Greater Manchester Buses South Limited

Financial statements for the year ended 30 April 2014

Registered number: 2818654

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

Review of the business

Greater Manchester Buses South Limited is a public transport operator, operating predominantly local bus services in the Greater Manchester area. The Company operates a fleet of 777 buses and employs 2,017 people.

During the prior year, the Company purchased the business and assets of Bluebird Buses Limited and subsequently on 26 April 2014, the Company purchased the business and assets of JP Executive Travel Limited, further expanding operations into the North Manchester area.

Results and performance

The results of the Company for year ended 30 April 2014 show a profit on ordinary activities before taxation of £26,171,000 (2013: £24,431,000) and turnover of £105,417,000 (2013: £101,336,000). The Company has net assets of £4,388,000 (2013: £14,878,000).

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 282,000 passengers a day. These services are mainly operated on a commercial basis in a largely deregulated market. We also operate tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company benefits from being part of the UK Bus (regional operations) Division of Stagecoach Group plc, a nationwide public transport operator.

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

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

Strategy

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

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 effect of government spending cuts imposed on local authorities.

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

Our assessment of the longer term outlook for the Company is positive. Market conditions are good with a combination of a rising population, increasing road congestion, 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 (regional operations) 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

Daw Bank
Stockport
CHESHIRE
SK3 0DU

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 profit on ordinary activities before taxation of £26,171,000 (2013: £24,431,000) and turnover of £105,417,000 (2013: £101,336,000). The profit for the financial year amounted to £21,215,000 (2013: £19,387,000). This amount has been appropriated as follows:

	2014	2013
	£000	£000
Profit for the financial year	**21,215**	19,387
Interim dividend paid to parent company	**(25,000)**	(27,500)
Loss transferred to the profit and loss account	**(3,785)**	(8,113)

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 C Bowles

Mr C Brown

Mr R G Andrew

Mr R Montgomery

Mr M J Vaux

Mr S Greer

Mr G Nolan (appointed 02/05/2013)

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.

Employees (continued)

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.

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 £7,238 (2013: £10,043). 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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

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

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

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

Indemnification of Directors and officers

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

By order of the Board

M J Vaux
Company Secretary

Daw Bank
Stockport
CHESHIRE
SK3 0DU

22 September 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 Greater Manchester Buses South 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	**105,417**	101,336
Cost of sales		**(84,528)**	(80,633)
Other operating income	3	**1,587**	1,498
Operating profit		**22,476**	22,201
Finance income (net)	4	**3,695**	2,230
Profit on ordinary activities before taxation	5	**26,171**	24,431
Tax on profit on ordinary activities	9	**(4,956)**	(5,044)
Profit for the financial year	18	**21,215**	19,387

The results for the year arise wholly from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year above and their historical cost equivalents.

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

Balance sheet
As at 30 April 2014

	Note	2014 £000	2013 £000
Fixed assets			
Intangible assets	10(a)	**479**	955
Tangible assets	10(b)	**73,262**	70,565
Investments	10(c)	**1,828**	1,828
		75,569	73,348
Current assets			
Stocks	11	**623**	574
Debtors	12	**11,819**	15,955
Cash at bank and in hand		**4,919**	848
		17,361	17,377
Creditors: amounts falling due within one year	13	**(75,770)**	(63,237)
Net current liabilities		**(58,409)**	(45,860)
Total assets less current liabilities		**17,160**	27,488
Creditors: amounts falling due after more than one year	13	**(5,799)**	(8,887)
Provisions for liabilities and charges	15	**(6,509)**	(6,510)
Net assets excluding pension (liability)/asset		**4,852**	12,091
Pension (liability)/asset net of deferred tax	16	**(464)**	2,787
Net assets including pension (liability)/asset		**4,388**	14,878
Capital and reserves			
Called up share capital	17	**-**	-
Contribution reserve	18	**578**	578
Profit and loss account	18	**3,810**	14,300
Total shareholders' funds		**4,388**	14,878

The financial statements on pages 9 to 32 were approved by the board of Directors on 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	**21,215**	19,387
Recognition of net actuarial loss on defined benefit pension schemes	**(8,517)**	(8)
Recognition of tax on net actuarial loss on defined benefit pension schemes	**1,812**	(42)
Total recognised gains and losses relating to the year	**14,510**	19,337

Reconciliation of movement in shareholders' funds

	2014	2013
	£000	£000
Profit for the financial year	**21,215**	19,387
Recognition of net actuarial loss on defined benefit pension schemes	**(8,517)**	(8)
Recognition of tax on net actuarial loss on defined benefit pension schemes	**1,812**	(42)
Dividends (note 6)	**(25,000)**	(27,500)
Net decrease in shareholders' funds	**(10,490)**	(8,163)
Opening shareholders' funds	**14,878**	23,041
Closing shareholders' funds	**4,388**	14,878

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.

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

At 30 April 2014, the Company had net current liabilities of £58,409,000. 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. Provision is made for any impairment. 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 - 6 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 10b.

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:

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

Freehold land is not depreciated

1 Accounting policies (continued)

d) Fixed asset investments

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

e) 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.

f) Taxation

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

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

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

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

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

g) Turnover

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

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 period in which they are earned.

Rentals under operating leases are recognised on a straight line basis, over the lease term. The Company's accounts 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)

i) 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.

j) Pension costs and other post retirement benefits

The Company operates two defined benefit schemes, The Greater Manchester County Superannuation Fund and the Stagecoach Group Pension Scheme, and a defined contribution scheme.

The Company accounts for The Greater Manchester County Superannuation Fund 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 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 the purposes of FRS 17, the contributions paid by the Company into the Stagecoach Group Pension Scheme 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.

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

k) Grants

Bus service operators 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)

l) Dividends

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

m) Share based payments

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

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

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

2 Turnover

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

3 Other operating income

	2014	2013
	£000	£000
Advertising income	**1,065**	1,009
Property rental income	**30**	30
Other miscellaneous revenue	**492**	459
	1,587	1,498

4 Finance income (net)

	2014	2013
	£000	£000
Bank interest receivable	**-**	143
Hire purchase and finance lease interest payable	**(205)**	(465)
Unwinding of discount on provisions	**(10)**	(2)
Net finance income on pension assets (note 16)	**3,910**	2,554
	3,695	2,230

5 Profit on ordinary activities before taxation

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

	2014	2013
	£000	£000
Loss on disposal of fixed asset other than property	**26**	17
Amortisation of goodwill	**620**	143
Redundancy costs	**7**	18
Depreciation		
- owned	**4,822**	3,904
- held under hire purchase and finance leases agreements	**1,745**	2,306
Rentals under operating leases		
- land and buildings	**1,235**	1,213
- other operating lease	**164**	126

No auditors' 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 Dividends

	2014	2013
	£000	£000
Interim dividend paid to parent company: £250,000 per ordinary share (2013: £275,000)	**25,000**	27,500

7 Staff costs

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

	2014	2013
	Number	Number
Operations	**1,889**	1,837
Administration and supervisory	**128**	114
	2,017	1,951

7 Staff costs (continued)

The aggregate remuneration comprised:

	2014 £000	2013 £000
Staff costs		
Wages and salaries	**42,846**	40,166
Social security costs	**3,806**	3,718
Other pension costs (see note 16)	**2,884**	2,685
Redundancy costs	**7**	8
Share based payment expense - cash settled (see note 20)	**67**	73
	49,610	46,650

8 Directors' remuneration

	2014 £000	2013 £000
Emoluments of directors	**159**	231

The above details of directors' emoluments include an apportionment of the emoluments Mr C Brown, Mr R G Andrew, Mr S Greer, Mr R Montgomery, Mr G Nolan and Mr C Bowles which are paid by a fellow subsidiary, Stagecoach Holdings Limited. £158,750 (2013: £210,796) of their total emoluments received are apportioned to their services as directors of Greater Manchester Buses South Limited. The emoluments of Mr LB Warneford included in the above are £Nil (2013: £20,485).

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

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

	2014 Number	2013 Number
Defined benefit scheme	**6**	7
Defined contribution scheme	**1**	1
	7	8

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

	2014 Number	2013 Number
Share option scheme	**6**	7

9 Tax on profit on ordinary activities

a) Charge for the year	2014 £000	2013 £000
Current tax:		
UK corporation tax on profits of the year	4,109	4,623
Adjustments in respect of prior years	(139)	52
Total current tax	3,970	4,675
Deferred tax:		
Origination and reversal of timing differences	145	587
Adjustments in respect of prior years	841	(218)
Total deferred tax (note 15)	986	369
Tax on profit on ordinary activities	4,956	5,044

b) Factors affecting the tax charge for the year

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

	2014 £000	2013 £000
Profit on ordinary activities before tax	26,171	24,431
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.84% (2013: 23.92%)	5,977	5,844
Effect of:		
Non tax deductible expenditure and other permanent differences	82	107
Treatment of intercompany transactions	(771)	(442)
Capital allowances more than depreciation	(245)	(242)
Pension cost relief in excess of pension cost charge	(934)	(644)
Adjustments to tax charge in respect of previous years	(139)	52
Current tax charge for year	3,970	4,675

c) Factors that may effect 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.

10 Fixed Assets

a) Intangible assets

Intangible assets consist of purchased goodwill arising on the acquisition of new routes or operations.
The movement for the year is as follows:

Cost	£000
At beginning of year	4,492
Additions	144
At end of year	**4,636**
Accumulated amortisation	
At beginning of year	(3,537)
Charge for year	(620)
At end of year	**(4,157)**
Net book value	
At beginning of year	955
At end of year	**479**

During the prior year the Company purchased the business and assets of Bluebird Buses Limited for a consideration of £1,875,000 resulting in goodwill of £1,098,000 and subsequently on 26 April 2014, the company purchased operations at Middleton from JP Executive Travel Limited for a consideration of £605,000 resulting in goodwill of £144,000.

10 Fixed assets (continued)

b) Tangible assets

The movement in the year is summarised below:

	Freehold Land & buildings £000	Leasehold Land & buildings £000	PSVs £000	Other plant & equipment & furniture &fittings £000	Total £000
Cost					
Beginning of year	5,719	4,133	91,542	6,950	108,344
Additions	57	844	9,401	406	10,708
Disposals	-	-	(625)	(28)	(653)
Intercompany transfers	-	-	(2,693)	(132)	(2,825)
End of year	5,776	4,977	97,625	7,196	115,574
Accumulated depreciation					
Beginning of year	(300)	(582)	(31,683)	(5,214)	(37,779)
Charge for year	(163)	(187)	(5,610)	(607)	(6,567)
Disposals	-	-	584	28	612
Intercompany transfers	-	-	1,297	125	1,422
End of year	(463)	(769)	(35,412)	(5,668)	(42,312)
Net book value					
Beginning of year	5,419	3,551	59,859	1,736	70,565
End of year	**5,313**	**4,208**	**62,213**	**1,528**	**73,262**

The net book value of PSV assets leased under finance leases and hire purchase agreements, which have been capitalised and included in the above, is £13,583,000 (2013: £17,225,000). Depreciation of £1,745,000 (2013: £2,306,000) has been charged in the year in respect of PSV assets held under hire purchase or finance lease agreements.

Freehold land amounting to £67,857 has not been depreciated (2013: £67,857).

10 Fixed assets (continued)

c) Investments

	2014
Investments in subsidiary undertakings	£000
Cost	
At beginning and end of year	2,345
Provision	
At beginning and end of year	(517)
Net book value	
At beginning and end of year	1,828

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

The Company owns the entire issued share capital of the following companies which are registered in England and Wales.

Glossopdale Bus Company Limited	Dormant
Greater Manchester Buses West Limited (formerly Greater Manchester Buses East Limited)	Trading

11 Stocks

	2014	2013
	£000	£000
Spares, consumables and fuel	623	574

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

12 Debtors

	2014	2013
	£000	£000
Amounts owed by group undertakings	9,887	14,048
Prepayments and accrued income	1,932	1,907
	11,819	15,955

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

13 Creditors

	2014	2013
	£000	£000
Amounts falling due within one year:		
Bank overdraft	-	1,240
Fixed asset creditor	202	85
Hire purchase and lease obligations (note 14)	1,809	2,081
Amounts owed to group undertakings	62,919	47,311
UK corporation tax payable	4,109	4,623
Other taxes and social security costs	937	937
Pension costs	281	305
Other creditors	-	15
Accruals and deferred income	5,513	6,640
	75,770	63,237
Amounts falling due after more than one year:		
Hire purchase and lease obligations (note 14)	5,799	8,887

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

14 Obligations under HP and finance lease agreements

Borrowings are repayable as follows:

	2014	2013
	£000	£000
Amounts payable:		
- within one year	1,809	2,081
- between one and two years	1,778	2,059
- between two and five years	4,021	6,828
	7,608	10,968

15 Provisions for liabilities and charges

	2014	2013
	£000	£000
Onerous contract provision (a)	73	196
Deferred tax liability (b)	6,436	6,314
	6,509	6,510

a) Onerous contract provision

The provision for onerous contracts relates to revenue contracts where the cost of fulfilling the contract outweighs the economic benefits to be received. The provision is expected to be utilised in full over the period to 30th January 2016.

	2014	2013
	£000	£000
Provision at start of year	196	-
Created in year	-	225
Utilised in year	(123)	(29)
Provision at end of year	73	196

b) Deferred tax liability

	2014	2013
	£000	£000
Accelerated capital allowances	6,646	6,716
Other timing differences	(210)	(402)
Provision for deferred tax, excluding that related to pension asset	6,436	6,314
Deferred tax (asset)/liability related to pension asset (note 16)	(116)	832
Total provision for deferred tax	6,320	7,146

	2014	2013
	£000	£000
Provision at start of year	7,146	6,735
Deferred tax charge in profit and loss account for year (note 9a)	986	369
Deferred tax (credited)/charged to the statement of total recognised gains and losses	(1,812)	42
Provision at end of year	6,320	7,146

16 Pension scheme (liability)/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"); 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 the defined contribution schemes during the year amounted to £798,000 (2013: £579,000). At 30 April 2014 there was a creditor of £69,000 (2013: £109,000) 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 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 £1,384,000 (2013: £1,380,000), 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.

The Greater Manchester County Superannuation Fund governed by the Local Government Superannuation regulations 1986

The calculations of the FRS 17 disclosures for the Greater Manchester County Superannuation Fund 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.

16 Pension scheme (liability)/asset net of deferred tax (continued)

The Greater Manchester County Superannuation Fund governed by the Local Government Superannuation regulations 1986 (continued)

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 as at 30 April were:			
- 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

The expected return on plan assets is based on expectations at the beginning of the period 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**	18.8
Current pensioner aged 65 – female	**23.4**	23.3
Future pensioners at age 65 (aged 45 now) - male	**20.9**	20.8
Future pensioners at age 65 (aged 45 now) - female	**25.0**	24.9

16 Pension scheme (liability)/asset net of deferred tax (continued)

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

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Equities	**102,802**	98,738	87,474	90,172	83,787
Bonds	**23,881**	22,937	20,321	25,756	23,932
Cash	**22,904**	21,999	19,490	8,688	8,073
Property	**7,939**	7,625	6,756	9,668	8,984
Total market value of assets	**157,526**	151,299	134,041	134,284	124,776
Present value of scheme liabilities	**(144,769)**	(142,124)	(130,314)	(125,426)	(139,394)
Irrecoverable surplus	**(13,337)**	(5,556)	(3,015)	(9,230)	-
Pension (liability)/asset before tax	**(580)**	3,619	712	(372)	(14,618)
Related deferred tax asset/(liability)	**116**	(832)	(171)	97	4,093
Net pension (liability)/asset	**(464)**	2,787	541	(275)	(10,525)

Included within the liabilities of £144,769,000 are £1,464,000 of un-funded liabilities. The remaining liabilities relate to a funded LGPS defined benefit arrangement.

16 Pension scheme (liability)/asset net of deferred tax (continued)

An analysis of the amount (credited)/charged to the profit and loss account is as follows:

Defined benefit schemes	**2014 £000**	2013 £000
Charge to operating profits:		
- current service cost	**701**	726
Finance cost:		
- expected return on assets	**(10,103)**	(9,131)
- interest cost	**6,193**	6,577
Net income	**(3,910)**	(2,554)
Total defined benefit income	**(3,209)**	(1,828)
Defined contribution costs	**2,183**	1,959
Total profit and loss (credit)/charge	**(1,026)**	131

The impact of the profit and loss account (credit)/charge can be analysed as follows:

	2014 £000	2013 £000
Current service cost included in staff costs (note 7)	**701**	726
Defined contribution cost included in staff costs (note 7)	**2,183**	1,959
Total income included within finance charges (note 4)	**(3,910)**	(2,554)
	(1,026)	131

16 Pension scheme (liability)/asset net of deferred tax (continued)

Analysis of amount included within the Company's statement of total recognised gains and losses (STRGL).

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Actual return less expected return on pension scheme assets	**(216)**	11,620	(6,525)	2,728	20,623
Experience gains arising on the scheme liabilities	**(1)**	-	4,542	-	-
Changes in assumptions underlying the present value of the scheme liabilities	**(519)**	(9,087)	(6,099)	18,171	(29,973)
Irrecoverable surplus charge	**(7,781)**	(2,541)	6,215	(9,230)	-
Actuarial (loss)/gain reported in the STRGL	**(8,517)**	(8)	**(1,867)**	**11,669**	**(9,350)**

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 (after taking amount of irrecoverable surplus in asset value)	**(0.1)**	7.7	(4.9)	2.03	16.5
Experience gains arising on the scheme liabilities as a percentage of the present value of scheme liabilities	-	-	(3.5)	-	-
Total actuarial (loss)/gain recognised in STRGL as a percentage of the present value of scheme liabilities	**(5.9)**	-	(1.4)	9.3	(6.7)

The cumulative amount of actuarial gains and losses on defined benefit schemes recognised in the statement of recognised gains and losses since April 2004 is £9,282,000 loss (2013: £765,000 loss).

The estimated amount of contributions expected to be paid by the Company to the schemes during the financial year ended 30 April 2015 is £3,158,000 (2014: £2,852,000).

16 Pension scheme (liability)/asset net of deferred tax (continued)

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

	2014	2013
	£000	£000
Scheme asset at the beginning of the year	**3,619**	712
Movement in the year:		
- Current service cost	**(701)**	(726)
- Contributions	**882**	863
- Other finance income	**3,910**	2,554
- Actuarial (loss)/gain	**(736)**	2,533
- Change in unfunded liabilities	**227**	224
- Change in irrecoverable surplus	**(7,781)**	(2,541)
(Deficit)/surplus in schemes at the end of the year	**(580)**	3,619

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

	2014	2013
	£000	£000
At beginning of year	**151,299**	134,041
Expected return on plan assets	**10,103**	9,131
Actuarial (loss)/gain	**(216)**	11,620
Employers contributions	**882**	863
Members contributions	**234**	268
Benefits paid	**(4,776)**	(4,624)
At end of year	**157,526**	151,299

16 Pension scheme (liability)/asset net of deferred tax (continued)

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

	2014	2013
	£000	£000
At beginning of year	**142,124**	130,314
Current service costs	**701**	726
Payments in respect of unfunded liabilities	**(227)**	(224)
Interest cost	**6,193**	6,577
Members contribution	**234**	268
Actuarial loss – experience loss	**1**	-
Actuarial loss – changes in assumptions	**519**	9,087
Benefits paid	**(4,776)**	(4,624)
At end of year	**144,769**	142,124

17 Called up share capital

	2014	2013
	£	£
Authorised		
100 (2013: 100) Ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
100 (2013:100) Ordinary shares of £1 each	**100**	100

18 Reserves

The movement on reserves is summarised below:	Contribution reserve	Profit and loss account
	£000	£000
Balance at beginning of year as previously reported	578	14,300
Profit for the financial year	-	21,215
Dividend paid		(25,000)
Actuarial loss on pension scheme	-	(8,517)
Movement on deferred tax relating to pension scheme	-	1,812
Balance at end of year	**578**	**3,810**

19 Guarantees and other financial commitments

a) Lease commitments

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

	2014 Land & buildings £000	**2014 Other £000**	2013 Land & buildings £000	2013 Other £000
Expiry date				
- within one year	**900**	**10**	1	142
- between one and five years	**-**	**108**	1,063	65
- after five years	**189**	**-**	189	-
	1,089	**118**	1,253	207

b) Contingent liabilities

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

c) Cross guarantees

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

20 Share based payments

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

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

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

At 30 April 2014, there were 373 (2013: 344) participants in the BAYE scheme who have cumulatively purchased 111,824 (2013: 75,777) shares with the Company contributing 48,510 (2013: 32,744) matching shares on a cumulative basis. Dividends had been reinvested in a further 4,988 (2013: 1,930) shares for these participants.

Costs of £67,367 (2013: £72,567) have been recognised in the profit and loss account during the year in relation to the scheme.

21 Related party transactions

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

22 Ultimate parent company

The Company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (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