,423**	**1,527**	**44,267**	**3,170**	**50,387**
Accumulated depreciation					
At beginning of year	(3)	(190)	(11,042)	(1,435)	(12,670)
Charge for year	(11)	(135)	(2,884)	(199)	(3,229)
Disposals	-	-	2,742	46	2,788
Intercompany transfers	-	(269)	(6,345)	(1,119)	(7,733)
At end of year	**(14)**	**(594)**	**(17,529)**	**(2,707)**	**(20,844)**
Net book value					
At beginning of year	1,400	526	16,467	407	18,800
At end of year	**1,409**	**933**	**26,738**	**463**	**29,543**

The net book value of assets leased under finance leases and hire purchase agreements, which have been capitalised and included in the above is £4,363,000 (2013: £5,478,000). Depreciation of £607,000 (2013: £409,000) has been charged in the year in respect of assets held under hire purchase or finance lease agreements.

Freehold land amounting to £964,600 (2013: £964,600) has not been depreciated.

9 Stocks

	2014	2013
	£000	£000
Spares, consumables and fuel	**388**	326

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

	2014	2013
Amounts falling due within one year:	**£000**	£000
Amounts owed by group undertakings	**1,017**	227
Inter-company group relief receivable	**-**	277
Prepayments and accrued income	**1,510**	1,249
	2,527	1,753

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

11 Creditors

Amounts falling due within one year:	**2014** **£000**	2013 £000
Loans owed to group undertaking (note 13)	**10,038**	10,041
Hire purchase and lease obligations (note 12)	**651**	593
Amounts owed to group undertakings	**14,060**	3,913
Other taxes and social security costs	**570**	361
UK corporation tax payable	**496**	-
Other creditors	**1**	7
Pension accrual	**109**	72
Accruals and deferred income	**1,906**	1,524
	27,831	16,511

Amounts falling due after more than one year:

Hire purchase and lease obligations (note 12)	**1,863**	3,104

Amounts owed to group undertakings within one year accrue no interest and are repayable on demand, except for the intercompany loan (note 13).

12 Obligations under hire purchase and finance lease agreements

Borrowings are repayable as follows:

Amounts payable:	**2014** **£000**	2013 £000
- within one year	**651**	593
- between one and two years	**550**	578
- between two and five years	**1,313**	2,526
	2,514	3,697

13 Loans

	2014 **£000**	2013 £000
Loans owed to group undertaking	**10,038**	10,041

The above loan is repayable on demand and incurs interest at a rate of 6 month LIBOR plus 5%.

14 Provisions for liabilities and charges

	2014	2013
	£000	£000
Deferred tax liability (a)	**1,438**	1,325
Onerous contract provision (b)	**263**	450
	1,701	1,775

a) Deferred tax

	2014	2013
	£000	£000
Accelerated capital allowances	**1,452**	1,333
Other timing differences	**(14)**	(8)
Deferred tax liability excluding that related to pension asset	**1,438**	1,325
Deferred tax liability related to pension asset (note 15)	**118**	111
Total deferred tax liability	**1,556**	1,436
Liability at beginning of year	**1,436**	1,249
Deferred tax charge in profit and loss account for year (note 7a)	**172**	179
Deferred tax (credit)/charge to the statement of total recognised gains and losses	**(52)**	8
Liability at end of year	**1,556**	1,436

b) Onerous contract provision

The provision for onerous contracts relates to revenue contracts acquired on acquisition of the Chester and Birkenhead operations where the cost of fulfilling the contract outweighs the economic benefits to be received under the contract. The provision is expected to be utilised in full over the period to 31 August 2019.

	2014	2013
	£000	£000
At beginning of year	**450**	-
Provided in the year	**-**	450
Utilised in the year	**(187)**	-
At end of year	**263**	450

15 Pension asset, net of deferred tax

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")
- Merseyside Local Government Pension Scheme

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 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 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 costs of contributions to the Group scheme amount to £336,000 (2013: £Nil), being 8.55% (2013: 8.55%) of pensionable salary during the year, and are based on pension costs across the Group as a whole. An actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2011 and a surplus of £72.2 million was identified.

Additionally contributions of £595,000 (2013: £205,000) were made to defined contribution schemes by the Company. As at 30 April 2014 there was a creditor of £51,000 (2013: £30,000) in relation to these contributions.

Merseyside Local Government Pension Scheme

The calculations of the FRS 17 disclosures for the Merseyside Local Government Pension Scheme have been based on the most recent actuarial valuations, which have been updated to 30 April 2014 by an independent professionally qualified actuary to take account of the requirements of FRS 17.

The principal actuarial assumptions used were as follows:

	2014	2013	2012
	%	%	%
Rate of increase in salaries	**3.8**	4.1	4.1
Rate of increase of pensions in payment	**2.3**	2.2	2.1
Discount rate	**4.5**	4.4	5.2
Inflation	**3.3**	3.2	3.1
Expected long-term rate of return			
- Equities	**8.3**	8.3	8.3
- Bonds	**4.0**	3.7	4.3
- Cash	**3.6**	3.0	3.4
- Property	**7.5**	7.5	7.5

15 Pension asset, net of deferred tax (continued)

The expected return on plan assets is based on expectations at the beginning of the year for returns over the entire life of the benefit obligation. The expected returns are set in conjunction with external advisors and take account of market factors, fund managers views and targets for future returns and where appropriate historical returns.

The life expectancy assumptions used for each scheme are periodically reviewed and as at 30 April 2014 were:

	2014	2013
	Years	Years
Current pensioner aged 65 – male	**18.9**	19.7
Current pensioner aged 65 – female	**23.4**	23.5
Future pensioners at age 65 (aged 45 now) – male	**20.9**	22.0
Future pensioners at age 65 (aged 45 now) – female	**25.0**	25.7

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

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Equities	**11,359**	10,706	9,343	9,747	9,065
Bonds	**3,198**	3,013	2,630	3,187	2,963
Cash	**2,255**	1,132	1,855	1,072	445
Property	**1,202**	2,126	988	478	997
Total market value of assets	**18,014**	16,977	14,816	14,484	13,470
Present value of scheme liabilities	**(17,273)**	(16,494)	(14,675)	(14,179)	(15,311)
Irrecoverable surplus	**(153)**	-	-	-	-
Pension asset /(liability) before tax	**588**	483	141	305	(1,841)
Related deferred tax (liability)/asset	**(118)**	(111)	(34)	(79)	516
Net pension asset /(liability)	**470**	372	107	226	(1,325)

15 Pension asset, net of deferred tax (continued)

An analysis of the amount charged to the profit and loss account is as follows:

	2014	2013
	£000	£000
Charge to operating profits:		
- current service cost	229	151
Total operating charge	229	151
Finance income:		
- expected return on assets	(1,126)	(998)
- interest cost	730	758
Net finance income	(396)	(240)
Total defined benefit cost	(167)	(89)
Defined contribution costs	931	205
Total profit and loss charge	764	116

The impact of the profit and loss account charge can be analysed as follows:

Current service cost included within staff costs (note 6)	229	151
Defined contribution cost included with staff costs (note 6)	931	205
Total included within finance charges (note 4)	(396)	(240)
	764	116

15 Pension asset, net of deferred tax (continued)

An analysis of the amount included within the Company's statement of total recognised gains and losses (STRGL) under FRS 17 is as follows:

	Year to 30 April 2014	Year to 30 April 2013	Year to 30 April 2012	Year to 30 April 2011	Year to 30 April 2010
	£000	£000	£000	£000	£000
Actual return less expected return on pension scheme assets	**122**	1,297	(573)	34	2,030
Experience gains and losses arising on the scheme liabilities	**(3)**	-	828	-	-
Changes in assumptions underlying the present value of the scheme liabilities	**(154)**	(1,254)	(760)	1,914	(3,775)
Irrecoverable surplus change	**(153)**	-	-	-	-
Actuarial (loss)/gain reported in the STRGL	**(188)**	43	(505)	1,948	(1,745)

Actuarial (loss)/gain as a percentage of scheme assets and liabilities at 30 April 2014 were as follows:

	2014	2013	2012	2011	2010
	%	%	%	%	%
Actual return less expected return on pension scheme assets as a percentage of scheme assets	**0.7**	7.6	(3.9)	0.2	15.0
Experience gains and losses arising on the scheme liabilities as a percentage of the present value of scheme liabilities	**0.0**	-	(5.6)	-	-
Total actuarial gain /(loss) recognised in STRGL as a percentage of the present value of scheme liabilities	**(1.1)**	0.3	(3.4)	13.7	(11.4)

The cumulative amount of actuarial gains and losses on defined benefit schemes recognised in the statement of recognised gains and losses since April 2014 is £973,000 gain (2013: £1,161,000 gain).

The estimated amount of contributions expected to be paid by the company to the scheme during the financial year ended 30 April 2015 is £242,000 (2014: £125,000).

15 Pension asset, net of deferred tax (continued)

The movement in surplus during the year under FRS 17 was:

	2014	2013
	£000	£000
Surplus in schemes at start of year	483	141
Movement in the year:		
- Current service cost	(229)	(151)
- Contributions	126	210
- Other finance income	396	240
- Actuarial (loss)/gain	(35)	43
- Change in irrecoverable surplus	(153)	-
Surplus in schemes at end of year	588	483

The movement in scheme assets during the year under FRS 17 is as follows:

	2014	2013
	£000	£000
At start of year	16,977	14,816
Expected return on plan assets	1,126	998
Actuarial gain	122	1,297
Employers contributions	126	210
Members contributions	70	51
Benefits paid	(407)	(395)
At end of year	18,014	16,977

15 Pension asset, net of deferred tax (continued)

The movement in scheme liabilities during the year under FRS 17 is as follows:

	2014	2013
	£000	£000
At start of year	**16,494**	14,675
Current service costs	**229**	151
Interest cost	**730**	758
Members contribution	**70**	51
Actuarial loss – experience gains and losses	**3**	-
Actuarial loss – changes in assumptions	**154**	1,254
Benefits paid	**(407)**	(395)
At end of year	**17,273**	16,494

16 Called up share capital

	2014	2013
Allotted, called up and fully paid	**£000**	£000
10,010,000 (2013: 10,010,000) ordinary shares of £1 each	**10,010**	10,010

During the previous year 10,000,000 £1 ordinary shares were issued to Stagecoach Bus Holdings Limited for a consideration of £10,000,000.

17 Reserves

The movement on reserves is summarised below:

	Contribution reserve £000	Profit and loss account £000
At beginning of year	104	(7,915)
Profit for the year	-	3,463
Other recognised financial gains and losses relating to the year	-	(136)
At end of year	**104**	**(4,588)**

Non distributable	Share premium account £000
At beginning and end of year	**263**

18 Guarantees and other financial commitments

a) Lease commitments

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

	Land and buildings 2014 £000	**Other 2014 £000**	Land and buildings 2013 £000	Other 2013 £000
Expiry date				
- within one year	**307**	**12**	-	5
- between one and five years	**21**	**73**	171	32
- over five years	**10**	**-**	10	-
	338	**85**	181	37

18 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.

19 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 2014, there were 243 (2013: 91) participants in the BAYE scheme who have cumulatively purchased 70,228 (2013: 18,608) shares with the Company contributing 29,674 (2013: 8,734) matching shares on a cumulative basis. Dividends had been reinvested in a further 2,864 (2013: 484) shares for these participants.

Share based payment charges of £37,000 (2013: £19,000) have been recognised in the profit and loss account during the year in relation to the scheme.

20 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in note 10, 11 and 13.

The fellow group undertaking National Transport Tokens Limited is a 99.9% owned subsidiary of Stagecoach Group plc. For the year ended 30 April 2014, National Transport Tokens Limited redeemed tokens presented by the Company with a value of £nil (2013:£ 9,490). As at 30 April 2014, the Company has a receivable of £nil (2013: £nil) owed by National Transport Tokens Limited.

21 Ultimate parent company

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

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