



LIFE'S BETTER,
ENJOY THE
JOURNEY.



NITC

NORTHERN IRELAND
TRANSPORT HOLDING
COMPANY

CORPORATE VISION, VALUES AND OBJECTIVES

VISION

Our customers are at the centre of our vision:

We will provide integrated travel solutions that are attractive, sustainable and good value.

VALUES

Our corporate values guide the development and choice of strategies to realise the corporate vision, deliver corporate objectives and relevant Government policy. These values, which shape and define the culture of the organisation, are:

Safety

Safety is paramount. High standards are maintained for customers, employees and the general public.

People

Our people make the difference in the service our customers receive. We want to provide an environment to attract, retain and motivate the best.

Community

Our services enrich the economy, the environment and the life of communities in a sustainable fashion. We want to be a good neighbour.

Governance

Not only is this about control and accountability but identifying and achieving objectives.

OBJECTIVES

To deliver our vision of customer focused growth whilst shaping up for the future:

- to continue to improve bus and rail services
- to make best use of all our assets
- to enhance the commercial aspects of our services

These objectives are quantified in the Regional Transportation Strategy (RTS)/Belfast Metropolitan Transport Plan (BMTP) targets and corporate Key Performance Indicators.

CONTENTS

01 Officers and Advisors	04
02 Chairman's Foreword	05
03 Strategic Report	11
04 Directors' Report	55
05 Corporate Governance Statement	60
06 Board Audit & Risk Committee Report	73
07 Directors' Remuneration Report	76
08 Independent Auditor's Report	79
09 Consolidated Income Statement	82
10 Consolidated Statement of Comprehensive Income	83
11 Consolidated Balance Sheet	84
12 Company Balance Sheet	85
13 Statement of Changes in Reserves	86
14 Consolidated Cash Flow Statement	87
15 Notes to the Consolidated Financial Statements	88

01 OFFICERS AND ADVISORS

Directors*

John Trethowan (Chairman)
 Gordon Milligan (Interim Group Chief Executive)
 (appointed 1 April 2014)
 Philip O'Neill (Chief Operating Officer)
 Angela Coffey (Chair of Safety Committee)
 Frank Hewitt (Chair of Audit and Risk Committee)
 Bernard Mitchell (Chair of Remuneration and
 Pensions Committee)
 James Brown
 Anthony Depledge

Company secretary

JP Irvine

Independent Auditor

Deloitte LLP
 Belfast

Head office

22 Great Victoria Street
 Belfast
 BT2 7LX

Bankers

Bank of Ireland
 54 Donegall Place
 Belfast
 BT1 5BX

Trading subsidiaries

Ulsterbus Limited
 Citybus Limited
 Northern Ireland Railways Company Limited
 NIR Operations Limited
 (formerly NIR Travel Limited)

Non-trading Subsidiaries

Flexibus Limited
 Translink (NI) Limited
 NIR Networks Ltd
 (formerly Travel NI Limited)

02 CHAIRMAN'S FOREWORD

I am pleased to present the Annual Report and Accounts for the year 2013/14 for the Northern Ireland Transport Holding Company (NITHC) and its operating subsidiaries; Citybus (trading as Metro), NIR Railways and Ulsterbus (effectively delivering integrated passenger transport as TRANSLINK). These results reflect a very satisfactory financial outturn and show growth in the number of people choosing to travel by bus and train. These 12 months of successful service delivery and enhanced value for money are against a backdrop of continuing economic difficulties and financial constraints.

Over recent years the Group has delivered a programme of development, change and continuous improvement with considerable success in growing the numbers choosing to use bus and rail services in Northern Ireland. This is testimony to the commitment and excellence of those who work in the Group and the strong partnerships and support we have with our stakeholders and the communities we serve. Ultimately though, the job we do is best demonstrated by the independent Passenger's Charter monitor, which shows customer satisfaction continuing at very high levels.

A continued upgrade in the provision of passenger transport in Northern Ireland is envisaged in Government's transport policies and strategies and the Group has continued to deliver the passenger transport targets within these strategies. This has been facilitated by the strong support from Government in terms of capital investment and infrastructure developments such as new additions to the bus fleet, construction and refurbishment of passenger facilities, priority for bus customers, Park & Ride and engineering upgrades to the rail network.

We have shown we can deliver significant investment programmes and we are committed to continuing this track record of success through effective partnership with the Minister and Department for Regional Development. We

fully share the vision to further improve services and attract more people to choose the bus or train.

I commend the leadership and strategic direction of my fellow directors which has ensured that corporate governance and accountability command a high priority across the Group. The effectiveness of the Board, its committees and individual directors has been tested and evaluated thoroughly this year. The structures, roles, and systems we have in place to measure our effectiveness are described in more detail in the Corporate Governance Statement in this report. Taking everyone's contributions into account, I am proud to highlight my colleagues' commitment to corporate responsibility, where we are a recognized leader in Northern Ireland. I also thank the Minister and his officials for their continued support and guidance.

I express my appreciation to all the employees across the Group for their hard work in delivering good passenger transport services for the people of Northern Ireland. It is their expertise, commitment and professionalism which, as this report shows, has made Translink the first choice for many millions of passenger journeys.

The Group remains firmly of the view that investment in bus and rail services has been successful and clearly delivered in terms of benefits to the economy and communities we serve; excellent passenger transport is at the heart of sustainable development for Northern Ireland.

Finally, on the departure of Catherine Mason, our Group Chief Executive on 31 March, I would like to express my thanks and those of the Board for her leadership and commitment to the organisation over the last six years and to wish her all the best for the future.



John Trethowan
 Chairman
 11 June 2014

* Catherine Mason resigned as a director on 31 March 2014



(L-R) 1. John Trethowan, Chairman; 3. Angela Coffey, Director; 4. Frank Hewitt, Director; 5. Philip O'Neill, Chief Operating Officer; 6. James Brown, Director; 2. Gordon Milligan, Interim Group Chief Executive; 7. Bernard Mitchell, Director; 8. Anthony Depledge, Director.

* Prior to Gordon Milligan's appointment on 1 April 2014, Catherine Mason had been NITHC's Group Chief Executive. Catherine left Translink on 31 March of this year, to work as Managing Director of Services at NATS (the UK's leading supplier of national air traffic control services).

Northern Ireland Transport Holding Company (NITHC) Board

1. John Trethowan

Chairman

Appointed as non-Executive Director in July 2008 and Chairman in June 2011, John comes from the banking sector and has substantial expertise in financial issues. He has held a number of executive director positions within the Northern Bank group. He currently sits on the Board of the South Eastern Health and Social Care Trust, is chairman of the Progressive Building Society, and serves as Head of the Credit Review Office of NAMA.

2. Gordon Milligan

Interim Group Chief Executive*

Appointed Interim Group Chief Executive and as a Director in April 2014 Gordon has been employed by NITHC as Human Resources & Organisational Development Director since March 2009. Gordon has extensive experience working in blue chip companies spanning Aerospace, Telecommunications and Agri Food. He is a member of both the IOD and CBI Regional Councils and a Visiting Professor at University of Ulster.

3. Angela Coffey

Director

Appointed as non-Executive Director in July 2008 Angela is a civil engineer who retired in 2006 following a successful career in Roads Service. She is currently a Board member of the Northern Ireland Housing Executive and on the Board of Governors for the Southern Regional College.

4. Frank Hewitt

Director

Frank is currently Chairman of the Northern Ireland Science Park and Chairman of the BIG Lottery Northern Ireland Country Committee. He is also a non-Executive board member of the UK BIG Lottery Fund, the Strategic Investment Board and Invest NI. He is also Honorary Consul for the Federal Republic of Germany.

5. Philip O'Neill

Chief Operating Officer

Appointed as a Director on 1 April 2010, Philip commenced work with the group in 1979 and since then has held various technical and managerial positions in Ulsterbus, Citybus and NI Railways. In February 2009 he was appointed as Chief Operating Officer.

6. James Brown MBE

Director

James is a former senior executive holding Managing Director positions in both plc and family owned companies, mainly in the service sector. James is a Board member of both Skainos Ltd and the East Belfast Partnership Board and Former President of the Irish Association of Funeral Directors.

7. Bernard Mitchell

Director

Appointed as a non-Executive Director on 1 February, 2012, Bernard worked in the NI Health and Social Services from 1978 to 2011, including 10 years as a Chief Executive. He is also currently Chair of the NI Guardian Ad Litem Agency, a member of the NI Assembly Secretariat Audit and Risk Committee and a member of the Marie Curie Cancer Care NI Advisory Board.

8. Anthony Depledge

Director

Tony has worked in public transport for over 40 years, primarily as an operator though more recently concentrating on policy work in London and Brussels. Until 2013, he worked for the European transport operator Arriva and was President of the European Union Committee of the international trade association UITP, of which he remains an honorary Vice President. Tony is a non-Executive Director of Transport for Edinburgh, is Vice-Chairman of the operating company of the Grand Theatre in Blackpool and is a trustee of the transport charity, the Rees Jeffrey Road Fund.



Through product development, innovation and value for money; passenger numbers are growing, reaching nearly 80 million journeys, customer satisfaction is good and commercial performance is strong.



03 STRATEGIC REPORT

Our Business

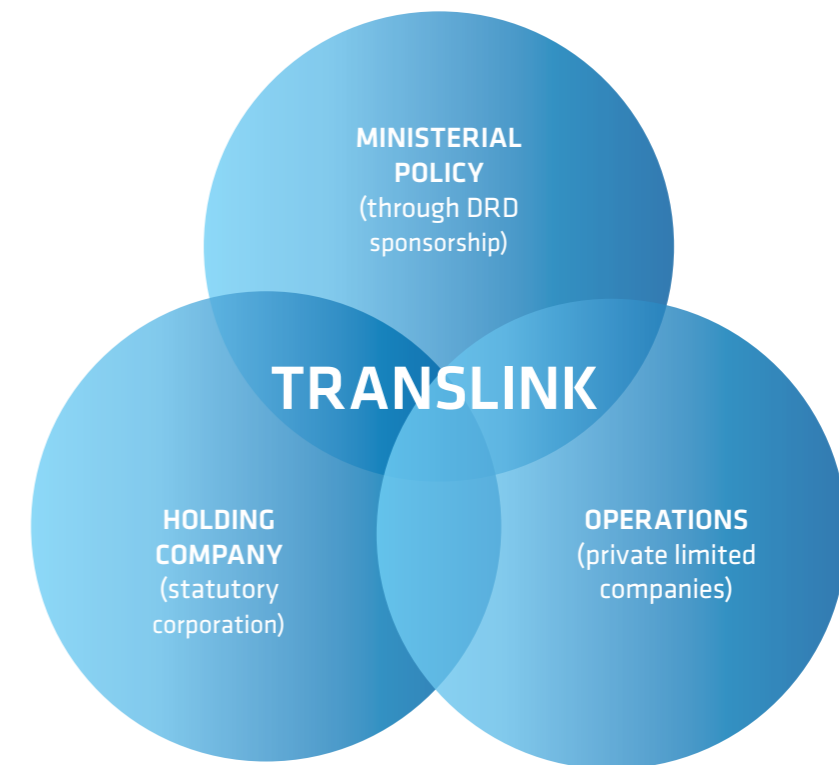
The Translink Group consists of a public corporation, the Northern Ireland Transport Holding Company (NITHC) which owns and controls seven private limited wholly owned subsidiary companies (together referred to as the owned Group or Translink).

The Principal activities of the group are the operation of public transport, car parking and property management.

According to the latest Office for National Statistics classifications, we are collectively referred to as a non-financial public corporation. This effectively means we are a market body with a degree of commercial independence, yet are governed in policy terms by Government. We are sponsored and part-funded by the Department for Regional Development (the Department).

Our operating model is illustrated below

Our Operating Model





REVIEW OF THE BUSINESS

A summary of key financial results is set out in the table below and discussed in this section.

KEY FINANCIALS

Financial Review	TURNOVER		PRO FORMA PROFIT BEFORE TAX (Note 1)	
	2014 £m	2013 £m	2014 £m	2013 £m Restated
NIRailways (Group)	63.0	60.7	-1.2	-1.6
Ulsterbus	97.8	100.3	-0.4	5.1
Metro	37.1	37.1	1.2	1.7
NITHC	4.8	4.9	0.7	3.9
Total	202.7	203.0	0.3	9.1
Voluntary redundancies			-	-0.5
Impairment			3.4	-0.9
Retirement Benefits			-2.9	-0.6
Revaluation of investment properties			-	-0.3
Movement on derivatives			-2.7	-2.2
Consolidation adjustments:				
Impairment			-0.1	-0.4
Inter-company trading	-2.4	-3.2		
Consolidated results	200.3	199.8	-2.0	4.2

Note 1: Pro-forma profit before tax is stated after deducting pension contributions paid to the NILGOS scheme, but before any adjustments required in accordance with International Accounting Standard No. 19 'Retirement Benefits' (see note 22), International Accounting Standard No.36 'Impairment of Assets IAS 39' Financial Instruments (see note 24) and IAS 40 'Investment Property' (see note 14).

The pro-forma profit is used by the Department to assess the group and is regarded by the directors as a more appropriate measure of underlying profitability than statutory profit.

Financial Review

Rail turnover has improved due to increased passengers journeys.
Rail pro forma loss before tax is the depreciation charge on self-funded capital expenditure.

Underlying bus trading is comparable with last year with continued growth in Goldline services.
The reduction in bus turnover compared to last year is largely due to private hire revenue associated with the Olympics. Pro forma profit has reduced due to a decrease in government revenue support and decline in profits from special event transport management.

Operational Review		Target	2014	2013
Passengers (million)	Bus	67.9	66.9	66.9
	Rail*	12.2	13.2	11.5
*see next page				
Customer performance index (%)#				
NIRailways		N/A	81.2	80.9
Ulsterbus		N/A	79.3	80.4
Metro		N/A	73.2	73.9
Punctuality (% of services arriving on time)#				
NIRailways (local/long haul)		95.0/90.0	98.5/96.7	99.0/100.0
Ulsterbus		95.0	94.0	98.0
Metro		95.0	90.0	98.0
'On time' for bus services defined as within 7 minutes of timetable; for rail services within 5 minutes (local)/10 minutes (long haul)				
Reliability (% of timetabled services run)#				
NIRailways (local/long haul)		99.2/99.5	100.0/98.7	100.0/100.0
Ulsterbus		99.2	100.0	100.0
Metro		99.2	100.0	100.0
Accessibility (full)				
Ulsterbus		94.7	100.0	90.7
Metro		100.0	100.0	100.0

* New journey factors to be applied in NIR from 2015/16 will reduce rail journeys in 2014/15 to 12.5m.

Ratings per Independent Monitoring Surveys.

The continued growth of rail fare paying passengers is a result of below inflation fare increases and improved customer experience.

The continued growth of Metro fare paying passengers is a result of below inflation fare increases and an improved customer offering.

The rail customer performance index shows improvement on last year's strong results.

The bus customer performance indices have decreased slightly on last year but remain strong. Bus punctuality has deteriorated due to increased road congestion for buses travelling into Belfast City Centre.

Rail reliability has exceeded target, although fell short of last year on long-haul journeys primarily due to issues on cross border services.

CAPITAL INVESTMENT

Capital expenditure	2014 £m	2013 £m
Buses/Coaches	13.0	20.2
Trains	3.4	3.0
Infrastructure	10.9	41.6
Other	7.7	4.7
Total	35.0	69.5
KPIs		
Fleet size		
Buses/Coaches	1,414	1,420
Rail rolling stock	45 sets	45 sets
Average fleet age (buses)	7.1	6.7

Infrastructure expenditure of £10.9m (2013: £41.6m) includes £2.9m (2013: £25.4m) on Coleraine to Derry track renewals plus associated projects.

The bus capital of £13.0m relates to the purchase of 26 new buses delivered during the year plus 79 to be delivered in 2014/15.



The 'Customer Information Programme' focuses on projects to improve the availability and quality of passenger information.

CUSTOMER

NEW INFRASTRUCTURE AND FLEET

Antrim

The new integrated Antrim Bus & Rail Centre was successfully completed on time and on budget following a £2.9 million construction project. The facility is Northern Ireland's first sustainable, low carbon station and is being showcased as an example of sustainable station development best practice to transport operators across Europe. It is a very effective mix of old and new; the original station's Grade 2 B architecture and façade have been restored, incorporating it with environmentally sound technologies and major eco-refurbishments.

Portadown

Portadown Train Station officially reopened in July 2013, following the successful delivery and completion of an EU funded £3.6 million redevelopment project. The new station boasts many new features, benefiting both passengers and employees.

New pedestrian footbridge at Moira Train Station

As part of our ongoing improvement of customer facilities, work has started to construct a new pedestrian footbridge at Moira Train Station. Adjacent to the level crossing, it will enable customers to safely cross the tracks when the barriers are down.

New Goldline Service 209

A new Goldline express coach service which operates from Cookstown to Belfast was introduced with stops at Stewartstown, Coalisland, Loughview P&R and the soon to be opened Tamnamore Park & Ride. The new service makes an important contribution to reducing social exclusion in rural areas and offers more flexible and convenient travel choices.

New Slieve Gullion Rambler Service

The new Slieve Gullion Rambler Service 443 which launched in June 2013 ran through the summer months to September. Three return trips from Newry Buscentre operated daily, serving the award winning Slieve Gullion Forest Park, an area of outstanding natural beauty.

Rural Transport enhancements

An enhancement to the Omagh to Altnagelvin Hospital Pilot Service 294 offers rural communities in Tyrone and Fermanagh the option to travel to hospital for morning appointments. This service was developed in partnership with Easilink and Fermanagh Community Transport with support from the Department for Regional Development's Rural Transport Fund and the Western Health and Social Care Trust.

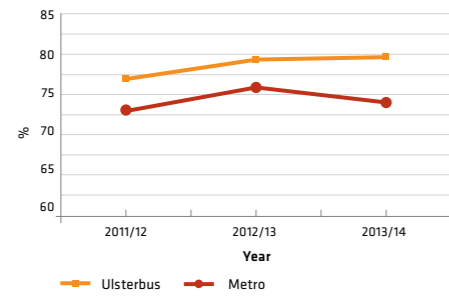
The Rural Transport Fund also supports bus Service 75A from Dungannon to Craigavon Area Hospital and Rushmere Shopping Centre. With additional evening departure times, it provides an important transport link to the hospital and also stops at Portadown Train Station for passengers making onward connections.

New bus fleet

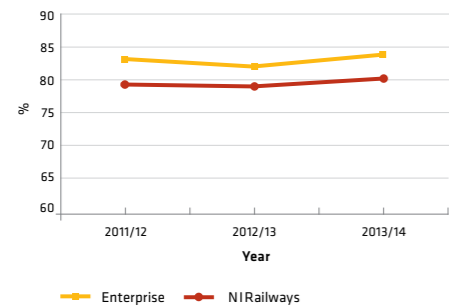
Funding from DRD allows us to continue to invest in keeping the average age of our bus fleet low. 23 new interurban coaches were introduced to passenger services on key Ulsterbus routes across Northern Ireland. The new coaches meet high standards in terms of comfortable seating, modern interior design, wheelchair accessibility and they comply with European emission standards. This is the first time buses of this kind have operated on interurban services, offering our customers very high levels of quality and comfort on board.



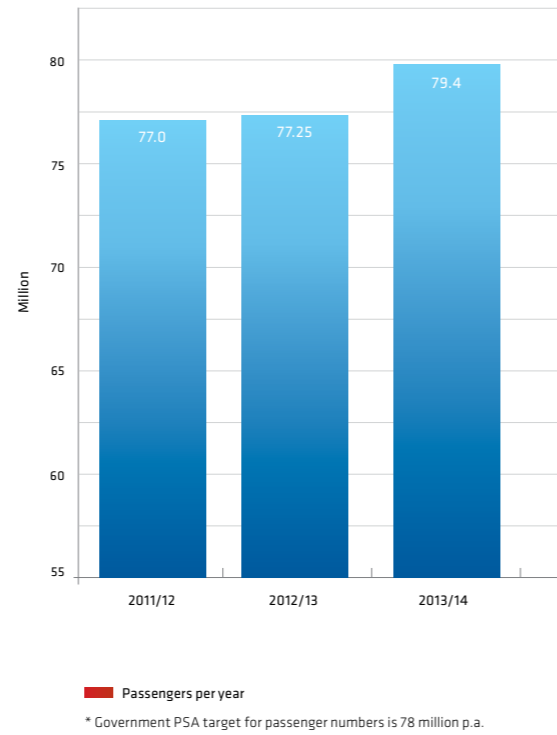
Bus Services Customer Satisfaction



NI Railways Customer Satisfaction



Bus & Rail Passenger Numbers



Rail service enhancements

We have further enhanced the train service between Coleraine and Derry~Londonderry during peak hours, Monday – Friday, giving our customers improved journey flexibility and better access to services.

Extra service capacity for Christmas

As many more people used our services while shopping and socialising during the festive period, the number of carriages on trains going to Belfast in the evenings and at weekends was increased to meet passenger demand. Services from Portadown were also enhanced with more express trains operating between Lisburn and Belfast on the Saturdays running up to Christmas. A package of bus measures including free Park &

Ride services for Belfast, Lisburn, Londonderry and Newry also made public transport a more attractive choice for passengers over Christmas.

Innovative railway pilot project

An on-track ballast cleaning machine was trialled between Newry and Poyntzpass which removes the ballast stone from underneath the railway sleepers, extracts unwanted materials and smaller stones and reinstates the suitably sized stone ballast on the track bed underneath the railway sleepers. Where required, the track is topped up with new stone ballast to replace inferior stone removed from the track bed. This work helps to avoid the requirement for full track removal and relay operations and potentially greater disruption for residents and passengers.



Park & Ride Developments

The popularity of Park & Ride has grown significantly in recent years and further development of more sites is an important part of our plans to give even better travel choices to our customers.

Journey Planner

The Journey Planner app for iPhone and Android was launched this year and provides features like ‘use current location’ for planning, along with a map interface and a facility for customers to create their own timetable. A quick view ‘departure board’ from any given point is also available.

CUSTOMER INFORMATION DEVELOPMENTS

Our ‘Customer Information Programme’ focuses on projects to improve the availability and quality of passenger information across conventional and new customer information channels to help grow our business. In particular, we will continue to improve timetable and network data and make it more available to further enhance our own customer information outputs and facilitate ‘open data’ use.

The app is free to download from Google and iPhone stores; around 70,000 downloads have been made to date.

The Journey Planner tool is now used as the driver for other information services, for example new digital departure screens in the Europa Buscentre and to produce all online and printed timetables. This means that all information is derived from a single source and is consistent and produced much more efficiently.



Journey Check/Real Time Passenger Information

The 'Journey Check'/Real Time Passenger Information (RTPI) system for rail services has now gone live on the Translink NI Twitter account; the introduction of Journey Check Alerts is also in progress. The system uses train location to automatically calculate arrivals, delays, and performance of rail services and advises customers if any train on the network is running more than 1 minute late.

Web

Development of our online presence is ongoing. The Translink website (largely driven by the new site for mobile devices) is now attracting on average 1 million visitors per month; around half of visitors to translink.co.uk are doing so by mobile.

This year we have introduced 'What Ticket', a new best ticket finder on the website and are rolling out mobile based/virtual departure screens for stops and stations across our network. Social media continues to grow in popularity and with that our own output and use; delivering customer information developments, campaigns and offers to our 35,000 followers across the range of Translink Facebook and Twitter profiles - it is the way many of our customers want to talk to us.



AWARDS

During 2013/14 we received many national, industry and professional awards recognising the high quality of the service we give our customers.

- Federation of Passenger Transport NI Awards 2014:
 - Our drivers won the Bus Driver of the Year category and the Gerry McKenna Hidden Hero Award
 - Raising Industry Standards Awards – Bus Drivers and Cyclists Travelling in Harmony Campaign
- UK Rail Business Awards – Young Professional & Rolling Stock Excellence
- Chartered Institute of Personnel and Development (CIPD) Awards – winner for Change Management
- Institute of Road Transport Engineers (IRTE) Skills Challenge 2013 Awards
- Construction Excellence Awards – Ballymoney Railway Bridge
- International Station Awards – Antrim Bus & Rail Centre
- UK Bus Awards 2013 - The Eureka! Award for Marketing Initiatives, sponsored by Passenger Transport magazine – Highly Commended: yLink youth travel card.



Marketing our services is important for our business; to grow our passenger numbers we continue to deliver targeted tactical promotions rewarding customers for their loyalty.

MARKETING AND TICKETING

PROMOTIONS AND OFFERS

Marketing our services is important for our business; to grow our passenger numbers we continue to deliver targeted tactical promotions rewarding customers for their loyalty.

Life's Better with Translink

We launched a new corporate marketing and communications campaign to promote our bus and rail services called – 'Life's Better'. The campaign is about how our customers feel that 'Life's Better' using our services. Customers tell us: more time to relax free from the stress of driving in traffic; more time to catch up on work or social activities; quicker journey times as well as saving money compared to paying for fuel, parking and car maintenance costs are some of the ways we make life better.

Alongside an advertising campaign we are also using Facebook and Twitter (#translinklifesbetter). We recruited Translink celebrity champions and enlisted our passengers to become Ambassadors for their bus/rail service by sharing their own 'Life's Better' experiences amongst their friends, family and colleagues.

25 roadshows visited locations across Northern Ireland to promote reasons why Life's Better with Translink, reaching over half a million people. The Life's Better message has also been reinforced through tactical promotional campaigns and media relations and communications activity.

Online Fares

A wide selection of our ticket types are available to buy online, providing our customers with quick and convenient purchase options. Our Web Fares play an important role in generating new business and providing excellent value for money. This year over £2.7 million of sales have been made through the Translink website.

Other promotions and offers include:

- yLink pop-up DJ event
- Love Metro Saturday
- Ulster Rugby
- Six Nations
- Life's Better by Train
- New Enterprise Campaign
- Belfast Theatre Express
- Goldline – Fantastically Frequent & Summer Savings X1/X2
- Special Lumiere themed train for the festival of lights at the UK City of Culture, Derry~Londonderry

BEST VALUE

While other household costs such as fuel, food and energy have been rising, Translink's bus and rail fares are now frozen for the second time since 2011, offering increasingly attractive, affordable and accessible travel choices for the public. This is possible because of our strong commercial performance in 2013. Many of our customers are already seeing the benefits of using our services and we are working to encourage more people to look at the cost savings and benefits of using the bus and train. This also reduces the number of cars on the road, eases congestion and reduces travelling times, benefiting the local economy.

Ticketing developments

Our ticketing systems enable us to collect fares from millions of passengers each year. Northern Ireland actually leads the UK in Smartcard usage in passenger transport, alongside London, with 24 million smartcard journeys annually and nearly half a million active Smartcards.





We are currently replacing the hand held ticket machines used by NI Railways on board staff and work to replace the entire bus and rail ticketing system from 2017 has commenced.

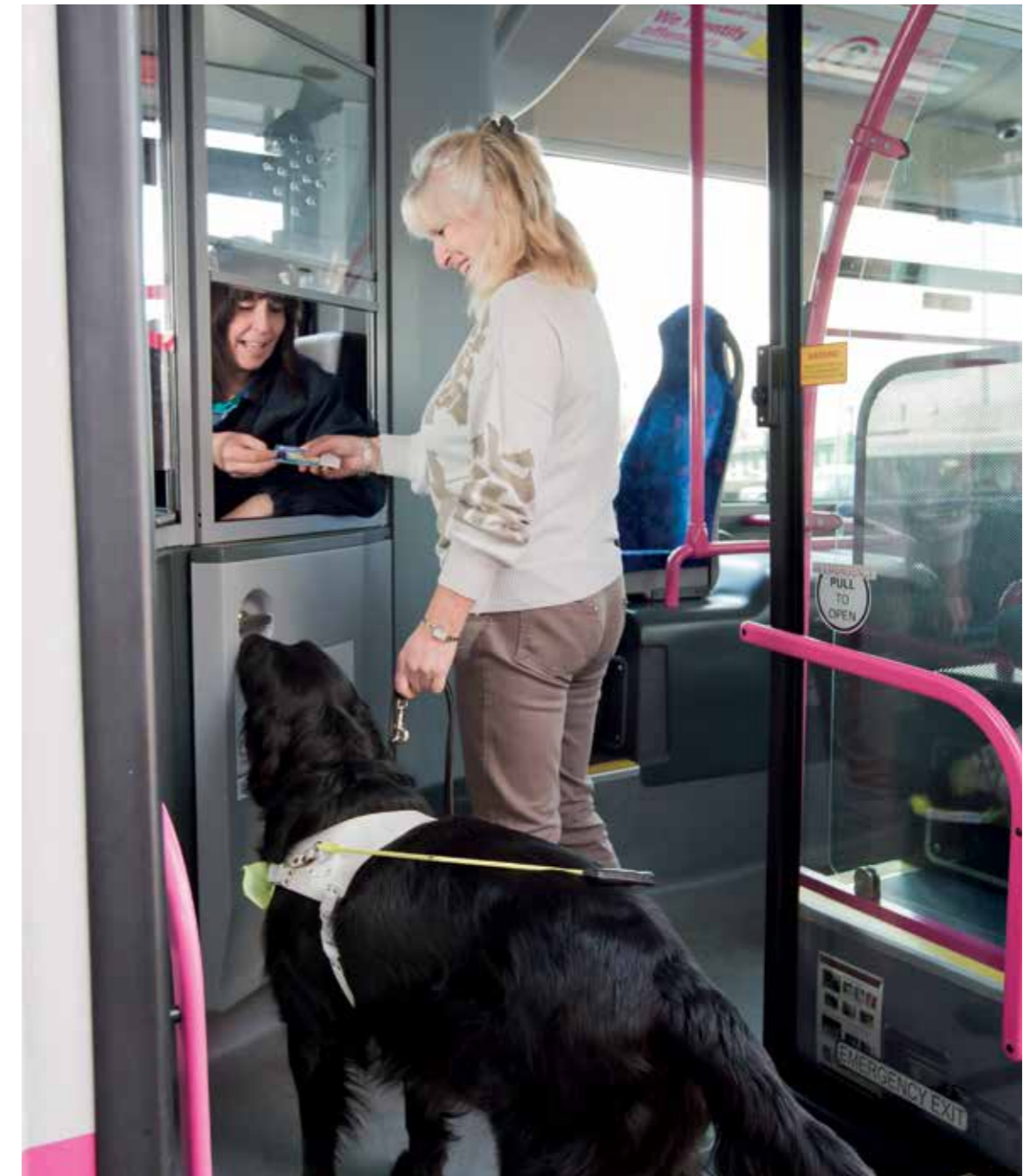
dayLink

A new smartcard product called dayLink was introduced for Metro services: customers can load their dayLink card with 1, 5 or 10 days and use it to travel any day. Cards can be topped-up with more travel when needed – top up 1 day's travel on the

bus or top up 1, 5 or 10 day's travel at Translink sales/top-up outlets.

yLink

Nearly 2 million yLink bus and rail journeys have been made since its launch in 2012. The card is available to 16 - 23 year olds and offers a third off travel on bus and rail services in Northern Ireland and up to 50% off cross border Enterprise fares.



TaxSmart

TaxSmart, the annual commuter card for bus users, continues to grow with 79 employers across Northern Ireland (including all Northern Ireland Civil Service departments) adopting the salary sacrifice scheme which saves their employees tax and saves employers National Insurance Contributions. Since the scheme started in 2010 over 990,000 TaxSmart journeys have been made.

Belfast Visitor Pass

We have continued to promote our services in conjunction with Visitor Belfast, the Northern Ireland Tourist Board and Belfast City Council.

Visitors to Belfast can purchase a Belfast Visitor Pass preloaded with integrated bus and rail travel for the Greater Belfast area.

mLink

Rail customers tell us they really like this quick and convenient way to purchase tickets through mobile phones with sales of mLink weekly, monthly and 3 day flexi tickets.

FUTURE DEVELOPMENTS

We explore commercial opportunities so we can get the maximum revenue from our assets; this income makes a direct impact on reducing the pressure on the public purse and fare paying passengers. Activity includes:

Advertising Space

The sale and lease of advertising space on static sites such as our premises and structures has meant increased revenue being generated. We have replaced some of our static advertising hoarding and also provided new advertising sites. We also maximise the return available from mobile advertising available on our buses and trains.

Onsite Retail

Retail units are available for rent at our passenger facilities along with vending solutions, enhancing the service we provide for our customers and generating a commercial return from the significant passenger footfall. We also rent space for 3rd party marketing opportunities in our stations and at our passenger facilities.

Car Parking

The services we offer are enhanced through integration; the strategic use of our car park facilities, together with active promotion and linkage with our bus and rail services, increases passenger transport usage.

Commonwealth Games

Translink has been successful in the tendering process to provide drivers and buses for the Commonwealth Games to be held in Glasgow in July. A special project team has started planning and preparing for this major operation

Belfast Transport Hub

In Northern Ireland there has been huge growth in usage of bus and rail services over the past two decades, particularly in Belfast where our main bus and rail facility is operating at capacity and will struggle to meet future needs. The footfall for Great Victoria Street Station/Europa Buscentre is

currently around 6.7 million people per annum and projections indicate that the current footfall could increase to at least 13 million by 2030.

There is clearly a pressing need for a new, modern 'Integrated Belfast Transport Hub' to cater for current demand and future growth. A new hub will offer customers a fully integrated transport solution: a destination catering for rail, bus and coach, taxi, car and bicycle users. Translink is leading a programme of work with DRD and the Strategic Investment Board to develop our Grosvenor Road site, together with our existing facilities at Glengall Street (the Europa Bus Centre and Great Victoria Street Train Station). The location enjoys excellent access from all the main road corridors and is close to the heart of the city centre. In addition to the transport hub building there are circa ten acres of land, which will be made available by Translink for further development.

The new transport hub in Belfast will improve and increase access to the city centre and connections across Northern Ireland. The development can act as an economic catalyst for this area of central Belfast, stimulating and sustaining economic growth and improving the efficiency of the wider region. We are consulting widely to gain support for this development.

Rapid Transit in Belfast

It was announced by the Minister for Regional Development that Translink is to operate the planned rapid transit system for Belfast. We have been working with the DRD to ensure this significant investment in passenger transport for Belfast is effectively delivered, that it integrates with existing Translink services and adds to the overall transport offering for passengers to deliver modal shift from the car. Work to date has focused on operational planning, vehicle specification, planning for engineering facilities and integration of ticketing and customer information.

Bus fleet

A £13 million investment in Translink's bus fleet will see 79 new vehicles enter service in 2014. This includes 42 new double deck vehicles and 10 Optare Versa low floor single decks to replace approximately 25% of the Metro fleet and enhance capacity on busy routes.

Later in the year these will be followed by 27 Optare Solo minibuses which will mainly be used for Ulsterbus services. All of these new vehicles will have Euro VI engines which are of major benefit to general air quality in towns and cities; improved fuel efficiency leads to a reduction in the output of greenhouse gases, especially Carbon Dioxide (CO₂).

Park & Ride

Construction will commence on a new Park & Ride facility at Dunlady Road, Dundonald. The number of spaces is 520 and the site is to become operational in 2014. As with existing Park & Ride sites at Cairnshill and Sprucefield it will be served by a combination of passing Ulsterbus services and bespoke Metro shuttle services to Belfast city centre. This Park & Ride facility will form part of the soon to be built rapid transit network.

Construction of a Park & Ride site at Ballymartin on the M2, near Templepatrick, has been given the go-ahead. Work on the scheme is expected to start summer 2014 and take around one year to complete. When finished, it will have 428 car parking spaces.

These schemes will mean Park & Ride continues to be the first choice for commuters, shoppers and visitors to Belfast City Centre. Park & Ride services make it easier for people to use public transport at the busiest times of the day and as a result help reduce road congestion.

Real Time Passenger Information (RTPI)

A number of projects have been commenced within the customer information programme to provide real time information through our core/ established customer information channels, e.g. the online Journey Planner and departure boards and the Translink Contact Centre and to enhance in particular the information available for bus services. DRD are currently replacing the RTPI system on-street for Metro and will make this data available to Translink to deliver better customer information. An innovative project using vehicle location information from our on board bus eco driving system is being initiated. This will deliver enhanced customer information for Ulsterbus services.

Ticketing Developments

During 2013/14 we consulted widely to find out what our customers and partners want to see in a 'next generation' ticketing system which will be in place well into the 2020's. Issues being considered include the system's costs and benefits; new payment methods to more easily allow customers to purchase tickets and smartcard top-ups online; more vending machines; how we can effectively introduce weekly and monthly smartcards on NI Railways services and how to incorporate the planned rapid transit system in Belfast.



Our employees are best placed to tell us how to make Translink an even better place to work.

PEOPLE

Significant progress has been made in 2013/14:

Employee Engagement and Internal Communications

Our employees are best placed to tell us how to make Translink an even better place to work.

We continued to progress with the implementation of 'Team Talk', an internal communications agenda to enhance two-way communication between employees and management.

In addition, the 2013 Translink 'Your Voice' survey was delivered to capture the views of employees from across the company and offer the opportunity to make improvement suggestions and provide feedback on what was working well. Employees were asked to complete a short questionnaire, either online or on paper. A total of 2,077 staff completed the survey, giving a response rate of 54%. Subsequent progress has been made at a corporate and divisional level through focus groups and action plans which are tracked and reported on a quarterly basis.

The results have highlighted key areas that we need to improve, and with these improvements in mind a Corporate Action Plan has been put together that details improvement initiatives for all employees across the group, as well as a more detailed division-specific Action Plan. All Action Plans are to be implemented by the next employee engagement survey which will be in Spring 2015. Employees will be kept regularly updated with progress and to make sure we are going in the right direction, a short follow-up survey will be conducted during 2014.

Learning and Development

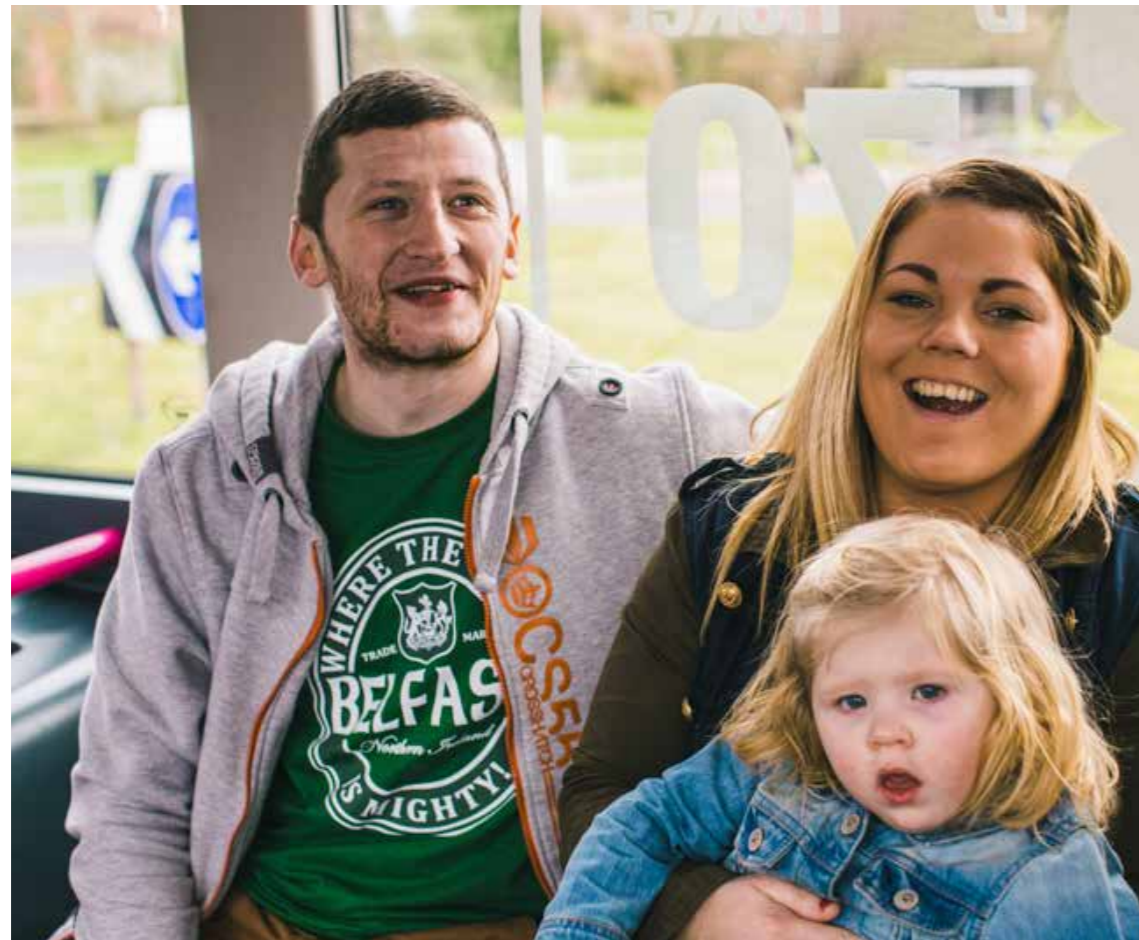
A structured leadership and management development curriculum aimed at developing leadership and enhancing performance management has been implemented. This resource documents the full range of forthcoming events scheduled to meet the development needs of employees in line with organisational aims and objectives. The events schedule provides an opportunity for all staff to engage in a range of personal and professional development activities.

In addition to the launch of a learning and development calendar, further targeted strategic development programmes have been implemented including 'The Excelsior Programme' - a high impact development experience specifically created for Service Delivery Managers and Depot Engineers within Bus Operations to help develop core management skills.

Female Leadership

The Female Leadership Project was officially launched at the inaugural Female Leadership Conference 'Inspiring Leadership' which was held in April 2013. This was supplemented by a highly successful tailored Learning and Development programme which delivered 75 training days specifically targeted at female employees across a range of events including presenting yourself at interview, assertiveness training and leadership skills. Work has commenced on a gender action plan and further learning and development events are planned.





Talking to Stakeholders

As a public sector organisation it is important that we are accountable, transparent and have good governance. We need to ensure that in doing our day to day business we engage with our stakeholders, try to meet their expectations and deal with any issues they raise. We have a wide range of stakeholders: elected representatives, the Department for Regional Development, the Consumer Council NI (CCNI), customers, employees and their representatives, regulators, Inclusive Mobility & Transport Advisory Committee and the general public. During the past 12 months we have been active in talking (and listening) to all of our stakeholders through, for example:

- Regular meetings with and briefing of CCNI.
- 'Meet the Managers' days at our customer (and engineering) facilities; councillors/MLAs and members of the visiting public at Translink stations.
- Attendance at Committee for Regional Development.

- Attendance at party conferences.
- Briefing notes to stakeholders.
- Media briefings and interviews.
- Translink Youth Forum.
- Translink passenger groups.
- Extensive internal communication programmes.

Data, Information and Records Management

We continue to meet our obligations under Data Protection and Freedom of Information legislation. Core to this is effective information management. We have introduced a new electronic records and document management system (EDRM) as a paperless way of working to manage our corporate documents and records. Currently 10 departments have gone live. It is also being used proactively by the NITHC Board and the Executive Team. Work is steadily ongoing with the other divisions and Rail Operations are due to go live in September 2014.



Procurement

Translink's Procurement Department has been reaccredited with 'Centre of Procurement Expertise (CoPE)' status by the Central Procurement Directorate of the Department of Finance and Personnel. This validates that the structures and processes in place in Translink effectively deliver Northern Ireland public procurement policy.

Public Service Contract

To comply with current EU regulations, a formal Public Service Contract will take effect later in 2014 between DRD and Translink. It grants Translink new contractual rights to deliver bus and rail services within Northern Ireland, with enhanced and agreed performance obligations. Preparing for the requirements of this contract have required significant management time and preliminary work.

Infrastructure Manager and Railway Undertaking

Also, the first EU 'Railway Package' has required a formal separation of rail operations (railway undertaking) from the management of our rail network (by the infrastructure manager). This work included completion of a Network Statement, and implementing a bespoke Track Access and Station Services Agreement for Northern Ireland. Separate 'Infrastructure Management' and 'Rail Undertaking' Business Plans have been prepared.



Our mission is to provide a safer, more sustainable, efficient business, enhancing our local economy and enriching the local communities we serve.

CORPORATE RESPONSIBILITY/ SAFETY

Translink is committed to Corporate Responsibility. We consider the interests of society by taking responsibility for the impact of our own activities on customers, suppliers, employees, stakeholders and communities as well as the environment. Our mission is to provide a safer, more sustainable, efficient business, enhancing our local economy and enriching the local communities we serve. The primacy of safety as a value for the Group is embedded and made clear through the role and work of the Safety Committee of the NITHC Board, effectively setting the 'tone from the top' in terms of safety and risk management.

Safety management is delivered through our Corporate Responsibility Strategy - coordinating activity and plans and measuring performance and outcomes, under four themes; Go Safe, Go Healthy, Go Eco and Go Together:

"GO SAFE"

Annual Safety Conference

Translink's Safety, Health & Environment (SH&E) annual conference was attended by 130 delegates from across the group. The topic of the conference was 'Changing Times/Changing People' and focused on the concept of safety culture and the elements of culture that produce excellent SH&E performance.

RAIL SAFETY

Public Rail Safety Campaign

Our 'Deadline' rail safety campaign encourages the safe use of trains and highlights dangers of trespassing and antisocial behaviour around railway property.

Whitehead Safety Project

Translink facilitated a group of young people aged 14 - 16 to create a piece of graffiti art at Whitehead Train Station to celebrate diversity in the village and the importance of safety near the station and railway tracks.

Rail Safety, Schools and the arts project

An electronic rail safety project was launched with a local arts performance group, Cahoots, using a magic show and technology to highlight rail safety issues to 11-15 year olds. The project is targeting up to 4,500 school pupils in its first year and will be performed in schools close to the rail network.

Samaritans - 'We're in Your Corner'

Ongoing engagement with Samaritans as part of the 'We're In Your Corner' partnership between Translink NIRailways and Samaritans aims to promote the charity's emotional support services available for anyone in distress.

Emergency Training Exercise

Translink NIRailways delivered a major multi-agency cross border emergency training exercise in Jonesborough, Co Armagh with Northern Ireland Fire & Rescue Service (NIFRS) and Louth County Council Fire and Rescue Service. The purpose of the exercise was to test operational command and response to an extensive railway and multiple road traffic collision incident in the border area. The exercise also tested the response of Translink's Incident Care Team who are trained to support the individuals involved in a major incident. The exercise involved a staged collision on the railway tracks with a car crashed through a fence onto the railway track and into the path of an oncoming train.



Agri Community

To maintain the safe use of railway crossings we have worked with partners such as the Ulster Farmers Union and Young Farmers Clubs, as well as the Health and Safety Executive Northern Ireland and the emergency services to maintain safe use of railway crossings. This year activities have included:

- International Level Crossing Awareness Day 2013 - we visited a number of crossings around the rail network and were supported by DRD Roads Service, PSNI and staff from various departments within NIRailways; we also took part in interviews with two local radio stations.
- Continued support of the Risk Avoidance and Danger Awareness Resource (RADAR). A mock train, platform and automatic half-barrier installed in the RADAR centre raise awareness of personal safety and improve the behaviours of key age groups.
- For our Spring campaign 2013 we issued a safety booklet to crossing users and contractors which was supported by the HSENI Farm Safety Division.
- Further developing our partnership with the College for Agriculture, Food and Rural Enterprise at Greenmount to directly target students studying for agri related professions, we held a level crossing awareness safety challenge at their campus.
- Attending agricultural shows across Northern Ireland.
- Producing our annual safety calendar with a range of safety messages to help maintain awareness levels throughout the year.

INFRASTRUCTURE SAFETY

Restructuring

The safety section has been preparing for the restructuring of the Infrastructure Division to reflect the requirements of European Legislation (The Railway Safety Directive). The Division will have responsibility for a number of functions that were previously managed by Rail Services, including the Traffic Department. The safety teams' responsibilities will extend to the technical expertise for traffic management, the NIRailways/Irish Rail Rule Book and the production of the Weekly Operating Notice and associated instructions, procedures and standards.

To provide these functions we will be required to amend our Safety Management System, a major piece of work that will extend into 2014.

Safety Monitoring and Bulletins

A new regime for monitoring incidents has been implemented and a new safety bulletin format has been developed and will be circulated regularly to Infrastructure staff highlighting divisional and industry safety concerns, trends or specific incidents.

Level Crossings

Infrastructure closed three additional user-worked crossings and upgraded a user-worked crossing on a public road to an automatic half barrier; we expect to close up to ten crossings in the coming year. We have been involved in redrafting level crossing regulations that are now in the consultation phase; this initiative will address both misuse and performance issues associated with crossing misuse.



Trespass

Trespass on NIRailways has a widespread pattern with low incidence rates making it difficult to organise effective local campaigns, however, we have been working with the PSNI in the greater Antrim area in an attempt to reduce the level of trespass in that area. A number of prosecutions are pending following the exercise.

BUS SAFETY

First Use Bus Safety Checks

We have a legal responsibility to ensure the roadworthiness of our vehicles and the 'first use' walk-around inspection by our bus drivers is a key part of our group's approach to delivering this. We have been working with our drivers so they are all fully trained and have the proper equipment to effectively carry out these important safety checks that ensure the vehicle is in a roadworthy condition every time it goes into service. These checks complement the regular safety inspections which are carried out by the Bus Engineering Department.

Over the last year we have further enhanced these safety checks by introducing a number of new measures to make it even easier for drivers to complete their first use checks, including:

- 'The Extra Foot' - a tool to enable drivers to simply check brake lights.
- Wheel nut indicators.
- Dedicated marked out bays at depots with additional lighting/mirrors.
- Drivers issued with Dynamo Torches.
- A new first use checklist to show a bus has been checked that day.
- A new defect recording system.

Bus & Bike Travelling in Harmony

With more people choosing to cycle, bikes and buses safely sharing road space is an increasingly important issue. To help address this, bus drivers and cyclists across Northern Ireland have benefitted from a new 'Travelling in Harmony' education campaign which provides guidance on how to share the road safely. This joint venture with Translink, Sustrans and Travelwise, saw the

launch of a new 'Travelling in Harmony' guide for cyclists and bus drivers as well as bespoke training for some 2,000 bus drivers - providing advice and support on how to travel safely together. The campaign is about raising safety awareness by giving both cyclists and our bus drivers a better understanding of using the road from each other's perspective. Particular emphasis has been placed on the bus drivers' interaction with cyclists in shared bus lanes.

Safety Bus & Schools

The enthusiastic safety bus team continue to develop and innovate in order to bring safety messages to the 25,000 plus young people who board the bus every year. Almost all post primary schools in the Belfast area are targeted by the safety team and they also attend the inter-agency Bee Safe events for primary schools across Northern Ireland. The team works closely with local Translink employees and other partner organisations such as PSNI, Education and Library Boards, NI Fire & Rescue Service and local community groups.

The success of this safety bus initiative has resulted in a considerable reduction in the number of incidents of vandalism over recent years. As a result, safety messaging has become more about travelling safely and the individual and community benefits of using the bus, such as the social and environmental aspects or the health benefits of a walk to and from the bus stop. The team are also now engaging with upper and lower sixth forms to see what they remember about the Safety Bus and also to help inspire younger generations to travel safe. Continued support for the Ulsterbus Cup, recognising academic success in the area of road safety is also part of this approach.

Road Safety Week Bus Collision Re-enactment

A re-enactment of a bus collision scene was jointly held by Translink and NIFRS at St Killian's College, Carnlough to promote seatbelt safety to over 800

pupils who travel to the school each day by bus. A series of art, drama and writing competitions are due to take place in 2014 to further promote the importance of using seatbelts among pupils.

"GO HEALTHY"

Health and wellbeing in the workplace

We work hard to help all our colleagues lead a healthy lifestyle. This benefits Translink and the individual. Health and wellbeing initiatives to enhance occupational safety have included:

- General Wellbeing Checks; including blood pressure, cholesterol and blood sugar
- Cycle to Work Scheme
- The £ for lb. weight loss scheme encourages employees to shed pounds while raising money for charity.
- TransFit newsletters circulated to staff with advice on healthy living
- Business In The Community Health Champions Network
- Depot specific initiatives e.g. Newtownabbey walking routes
- Drugs and Alcohol Awareness Campaigns
- Partnership with Public Health Agency – launch of 'Go Healthy' Bus
- Healthy Eating for employees on shift work
- Creation of Employee Offers booklet
- First Aid and defibrillator training

Community Health & Wellbeing initiatives have included:

'Dementia Friendly' Communities

We have been working with the Alzheimer's Society to highlight the importance of creating dementia friendly communities in Northern Ireland. For many, using the bus is a real life line and hence catering for those with dementia has been incorporated into our driver training programme this year. Through this we hope to





encourage those living with dementia to travel more confidently on our services as well as help to challenge the stigma around mental health and help support people with dementia to continue living independently in their community for as long as possible.

The JAM Card

We have supported the NOW Project on their introduction of The JAM ('Just A Minute') Card - an innovative new scheme designed by people with learning difficulties for people with learning difficulties. It is a credit card sized plastic card that people with learning disabilities or difficulties can carry and use to alert staff in retail outlets, leisure and social facilities where the card holder needs 'Just A Minute' of patience and time when interacting with various staff. To date there are over 700 cards in circulation throughout the Greater Belfast area.

Charity Partner

This year our employees chose Macmillan Cancer Support as our local charity partner and we are working closely with them to promote the work

that they do to help everyone in Northern Ireland with cancer. No one should face cancer alone and our employees together with Macmillan are rolling out a programme of fundraising projects and events for staff, passengers and public right across the country over the upcoming year to help make a difference.

Belfast City Marathon

As a key supporter of the Belfast City Marathon we have helped to encourage more people to take up the challenge, whether it is a walk, the relay or the full run. We have also got our 'Life's Better' ambassadors on board with a team of our passengers running alongside our own employees to help raise money for our Charity Partner Macmillan Cancer Support.

Belfast Health Month

We supported Belfast City Council's Health Month through health initiatives including:

- A health day in Belfast Central Station to encourage sign ups to the Belfast City Marathon.
- A 10,000 step Challenge using pedometers

to encourage more people to use the bus and train to get regular exercise into their day by walking to the bus stop or train station.

- Chair Yoga demonstrations in stations to show how you can exercise on board the bus and train or in the station.

"GO ECO"

Carbon and Energy Management

Through passenger numbers on Public Transport, Translink removes around 60,000 cars from the roads in Northern Ireland on a daily basis. This provides a net reduction in Northern Ireland's carbon emissions of some 50,000 Tonnes per annum.

Translink has continued to reduce carbon emissions at our facilities through an ongoing internal Go Eco campaign supported by Energy Champions at key locations across the network, encouraging employees to work together to help reduce energy consumption.

Other Translink carbon reduction measures include using 100% green renewable electricity, a regular programme of energy surveys, and carbon and energy reduction projects. In the year ahead Translink are investing in the latest energy efficient lighting with automatic controls at four of our major depots. We are also making an investment to convert the heating systems at four sites to run on natural gas instead of oil.

Eco Driving

Eco Driving is now adopted throughout the bus fleet and is working well with drivers saving between 4-5% on their vehicle's average fuel consumption. This success is helping us to drive down our CO₂ emissions and fuel costs and reducing our environmental impact across Northern Ireland. The scheme has also been rolled out to include our infrastructure vehicles.

Biodiversity

As a leading business in Northern Ireland, we recognise the significant role we have to play in providing for biodiversity and sustainable development, and we place this at the heart of our business. Translink's biodiversity project has continued to develop and has become firmly embedded into our plans over the last 5 years. Some of the local projects undertaken this year include:

- 'BIO-ENVIRO' Coach Tour Event - a free-one off event offering passengers a nature packed day around Lough Neagh.
- Annual bird-watching event at Glynn Train Halt in partnership with Larne Borough Council.
- Installation of a newly designed swift calling device and interpretation panel at our innovative Swift Tower.
- Translink's Bio Buzz Campaign - re-launched the campaign from 2012 to encourage passengers to record the variety of wildlife they see when travelling on their journeys with Translink.

Recycling and Waste Management

Translink's recycling/recovery rate of general waste has increased by 7% over the last year to 96%. As we have achieved such a high standard this year we are placing our focus on waste minimisation and using it as a key theme in our Go Eco communications.

A recycling charity initiative set up locally by staff at Newry Bus Station has been running for the last 15 years and has continued to build on its success in 2013/14. To date Translink staff companywide have gathered 5,474 pairs of glasses to give to OneSight, a worldwide charity which distributes them to people in need of glasses, giving the gift of sight.



Eco Schools Travel Challenge

The Eco Schools programme continues to develop and grow, working with more and more local schools across Northern Ireland to help young people understand the benefits of using sustainable transport options.

TIDY Translink Programme 2013

Our TIDY Translink station programme supports and recognises the efforts of all employees involved, developing a culture of continuous environmental improvement and making employees proud of their workplace. This year the assessment criteria integrated aspects of our four Corporate Responsibility themes: Go Safe, Go Eco, Go Healthy, Go Together. A testimony to our employees' commitment and dedication, the results continue to improve with eight Translink stations gaining a Platinum award, twelve achieved Gold, twelve Silver, and nine received Bronze awards.

Corporate Volunteering

Over the past year Translink has teamed up with Keep NI Beautiful to help monitor and tackle litter across the country by getting involved in their BIG Spring Clean and their Marine Litter Programme. As part of this partnership, we 'adopted' a beach near Bellarena Halt on the North Coast, where we have successfully completed four beach cleans lifting approx. 35 big bags of litter.

Water Management

Translink's automated water monitoring equipment at twelve of our locations provides continuous monitoring of water use and provides alerts if consumption increases considerably, such as a water leak. It also allows detailed analysis of water use at a site level.

New Sustainable Antrim Bus & Rail Centre

Antrim's new integrated bus and rail centre is leading the way in sustainable station development and boasts some of the latest environmental features such as solar panels, a natural ventilation system and a naturally insulated green roof.



“GO TOGETHER”

Rural Community Transport Partnership

Translink hosted an information and training session for Rural Community Transport Partnership staff to give an overview of Translink’s Journey Planner and how to access journey information online, to help deliver a joined up approach to transport and provide rural people with more options when travelling around Northern Ireland.

‘Have a Go Days’

This year Translink encouraged women across Northern Ireland to attend special ‘Have a Go Days’ that provided them with a unique opportunity to gain first-hand experience of driving a bus and find out more about a career as a Translink bus driver. The initiative aims to increase the numbers of women applying to become bus drivers and raise awareness that the job is not just for men and offers many attractive benefits. Each session provided women with practical experience of driving a bus and also included presentations and talks from current female employees as well as the opportunity to complete a job application.

Life’s Better Schools Debate

The Northern Ireland Schools Debating Competition was supported by Translink through our Life’s Better campaign. The competition was seeking to foster discussion and debate around the attributes of passenger transport and students from eight secondary schools across Northern Ireland went head to head. By actively engaging with students we are encouraging young people to rethink their travel decisions and embrace the many benefits it has to offer, especially as they progress through their education and into the world of work.

Supporting our Community

Translink has continued to engage with local communities through sponsorships, charitable initiatives and supporting employees through fundraising initiatives. These have included:

- NI Anti-Bullying Week
- Metro Drivers – ‘Just A Minute’ initiative
- East Belfast Arts Festival
- Short Strand mural project
- Women in Business

- Translink Ulster in Bloom
- Belfast City Marathon
- Road Safety DOE Ulsterbus Cup
- Tidy NI
- Eco Schools
- Halloween: Metro Monster Mash
- West Belfast Festivals
- CS Lewis Festival
- Festival of Fools
- Festival of Marching Bands
- Belfast Fashion Week
- Ulster Youth Choir
- Ulster Rugby
- Samaritans
- WalkFest Castlerock
- Translink Youth Forum

Macmillan Cancer Support

Translink has appointed Macmillan Cancer Support as Charity Partner following an internal employee nomination and selection process. This partnership has got off to a great start with many employees participating in a range of fundraising events with almost £8,500 already raised to date. Key events have included:

- Big Coffee Mornings
- Adrenaline Drop
- Lap the City Hall Event
- Valentine Cake Sale in Belfast Central Station

Translink Staff Charity

The ‘Translink Staff Charity’ (previously RailRoad) donated £13,300 to 12 charities during 2013/14.

Many of our employees have given time and support to a range of charitable organisations through volunteering and fundraising events within their local communities. Translink supports these activities and employees are encouraged to apply for matched funding through the Translink Community Partnership Scheme and the Translink Staff Charity.

AWARDS

- Unite ULR (Union Learning Representative) of the Year 2013 – two Translink bus drivers were awarded runner up positions at these awards.
- Environmental Awards
 - ARENA Network Northern Ireland 15th Environmental Benchmarking Survey – awarded Quintile One
 - Keep NI Beautiful Coca-Cola Coast Care Awards – awarded Highly Commended Business Involvement of the Year 2013

PRINCIPAL RISKS AND UNCERTAINTIES

Significant risks to the delivery of the programmes outlined in the Group's corporate plan and identified as part of the risk management processes include:

- Impact of Funding Shortfall
- Retention of Business Critical Personnel and Continuity of top-management
- Poor stakeholder engagement
- Failure to maintain good employee relations
- Failure to agree new ELB school contract
- Impact of adverse weather conditions
- Local security situation
- Implications of evolving EU and Domestic Transport specific laws

Information on the company's risk management policy and procedures for managing risk are contained in the corporate governance statement.



04 DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with the financial statements and auditor's report, for the 52 weeks ended 30 March 2014.

There have been no significant events since the balance sheet date which have a material effect on the accounts. An indication of likely future developments in the business of the group is included in the strategic report.

Information about the use of financial instruments by the company and its subsidiaries is given in note 24 to the financial statements.

Directors

The directors, who served throughout the year and up to the date of approval of the accounts are noted on page 4.

Mrs C Mason, the Group Chief Executive served as a director throughout the year and resigned on 31 March 2014.

Mr G Milligan was appointed as a director and Interim Group Chief Executive on 1 April 2014.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year and these remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

During the year, the policy of providing employees with information about the Group has been continued through the newsletter 'Expresslines', a weekly email from the Group Chief Executive and bi monthly 'Team Talk' briefings.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



Financial Instruments

The Group's principal financial instruments comprise cash, trade debtors, trade creditors, derivative instruments, investments in subsidiaries and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below.

Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and exchange rates will affect the Group's financial performance and/or financial position. The objective of the Group's management of market risk is to manage and control market risk exposures within acceptable parameters. The Group does not consider currency risk or interest rate risk to be material due to the low levels of foreign currency transactions and its borrowings being limited to its overdraft.

The Group enters into derivative financial instruments in the ordinary course of business in order to manage market risk, in the form of fuel price risk. All such transactions are carried out within guidelines set by the Board. Market risk exposures are measured using sensitivity analysis.

Under IFRS guidelines the derivative financial instruments are recognised in the Group's financial statements at fair value with full disclosure at note 24 to the accounts.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Credit risk

Credit risk arises on trade debtors and certain other debtors, a significant element of which relate to amounts owed by UK government bodies and in relation to which the Directors consider the credit risk to be remote. Group and Company policy is aimed at minimising credit risk and requires that deferred terms are granted only

to non-government customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the Group and company's exposure to bad debts is not significant.

Liquidity risk

Liquidity risk arising in respect of the Company's subsidiary undertakings is managed through the Group's central purchasing and treasury function, with flexibility maintained by retaining surplus cash in readily accessible bank accounts, bank overdraft facilities and control of Group indebtedness. Further, significant capital projects are normally funded by grant aid, with such projects requiring approval by both the Board and the Department.

The Group's Corporate and Business Plan 2014/15 to 2016/17 has been approved by the Department for the first year 2014/15.

Going Concern

The Directors acknowledge the guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council in October 2009 and the FRC guidance 'Update for Audit Committees: Issues arising from Current Economic Conditions' published in November 2010.

The Group's business activities, together with the factors likely to affect its future development, performance and government funding are set out in the Strategic Report. Principal risks and uncertainties are detailed in the Strategic Report and the Corporate Governance Statement on page 60 includes details of how risks are managed. Details of financial instruments and exposures to market risk, credit risk and liquidity risk, are included above.

Public funding for both bus and rail is substantially reduced during the Corporate Plan period 2014/15 to 2016/17. The next Comprehensive Spending Review falls within the period of the Corporate Plan and the level of funding availability is uncertain.

Both capital and revenue funding are reduced from current levels. However the bus companies can maintain financial viability over the period of the Corporate Plan using the Departmental assumptions of in year funding. Rail has a shortfall in 2014/15 which can be covered by the Group's cash resources if necessary. In the years 2015/16 and 2016/17 there is a shortfall in concession funding and it is expected that the Department will submit high priority bids for these funds.

As a Public Corporation, whose legal status is not expected to change in the immediate future, the Group receives financial support from Government in the form of railway Public Service Obligation, fuel duty rebate and capital grant support. In addition the Group receives recompense for the carriage of concession groups.

In assessing whether the accounts can be prepared on a going concern basis the Directors need to examine a minimum period of 12 months after the date of signing the accounts which for the 2013/14 financial year covers through to June 2015. As noted earlier both the railways and the bus companies can operate within the funding available and have adequate cash resources during this period.

The Directors have assessed the projected cash position and have concluded that it is reasonable to assume that the Group has adequate resources to meet its anticipated liabilities as they fall due and to enable it to continue in operational existence for the foreseeable future. Accordingly, the Board has concluded that it is appropriate to continue to prepare the accounts on a going concern basis.

The Board has examined the financial position of the Group for the entire Corporate Plan period from 2014/15 to 2016/17 and has a reasonable expectation that financial viability will be maintained over that period.

The Board accepts its responsibility to manage the cost base and to maximise the revenue generated from fare-paying passengers and from other sources within the policy direction set down by the Department. However, the achievement of the planned financial outcomes over the Corporate Plan period assumes:

- No significant downturn in projected passenger numbers;
- No change to the quantity of provision of sessional tickets for school transport by Translink;
- The Group's ability to match network provision to funding available; and
- No external constraints being placed on the Board preventing it from taking corrective action, when necessary.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

JP Irvine

JP Irvine
Company Secretary
 for and on behalf of the Board
 11 June 2014



05 CORPORATE GOVERNANCE STATEMENT

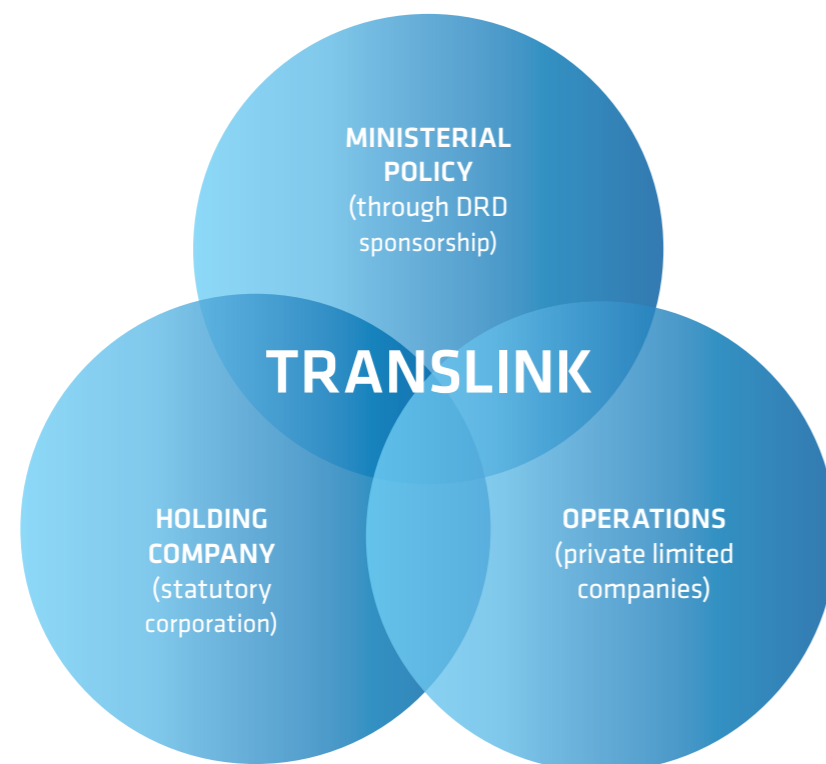
Our Business

The Translink Group consists of a public corporation, the Northern Ireland Transport Holding Company (NITHC) which owns and controls seven private limited subsidiary companies (together referred to as the Group or Translink).

According to the latest Office for National Statistics classifications, we are collectively

referred to as a non-financial public corporation. This effectively means we are a market body with a degree of commercial independence, yet are governed in policy terms by Government. We are sponsored and part-funded by the Department for Regional Development (the Department). Our operating model is illustrated below:

Our Operating Model



Compliance with Relevant Codes and Governing Authorities

The Group is committed to operating in accordance with best practice in corporate governance. The Board has sought to have regard to a number of the provisions of the UK Corporate Governance Code in so far as it considers them to be appropriate to a company of Translink's size and nature.

In addition, as an arms' length body sponsored by the Department we comply with our broader governing authorities such as the management statement and financial memorandum (MSFM), various Transport Acts and related legislation, and the relevant provisions of Managing Public Money Northern Ireland (including key expectations on our Accounting Officer).

The Interplay of a Corporate Board with the Statutory Role of the Minister

The Minister for Regional Development is accountable to the Assembly for the activities and performance of the Translink Group. He does this primarily through his policy control of the parent company NITHC, and the accountability lines which flow to him from the Group's Board of Directors.

These include:

- approving strategic objectives and corporate plan;
- approving the top level accountability lines and policy framework within which the Group operates;
- keeping the Assembly informed about performance;
- approving the amount of grant or subsidy or other funds to be paid to NITHC or its subsidiaries, and

- carrying out responsibilities specified in the Transport Act (Northern Ireland) 1967, including making appointments to the Board, approving the terms and conditions of Board members, and laying the annual report and accounts before the Assembly.

The MSFM

Underpinning the Department's statutory relationship with NITHC is an additional layer of governance known as the MSFM. This sets the broad parameters within which the Group, under the strategic direction of NITHC, is expected to operate. The MSFM is a particularly important piece of the Group's governance architecture which promotes clear understandings with Government, sound internal control and risk management. A new MSFM came into operation during this reporting period.

Meetings & Interfaces with the Sponsor Department

There are periodic meetings which form the top-level governance arrangements between NITHC and the Department. These interfaces comprise:

1. A Ministerial meeting with the NITHC Chairman at least annually,
2. A senior departmental meeting (led by the Permanent Secretary) with the full Board on a tri-annual basis; and,
3. A departmental sponsor branch meeting with senior Translink Executives no less than nine times a year (to monitor more operational and routine business).

Board leadership and governance attributes

The Board is ultimately responsible for the direction of the Group – its governance, strategy, risk management and performance. The Group Chief Executive is accountable for, and reports to the Board on, day to day executive activities and performance of the Group.

Composition & Role of the Board

In the period the Board comprised of six non-Executive and two executive Directors (the latter of which were the Group Chief Executive and the Chief Operating Officer).

As well as ensuring compliance with its principal legislative duties flowing from the Transport Acts of 1967 and 2011, the Board has a number of matters reserved for its consideration. Its principal responsibilities are to:

- provide an essential challenge function to the Group Chief Executive and management activities;
- agree overall strategy and investment policy and approve major capital expenditure;
- monitor corporate and executive performance; and
- ensure that good corporate governance is observed at all times through the presence of proper internal controls and risk management practices.

The Board scrutinises financial and business performance against the budget and against relevant key performance indicators set by itself and/or the Department. The Board's focus is on strategic leadership, performance management, safety risk management, governance and succession planning. There is a scheduled

programme of Board meetings to ensure that the Board can allocate sufficient time to key matters relating to the business at the appropriate time. The Chairman meets the non-Executive Directors informally, without executive Directors being present, at least once during the year. These meetings and other regular informal discussions create the opportunity for valuable input from the non-Executive Directors.

Board Meetings

The Board conducted thirteen meetings in the reporting period. Board meetings variously cover routine board business and more strategically themed workshops. Workshop topics during this period included a horizon-scanning strategy day, an update on the future Belfast Transport Hub development, and an interactive session on developing a new risk and assurance framework with an updated risk management strategy underpinning it.

Board packs are provided to Directors at least four days in advance of meetings but the facility exists to take urgent papers with less notice subject to the approval of the Chairman. All Directors are kept aware of the discussions and decisions of each of the four principal Board Committees. Minutes of Board and Committee meetings are circulated to Directors shortly after those meetings take place. The Board's minutes are summarised and published on the Group website, www.translink.co.uk.

Board Development & Continuous Improvement

Each director undergoes a structured induction programme involving presentations and site visits to ensure that they are equipped with necessary knowledge and understanding of Translink and

its environment at the start of their terms. Continuing development is provided through specific training sessions, often in response to training plans, which are held by the Board secretary.

The Board receives regular presentations on important operational and business topics from various divisions in the Group: claims management awareness, procurement training, and a directors and officers liability session led by the Finance Director as the responsible officer all took place this year. The Board also received a briefing during the year from the Chief Executive of the Equality Commission - measures like these ensure that all Board Directors are aware of, and are in a position to monitor business progress and to discharge effectively their individual Director's duties under the Transport Acts and Companies Act 2006.

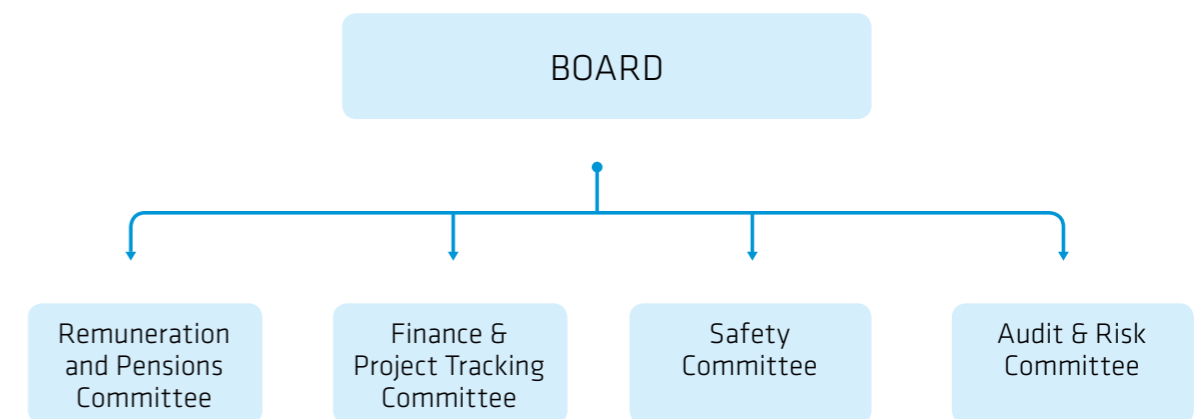
Board Performance Evaluation

A formal and rigorous process exists for evaluating the Board's performance and that of its

committees annually (this includes a mechanism for evaluating the performance of individual non-Executive Directors and the Chairman). The Chairman is responsible for the evaluation of the other Board Directors, while the evaluation of the Chairman is undertaken by the other Directors (in the absence of the Chairman) under the stewardship of the Senior Independent Director. An annual assessment is also completed on behalf of the Department with the Chairman assessing individual non-Executives' performance, whilst the Permanent Secretary undertakes the assessment of the Chairman.

Board Committees

To provide effective and proper control, certain of the Board's functions have been delegated to the following Board committees



Remuneration and Pensions Committee

This Committee is responsible for matters such as reviewing the scale and structure of the remuneration of the most senior Executive posts, the terms of their service contracts, and important pensions issues for the Group (including recommendations of appointments of trustees to the company's pension trusts). The Remuneration and Pensions Committee is responsible through its Chair for signing the Directors' Remuneration report.

Finance & Project Tracking Committee

This Committee is chaired by the Chairman of the Group. Its purpose is to discharge important financial business on behalf of the Board including considering spending and procurement proposals as well as project monitoring, tracking, and post-project evaluations. This year the Committee reviewed its scope and its terms of reference with Board approval so that it now includes analysis of treasury policy and banking arrangements as part of its functions.

Safety Committee

The responsibilities of the Committee include the review of Group safety policies particularly in light of changing legislation and best practice, the promotion of safety culture, the consideration of the findings of both internal and external reviews and investigations and the approval and monitoring of safety performance measures and standards. All non-Executives undertake safety tours.

Audit & Risk Committee

The Board has overall responsibility for risk management and the system of internal controls and for reviewing their effectiveness. Certain of these responsibilities have been delegated to

the Board Audit & Risk Committee (BARC). The Committee through its Chair provides regular updates at Board meetings throughout the year.

During the period, the Committee maintained its range of skills with the continued contribution of the co-opted committee member from OFMDFM, Stephen Boyd who provides recent and relevant financial expertise. An observer from the Department continues to attend all audit and risk committee meetings for the purpose of reporting to sponsor department and receiving information – but clearly in keeping with good governance has no decision-making rights.

The BARC is responsible for a wide range of matters including the scrutiny of the financial statements, significant financial reporting issues, the effectiveness of internal controls, the Group's risk management systems and assessments of major risks, recommendations to the Board as to the appointment of internal and external auditors (including remuneration and other terms of engagement), and the ongoing management of, and the unrestricted access to, these relationships once they are established.

Division of Responsibilities

The Chairman

There is a clear division of responsibilities between the Chairman and the Group Chief Executive, which is articulated in our Corporate Governance Framework (this framework takes the form of a manual provided to senior management, external audit, internal audit and the sponsor department). It includes inter alia the MSFM, a Code of Practice for members, a Scheme of Delegation and financial authority, some key Company policies and a short-form guide to our multiple governing authorities.

The Chairman is responsible for leading and managing Board business and ensuring its effectiveness. With support from the Group Chief Executive, the Chairman ensures that the Board is kept properly informed, is consulted on all issues reserved to it and that its decisions are made in a timely and considered way that enables the directors to fulfill their duties. The Chairman promotes an open culture allowing for debate and constructive challenge of the executive directors. This in turn drives a culture of continuous improvement in standards and performance across the Group.

The Chairman is supported in his role by the Senior Independent Director, Angela Coffey, who serves as a sounding board for the Chairman, acts as an intermediary for the other directors and also leads the non-Executive directors in the oversight of the Chairman.

Non-Executive Directors & their Independence

The Chairman and the non-Executive Directors of NITHC are appointed by the Minister to serve for one or more terms typically for three or four years each. The expected time commitments for Directors are indicated by the Department in its appointments process. Directors are not reappointed annually given the nature and term of their original public appointment by the Minister.

All non-Executive Directors bring wide ranging experience and backgrounds spanning the fields of transport, EU affairs, banking, public sector governance, private sector enterprise, health, economic development, urban regeneration and local/central government. These skill sets ensure that non-Executive Directors are well placed to contribute fully to the Group. A register of

directors' interests is maintained and is made publicly available to interested parties. Directors make declarations of interests upon appointment, then again periodically during their term of office, and in specific instances at individual Board meetings where a particular item on the agenda prompts a declaration of an interest. If the interest conflicts, or could be perceived to conflict, with the duties as a Board member then the interest is recorded and the member is absented from the meeting during discussion of the item in question.

In the opinion of the Board, each of the non-Executive Directors is currently independent under the criteria set out in the Code.

The Group Chief Executive/Accounting Officer

The Group Chief Executive is charged with operational day to day management of the Group. Acting within the authority of the Minister and the Departmental Accounting Officer the Accounting Officer has responsibility for ensuring that the Group operates effectively and to high standards of probity. The Accounting Officer retains distinct duties with regard to governance, decision-making and financial management. These duties were set out in the letter of appointment dated 18 August 2008, as supplemented by the requirements of Managing Public Money Northern Ireland and HM Treasury Guidance on Regularity, Propriety and Value for Money (November 2004).

The Group Chief Executive chooses to deliver performance of executive functions through an Executive Committee. The Group Chief Executive retains advisory functions to assist her and the Executive Committee with the proper discharge of executive decision making, and this assistance

takes the main forms of audit-related and governance advice from Internal Audit and General Counsel respectively.

This Committee refers its significant business over agreed financial thresholds upwards to either the Board or one of its committees (as appropriate) for final decision.

The key responsibilities and tasks delegated to the Executive Committee include:

- implementing Board decisions and Board policy
- monitoring compliance with the MSFM (in terms of operational reporting requirements)
- ensuring effective performance and co-ordination of the Group's business activities;
- overseeing operational performance, including health and safety and environmental performance;
- monitoring and controlling financial performance; and
- approving expenditure and other financial commitments delegated by the Board.

The Chief Operating Officer

The Chief Operating Officer (more commonly referred to as COO) is the second Executive-level representative on the Board. The COO is responsible for the effective, safe, and reliable operation of all passenger services. The General Managers of the bus, rail and infrastructure divisions report directly to the COO in this respect. The COO has been designated as the Board Safety Champion.

The Company Secretary

The Board is guided in the lawful and diligent performance of its functions by its General Counsel & Company Secretary. He attends Board meetings to provide strategic counsel and advice (confidentially, when required) to Directors on matters of compliance, risk and corporate governance.

The appointment, other terms, and removal of the Company Secretary are matters reserved to the Board. A Board secretary reports to the Company Secretary (for the purpose of assisting with the smooth administration of Board and committee business).

Attendance at Board and Committee Meetings

The Board continues to have very strong attendance levels at Board and Committee meetings, as demonstrated by the table overleaf.

Director	Committee Membership	Board	Audit & Risk	Safety	F&PTC	GRPC
Number of meetings		13	5	4	12	7
John Trethowan	S, F*, R	13/13	++	1/4	10/12	7/7
James Brown	A, F, R	13/13	4/5	-	11/12	7/7
Angela Coffey	S*, F	12/13	-	4/4	10/12	-
Anthony Depledge	A, S	13/13	5/5	4/4	++	-
Frank Hewitt	A*, R	12/13	5/5	-	-	7/7
Bernard Mitchell	A, R*	12/13	5/5	-	++	7/7
Catherine Mason	F, S	13/13	-	4/4	11/12	-
Philip O'Neill	F, S	12/13	-	4/4	11/12	-
Stephen Boyd (OFMDFM external)	A	-	3/5	-	-	-

KEY

*Chair
A - Audit & Risk
S - Safety
R - Remuneration & Pensions
F - Finance & Project Tracking

++ Note: Anthony Depledge attended 6 and Bernard Mitchell attended 2 Finance and Project Tracking Committee meetings as attendees (non-members). Similarly John Trethowan attended 2 meetings of the Audit and Risk Committee as an attendee (non-member)

Risk, Assurance and Internal Control

Under the leadership of the Group Chief Executive with assistance from General Counsel, the Board recently updated its **Risk Management Strategy** and underlying risk and assurance framework during the period. The Board took this action to develop Translink's culture as a risk-aware, accountability-focussed, modern organisation.

The Board considers itself to be responsible for:

- a commercial transport organisation **providing integrated travel solutions that are attractive, sustainable and good value,**

and

- a publicly sponsored body with stewardship of public funds and company assets, plus corporate responsibilities under the Companies Act to generally promote the success of the Translink Group.

The **Accounting Officer** for NITHC is ultimately responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding public funds. Furthermore, Paragraph 3.7.9 of the MSFM requires the Group Chief Executive, as Accounting Officer, to "ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets". The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievements of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they materialise, and to manage them efficiently, effectively and economically.

Core Features of Translink's Risk Management and Internal Control Systems

Internal Audit

The Group benefits from an internal audit function led by a Head of Internal Audit provided by an independent firm. The results, recommendations and significant findings are reported to senior executive management via the Internal Audit Review meetings and are further relayed in summary form to the Audit & Risk Committee. Internal audit conducts a comprehensive programme of audit reviews, and provides ad-hoc advisory services on various control items throughout the year. The Head of Internal Audit reports to the Accounting Officer and to the Board Audit and Risk Committee on a regular basis and has direct access to the Board and to the Chairman of the Audit and Risk Committee.

External Audit

The external auditors provide the Audit & Risk Committee with reports on the Statutory Accounts.

Risk Management & Risk Registers

The Board reviewed the corporate risk register periodically during the period, and as of December 2013 had agreed that the corporate risk register, to the extent it is contained and embodied in the new corporate risk and assurance framework, will come to it periodically in a refreshed format (where it will continue to be reviewed first by the Board Audit and Risk Committee).

In line with the MSFM and the Group's corporate governance framework, the Board maintains a Risk Management strategy which as of 2013/2014 provides new roles to risk and assurance champions within all divisions in the business.

The Board took recommendations and endorsement from its Audit & Risk Committee, Head of Internal Audit and the Accounting Officer before refreshing and re-validating its overarching strategy and Group policy to risk management and assurance in February 2014.

Divisional risk and assurance frameworks are owned by the respective Executive in each division. These inform the Corporate Risk and Assurance framework. Dependent on an assigned risk-score, balancing impact and likelihood of occurrence, the more significant of the divisional risks are escalated to the corporate risk and assurance framework as appropriate. The Group Chief Executive takes a leading role in sponsoring and maintaining the Corporate Risk and Assurance framework. Registers (rather than new risk and assurance frameworks) also exist for major project work, fraud risk, emerging risks, and recorded near misses.

During the period, strategic risk persisted regarding retention and continuity of members of the Executive ranks particularly in the context of remuneration constraints, succession planning, and related morale/motivation impacts. There was also a need for the Board to ensure the smooth transition from the outgoing group Chief Executive (Catherine Mason) and the recruitment of a new Group Chief Executive. Towards the end of the period the Board noted that the potential impact of Ministerial policy to enhance Board diversity could lead to substantial change of non-Executives with commensurate business continuity, corporate governance and corporate-memory risks.

Also prevalent were funding constraints linked to the achievement of Regional Transportation Strategy targets, and the transition to public service contracting which has already commanded significant top-management time and consideration. The new contracting regime is expected to bring new challenges and new ways of delivering public passenger service obligations during 2014/2015. All of these have continued to be debated and addressed with appropriate levels of scrutiny and assistance from the Audit and Risk Committee and Board. Operational risks particularly in the area of level and user worked crossings and Belfast Rapid Transport are being managed to more acceptable risk levels. For example, several further user worked crossings were closed during the period, and our role on the Belfast Rapid Transit project has been recorded by Government in this period to be one of Operator Designate/Senior Supplier.

There remains a level of uncertainty over the contract for home to school transport in the context of uncertain future approaches to be taken by the Education and Skills Authority. Employee relations remained on the corporate risk register during the period as it continued to command a substantial portion of management's attention. Other operational risks are in the area of adverse weather and the local security situation where further active measures are taken to mitigate these enduring risks.

The journey of compliance with particular regard to EU transport law applicable to Northern Ireland continues. Much activity has been undertaken to ensure the outworkings of various EU rules arising from EU Regulation 1370/2007, and the 2005 First Railway Package Regulations are embedded through new contractual arrangements

planned for next year. These EU rules and related contractual arrangements (such as new track access and track charging arrangements) have required some related organisational, people and functional changes around the Group. For example, two of the Group's subsidiary companies changed their names officially on 19 March 2014 to more clearly demarcate them as a networks infrastructure business (NIR Networks Limited) and a railway operations business (NIR Operations Limited).

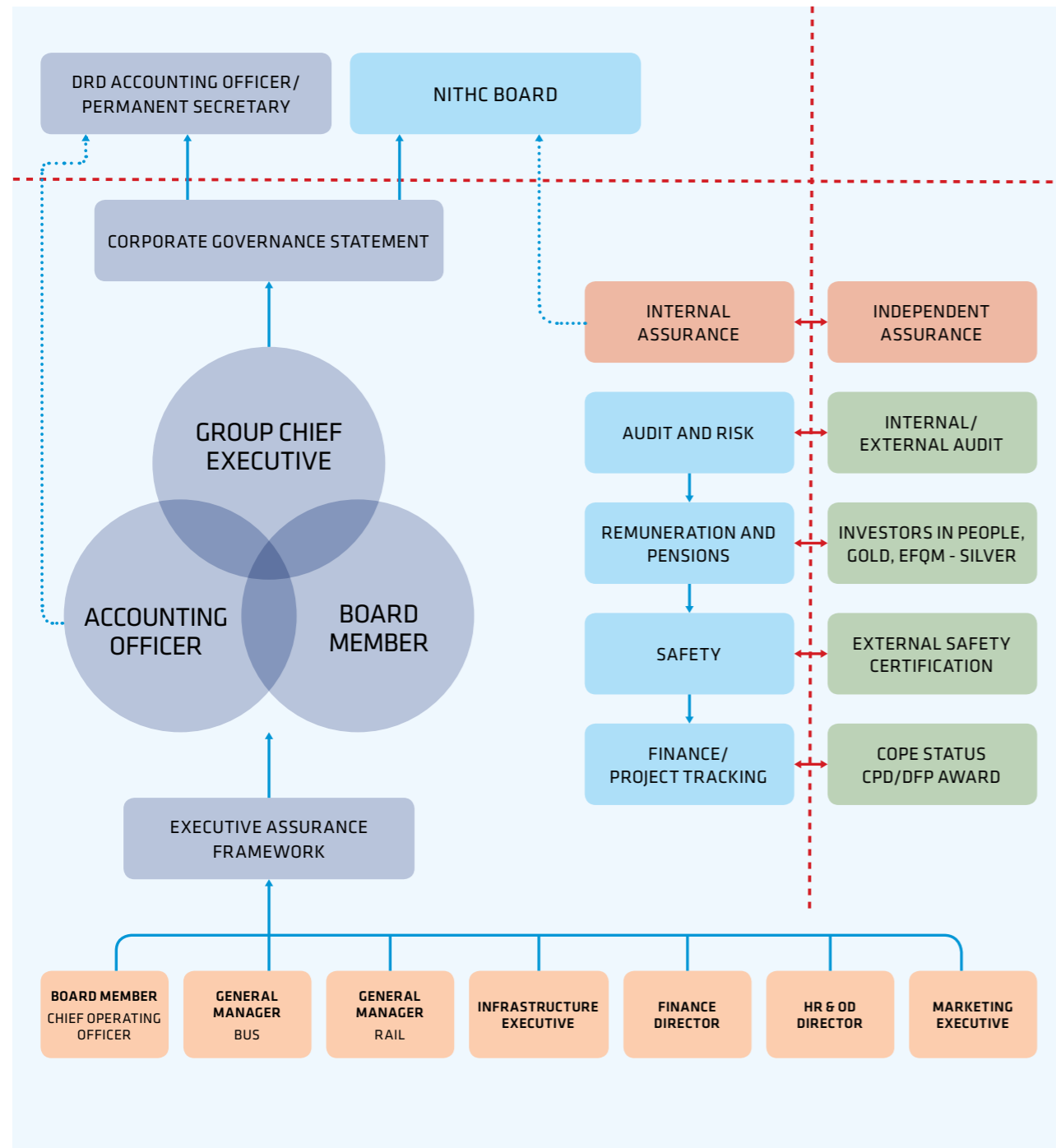
Executive Level Risk Management and Internal Audit Review Meetings

The Group Chief Executive chairs both the Risk Management Review and Internal Audit Review meetings. The meetings are attended by Executives plus Internal Audit. They assist with the overall Assurance Framework, and help inform and shape audit work plans from year to year. They facilitate the Group Chief Executive and ultimately the Board to fulfill risk management and control responsibilities.

New Stewardship Statements and Assurance Mapping

A risk and control self-assessment process is carried out involving the Group Chief Executive. Prior to completing this Corporate Governance Statement the Group Chief Executive requires all direct reports including the Company Secretary to sign stewardship statements which provide assurance for all relevant areas of their responsibility under both the MSFM and the organisation's Assurance Map (the latter of which is provided over leaf). The map shows the operative flows and sources of assurance and accountability within the business:

Assurance Framework Visualisation



Information and Financial Reporting Systems

The Group's planning and financial reporting procedures include detailed operational budgets for the year ahead, the delivery of Key Performance Indicators and a 3 year rolling plan. The Board reviews and approves these.

Investment Appraisal

Capital expenditure is regulated tightly (through budgetary processes and authorisation levels) and all appropriate appraisals above certain pre-agreed thresholds are escalated to the relevant Board or Committee, and indeed the Department as appropriate, for approval.

Stakeholder engagement

The Group engages regularly with political representatives through local Meet the Managers meetings and many other stakeholders in bilateral forums. This facilitates feedback on areas for improvement.

Assessment of the System of Internal Control

The Board and Accounting Officer consider that this present review of the effectiveness of the system of internal control also encompasses risk management practices. There are clear processes for monitoring the system of internal control and reporting any significant control failings or weaknesses together with details of corrective action.

The Board and Accounting Officer review the Group's principal risks throughout the financial year. During this period, we note that the relevant systems are strong and are working in so far as significant risks are identified and targeted for attention as appropriate.

This assessment takes into account the following:

- the testing of the completeness and accuracy of the corporate risk register and risk reporting process (including awareness of emerging risks and near misses),
- the discharge of the Accounting Officer's duties with respect to regularity, propriety and value for money
- the work by the Audit & Risk Committee and reports by the BARC Chairman with respect to
 - (i) assessing the adequacy of financial systems,
 - (ii) checking progress of the audit work plan
 - (iii) actions taken with internal audit reports and DAO/FD letters issued by Government, and
 - (iv) reviewing fraud, theft and whistleblowing registers
- the diligent responses to reports of material weaknesses in internal control, responses to external auditors' management letters and taking learning opportunities from previous incidents in order to prevent recurrence;
- Executive management representations and stewardship statements for their respective areas of responsibility, in the context of an improved risk and assurance framework;
- the high volume, quality and scrutiny of internal audit reports issued during the year by the Head of Internal Audit;
- the internal audit assurance statement to the Audit and Risk Committee in respect of the year ended 31st March which provides satisfactory assurance on the adequacy of internal controls;
- the close monitoring of business performance through regular and sufficient flows of financial management data and constant attention to metrics such as KPIs and passenger charter monitoring; and,

- the time and attention given to maintaining a fit for purpose Corporate Governance Framework which enables compliance with all relevant governing authorities.

Internal Control Divergences

In the previous year a weakness in the system of revenue contract management was identified and a detailed action plan was established to improve the controls. This has been implemented and embedded in the current year under the oversight of the Audit and Risk Committee and while further enhancements continue to be made, the control system is now operating satisfactorily.

Further, a weakness in the policy and procedures over Estates Management documentation was identified and action is being taken to rectify this issue through the recruitment of specialist staff and restructuring of responsibilities to ensure our documentation adequately reflects current practice and best industry standards.

No new significant control divergences have been identified in the current year. All recommendations raised by internal audit and other assurance providers are actioned to agreed timescales under the responsibility of an Executive. These are followed up and checked to be completed in line with standing protocols and reported to the Audit and Risk Committee at each of its meetings.

Conclusion

The Group has a rigorous system of accountability which the Board and Accounting Officer rely upon to form an opinion on the control framework.

Further to this accountability framework, including the assurances provided I (along with the Board) am content that the organisation has operated a sound system of internal control, risk management and governance during the year 2013/14.



Catherine Mason

(as Accounting Officer and on behalf of the Board)
31st March 2014



Gordon Milligan

Interim Group Chief Executive
(in post from 1 April 2014 to the date of signing the accounts, 11th June 2014)

06 BOARD AUDIT & RISK COMMITTEE REPORT

Summary of the role of the Audit & Risk Committee

The primary responsibilities and tasks undertaken by the Committee are to advise the Board and Accounting Officer on a range of matters, principally:

External audit

- Appointment, fees, independence and objectivity of external auditors
- Review of scope of external audit
- Discussion of issues and problems arising from the audit
- Review of management letter arising from the audit

Internal Audit

- Appointment, terms of reference, fees and objectivity of Internal auditors
- Consideration of internal audit findings and management responses
- Monitor the effectiveness of the internal audit function

Internal Control

- Review of the Group's integrated governance statement prior to endorsement by Board including procedures for identifying and controlling risks, prevention and detection of fraud, theft, bribery and corruption
- Review of the operational effectiveness of policies and procedures
- Follow up on the implementation of all accepted recommendations from various assurance providers including but not limited to both internal and external audit
- Consideration of corporate governance issues
- Consideration of value for money

Risk Management

- Review of risk framework
- Review the corporate risk registers to identify significant new risks and the effectiveness of risk management
- Consideration of independent assurance on the management of key risks

Financial statements

- Review of financial statements prior to submission to the Board, including consideration of areas of judgement, estimation or uncertainty
- Review of any material uncorrected misstatements identified by the auditors
- Review of other sections of the annual report for consistency and understandability

The full Terms of Reference of the Committee are reviewed periodically and are available from the Company Secretary.

Composition of the Audit & Risk committee

The Audit and Risk Committee is appointed by the Chairman of the Company. The members are non-Executive directors, Frank Hewitt (Chairman), James Brown, Tony Depledge, Bernard Mitchell, supplemented by Stephen Boyd (a Fellow of the Chartered Institute of Certified Accountants) of OFMDFM, the member with recent and relevant financial experience who was co-opted as a member in the prior period.

The Committee is independent of management and of the Group and possesses a wide range of skills covering financial services, private sector enterprise, banking, public sector governance and finance.

Other attendees

In addition to members, the Group Chief Executive, the Finance Director, the Head of Internal Audit, representatives from the external auditor, an observer from the Department for Regional Development and the Committee Secretary attend Committee meetings, along with any other invitees called by the Chairman to attend from time to time.

Meetings

The Committee meets four times per year and at each meeting reviews:

- recent internal audit reports,
- fraud and theft registers
- whistleblowing registers
- corporate risk registers (including near misses and emerging risks)
- Updated Departmental guidance

In addition the Committee considers matters according to the internal and external audit cycles as follows:

April	Approval of internal audit plan for the incoming year External auditor update report on annual audit Review of assurance framework
June	Review of Internal audit annual report External audit report on the annual accounts/audit External auditor independence Review of the financial statements
Sept/Dec	External auditor independence External audit planning report

On an annual basis the Committee considers its own effectiveness and the effectiveness of the external audit function.

Governance

The Board is kept informed of the work of the Committee by means of minutes of meetings and reports from the Chairman of the Committee at subsequent Board meetings.

The current external auditors were appointed for an initial term of three years commencing with the 2011/12 audit, after a public procurement competition. The Committee only permits the external auditors to undertake non-audit services when it considers that the nature and extent of the services and related fees do not compromise audit independence.

Activities in respect of the year

The Committee undertook the following activities in respect of the year:

Internal audit

- Reviewed and approved the Internal Audit Plan for the year and
- Received and reviewed regular reports from the Head of Internal Audit including summaries of progress against the plan, recommendations arising from reviews undertaken and progress made in the implementation of such recommendations. The Committee provided a challenge function to the work of internal audit.
- Reviewed Annual Report and opinion by Head of Internal Audit
- Reviewed the Internal Auditor appointment and recommended a three year extension in accordance with the terms of the original appointment

External audit

- Engaged with the External Auditors at all stages of their work including planned audit approach, audit progress and conclusions.
- Considered external auditor independence and the extent of non-audit work performed by the external auditors, (consisting principally of taxation compliance and audit of capital and revenue grants) and the possible impact.
- Reviewed the annual financial statements, prepared by management and recommended the adoption of these by the Board
- Reviewed the effectiveness and independence of the external auditors
- The current External Auditor's term of engagement was extended for a further 2 years to the March 2016 audit, in line with original tender options
- The audit engagement partner was last rotated from the 2010 year end

Risk management

- Regularly considered, and interrogated executive management on, the Corporate Risk registers, including emerging risks and near misses, the fraud and theft registers and the whistleblowing register. The Committee was proactive in identifying additional risks for consideration.

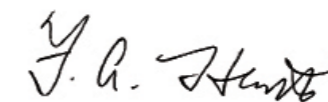
Other activities

- Reviewed Departmental guidance and the implications for the Group
- Met with the External auditors and the Head of Internal Audit, in the absence of executive management to consider matters of relevance to its function
- Noted the Executive assurances provided to the Group Chief Executive at the end of the period
- Recognised the importance of links with partner bodies such as the Department and CIE
- Recognised the interaction and cross-cutting nature of assurance obtained from other Board Committees such as Safety and Finance and Project Tracking

The Committee is satisfied that the system of internal controls in operation throughout the period is appropriate and that there have been no material breaches of internal control brought to the attention of the Committee by either management or the external or internal auditors.

The Committee is satisfied that there are effective risk management processes and procedures in place.

The Committee is satisfied that both the internal auditors and the external auditors provide effective independent challenge to management.



Frank Hewitt
Chairman
Board Audit & Risk Committee
5 June 2014

07 DIRECTORS' REMUNERATION REPORT

The Directors' remuneration report is presented voluntarily by the Board having regard to the main and supporting principles of section D.1 to the 2012 UK Corporate Governance Code (the code).

The Group Remuneration and Pensions Committee (the GRPC or Committee)

The GRPC discharges responsibility for a wide range of matters including:

- **pay policy** - formulation of relevant remuneration and reward policy at executive levels (and an oversight role for employee benefit structures throughout the rest of the Group);
- **executive appointment and removals** - the management of executive recruitment processes and recommendations as to appointments, in addition to having a supervisory role relating to redundancy, compensation and termination arrangements;
- **performance and reward** - outputs including objective setting and performance assessment. In considering performance related remuneration the Committee has regard to the provisions set out in Schedule A to the Code; and,
- **pensions** - certain pensions matters such as changes in policy and making recommendations to the Board about prospective trustee appointments to the Group Schemes.

Executive Directors

The contract of the Group Chief Executive, Mrs C Mason who served throughout the period terminated on 31 March 2014 and an Interim Group Chief Executive, Mr G Milligan was appointed with effect from 1 April 2014.

Remuneration Policy

The key policy objectives are to ensure that individuals are fairly rewarded for their contribution to the Group's overall performance, to provide remuneration which is designed to attract, retain and motivate executives of the right calibre and to ensure that due regard is given to the interests of the Group's stakeholders with respect to its financial and commercial health and to guidance from the Department for Regional Development for Northern Ireland (DRD).

Service Contracts

The Group Chief Executive's service contract contained a notice period of 6 months duration, capable of being given by either the employee or employer. The Chief Operating Officer's service contract can be terminated by the employer giving 12 months' notice and by the individual giving 6 months' notice. The Committee has reviewed the notice periods and considers that they are reasonable and in the interests of both the Company and its Executive Directors.

Salaries and Benefits

The salaries and benefits of Executive Directors were reviewed in detail during the period by the Committee. These reviews took account of guidance issued by DRD.

Performance-related Remuneration

On 26 October 2010, the DRD exercised its right to direct the Committee and the Board not to pay performance related payments in respect of the 2009/10 year. In subsequent years, no further performance related payments have been made.

Executive Director Emoluments

The emoluments of the Executive Directors during each of the current and previous financial years were as follows:

	Salary £'000s	Benefits £'000s	Performance – related payments £'000s	2014 Total £'000s	2013 Total £'000s
Group Chief Executive	209*	1	-	210	199
Chief Operating Officer	146**	10	-	156	156

*The Group Chief Executive's 2014 remuneration includes a 1% non consolidated cost of living related increase amounting to £1,904, having taken account of relevant Government pay policy guidance and £9,429 in lieu of annual leave not taken at the request of the Board. Untaken accrued annual leave (in the order of 12.75 days) ensured the completion of key control and risk management assurances to the Board (in her capacity as Accounting Officer) for the Annual Report & Accounts, the achievement of further progress with EU regulatory obligations and the timely execution of a smooth hand over to the Interim Chief Executive, prior to the Group Chief Executive leaving the employment of the organization on 31 March 2014.

** The Chief Operating Officer's salary includes a 1% non consolidated cost of living related increase amounting to £1,456, having taken account of relevant Government pay policy guidance.

Pensions

Accrued benefits of the Executive Directors in respect of their defined benefit pension scheme entitlements were as follows:

	ANNUAL PENSION		RETIRING LUMP SUM	
	31 March 2014 £'000s	25 March 2013 £'000s	31 March 2014 £'000s	25 March 2013 £'000s
Group Chief Executive	18	14	8	7
Chief Operating Officer	55	53	131	131

Excluding the effect of inflation, the accrued annual pension of the Group Chief Executive has increased by £3,937 (2013: £2,149) in the period and her accrued retiring lump sum has increased by £380 (2013: reduced by £509).

£3,937 (2013: reduced by £1,417) and his retiring lump sum reduced by £3,526 (2013: £9,532). Both the Group Chief Executive and the Chief Operating Officer have a normal retirement age of 65. On death each Executive Director's spouse would receive a pension equivalent to 50% of that of the Executive Director's. All of the foregoing pensions are index linked pre and post retirement.

Excluding the effect of inflation, the accrued annual pension of the Chief Operating Officer increased by

The Executive Directors paid pension contributions in the period as follows:

	2014 £	2013 £
Group Chief Executive	13,264	13,264
Chief Operating Officer	10,143	10,143

Non-Executive Directors

The appointment and remuneration of non-Executive Directors is determined by the DRD. The non-Executive Directors do not have service contracts, are not members of any of the Company's pension arrangements and do not participate in any performance-related payment arrangements.

Details of the non-Executive Directors' emoluments are given in note 23 to the financial statements.



Bernard Mitchell

Chairman

Remunerations and Pensions Committee

9 June 2014

08 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN IRELAND TRANSPORT HOLDING COMPANY

We have audited the financial statements of Northern Ireland Transport Holding Company for the 52 weeks ended 30 March 2014 which comprise the consolidated Income Statement, the consolidated Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group and Parent Company Statements of Changes in Reserves and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are

responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 group and parent 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 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 March 2014 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

In accordance with engagement terms dated 12 December 2012, the directors have asked us to give a regularity opinion. Under the terms of this engagement we are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by, and the financial transactions conform to, the authorities which govern them.

Non statutory opinion on regularity

In our opinion, in all material respects, the expenditure and income have been applied to the purposes intended by, and the financial transactions conform to, the authorities which govern them.



David Crawford CA ACA

(Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Belfast, United Kingdom

24 June 2014

09 CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 30 March 2014

	Notes	52 weeks ended 30 March 2014 £'000	53 weeks ended 31 March 2013 £'000 Restated
Continuing operations			
Revenue	5	200,339	199,778
Cost of sales		(190,151)	(183,964)
- Normal			
- Exceptional reorganisation costs		-	(454)
		(190,151)	(184,418)
Gross profit		10,188	15,360
Administrative expenses		(6,553)	(10,023)
Other losses		(2,748)	(2,248)
Operating profit		887	3,089
Finance income	8	582	944
Other finance income/(costs)	9	(3,907)	(4,219)
Other income	10	448	4,351
(Loss)/profit before tax		(1,990)	4,165
Taxation credit/charge	11	1,048	(2,424)
(LOSS)/PROFIT FOR THE YEAR	7	(942)	1,741

10 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 30 March 2014

	Notes	52 weeks ended 30 March 2014 £'000	53 weeks ended 31 March 2013 £'000 Restated
(Loss)/profit for the year		(942)	1,741
Items that will not be reclassified subsequently to profit or loss			
Actuarial surpluses/(losses) on defined benefit pension schemes	22	9,276	(235)
		9,276	(235)
Tax relating to other comprehensive income	11(d)		
Defined benefit pension schemes		(4,043)	225
		(4,043)	225
Other comprehensive income for the year		5,233	(10)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,291	1,731


11 CONSOLIDATED BALANCE SHEET

at 30 March 2014

	Notes	30 March 2014 £'000	31 March 2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	546,283	556,967
Investment property	14	1,057	1,027
Derivatives	24	-	851
Deferred tax - pensions	11	12,325	15,738
Total non-current assets		559,665	574,583
Current assets			
Stocks	16	6,936	6,518
Trade and other receivables	17	56,411	56,666
Corporation tax assets		255	530
Short term deposits	21	-	4,250
Cash and bank balances	21	56,668	55,868
Total current assets		120,270	123,832
Liabilities			
Current liabilities			
Trade and other creditors	18	47,903	52,684
Derivatives	24	872	49
Corporation tax liabilities		536	757
Provisions	19	16,043	14,955
Total current liabilities		65,354	68,445
Net current assets		54,916	55,387
Non-current liabilities			
Retirement benefit obligation	22	80,935	87,263
Derivatives	24	1,073	-
Deferred tax liabilities	11	1,082	2,666
Deferred income	20	506,465	519,306
Total non-current liabilities		589,555	609,235
Net assets		25,026	20,735
Reserves			
Reserves		54,482	54,569
Retained earnings		(29,456)	(33,834)
Total reserves and liabilities		25,026	20,735

The financial statements were approved by the board of directors and authorised for issue on 11 June 2014.
They were signed on its behalf by:

 J Trethowan
Chairman

 G Milligan
Interim Group Chief Executive


12 COMPANY BALANCE SHEET

at 30 March 2014

	Notes	30 March 2014 £'000	31 March 2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	27,694	23,654
Investment property	14	1,057	1,027
Investment in subsidiaries	15	-	-
Deferred tax assets - pensions	11	240	477
Total non-current assets		28,991	25,158
Current assets			
Trade and other receivables	17	2,247	1,432
Corporation tax assets		198	530
Short term deposits		-	4,250
Cash and bank balances		19,820	9,011
Total current assets		22,265	15,223
Liabilities			
Current liabilities			
Trade and other creditors	18	11,862	5,189
Provisions	19	95	79
Total current liabilities		11,957	5,268
Net current assets		10,308	9,955
Non-current liabilities			
Retirement benefit obligation	22	1,197	2,070
Deferred tax liabilities	11	84	84
Deferred income	20	6,125	5,560
Total non-current liabilities		7,406	7,714
Net assets		31,893	27,399
Reserves			
Reserves		44,242	44,330
Retained earnings		(12,349)	(16,931)
Total reserves and liabilities		31,893	27,399

The financial statements were approved by the board of directors and authorised for issue on 11 June 2014.
They were signed on its behalf by:

 J Trethowan
Chairman

 G Milligan
Interim Group Chief Executive

13 STATEMENT OF CHANGES IN RESERVES

Group	Fixed asset revaluation reserve £'000	Other reserves £'000	Hedging reserve £'000	Retained earnings £'000 Restated	Total £'000 Restated
Balance at 25 March 2012	4,570	50,086	2,275	(37,927)	19,004
(Loss)/profit for the period			(2,232)	3,973	1,741
Other comprehensive income for the period	-	-	-	(10)	(10)
Transfers	(87)	-	-	87	-
Total comprehensive income for the period	(87)	-	(2,232)	4,050	1,731
Balance at 31 March 2013	4,483	50,086	43	(33,877)	20,735
(Loss)/profit for the period	-	-	(2,748)	1,806	(942)
Other comprehensive income for the period	-	-	-	5,233	5,233
Transfers	(87)	-	-	87	-
Total comprehensive income for the period	(87)	-	(2,748)	7,126	4,291
Balance at 30 March 2014	4,396	50,086	(2,705)	(26,751)	25,026

Company	Fixed asset revaluation reserve £'000	Other reserves £'000	Retained earnings £'000 Restated	Total £'000 Restated
Balance at 25 March 2012	4,572	39,844	(18,646)	25,770
Profit for the period	-	-	1,867	1,867
Other comprehensive income for the period	-	-	(239)	(239)
Transfers	(87)	-	87	-
Total comprehensive income for the period	(87)	-	1,715	1,628
Balance at 31 March 2013	4,485	39,844	(16,931)	27,398
Profit for the period	-	-	3,791	3,791
Other comprehensive income for the period	-	-	704	704
Transfers	(87)	-	87	-
Total comprehensive income for the period	(87)	-	4,582	4,495
Balance at 30 March 2014	4,398	39,844	(12,349)	31,893

14 CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 30 March 2014

	Notes	52 weeks ended 30 March 2014 £'000s	53 weeks ended 31 March 2013 £'000s
Net cash from operating activities	21	15,324	8,185
Investing activities			
Interest received		606	1,001
Purchases of property, plant and equipment		(55,626)	(88,012)
Proceeds on disposal of property, plant and equipment		570	251
Net cash used in investing activities		(54,450)	(86,760)
Financing activities			
Grants received		35,676	114,663
Net cash generated from financing activities		35,676	114,663
Net (decrease)/increase in cash and cash equivalents		(3,450)	36,088
Cash and cash equivalents at beginning of period	21	60,118	24,030
Cash and cash equivalents at the end of period	21	56,668	60,118

15 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 52 weeks ended 30 March 2014

1. General information

The Northern Ireland Transport Holding Company (the Company) is a public corporation incorporated in Northern Ireland under the Transport Act (Northern Ireland) 1967. The addresses of its registered office and principal place of business are disclosed on page 4. The principal activities of the Company and its subsidiaries (the Group) are described in the Strategic Report on page 11.

2. Significant accounting policies

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with those parts of the Companies Act applicable to companies reporting under IFRS.

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention as modified by financial assets and financial liabilities (including derivative instruments) at fair value.

The financial statements are presented in pounds sterling, the presentational and functional currency of the Group and all values are rounded to the nearest one thousand pounds except where otherwise noted.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the 52 week period to 30 March 2014 (53 weeks to 31 March 2013). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' report on page 56.

Inherited pension and compensation payments

The Company has a statutory responsibility for the administration and payment of various pension and compensation liabilities inherited from the Ulster Transport Authority and the Belfast Corporation Transport Department. The Department reimburses the deficit of £391,000 (2013: £456,000) and in consequence, none of the inherited pension and compensation expenditure has been included in the financial statements.

Presentation of income statement and exceptional items

Where applicable, income statement information has been presented in a format which separately highlights exceptional items. Exceptional items include those which individually, or, if similar in nature, in aggregate, need to be disclosed by virtue of their nature, size or incidence in order to allow a proper understanding of the financial performance of the Group.

Use of estimates

The presentation of financial statements in conformity with IFRS as adopted by the UK requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates and assumptions used.

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are the measurement of tax assets and liabilities, the measurement of retirement obligations, the measurement of investment property values and the measurement of third party and other claims provisions. The measurement of tax assets and liabilities requires an assessment to be made of the potential tax consequences of certain items that will only be resolved when agreed by the relevant tax authorities. The measurement of retirement benefit obligations requires the estimation of life expectancies, future changes in salaries, inflation, the expected return on scheme assets and the selection of a suitable discount rate (see note 22). The measurement of investment property fair values requires estimate of appropriate yields and forecast rental values. The estimation of the third party claims provision is based on an assessment of the expected settlement of known claims together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but for which claims have not yet been reported to the Group.

Revenue recognition

Revenue represents gross revenue earned from public transport services, including amounts receivable from concessionary fares schemes, and rental income. Where appropriate, amounts are shown net of rebates and VAT. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised by reference to the stage of completion of the customer's travel. Cash received for the sale of season tickets, travelcards and multi-journey smartcards is deferred within liabilities and recognised in the income statement over the period of the relevant ticket.

Income from advertising and other activities is recognised as income is earned.

Finance income is recognised using the effective interest method as interest accrues.

Property, plant and equipment

Property, plant and equipment held for use in the supply of goods or services or for administration purposes are stated at cost, net of depreciation and any provision for impairment.

- (i) Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset, on a straight line basis, as follows:

Land	not depreciated
Buildings	6 - 50 years
Permanent way, signalling and bridges	20 - 50 years
Vehicles, plant and equipment	2 - 20 years

- (ii) The carrying values of property, plant and equipment are reviewed for impairment at each balance sheet date, if events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amounts by which the carrying value of the asset exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. Where an impairment loss subsequently reverses the carrying amount of the assets is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the income statement unless the relevant asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.
- (iii) Depreciation commences when assets are ready for their intended use.

Prior to March 2000 the Group obtained valuations of certain properties (other than investment properties). The valuations have not been updated since this date and due to the age of the properties and the fact that a substantial portion were inherited, it is not practicable to state the difference between such valuations and historic cost. The March 2000 carrying values have therefore been adopted as deemed cost as the directors are of the view that the fair value of such assets cannot be reliably measured.

Investment in subsidiaries

Investments in subsidiaries are shown at cost less provision for impairment.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value at the balance sheet date. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from it. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the Consolidated Income Statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to income on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the consolidated income statement in the period in which they become receivable.

Stocks

Stock represents consumable stores and is valued at the lower of weighted average cost and estimated net realisable value.

Retirement benefit costs and Restatement of Comparatives

The majority of employees of the Group are members of the Northern Ireland Local Government Officers' Superannuation Scheme which is a 'Multi-Employer' defined benefit pension scheme.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with updates to formal actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in income in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined liability or asset. Defined benefit costs are split into three categories:

- current service cost, past service cost and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The Group presents the first component of defined benefit costs within cost of sales and administrative expenses (see note 22) in its consolidated income statement. Curtailment gains and losses are accounted for as past service cost.

Net interest expense or income is recognised within other finance income/(costs) (note 9).

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the defined benefit schemes.

The adoption of IAS 19 revised during the period impacted the measurement of the various components representing movements in the defined benefit pension obligation and associated disclosures, but had no impact on the Group's total obligation. Following the replacement of expected returns on plan assets with a net finance cost in the income statement, the comparative figures were restated and consequently the profit for the period was reduced by £8,332,000 and other comprehensive income increased by £8,332,000. These reclassifications between profit and loss and other comprehensive income constitute a change in accounting policy and are required to reflect the revised accounting standard.

Operating leases

Rentals receivable/payable under operating leases are credited/charged to income on a straight line basis over the lease term.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future, with the following exceptions:

- provision is made for tax on gains on disposal of property, plant and equipment that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Third party claims provisions

Any surplus realised, or expected to be realised on the settlement of claims, is included in the results for the period. Consequential loss claims, under criminal injuries legislation, are estimated and taken into account in determining the operating results, pending agreement with the Northern Ireland Office.

The Group receives claims in respect of traffic incidents and employee claims. The Group protects against the cost of such claims through third party insurance policies. An element of the claims is not insured as a result of the "excess" or "deductible" on insurance policies.

Provision is made on a discounted basis for the estimated cost to the Group to settle claims for incidents occurring prior to the balance sheet date. The estimate of the balance sheet insurance provisions is based on an assessment of the expected settlement of known claims together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but for which claims have not yet been reported to the Group. The provision is set after taking account of advice from third party insurers and solicitors.

As the timing of settlement cannot be predicted with reasonable reliability, all liabilities are classified as current.

Corporate Social Responsibility Provision

Provision is made for obligations arising from the Group's Health and Safety obligations and current Environmental Contamination policy. The provision is set after taking advice from third party environmental technical advisors.

Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the profit for the year.

	2014 £'000	2013 £'000
Euro		
Year end rate	1.21	1.16
Average rate	1.18	1.23

The principal rates of exchange applied to the financial statements were:

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group measures its financial assets on initial recognition at fair value, and determines the classification of such assets at initial recognition and on any subsequent reclassification event. Where there is no active market for a financial asset, fair value is determined using valuation techniques including recent commercial transactions and discounted cash flows. Otherwise, financial assets are carried at amortised cost.

Financial assets that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

Loans and Receivables

The most significant financial assets in this category are trade and other receivables and bank deposits. Trade receivables are measured at fair value, being original invoice amount less a provision for uncollectable amounts.

Bank deposits are included within cash and cash equivalents. Cash and cash equivalents, as defined for the cash flow statement, comprise cash on hand and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets approximates to their fair value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provisions account. When a trade receivable is considered uncollectible, it is written off against the provisions account. Subsequent recoveries of amounts previously written off are credited against the provisions account. Changes in the carrying amount of the provisions account are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified according to the substance of the related contractual arrangement. When a financial liability is recognised initially, the Group measures it at its fair value net of transaction costs. Financial liabilities include trade payables, other payables and borrowings. Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of highly probable forecast transactions. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Note 24 sets out details of the fair values of the derivative instruments used for hedging purposes. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments.

Trade and other payables

Trade and other payables are generally not interest bearing and are stated at amortised cost which approximates to nominal value due to creditors days being relatively low.

3. Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the following new and revised Standards and Interpretations have been adopted. With the exception of IAS 19, their adoption has not had any significant impact on the amounts reported in these financial statements.

IAS1 (amended)	Presentation of Items of Other Comprehensive Income
IAS19 (amended)	Employee Benefits (see policy 'Retirement Benefit Costs' for explanation)
IFRS7 (amended)	Disclosures – Transfers of Financial Assets
IFRS7 (amended)	Offsetting financial assets and liabilities
IAS12 (amended)	Deferred Tax: Recovery of Underlying Assets
IFRS10	Consolidated Financial Statements
IFRS12	Disclosure of Interests in Other Entities
IFRS13	Fair value Measurement

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS9	Financial Instruments
IFRS10 and 12 and IAS 27 (amendments)	Investment Entities
IAS36 (amendments)	Recoverable Amount Disclosures for Non-Financial Assets
IAS39 (amendments)	Novation of Derivatives and Continuation of Hedge Accounting

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS13 will impact the disclosures of Investment Properties;

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

4. The Department

All references in the financial statements to "the Department" relate to the Department for Regional Development for Northern Ireland.

5. Revenue

Revenue comprises income from the carriage of passengers, rents, the reimbursement by the Department of concessionary fares and public service obligation compensation. Revenue excludes value added tax where applicable.

	2014 £'000	2013 £'000
Continuing operations		
Passenger carriage	131,888	128,978
Rents	4,248	4,570
Concessionary fares and public service obligation compensation	62,876	62,168
Other	1,327	4,062
Revenue per accounts	200,339	199,778
Interest	582	944
	200,921	200,722

No geographical analysis of turnover across markets is provided as the Directors consider that such disclosure would be seriously prejudicial to the interests of the Group. Further details of revenue funding from the Department are given in note 26.

6. Impairment

In accordance with International Accounting Standard 36 "Impairment of Assets", and as a consequence of the historic loss-making status of Northern Ireland Railways Company Limited, the Directors have performed an impairment review and as a consequence assets that are not fully grant funded have been impaired to the extent that the carrying amount may not be recoverable.

Impairment losses recognised in previous periods may be reversed in the current period as a result of improved valuations, asset disposals or adjustments to related grant funding.

In the current year, the total amount of the release of the provision for impairment amounts to £3,350,000 (2013: provision £1,707,000), largely attributable to the reversal of a provision on one property where the recoverable value was re-estimated during the year.

7. (Loss)/Profit for the year

(Loss)/Profit for the year has been arrived at after charging/(crediting):

	2014 £'000	2013 £'000
Depreciation of Property, plant and equipment		
- Based on original cost or valuation (note 13)	48,795	43,777
- Transfer from deferred income (note 20)	(43,760)	(37,918)
	5,035	5,859
(Gain) on disposal of Property, plant and equipment	(551)	(199)
(Increase)/decrease in fair value of investment property (note 14)	(30)	335
Cost of inventories recognised as expense	41,462	42,610
Operating lease rentals – motor vehicles	143	136
Auditor's remuneration:		
- audit fees (parent £20,000; 2013 - £20,000)	52	52
- other services – grants verification work	94	99
- tax compliance	14	13
- pension schemes	7	7
	167	171

8. Finance Income

Finance income includes:

	2014 £'000	2013 £'000
Interest receivable – bank deposits	554	944

9. Other finance (costs)/income

	2014 £'000	2013 £'000 Restated
Retirement benefits	(3,907)	(4,219)

10. Other income

Other income consists of malicious damage claims (2013: compensation received from DRD Roads Service in respect of the Westlink development.)

11. Taxation

(a) Analysis of tax charge for year

	2014 £'000	2013 £'000
Current taxation		
UK Corporation Tax for the period - corporation tax	1,059	3,502
Adjustments in respect of prior years	108	(350)
Total current tax	1,167	3,152
Deferred Taxation		
Origination/reversal of timing differences	(1,428)	(59)
Adjustments in respect of prior years	(112)	108
Derivatives	(633)	(364)
Effect of change in tax rate	(42)	(413)
Total deferred tax	(2,215)	(728)
Total tax	(1,048)	2,424

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

The (credit)/charge for the year can be reconciled to the profit per income statement as follows

	2014 £'000	2013 £'000
(Loss)/profit on continuing activities before tax	(1,990)	4,165
Tax at 23% (2013: 24%)	(458)	1,000
Non deductible expenditure/(non chargeable) income	(10)	3,069
Deferred tax liability not recognised in respect of pension liability	101	(516)
Derivatives	(633)	(535)
Adjustments to tax charge in respect of prior years	(4)	(350)
Profits taxed at small companies rate	(2)	(2)
Effect of change in UK corporation tax rate	(42)	(242)
Total tax	(1,048)	2,424

(c) Factors that may affect future tax charges

Finance Act 2012 provided that the main rate of corporation tax would be reduced to 23% from 1 April 2013. As the legislation reflecting the 23% rate was enacted at 31 March 2013, deferred tax has been provided at 23% where relevant. In the recent budget it was announced that the main rate of corporation tax would be reduced to 21% from 1 April 2014, with a further 1% to 20% in April 2015. Deferred tax is recognised at 20%.

(d) Tax on items taken directly to other comprehensive income

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	2014 £'000	2013 £'000
Arising on income and expenses recognised in other comprehensive income:		
Actuarial gains/(losses) on defined benefit pension schemes	4,043	(225)
Total tax recognised in other comprehensive income	4,043	(225)

Deferred Tax

The following are the major tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period:

Group	Accelerated tax depreciation £'000	Other temporary differences £'000	Derivatives £'000	Retirement benefit obligations £'000	Total £'000
At 25 March 2012	(5,590)	1,650	(759)	16,832	12,133
(Charge)/credit to income statement	764	537	519	(1,348)	472
(Charge)/credit to other comprehensive income	-	-	-	1,611	1,611
Effective change in tax rate					
- income statement	326	(151)	38	27	240
- other comprehensive income	-	-	-	(1,384)	(1,384)
At 31 March 2013	(4,500)	2,036	(202)	15,738	13,072
(Charge)/credit to income statement	394	565	633	580	2,172
(Charge)/credit to other comprehensive income	-	-	-	(2,145)	(2,145)
Effective change in tax rate					
- income statement	389	(339)	(58)	50	42
- other comprehensive income	-	-	-	(1,898)	(1,898)
At 30 March 2014	(3,717)	2,262	373	12,325	11,243

Company	Accelerated tax depreciation £'000	Other temporary differences £'000	Retirement benefit obligations £'000	Total £'000
At 25 March 2012	(328)	192	535	399
(Charge)/credit to income statement	14	30	(40)	4
(Charge)/credit to other comprehensive income	-	-	24	24
Effective change in tax rate				
- income statement	26	(18)	17	25
- other comprehensive income	-	-	(59)	(59)
At 31 March 2013	(288)	204	477	393
(Charge)/credit to income statement	6	(19)	27	14
(Charge)/credit to other comprehensive income	-	-	(228)	(228)
Effective change in tax rate				
- income statement	37	(24)	24	37
- other comprehensive income	-	-	(60)	(60)
At 30 March 2014	(245)	161	240	156

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balance (after offset) for financial reporting purposes:

Group	2014 £'000	2013 £'000
Deferred tax liabilities	-	(2,666)
Deferred tax asset	58	-
Deferred tax asset - Retirement Benefit obligations	12,325	15,929
	12,383	13,263

Company	2014 £'000	2013 £'000
Deferred tax liabilities	(84)	(84)
Deferred tax asset - Retirement Benefit obligations	240	477
	156	393

12. Profit of parent company

As permitted by s408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's profit for the financial period amounted to £3,791,000 (2013: £1,867,000).

13. Property, plant and equipment

Group 2014	Land and Buildings £'000	Permanent Way Signalling and Bridges £'000	Vehicles Plant and Equipment £'000	Total £'000
Cost or valuation:				
At 1 April 2013	227,916	279,540	535,909	1,043,365
Additions	4,904	8,599	21,510	35,013
Disposals	(135)	-	(16,267)	(16,402)
At 30 March 2014	232,685	288,139	541,152	1,061,976
Depreciation:				
At 1 April 2013	99,321	154,557	232,520	486,398
Charge for year	8,799	11,042	28,954	48,795
Impairment write back	(3,350)	-	-	(3,350)
Disposals	(62)	-	(16,088)	(16,150)
At 30 March 2014	104,708	165,599	245,386	515,693
Net book value				
At 30 March 2014	127,977	122,540	295,766	546,283

Group 2013	Land and Buildings £'000	Permanent Way Signalling and Bridges £'000	Vehicles Plant and Equipment £'000	Total £'000
Cost or valuation:				
At 26 March 2012	220,906	249,276	522,104	992,286
Additions	7,010	33,687	28,902	69,599
Disposals	-	(3,423)	(15,097)	(18,520)
At 31 March 2013	227,916	279,540	535,909	1,043,365
Depreciation:				
At 31 March 2013	91,299	148,285	219,798	459,382
Charge for year	6,905	9,641	27,231	43,777
Provision for impairment	1,117	40	550	1,707
Disposals	-	(3,409)	(15,059)	(18,468)
At 31 March 2013	99,321	154,557	232,520	486,398
Net book value				
At 31 March 2013	128,595	124,983	303,389	556,967

In accordance with the provisions of International Accounting Standard 16 Property, Plant and Equipment, prior valuations of property, plant and equipment of the Group (other than investment properties) have not been updated. Due to the age of the tangible assets included at valuation and the fact that a substantial portion were inherited, it is not practicable to state the difference between such valuation and the historical cost of these assets.

Company 2014	Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Total £'000
Cost or valuation:			
At 1 April 2013	36,950	1,163	38,113
Additions	1,288	6	1,294
Disposals	(16)	(38)	(54)
At 30 March 2014	38,222	1,131	39,353
Depreciation:			
At 1 April 2013	13,727	732	14,459
Charge for year	521	66	587
Provision for impairment	(3,350)	-	(3,350)
Disposals	-	(37)	(37)
At 30 March 2014	10,898	761	11,659
Net book value	27,324	370	27,694

Company 2013	Land and Buildings £'000	Vehicles, plant & equipment £'000	Total £'000
Cost or valuation:			
At 26 March 2012	36,899	1,146	38,045
Additions	51	38	89
Disposals	-	(21)	(21)
At 31 March 2013	36,950	1,163	38,113
Depreciation:			
At 26 March 2012	12,060	684	12,744
Charge for year	550	69	619
Provision for impairment	1,117	-	1,117
Disposals	-	(21)	(21)
At 31 March 2013	13,727	732	14,459
Net book value			
At 31 March 2013	23,223	431	23,654

In accordance with the transitional provisions of International Accounting Standard 16 Property, Plant and Equipment, prior valuations of Property, plant and equipment of the Company (other than investment properties) have not been updated. Due to the age of the tangible assets included at valuation and the fact that a substantial portion were inherited, it is not practicable to state the difference between such valuation and the historical cost of these assets.

	GROUP		COMPANY	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Capital commitments				
Contracted for but not provided in the financial statements	27,305	28,282	305	137

14. Investment property

Fair Value	Group & Company £'000
At 25 March 2012	1,358
Additions	4
Reduction in fair value during the year	(335)
At 31 March 2013	1,027
Additions	
Increase in fair value during the year	30
At 30 March 2014	1,057

The investment properties were valued at their market value at 30 March 2014 by a qualified valuer who is an employee of the company, and in accordance with the Valuation Standards published by the Royal Institution of Chartered Surveyors.

Details of the Group's investment properties and information about the fair value hierarchy as at 30 March 2014 are as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair value as at 30 March 2014 £'000
Commercial property units				
Located in Northern Ireland	-	1,057	-	1,057

There were no transfers between levels 1 and 2 during the year. Level 2 inputs applied when valuing the investment property comprise market rental value capitalised at a market yield rate.

The property rental earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £217,000 (2013: £230,000). Direct operating expenses arising on the investment property in the period amounted to £145,000 (2013: £141,000).

15. Investment in subsidiaries

Parent Company	Subsidiary Undertakings £'000
Cost:	
At 31 March 2013 and 30 March 2014	41,223
Provisions:	
At 31 March 2013 and 30 March 2014	41,223
Net book value:	
At 31 March 2013 and 30 March 2014	-

16. Stocks

Name of Company	Country of incorporation	Holding	Proportion of shares held	Nature of business
Ulsterbus Limited	Northern Ireland	Ordinary shares of £1 each	100%	Public transport
Citybus Limited	Northern Ireland	Ordinary shares of £1 each	100%	Public transport
Northern Ireland Railways Company Limited	Northern Ireland	Ordinary shares of £1 each	100%	Public transport
NIR Operations Limited (formerly NIR Travel Limited)	Northern Ireland	Ordinary shares of £1 each	100%	Public transport

Stocks consist of various types of consumable stores. The replacement cost of these stocks is not materially different from the valuation stated.

17. Trade and other receivables

Group	2014 £'000	2013 £'000
Trade debtors	10,616	6,329
Other debtors	40,883	46,412
Prepayments and accrued income	4,912	3,925
	56,411	56,666

Company	2014 £'000	2013 £'000
Trade debtors	688	388
Prepayments and accrued income	1,559	1,044
	2,247	1,432

Trade debtors are stated after provisions: group £962,000 (2013: £298,000); company £144,000 (2013: £110,000). Overdue debts are detailed in note 24.

18. Trade and other creditors

Group	2014 £'000	2013 £'000
Trade creditors	3,509	5,938
Other creditors	3,557	1,742
Accruals and deferred income	40,837	45,004
	47,903	52,684

Included in other creditors is £52,000 (2013 - £38,000) relating to outstanding contributions payable to the NILGOS Pension Scheme.

Company	2014 £'000	2013 £'000
Other creditors	478	440
Amounts payable to Group undertakings	7,818	1,091
Accruals and deferred income	3,566	3,658
	11,862	5,189

19. Provisions - group

Group	Corporate Social Responsibility £'000	Third party claims £'000	Total £'000
At 31 March 2013	1,845	13,110	14,955
Utilised during period	-	(3,120)	(3,120)
(Credit)/charge to profit and loss account	-	4,208	4,208
At 30 March 2014	1,845	14,198	16,043

The corporate social responsibility provision relates to anticipated clean-up costs due to land contamination at various fuelling points, estimated costs of decommissioning obsolete rolling stock in an environmentally compliant manner and provision to address the risk of damage to the railway track from the spread of invasive species. The obligations giving rise to the requirement for the provision arise from the Group's Environmental Contamination policy and the Group's Safety policy.

The third party claims provision relates to the insurance excess or self insured element of claims received and anticipated. The provision is based upon the best estimate of the expenditure to settle each obligation. The timing of settlement is dependent on a number of factors including the courts, but most claims are expected to be settled within one year.

The provisions in the company relate to third party claims. A total of £97,000 was charged against income in the period.

20. Deferred income

Group	2014 £'000	2013 £'000
At 1 April 2003	519,306	490,729
Grants receivable in year	31,784	67,407
Disposals	(109)	(25)
Adjustments	(756)	(453)
Transfer to profit and loss - depreciation	(43,760)	(37,918)
- impairment of property, plant and equipment	-	(434)
At 30 March 2014	506,465	519,306

Company	2014 £'000	2013 £'000
At 1 April 2013	5,560	5,713
Receivable in year	777	-
Adjustments	(181)	(122)
Transferred to profit and loss account	(31)	(31)
At 30 March 2014	6,125	5,560

21. Notes to the cash flow statement

Group	2014 £'000	2013 £'000 Restated
(Loss)/profit for the year	(942)	1,741
Adjustments for:		
Interest receivable	(582)	(944)
Finance costs/(income)	3,907	4,219
Other gains/losses	2,748	2,248
Depreciation of tangible assets (net of grant release)	5,035	5,859
(Surplus)/deficit on revaluation of investment property	(30)	335
Impairment of Property, plant and equipment	(3,350)	1,273
Corporation tax charge	1,167	3,152
Profit on disposal of assets	(551)	(199)
Operating cash flows before movements in working capital	7,402	17,684
Increase in stocks	(418)	417
Decrease/(increase) in debtors	(3,536)	2,760
Increase/(decrease) in creditors	12,993	(9,266)
Cash generated by operations	16,441	11,595
Corporation tax paid	(1,117)	(3,410)
Net cash from operating activities	15,324	8,185
Cash and Cash Equivalents	2014 £'000	2013 £'000
Cash and bank balances	56,668	60,118

22. Retirement benefit obligation

(i) Description of the schemes

NILGOS Scheme

The Group participates in the Northern Ireland Local Government Officers' Superannuation ("NILGOS") scheme. The NILGOS scheme is a multi employer defined benefit scheme, the assets of which are held in a separate fund.

Under the scheme, members are entitled to post-retirement benefits varying between one eightieth (plus lump sum of three eightieths) and one sixtieth of final pensionable salary on attainment of a retirement age of 65 years.

The NILGOS scheme exposes the group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The pension cost and funding arrangements are assessed in accordance with the advice of qualified actuaries using the projected unit credit method (an accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings). The latest triennial valuation of the entire NILGOS scheme was at 31 March 2013. The market value of the assets at the date of the valuation was £4,632 million and represented 91% of benefits accruing to members after allowing for expected future increase in earnings and pensions. The employer's contribution rate remains unchanged at 20%.

The directors have obtained an update to the 31 March 2013 NILGOS valuation to 30 March 2014 using the major assumptions set out below. This update was prepared by actuaries employed by Mercer Limited.

NILGOS Scheme	2014	2013	2012
Discount rate	4.50%	4.50%	5.00%
Expected return on scheme assets	4.50%	4.50%	7.00%
Expected rate of salary increase	2.70%	3.00%	3.50%
Future pension increases	2.40%	2.75%	2.50%
Inflation (RPI)	3.40%	3.50%	3.25%
Inflation (CPI)	2.40%	2.75%	2.50%

Mortality Assumptions	2014 Years	2013 Years	2012 Years
Retiring today:			
Males	21.7	20.5	20.4
Females	24.1	23.3	23.2
Retiring in 20 years:			
Males	23.4	22.3	22.3
Females	26.0	25.1	25.0

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period assuming all other assumptions are held constant:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 5.0%
Rate of salary growth	Increase/decrease by 0.25%	Increase/decrease by 1.8%
Rate of inflation (CPI)	Increase/decrease by 0.25%	Increase/decrease by 4.7%
Rate of mortality	Increase by 1 year	Increase by 2.1%

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases that both depend to a certain extent on expected inflation rates. The above analysis does not take the effect of these interrelationships into account.

Executive Scheme

This defined benefit scheme provides additional benefits for certain senior employees, with the assets being held in a separately administered fund. Pension costs and funding arrangements are assessed by a qualified actuary. The latest available full actuarial valuation was as at 1 April 2009. The scheme is closed to new entrants.

Ulsterbus/Citybus Retirement & Death Benefits Plan (1997)

The assets of this defined benefit scheme are held in a separate fund and although the scheme has no active members, a qualified actuary performs triennial actuarial valuations. The latest available actuarial valuation was at 31 March 2012. The scheme has no active members and is closed to new entrants. The latest available full actuarial valuations of the Executive and Ulsterbus/Citybus schemes have been updated using the major assumptions as set out below.

	2014	2013
Discount rate	4.50%	5.00%
Expected return on scheme assets	4.50%	4.50%
Expected rate of salary increase	2.70%	3.00%
Future pension increases	2.40%	2.75%
Inflation (RPI)	3.40%	3.50%
Inflation (CPI)	2.40%	2.75%

(ii) Amounts recognised in income

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000 Restated	Company 2013 £'000 Restated
Components of defined benefit cost				
Current service cost	15,295	273	10,492	194
Past service cost	28	-	138	31
Total service cost	15,323	273	10,630	225
Interest cost	25,380	705	24,188	687
Interest (income) on plan assets	(21,473)	(574)	(19,928)	(551)
Total net interest cost	3,907	131	4,260	136
Administrative expenses and taxes	277	4	256	4
Insurance premiums for risk benefits	1,851	28	1,712	28
Defined benefit cost included in consolidated income statement	21,358	436	16,858	393
Remeasurements (recognised in other comprehensive income)				
Effect of changes in demographic assumptions	15,269	423	-	-
Effect of changes in financial assumptions	(33,992)	(717)	49,113	1,397
Effect of experience adjustments	31,949	(505)	-	-
(Return) on plan assets (excluding interest income)	(22,502)	(204)	(48,878)	(1,348)
Total measurements included in other comprehensive income	(9,276)	(1,003)	235	49
Total pension cost recognised in consolidated income statement and other comprehensive income	12,082	(567)	17,093	442

Of the expense for the year (service cost), £13.9m (2013: £8.5m) has been included in cost of sales and the remainder has been included within administrative expenses.

The actual return on plan assets for the Group was £44.0m (2013: £69.2m) Company £1.0m (2013: £2.5m).

The cumulative amount of actuarial gains and losses recognised in other comprehensive income is losses of £95.3m (2013: £86.0m).

Expected contributions to the scheme in the next annual reporting period are £18.5m.

(iii) Amounts included within the balance sheet

The amount included in the balance sheet arising from the Group and Company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
Present value of funded defined benefit obligations				
NILGOS Scheme	(602,058)	(15,487)	(558,325)	(15,746)
Ulsterbus/Citybus Scheme	(1,425)	(1,425)	(1,534)	(1,534)
Executive Scheme	(1,651)	(1,651)	(1,636)	(1,636)
Total Present Value	(605,134)	(18,563)	(561,495)	(18,916)
Fair value of scheme assets				
NILGOS Scheme	520,281	13,448	470,245	12,859
Ulsterbus/Citybus Scheme	1,840	1,840	2,125	2,125
Executive Scheme	2,078	2,078	1,862	1,862
Total Fair Value	524,199	17,366	474,232	16,846
Net liability arising from defined benefit obligation	(80,935)	(1,197)	(87,263)	(2,070)

(iv) Movements in present value

Movements in the present value of defined benefit obligation in the current year were as follows:

NILGOS Scheme	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000 Restated	Company 2013 £'000 Restated
At 1 April 2013	558,325	15,746	482,638	13,833
Service cost				
Current service cost	15,253	273	10,492	194
Past service cost	28	-	138	31
Administrative expenses	277	4	256	4
Insurance premiums for risk benefits	1,851	28	1,712	28
Interest cost	25,244	705	24,188	687
Cash flows				
Benefits paid	(15,915)	(537)	(13,753)	(494)
Contributions from plan participants	5,958	99	5,509	98
Administrative expenses	(277)	(4)	(256)	(4)
Insurance premiums for risk benefits	(1,851)	(28)	(1,712)	(28)
Actuarial gains and losses	13,165	(799)	49,113	1,397
At 30 March 2014	602,058	15,487	558,325	15,746

Ulsterbus/Citybus Scheme	Group & Company 2014 £'000	Group & Company 2013 £'000 Restated
At 1 April 2013	1,534	1,623
Interest cost	62	74
Cash flows		
Benefits paid	(319)	(274)
Actuarial gains and losses	148	111
At 30 March 2014	1,425	1,534
Executive Scheme	Group & Company 2014 £'000	Group & Company 2013 £'000 Restated
At 1 April 2013	1,636	1,409
Service cost	42	39
Cash flows		
Benefits paid	(13)	(13)
Interest cost	74	71
Actuarial gains and losses	(88)	30
At 30 March 2014	1,651	1,536

The defined benefit obligations shown in the above tables are fully funded.

(v) Movements in fair value and analysis of scheme assets

Movements in the fair value of scheme assets were as follows:

NILGOS Scheme	Group 2014 £'000	Company 2014 £'000	Group 2013 £'000	Company 2013 £'000
At 1 April 2013	470,245	12,859	395,564	11,093
Interest income	21,301	574	19,928	551
Cash flows				
Employer contributions	18,367	281	16,257	295
Contributions from scheme members	5,958	99	5,509	98
Benefits paid	(15,915)	(537)	(13,753)	(494)
Administrative expenses paid from plan assets	(277)	(4)	(256)	(4)
Insurance premiums for risk benefits	(1,851)	(28)	(1,712)	(28)
Return on plan assets (excluding interest income)	22,453	204	48,708	1,348
At 30 March 2014	520,281	13,448	470,245	12,859

Ulsterbus/Citybus Scheme	Group & Company 2014 £'000	Group & Company 2013 £'000
At 1 April 2013	2,125	2,056
Interest Income	88	103
Cash flows		
Benefits paid	(319)	(274)
Return on plan assets (excluding interest income)	(54)	240
At 30 March 2014	1,840	2,125

Executive Scheme	Group & Company 2014 £'000	Group & Company 2013 £'000
At 1 April 2013	1,862	1,579
Interest income	84	80
Cash flows		
Employer contributions	42	42
Benefits paid	(13)	(13)
Return on plan assets (excluding interest income)	103	174
At 30 March 2014	2,078	1,862

The major categories of plan assets at the end of the reporting period for each category, are as follows:

	Fair value of assets					
	NILGOS		Ulsterbus/Citybus Scheme		Executive Scheme	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Equity instruments	75	86	-	-	62	47
Debt instruments	12	7	-	-	14	-
Corporate bonds	-	-	-	-	-	45
Property	8	6	-	-	-	-
Index-linked bonds	-	-	96	95	-	-
Other	5	1	4	5	24	8
	100	100	100	100	100	100

Substantially all plan assets are classed as level 2 instruments.

23. Directors' and employees' staff costs

Group	2014 £'000	2013 £'000
Staff costs		
Wages and salaries	105,790	97,411
Social security costs	7,780	7,184
Other pension costs	18,460	15,595
	132,030	120,190

Company	2014 £'000	2013 £'000
Staff costs		
Wages and salaries	1,729	1,781
Social security costs	189	191
Other pension costs	430	298
	2,348	2,270

Number of Employees	2014 No.	2013 No.
Average		
Operating	2,473	2,495
Maintenance	724	744
Administration	760	721
	3,957	3,960
Total number of employees at the end of the year	3,983	3,942

Directors' Emoluments (excluding non-Executive Directors)	2014 £'000	2013 £'000
Basic salary and fees	356	343
Benefits in kind	12	12
Performance bonus	-	-
	368	355
Pension contributions	68	59
	436	414

	2014 No.	2013 No.
Members of defined benefit pension schemes	2	2

The emoluments in respect of the highest paid Director in each year were as follows:

	2014 £'000	2013 £'000
Emoluments	210	199
Accrued annual pension	6	14
Accrued lump sum	1	7

	2014 £'000	2013 £'000
The Chairmans' emoluments - fees	39	38

The emoluments of the other non-Executive Directors fell within the following bands:

	2014	2013
£10,001 - £15,000	5	5

24. Financial Instruments

(a) Overview

This note provides details of the Group's financial instruments. Except where otherwise stated, the disclosures in this note exclude retirement benefit assets and obligations.

Liabilities or assets that are not contractual (such as income taxes that are created as a result of statutory requirements imposed by governments, prepayments, deferred government grants, provisions and deferred income) are not financial assets or financial liabilities and accordingly are excluded from the disclosures provided in this note.

Details of the significant accounting policies and methods adopted for each class of financial asset and financial liability are disclosed in the accounting policies note.

(b) Categories and carrying value of financial instruments

	2014 £'000	2013 £'000
Financial assets		
Loans and receivables:		
Accrued income		
Trade receivables	10,454	6,329
Other receivables	19,473	46,412
Cash and bank balances	56,668	60,118
Derivative instruments – non current	-	851
Total financial assets	86,595	113,710
Financial liabilities		
Amortised cost:		
Trade payables	3,727	5,938
Derivative instruments – current	872	49
Derivative instruments – non current	1,073	-
Other creditors and accruals	43,153	46,746
Total financial liabilities	48,825	52,733
Net financial assets	37,770	60,977

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost approximates their fair value. Given the short average time to maturity, no specific assumptions on discount rates have been made in relation to loans and receivables and financial liabilities at amortised cost.

The fair value of derivative financial instruments is calculated using discounted cash flow analysis performed using the applicable yield curve for the duration of the instruments.

(c) Fair value measurements recognised in the balance sheet

Financial instruments that are measured in the balance sheet at fair value are disclosed by level of the following fair value measurement hierarchy:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 Valuation techniques that include inputs for the assets or liability that are not based on observable data (that is, unobservable inputs).

The following table presents the Group's financial instruments that are measured subsequent to initial recognition at fair value within the hierarchy.

	At 30 March 2014		At 31 March 2013	
	Level 2 £'000	Total £'000	Level 2 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	0	0	851	851
Total	0	0	851	851
Financial liabilities at FVTPL				
Derivative financial liabilities	(1,945)	(1,945)	(49)	(49)
Total	(1,945)	(1,945)	(49)	(49)

(d) Financial risk management objectives

The Group's activities expose it to a variety of financial risks, principally:

- Market risk – mainly price risk.
- Credit risk and
- Liquidity risk

The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to reduce the likelihood and/or magnitude of adverse effects on the financial performance and financial position of the Group. The Group uses derivative financial instruments to reduce exposure to fuel price risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

This note presents qualitative information about the Group's exposure to each of the above risks, including the Group's objectives, policies and processes for measuring and managing risk. There have been no significant changes to these matters during the year ended 30 March 2014. This note also provides summary quantitative data about the Group's exposure to each risk.

The Board have approved policies on fuel hedging, energy procurement and treasury management which guide management in managing risk in these areas. Group finance is responsible for ensuring these policies are implemented. Certain financial risk management activities (for example, the management of credit risk arising from trade and other receivables) are devolved to the management of individual business units.

(i) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and exchange rates will affect the Group's financial performance and/or financial position. The objective of the Group's management of market risk is to manage and control market risk exposures within acceptable parameters. The Group does not consider currency risk or interest rate risk to be material due to low levels of foreign currency transactions and its borrowings being limited to its overdraft.

The Group enters into derivative financial instruments in the ordinary course of business in order to manage market risk, in the form of fuel price risk. All such transactions are carried out within the guidelines set by the Board. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency translation risk

Foreign currency translation risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This risk for the Group is not considered to be material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is considered that the Group has no exposure in this area.

Fuel price risk

The Group is exposed to fuel price risk. The Group's operations as at 30 March 2014 consume approximately 40m litres of diesel fuel per annum. As a result, the Group is exposed to movements in the underlying price of fuel.

The Group's objective in managing fuel price risk is to reduce the risk that movements in fuel prices result in adverse movements in its profit and cash flow. The Group has a policy of managing the volatility in its fuel costs by maintaining an ongoing fuel hedging programme whereby derivative financial instruments are used to fix or cap the variable unit cost of a percentage of anticipated fuel consumption. The fuel derivatives hedge the underlying fuel price. The Group's residual exposure to fuel price risk is measured by quantifying the element of projected future fuel costs, after taking account of derivative financial instruments in place, which varies due to movements in fuel prices. Group Finance is responsible for the processes for measuring and managing fuel price risk.

The Group's overall fuel costs include the impact of delivery margins, fuel taxes and fuel tax rebates. These elements of fuel costs are not managed as part of the Group Finance's fuel price risk management and are managed directly by business unit management.

The Group uses a number of fuel derivatives to hedge against movements in price of the different types of fuel used in bus and rail operations. The fuel derivatives hedge the underlying commodity price (denominated in US\$), they also hedge the currency risk due the commodity being priced in US\$ and the functional currency of the two divisions being pounds sterling.

Volume at risk for the year ended 30 March 2014 is 39.3m litres (2013: 37.3m litres) for which 89% is hedged (2014: 93%).

If all the relevant (unhedged volume) fuel prices were 10% higher at the balance sheet date, the profit before tax would be reduced by:

	2014 £'000	2013 £'000
Bus	220	356
Rail	25	18

The following tables detail the notional principal amounts and remaining terms of fuel derivative financial instruments outstanding as at the reporting date:

Cash Flow Hedges	Average contract fixed fuel price		Notional quantity		Fair value	
	2014 p / litre	2013 p / litre	2014 Litres '000	2013 Litres '000	2014 £	2013 £
Less than 1 year	46.62	53.18	35,002	34,704	16,319	18,387
1 to 2 years	45.56	49.12	35,000	35,002	15,947	18,042
2 to 5 years	44.22	-	17,500	-	7,738	-
5 years +				-	-	-
			87,502	69,706	40,004	36,429

The fair value of fuel derivatives is further analysed by division as follows:

	Fair value £'000	Notional Quantity of fuel covered by derivatives Millions/litres
As at 30 March 2014		
Bus division	26,003	56,876
Rail division	14,001	30,626
As at 31 March 2013		
Bus division	22,950	43,915
Rail division	13,479	25,791

At 30 March 2014, and 31 March 2013 the projected fuel costs (excluding premia payable on fuel derivatives, delivery margins, fuel taxes and fuel tax rebates) for the next twelve months were:

	2014 £'000	2013 £'000
Costs subject to fuel hedges		
- Bus	11,888	12,843
- Rail	5,732	6,458
	17,620	19,301
Costs not subject to fuel hedges		
- Bus	1,469	1,365
- Rail	709	72
	2,178	1,437
Total	19,798	20,738

(ii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk is managed by a combination of Group Finance and business unit management, and arises from derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to amounts due from outstanding receivables and committed transactions.

The Group's objective is to minimise credit risk to an acceptable level whilst not overly restricting the Group's ability to generate revenue and profit. It is the Group's policy to invest cash assets safely and profitably. To control credit risk, counterparty credit limits are set by reference to published credit ratings.

Trade receivables consist largely of government grants and receivables, for which credit risk is considered limited. The Group's largest credit exposures are to the Education and Library Boards, Department of Education for NI and the Department for Regional Development, all of which the Group considers unlikely to default on their respective liabilities to the Group.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

In determining whether a financial asset is impaired, the Group takes account of:

- The fair value of the asset at the balance sheet date and where applicable, the historic fair value of the asset.
- In the case of receivables, the counterparty's typical payment patterns
- In the case of receivables, the latest information on the counterparty's creditworthiness such as available financial statements, credit ratings etc.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

The following financial assets were past due, but not impaired at the balance sheet date because there has not been a significant change in credit quality and the amounts are still considered recoverable:

	2014 £'000	2013 £'000
Amounts 1 to 90 days overdue	626	1,133
Amounts 91 to 180 days overdue	-	304
Amounts 181 to 365 days overdue	-	-
Amounts more than 365 days overdue	-	-

The Group does not hold any collateral in respect of its credit risk exposures set out above (2013: Nil) and has not taken possession of any collateral it holds or called for other credit enhancements during the year ended 30 March 2014.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The funding policy is to finance the Group through a mixture of cash generated by the business and funding provided by its sponsor the Department for Regional Development.

As at 30 March 2014, the Group's credit facilities were £4,250,000 (2013: £4,250,000) including utilisation for the issuance of bank guarantees, bonds etc. This facility is guaranteed by the Department for Regional Development until further notice.

Although there is an element of seasonality in the Group's bus and rail operations, the overall impact of seasonality on working capital and liquidity is not considered significant. The Board expects the Group to be able to meet current and future funding requirements through free cash flow and continued funding from its sponsor Department.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2014							
Non-interest bearing		31,218	3,910	12,775	-	-	47,903
Variable interest rate instruments		-	-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-	-
		31,218	3,910	12,775	-	-	47,903
2013							
Non-interest bearing		35,341	5,636	11,707	-	-	52,684
Variable interest rate instruments		-	-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-	-
		35,341	5,636	11,707	-	-	52,684

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2014							
Non-interest bearing		20,625	7,396	23,478	-	-	51,499
Variable interest rate instruments	0.5	56,668	-	-	-	-	56,668
Fixed interest rate instruments	-	-	-	-	-	-	-
		77,293	7,396	23,478	-	-	108,167
2013							
Non-interest bearing		17,939	11,609	23,193	-	-	52,741
Variable interest rate instruments	0.5	55,868	-	-	-	-	55,868
Fixed interest rate instruments	1.75	-	4,250	-	-	-	4,250
		73,807	15,859	23,193	-	-	112,859

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2014						
Gross settled:						
Fuel forward contracts	(63)	(126)	(684)	(1,073)	-	(1,946)
	(63)	(126)	(684)	(1,073)	-	(1,946)
2013						
Gross settled:						
Fuel forward contracts	(4)	(9)	(36)	851	-	802
	(4)	(9)	(36)	851	-	802

25 Other financial commitments

At 30 March 2014 the Group had commitments under non-cancellable operating leases for motor vehicles as set out below:

	2014 £'000	2013 £'000
Total remaining Operating lease payments due:		
Within one year	32	151
In two to five years	176	240
	208	391

Operating lease payments represent rentals payable by the company for motor vehicles. Leases are negotiated for an average term of 4 years and rentals are fixed for an average of 4 years. There are no formal options to extend however extensions are negotiated in certain circumstances as required.

26. Related party transactions

The Company is a public corporation sponsored by the Department for Regional Development for Northern Ireland. The Department is regarded as a related party. During the year the Company and its subsidiaries have had various material transactions with the Department including the receipt of:

	2014 £m	2013 £m
Capital grants	31.3	66.9
Public Service Obligation compensation	21.0	24.2
Concessionary fare compensation for a range of groups	40.2	37.3
Level crossing compensation	0.1	0.1
Other revenue funding	18.3	12.9

The balance owed to the Group by the Department at the year end was £39.1m (2013: £42.1m).

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

In addition, as detailed in note 2 ("Inherited Pension and Compensation Payments") to the financial statements, due to a statutory obligation the Company administers on behalf of the Department various pension schemes for which the Department funds any deficits.

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