
Delivering for today's journey: designing for tomorrow's...

THE TRANSLINK ANNUAL REPORT & ACCOUNTS 2014/15



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The Translink Annual Report & Accounts 2014/15

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The Translink Corporate Vision, Values and Objectives



VISION

We have a customer-centric vision: We will provide integrated travel solutions that are attractive, sustainable and good value.

VALUES

The 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

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

01 OFFICERS AND ADVISERS

Directors

John Trethowan (Chairman)
David Strahan (Group Chief Executive)
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
Chartered Accountant and Statutory Auditor
Belfast, United Kingdom

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

Non-trading Subsidiaries

Flexibus Limited
Translink (NI) Limited
NIR Networks Ltd

02 CHAIRMAN'S FOREWORD

I am pleased to present the Annual Report and Accounts for the 2014/15 year for the Northern Ireland Transport Holding Company (NITHC) and its operating subsidiaries; Citybus (trading as Metro), NIRailways and Ulsterbus (effectively delivering integrated passenger transport as Translink).

The loss for the year before tax amounted to £16.6m which reflects the difficult funding circumstances when revenue funding was reduced by £13m as a consequence of Executive spending cuts and a £6.9m charge in respect of fuel hedges resulting from the lower market price of oil at the year end. The effect of these adverse impacts was mitigated by efficiency savings achieved by the business.

The increase of £71.3m in the retirement benefit obligation resulting from a significant reduction in UK bond yields has put the balance sheet into deficit to the tune of £44.2m. This is a long term obligation and does not affect the going concern of the business which is considered in the Directors' report on page 27.

Ultimately the job we do is best demonstrated by the independent Passenger's Charter monitor, which shows levels of customer satisfaction continuing at very high levels, and by the numbers of people choosing to travel with us. The number of fare paying passengers in 2014/15 grew by 480,000 (0.5%) above the previous year. During the last three years the group has gained an additional 2.8 million fare paying journeys (an increase of 6.6%) and the organisation

remains well placed to continue to increase numbers of customers. The development of the network continued during the year. I am pleased to report that following difficulties with budgets and estimates, a contractor has now been appointed for the Coleraine/Derry track relay. This project is a Programme for Government commitment and a priority for our Board. We will learn from the various reviews that have been completed in respect of this project and action has already been taken to strengthen our handling of major projects.

To all the employees across the Group, I express my appreciation 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, have made Translink the first choice for many millions of passengers.

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 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. I also thank the Minister and his officials for their continued support and guidance. The Group remains firmly of the view that investment in bus and rail services has been successful and has 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.

Lastly, as I will stand down as Chairman of the NITHC group at the end of the month, this is the last full year of results I will present. I take the opportunity to thank all I have worked with during my past seven years on the Board of NITHC; colleagues, partners, suppliers, customers and supporters. It has been a privilege to serve on the Board and as Chairman, and I look back with satisfaction on the many significant developments and enhancements to bus and rail services in Northern Ireland.



J Trethowan
Chairman
10 June 2015

As a public corporation constituted under the Transport Act (Northern Ireland) 1967, NITHC is not bound by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ('The Act'). However, consistent with corporate entities of a similar size to the organisation, the members have adopted the main provisions of the Act and therefore present a 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 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 public non-financial corporation. This effectively means we are a market body with a degree of commercial independence, yet are governed in policy terms by Government.

Performance 2014/15

Translink's performance in 2014/15 has been against a backdrop of a very challenging financial situation where available public funding has reduced sharply. Losses for the year before tax were £16.6m which includes a reduction in public funding of £13m during the year.

The group hedges a significant proportion of its fuel costs in order to provide stability in respect of such costs for both budgeting and its passengers. As the market price of oil at the year end was low, there was an accounting charge of £6.9m against profit, also contributing to the losses for the year.

The retirement benefit obligation in the balance sheet increased from £80.9m in 2014 to £152.3m in the current year, primarily as a result of lower yields on UK Bonds, and in so doing resulted in a negative net asset position in the group. This is a long term liability and does not affect the ability of the group to pay its debts as they fall due or the going concern of the company in the short to medium term.

Notwithstanding the reduction in public funding, Translink delivered an increased number of fare paying passengers, consistent with the direction and objectives of Government policy, which envisages

enhanced provision and more use of passenger transport in Northern Ireland. Government passenger transport targets were delivered, through a combination of effective operational performance, product development, innovation and value for money; passenger numbers remain strong (more than 80 million passenger journeys) and customer satisfaction is good.

NI Budget 2014/15

During the year, in order to address a 4.4% reduction applied to the budget baseline of the Department for Regional Development (DRD), Translink were required to operate at a loss which was funded from reserves.

In the last half of the year the Department for Regional Development consulted on budget proposals for the 2015/16 year. The public funding received by Translink for the provision of rail and bus services was cut by £13m which equates to a funding reduction of circa 17.3%.

As a consequence of the in year and subsequent year funding reductions a financial viability strategy was developed in order to ensure the organisation is sustainable in the future. Our response plan has three main components:

- 1 Reduction in management overhead and administration costs of £3.1m;
- 2 Above inflation fare increase; and
- 3 A programme of service adjustments to optimise network utilisation and efficiencies.

These three elements of our financial viability strategy are key and we can report significant progress in respect of reducing management, overhead and administration costs. The targeted efficiencies arising from service adjustments scheduled to be implemented by the end of Quarter 2 in the 2015/16 year have been deferred for three months at the request of the Minister to facilitate input from Trade Unions. There was also an

above inflation fare increase implemented in February 2015.

Implementation of the financial viability strategy will ensure that Translink returns to breakeven over the course of the following two years on the basis of current public funding levels.

Coleraine/Derry Track Relay Phase II

This important project has been the subject of detailed review by the Board. During the year the Department commissioned a Project Assessment Review (PAR) which examined how the cost estimates for the project were compiled. The PAR team made a number of recommendations, all of which were accepted by the Board, and have now been implemented.

The procurement process has subsequently resulted in a successful tender being received. However the costs of the project were above levels previously estimated. As a consequence, the Group Chief Executive could not assure the value for

money in the project and sought the direction of the Minister for Regional Development.

Direction was received to proceed with the project which we welcome and allowed the successful award of the contract during June 2015. The contract envisages the substantial completion of the project by December 2016 and the Board is focused on delivering this project on time and within budget.

Strategic Report continued

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

Key financials

	Turnover		Pro forma profit before tax (note 1)	
	2015	2014	2015	2014
NI Railways (Group)	59.8	63.0	-2.2	-1.2
Ulsterbus	97.7	97.8	-4.4	-0.4
Metro	37.6	37.1	-1.5	1.2
NITHC	5.1	4.8	-0.3	0.7
Total	200.2	202.7	-8.4	0.3
Impairment			0.4	3.3
IAS 19			-1.5	-2.9
Movement on derivatives			-6.9	-2.7
Inter company trading/ consolidation adjustments	-2.3	-2.4	0.2	-
Consolidated results	197.9	200.3	-16.6	- 2.0

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) or International Accounting Standard No. 36 'Impairment of Assets'. 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 when the public service obligation (PSO) is excluded has increased by 5.3% due entirely to additional passenger journeys. The pro forma loss for railways includes in 2014/15 a £1.0m shortfall in PSO funding. The balance of loss of £1.2m is the same as last year and represents the depreciation charge on self funded investment.

The combined bus companies turnover is just ahead of budget despite passenger journeys falling by 0.8% over last year mainly down to a day of industrial action in March 2015. The profitability of the bus companies was impacted by a mid year £3.6m reduction in fuel duty rebate and the cessation of a £2.8m contribution from DRD towards employer pension contributions.

Operational Review

		Target	2015	2014
Passengers (million)	bus	67.2	66.6	66.9
	rail	13.5	13.4	12.5

Rail journeys restated for historic journey factors were 14.1m for 2014/15 and 13.2m for 2013/14.

	Target	2015	2014
Customer performance Index (%)			
NI Railways	N/A	82.6	81.2
Ulsterbus	N/A	82.3	79.3
Metro	N/A	76.6	73.2

Customer performance index is a weighted score of customers' perceptions of service delivery measured during Passenger Charter Monitoring surveys carried out by an independent organisation

Punctuality (% of services arriving on time)			
NI Railways (local/long haul)	95/90	98.5/98.5	98.5/96.7
Ulsterbus	95.0	94.0	94.0
Metro	95.0	95.0	90.0

Punctuality figures are derived from an observed sample of services during Passenger Charter Monitoring surveys which are carried out by an independent organisation; for bus services 'on time' is defined as within 7 minutes of timetable; for rail services within 5 minutes (local)/10 minutes (long haul)

Reliability* (% of timetabled services run)			
NI Railways (local/long haul)	99.2/99.5	100.0/100.0	100.0/98.7
Ulsterbus	99.2	100.0	100.0
Metro	99.2	100.0	100.0

* Reliability figures are derived from an observed sample of services during Passenger Charter Monitoring surveys which are carried out by an independent organisation.

Accessibility# (RTS Definition)			
Ulsterbus	100.0	100.0	100.0
Metro	100.0	100.0	100.0

#Includes 91 vehicles recorded under the Accessibility Category as they comply with Schedule 3 of The Public Service Vehicles Accessibility Regulations (Northern Ireland) 2003 but are not wheelchair accessible vehicles.

The continued growth of rail fare paying passengers has been assisted by the fare freeze in 2014 and improved customer experience. These factors are reflected in the customer performance indices for rail and observed punctuality performance which show improvements on the previous year's strong results.

Bus passenger journeys are marginally below the previous year due to strike action in March 2015 and a difficult economic trading environment. However, it is pleasing to note the customer performance index has increased in both bus companies reflecting an improved perception of value for money. In addition 'observed' punctuality has improved in Metro due to the deployment of additional resources to maintain the timetable in certain parts of the network countering increasing congestion.

Strategic Report continued

Capital Investment

Capital expenditure

	2015 £m	2014 £m
Buses/Coaches	5.9	13.0
Trains	6.5	3.4
Infrastructure	13.5	10.9
Other	15.2	7.7
Total	41.1	35.0
Key Performance Indicators (KPI's)		
Fleet size:		
Buses/coaches	1,421	1,414

CUSTOMER

We provide a quality service which ensures the needs and expectations of bus and rail users are met and attracts more people to the Translink network. In the year 2014/15, this included investment in

79 new vehicles for the Metro and Ulsterbus networks. The funding was secured through the European Sustainable Competitiveness Programme for Northern Ireland. A deposit on 12 high capacity

step-change in the reduction of emissions compared to previous types.

10 Optare Versa Euro VI low floor single decks delivered and entered service in Metro during October 2014. This included 3 in Park & Ride livery.

27 Optare Solo Euro VI minibuses delivered and entered service during the last quarter of 2014, 25 for Ulsterbus depots, 2 for Metro. The Ulsterbus Optare Solos introduced the new all-over blue livery. The new livery, modern interior and low emission engines were highlighted as part of a re-launch of Ulsterbus Town Services in various locations across Northern Ireland.

Enterprise Overhaul Project

After 17 years in service the Belfast - Dublin Enterprise service trains reached their mid-life refurbishment requirement this year, providing an excellent opportunity to bring the vehicles up to modern day standards. Translink, working closely with our Irish Rail partners are leading this exciting £12.2 million project which is financed through the European Union's INTERREG IVA Programme, managed by the Special EU Programmes Body (SEUPB), with support from the Department for Regional Development and the Department for Trade, Tourism and Sport.

The work involves a significant overhaul to the trains' mechanical systems, interiors, layout and external livery, replacement passenger information systems, a new electronic passenger reservation system and installation of CCTV.

Irish Rail are carrying out the major engineering works to the Enterprise Locomotives as part of the project. In addition to the overhaul of the trains and locomotives, an Aesthetics Design Team made up of Translink and Irish Rail representatives from Marketing, Rail Operations and Engineering as well as Interfleet (interior design advisers), have been developing a new innovative image and style for the Enterprise brand. These enhancements will create visual changes for the customer and will create a real



fleet, infrastructure, service enhancements, Park & Ride developments and customer information developments.

FLEET

New Vehicles

Partnership between the Department for Regional Development (DRD) and the Department for Enterprise Trade and Investment (DETI) successfully secured an EU investment towards the cost of

coaches was also supported by DETI and the European Sustainable Competitiveness Programme. The 79 new vehicles which have been introduced to the fleet this year included:

42 Volvo B5 Wrights Gemini 3 double deck buses, delivered and entered service in Metro from July 2014 onwards. As well as introducing the new all-over magenta livery, these vehicles were the first in the Translink fleet to comply with Euro VI emissions legislation. This represents a

Strategic Report continued

'wow' factor that will help to enhance the overall perception of comfort, quality and ambience to attract more people to use the service. Indeed the end result will look and feel like a brand new train.

INFRASTRUCTURE

Many infrastructure and property enhancements were completed in 2014/15:

- Moira Station Footbridge - Commissioned in August 2014 to improve passenger access and safety.
- Ballymoney Rail Station - Roof Strengthening.
- Europa Bus Centre - Partial Refurbishment (Painting, Lighting, Signage).
- Vegetation Management - to reduce effects of leaf fall on Train Services e.g. Lisburn Station.
- Bangor Integrated Bus and Rail Station - new drop-off area.

SERVICE ENHANCEMENTS

- Ulsterbus commenced Service FY16 Culmore - Foyle Street, Derry/Londonderry from April 2014. The FY16 Ulsterbus service provides both day time and evening transport links, Monday to Saturday from Culmore Point into the city centre.
- Since September 2014 Goldline Express Service 209 calls at the College of Agriculture, Food and Rural Enterprise (CAFRE), Loughry campus as well as continuing to provide a key service between Belfast and Cookstown. The service also serves Tamnamore Park & Ride, Coalisland and Stewartstown, Monday to Friday offering commuters and leisure travellers from the Mid Ulster areas an enhanced travel option.
- To coincide with the opening of the new Tamnamore Park & Ride with over 200 car-parking spaces, Goldline Service 261B Dungannon to Lisburn was also adjusted to serve the facility from January 2015.

Rail service enhancements

NIRailways delivered considerable success during 2014/15 and the organisation is well placed to continue to deliver increasing numbers of customers despite the change in economic circumstances. Thousands of additional passengers were carried, on special and scheduled services to and from many major events through the year by offering extra services and increasing capacity on others, including:

- The Balmoral Show.
- The highly successful Giro D'Italia cycling event in May.
- 'Concert specials' to 'One Direction' in Dublin in July and the Tennent's Vital festival in August.
- Rugby specials were run for the Autumn Internationals, the Six-Nations and Ulster Rugby matches in the Aviva Stadium.
- GAA specials to Croke Park Specials throughout the year and to the IFA Irish Cup Final.
- mLink ticketing was enhanced for NIRailway passengers utilising upgraded technology and offering new products.

- Capacity was increased on Saturdays on Lisburn to Belfast services and on the Derry/Londonderry line.
- Park & Ride capacities at Moira and Lurgan were expanded.
- Distribution of consolidated real time / punctuality passenger information was extended with an online Journey Check.
- The new INFOR materials handling system was introduced into the Fleet Stores and Adelaide Depot to generate more efficient working and new lighting was installed into York Road Sheds, saving a potential £40,000 per year on electric costs.
- The Customer Complaints Handling Policy was revised as a single group process and implemented.

Key Results

- Passenger numbers grew by in excess of 7% at 13.4m passenger journeys.
- Train Service Performance was amongst the best in the UK and Ireland with a Customer Charter punctuality of 98.5% of trains running to time and a 100% service reliability.
- Customer Satisfaction ratings as measured independently by PWC showed an excellent average rating of 82.6% for the year.

Bus Programme

In April 2014 a 'Bus Programme' was launched with significant activity planned across four streams - Network Review and Development; Network and Service Presentation; People and Organisation; Communications, for the Ulsterbus/Goldline and Metro networks. The Programme is derived from the bus business plan that is based on four key principles of customer led, locally driven, cultural change and continuous improvement.

PARK & RIDE DEVELOPMENTS

The popularity of Park & Ride has grown significantly in recent years and is an important part of the ongoing development plans to provide attractive travel options for our customers. Translink celebrated the official opening of the new 520 space Park & Ride facility at Dundonald in December. The new Park &



Ride site (as constructed by Roads Service) is operated by a new dedicated, limited stop Metro 4X service during peak hours and by Ulsterbus service 5, 5D, 5F, 7A, 9 and 10, throughout the day, providing a 15 minute frequency to and from the City Centre during peak periods.

The new Park & Ride has benefited commuters travelling into the city by providing even better travel choices. Overall, usage of Park & Ride services has grown by 13% year on year.

CUSTOMER INFORMATION DEVELOPMENTS

The Customer Information Programme is delivering a range of projects greatly improving the availability and quality of passenger information across conventional and new customer information channels. The focus is to continue on improving data and making more data available to enhance the customer experience of our customer information platforms and channels and applications.

Apps

Downloads of the Journey Planner app currently total 142,259; a new version of the Translink NI app was released in October 2014 with improved interface and additional functionality. Real Time Passenger Information will be integrated into the journey planner channels by June 2015 for Metro, followed by rail.

Europa Video wall departures screen

Europa Buscentre video wall - a modern digital video wall solution has replaced LED screens in the main concourse. The solution provides the capability to display an automated departure board and facilitates additional information and messages, station information, weather and local news. An override facility exists to communicate stand changes, service cancellations and instant preparedness messaging. A new interface was designed and information delivery is an efficient, streamlined process which avoids reliance on manual input of information or manual intervention for support and maintenance.

Automated Departure Bills for Ulsterbus

An opportunity was identified to use the 'data to print' functionality in the journey planner to produce departure bills for Ulsterbus. The system was set up for operational staff to be able to pull out departure bills for any stop in Northern Ireland with some controls for customization at a local level.

Web

Translink's website continues to grow strongly; there are approximately 1.2million visits per month, a year on year growth of 25%. Tablet and mobile device now account for 74% of visits. We had our busiest day, towards the end of January with approximately 70,000 visits during the spell of snow. Resources have concentrated on delivering incremental site wide functionality improvements along with the development of areas with growth potential e.g. NIR Travel and Ulsterbus Tours to increase conversions.



Accurate information at your fingertips and on the go. Translink's suite of web and app services is second to none.



AMPC (Association of Promotional Marketing Consultants) Awards 2015: The Life's Better Roadshow was awarded Bronze in the Services category of the AMPC Awards in Dublin.

UK Rail Business Awards 2015; Translink's Life's Better campaign won the Digital and Social Media Excellence Award and was highly commended in both the PR and Marketing categories.

Arts and Business: Translink NI Railways and Cahoots NI's rail safety performance, iPredict was awarded the Cultural Branding accolade at the Arts and Business Awards.

Northern Ireland Commissioner for Children and Young People (NICCY) Awards 2015: Translink's Youth Engagement Programme picked up 'silver' - the programme gives young people a platform from which to voice their views and opinions on public transport.

Federation of Passenger Transport, Northern Ireland Awards 2015 Bus Driver of the Year – Alan McCoubrey from Ulsterbus Downpatrick (Arlene Rafferty, from Ulsterbus Europa was the runner-up).

Raising Industry Standards Award – Bus Operations Fire Safety Procedure

MARKETING AND TICKETING

Marketing our services is important for our business. To grow our passenger numbers we continue to develop the brand, deliver targeted tactical promotions rewarding customers for their loyalty and develop our ticketing systems to provide customers with an efficient, value for money service.

The Smart Move – corporate campaign. A new corporate marketing message was launched in November 2014 to follow on from the multi-award winning 'Translink Life's Better' campaign. This positions public transport as 'the Smart Move' for our customers - saving them money, offering them better use of their time, helping to reduce congestion on our roads and promoting added health benefits by walking to their train or bus stop.



Our social media presence continues to grow; delivering customer information developments, campaigns and offers to our 65,000 followers across the range of Translink Facebook and Twitter profiles. In particular, the contact centre social media output is a huge success.

AWARDS

During 2014/15 we received many national, industry and professional awards recognising the high quality of the service we give our customers. Awards are an important way to motivate staff and promote excellence in the workplace.

Chartered Institute of Public Relations Northern Ireland Awards and the Publicity Association Northern Ireland Awards: six top Marketing Awards were collected, five of these for the 'Life's Better' campaign. Winner of Corporate / Business Communications and Public Sector Award Silver Award for Consumer Relations Campaign.

Bronze awards for Best TV advertisement and best Multi Format Campaign. Silver award for Best Use of Radio with Enterprise Dublin Day.

Chartered Institute of Marketing UK Excellence Award for Innovation for 'yLink: Access all Areas campaign'

A new house-style has been incorporated into digital campaigns we launch online, optimising customer experience while maximising cross-promotional opportunities, some examples include; yLink, Dundonald Park & Ride, Belfast Hub, Public Consultations, Events (Balmoral Show, Irish Open & Tall Ships) and the Airport Section.

Our approach to Customer Information on the web, particularly communication of seasonal changes, has evolved, it is much more customer-centric, mainly aided by the availability of dynamic journey planner information. Customer Information is now available in a variety of formats throughout our site; journey planner widgets, dynamic timetables, departure boards, geo departure boards, timetable searches and personal timetables.



The Smart Move also aims to encourage customers to move to better value tickets such as Smartlink, mLink, yLink, weekly, monthly and annual cards which provide better value for money.

Smartmoves to Better Value

As part of Translink's commitment to providing passengers with the best value ticket a new initiative entitled 'Smartmoves to better value' commenced in October 2014, and is continuing until 2015. 'Smartmoves to better value' is about encouraging Translink passengers currently buying single or return tickets to make the smart move to a better value Translink ticket or smartcard.

This initiative takes the form of a programme of promotional events carried out by 'Team Translink', a team of two Customer Advisers, who are out and about across the Translink network, in bus and train stations, and mobile on board buses and trains. A bespoke data capture interface was developed, which Team Translink use to identify the best value Translink product for passengers, capture contact details and send passengers an automated email to buy a better value ticket from the Translink website.

Team Translink have worked closely with all major events taking place across Belfast including Belfast Marathon, Balmoral Show and Young Farmers Clubs of Ulster.

The campaign also included 'bus wraps' and an outdoor advertising campaign.

Metro: Suits in the City

Translink's Metro Suits in the City Campaign kicked off in autumn 2014. The key to this campaign was to communicate logical reasons as to why the Metro service was the smart choice for business commuters; convenience, flexibility, practicality, value for money, the environment and time-saving.

The purpose of the brand building campaign was to encourage more people who work in the city to travel to work using the Metro services. The creative was designed specifically with business people in mind, using the visual of 'pin-striped suits' to reflect the essence of the campaign.

This campaign targeted the greater Belfast area, along key Metro routes. The integrated campaign focused predominantly on outdoor, including two Metro buses wrapped as a suit with public relations and social media support. This included a Metro Ministry of Funny Walks where a troop of eight actors channelled their inner 'Monty Python' and unleashed their funny walks around Belfast City centre.

Night Life's Better by Train

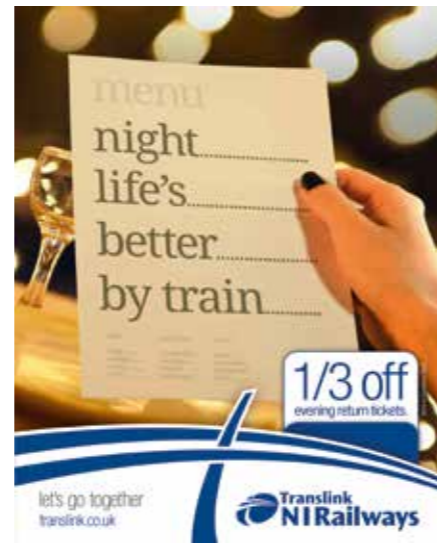
Launched in October 2014, this targeted brand campaign focused on attracting leisure travellers to use some of our less busy rail services after the evening peak period. The key message was to promote the 1/3 Off Day Return ticket and also highlight some of the attractions and events that our passengers could travel to, hassle free, on the train.

The creative showed three different example settings; the theatre, a concert and a couple in a restaurant. A wide variety of media was used to target leisure travellers including radio, press, social media competitions, outdoor advertising and PR features. Relevant partners and events were also used to help support the campaign including Movie House Cinema, Belfast Festival at Queens and Belfast Restaurant Week.

Ticketing developments

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

- NI Railways introduced new hand held ticket machines to all on board staff, improving customer service and operating efficiency. The devices can receive text messages from Fleet Controllers, to give up-to-the-minute information during service disruptions. This will enable train crews to keep customers better informed when delays occur.
- Ticket sales have more than doubled following the successful re-launch of the mLink mobile ticketing app for NI Railways.
- A new aLink annual smartcard product for bus and rail customers was introduced with an online quotation service and an option to pay by monthly direct debit.
- EMV contactless credit and debit cards acceptance was implemented across the Translink network at bus and rail station ticket offices.



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. Several contracts for new retail units have been agreed and we also rent space for third 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 (as well as the Park & Ride offer), together with active promotion and linkage with our bus and rail services, increases passenger transport usage and generates revenue for investment in the core businesses.

Plans have been developed this year to further enhance awareness of the integrated travel solutions that can be offered with tactical linkages with NITHC car parks as part of a wider private car integration/Park & Ride initiative with particular emphasis on events and special services such as airport services.



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.

- An electronic refund facility for our customers is now available through PayPoint.
- The tender for a replacement integrated ticketing system has commenced, the economic appraisal has been approved by DFP. The system will replace current obsolete technology and provide enhancements such as the use of contactless payment cards acceptance on-bus; ticket vending machines at bus and rail stations and key stops, online/app ticket purchases and smartcard top-ups.
- e-commerce has become a valuable part of our events, fares and ticketing offering. Sales grew in 2014/15 by 10% to over £3m.

FUTURE DEVELOPMENTS



Bus Procurement

Work has commenced to procure some replacement double deck coaches for the Goldline fleet. Following a tender competition, Scania Caetano has been selected to supply 12 new double deck coaches, which will enter service in early 2016. Design and build has commenced, with the new vehicles expected to provide Euro VI low emission levels, low floor wheelchair boarding, climate control, leather interior and seating capacity of 76.

Rapid Transit in Belfast

Translink as the operator designate for the planned rapid transit system for Belfast has progressed vehicle procurement, planning for engineering facilities and integration of ticketing and customer information solutions along with developing operational options. Transport NI has also commenced construction of carriageway enabling works.

Belfast Transport Hub

Given the growth in usage of bus and rail services, the main bus and rail facility is operating at capacity and will struggle to meet future needs. Design of a new, modern 'Integrated Belfast Transport Hub' to cater for current demand and future

growth is at conceptual stage. Translink is leading a programme of work with DRD and the Strategic Investment Board to utilise part of the Grosvenor Road site, together with existing facilities at 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 is circa ten acres of land, which will be made available by Translink for further development. The creation of a 'best in class' integrated transportation hub with Park & Ride, will provide a catalyst for further economic opportunities for Belfast and Northern Ireland.

Coleraine/Derry Relay

Work has commenced on the Coleraine/Derry Relay, which will include a passing loop at Bellarena, due for substantial completion in December 2016. This will increase capacity to allow for increased frequency of services.

Public Service Contract

A formal Public Service Contract between DRD and Translink is in the process of being finalised in compliance with current EU regulations to take effect in 2015. This grants Translink new contractual rights to deliver bus and rail services within Northern Ireland. With the contract comes a set of agreed and enhanced performance obligations.

Park & Ride

Park & Ride usage is growing across the bus and rail network, new developments are now in place at Dundonald, Tamnamore and Jordanstown and a large bus based facility at Ballymartin on the M2 is under construction.

PEOPLE

Canteen Facility

Metro Central opened May 2014 and represents a significant investment in our employees. Serving some 600 Metro staff, this modern bright spacious facility serves hot meals and refreshments with a range



of healthy options and includes a rest area, PC access points, Wi-Fi and a new digital information screen; Metro TV, which communicates to Metro drivers at their new city centre facilities. The content mix spans corporate messages, operational information, internal Comms and HR messages alongside BBC News TV and a weather RSS stream.

Employee Engagement Survey

Following the Employee Engagement Survey 2013 and the subsequent action plans, the Company conducted a Pulse Survey in June 2014 to understand if actions to date were addressing the issues raised. The results for Translink as a whole have been distributed with some good progress being made in employees' satisfaction working for Translink, advocacy and loyalty but the results have highlighted there are still some areas requiring further work, primarily feedback on performance, to continue

improvements. Action planning sessions have now been held with all areas of the business and the Action Plans from the 2013 Employee Engagement Survey have been reviewed and updated, taking into account feedback from the Pulse Survey results.

Pathways to Management Programme

The Pathways to Management Programme was aimed at employees who aspire to progress to a managerial, professional and technical post. The programme brings high-calibre employees from across the Group together to gain insight into their own leadership profiles and develop their knowledge, skills and management experience. Six candidates from across bus and rail operations have been selected to participate in the 18 month training programme culminating in a 6 month secondment into an operational role.

The training programme focuses on the key leadership competencies necessary to be an effective manager and allows participants to gain an appreciation of the key issues within the business and the challenges faced by today's managers, and following this, Pathways will provide the required knowledge, skills and competence to address those challenges.

Participants are assigned a coach for the duration of the programme and will obtain a recognised management qualification upon successful completion of the programme.

Horizons

Excellent organisations achieve and sustain superior levels of performance that meet or exceed the expectations of all their stakeholders. Translink continue to develop the skills to meet future challenges and deliver first class passenger transport services that benefit the community and environment. The Horizons Programme for emerging leaders aims to develop talented individuals for wider more strategic senior positions. The focus is on four key principles:

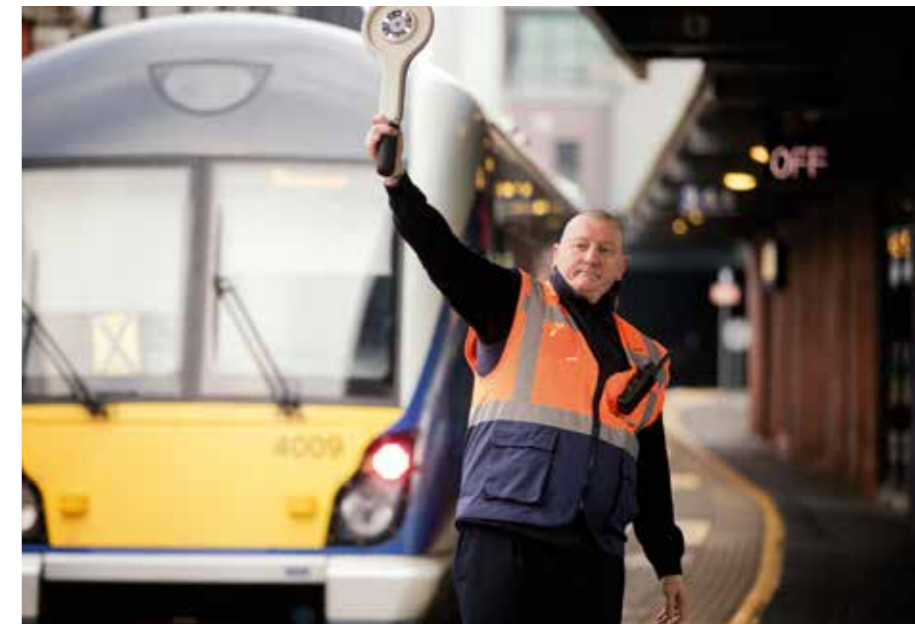
1. Understanding Self
2. Strategic Engagement
3. Enhanced Leadership
4. Personal Development

The scheme is Tutor led with the ongoing support from an internal Coach and runs one or two days per month throughout the two year period.

Female Leadership

The Female Leadership programme was rebranded and re-launched as 'Inspire: unlocking your potential', to further progress not only professional skills development but also personal development and personal wellbeing for female employees. The inspire programme includes:

- Progressing the organisational Gender Action Plan
- Learning Development Calendar for 2014 for female managers and supervisors
- Personal development, wellbeing and social events including a Ladies Night and Healthy Eating Event
- Events supporting Macmillan Cancer Support
- Establishment of library specialising in personal development and leadership



Learning and Development Success Recognised

Translink's HR Team were awarded two prestigious awards at the Chartered Institute of Personal Development (CIPD) NI Awards 2014: Team of the Year and the accolade for Organisational Learning and Development. The CIPD Awards recognise HR/Personnel excellence from the private, public and voluntary sectors in Northern Ireland.

Electronic Document and Records Management (EDRM)

Work is ongoing to continue the roll out of EDRM across the organisation to ensure we meet our responsibilities under the Freedom of Information Act, the Data Protection Act, the Public Records Act and other associated regulations.

Corporate Procurement

Translink's Procurement Department is an accredited 'Centre of Procurement Expertise (CoPE)'. This is viewed as an essential element of the structures put in place to facilitate and support the implementation of Northern Ireland public procurement policy.

Corporate Responsibility / Safety

For Translink, Corporate Responsibility (CR) means considering the interests of society by taking responsibility for the impact of activities on customers, suppliers, employees, stakeholders and communities as well as the environment.

A dedicated approach to CR has made Translink one of Northern Ireland's leading businesses in this area. Good progress has been made over the last year, there follows some of the CR highlights and achievements across the company's four key themes:



Go Safe



Go Healthy



Go Eco



Go Together

Go Safe

Safety Bus and Schools

Bus Safety – engaging with schools

School Transport is a very important part of Translink's business with over 65,000 children and young people travelling by bus to and from school every day. Safety is a top priority and as such we deliver a number of bus safety initiatives throughout the year. This has included the following:

Safety Bus visits

Our dedicated Safety Bus continues to deliver a rolling programme of safety briefings and visits to Year 8 pupils of all post primary schools within the Belfast area and a number of schools across Northern Ireland. The Safety Bus is also used in a range of interagency, community development and youth diversionary work initiatives.

Translink / PSNI Dungannon Safety Week

This initiative involved a roadshow covering Year 8 pupils from ten schools to promote joint road and bus safety

Strategic Report continued



messaging. Over 1,000 children were targeted and feedback was extremely positive from local schools and stakeholders.

NI Schools Debating Quarter Final

The Safety Bus team participated in the NI Schools Debating Quarter final events sponsored by Translink, providing an opportunity to engage with young people debating on the benefits of public transport.

YES Project - Youth Education in Safety

Working with various public bodies, Translink supported the Youth Education in Safety initiative in Derry/Londonderry. Over 600 primary schools were involved in this three day event which provided an opportunity to talk directly to school children about bus safety.

Anti Bullying Week 2014

As leading provider of school transport, the safety and welfare of pupils travelling on Translink services is a top priority. Translink has been supporting Anti Bullying Week for a number of years; involving our Safety Bus team in schools has been a valuable way to encourage young people to behave responsibly and with respect for each other.

Senior Safety

The Safety Bus team have also extended



tailored safety messages through information days and trips away for a number of senior community groups. This has helped to build confidence and alleviate concerns about bus travel, encouraging seniors to get out more and often travel further to help enrich quality of life and wellbeing.

Rail Safety:

Rail Safety Public Information Campaign

Translink continues to promote the 'Deadline' Safety Campaign which encourages the safe use of trains and highlights the dangers of trespassing and antisocial behaviour around railway property.

Rail Safety in Schools – iPredict

Translink collaborated with Cahoots NI, a local Arts organisation, to create an innovative rail safety project using magic and technology to highlight rail safety issues to 11-15 year olds.

Over 9,000 young people have been targeted and the initiative is being rolled out to include performances in local community groups and train stations. This initiative has received very positive feedback from both young people and teachers and recently won a prestigious Arts and Business Award.

Agri Communications:

Agricultural Shows

Throughout the summer, the NIRailways level crossing risk management team attends agricultural shows across Northern Ireland to remind members of the agricultural community of their safety obligations around the rail network. This provides an informal way to get to know crossing owners, users and contractors and their families.

Educating Young People through CAFRE

In 2012 Translink NIRailways began working with 16-18 year old Land Based Technology (LBT) students at CAFRE, Greenmount Campus in Antrim to deliver a rail safety presentation as part of their induction programme. The students are then challenged to design a safe system of working near the rail network, which reviews their understanding of the key safety messages from the presentation. This is an important way to educate a 'hard to reach' audience about the importance of rail safety, as many of them may work near a railway line as part of their practical studies or in their future careers. Since the beginning of the partnership, almost 400 students have participated in this scheme.

Communications with rail crossing owners

The NIRailways Level Crossing Risk Coordinator sends regular updates and communications to crossing owners and users including information and advice to farm owners who reside within 0.5 miles of the local railway corridor, about keeping their animals off the line. Communities are also targeted to maintain wider public safety.

International Level Crossing Awareness Day 2014 (ILCAD)

Translink continues to participate in ILCAD, by placing staff at key level crossings around the rail network to educate motorists and pedestrians about using

been highlighted. Working with local community representatives, and PSNI where appropriate, serious issues have been tackled to raise awareness of the dangers and help keep young people safe within the local area.

Rail - Signalling Developments to combat severe weather

As part of our drive to maintain safe and punctual services in severe weather conditions, a programme has been running to fit point heaters. There are now a total of 229 points fitted across the rail network. The new point heaters are remotely monitored so that any defective equipment can be automatically alarmed. Barrier pedestal heaters have also been

batteries, which are designed to ensure they work reliably for up to 12 hours in the event of a power failure.

RADAR Safety Education Centre (Risk Avoidance and Danger Awareness Resource)

This new interagency facility which will help educate children and young people on a range of dangers to keep them safe is planned to open in September 2015. Translink has been a key partner in the development of the facility as we recognise the importance of promoting safe bus and train travel. These facilities will allow young people to experience real life scenarios and explore what can go wrong in a safe environment if proper care is not taken.

Go Healthy

Go Active Cycling Initiative

Translink has teamed up with Sustrans to deliver a 'Go Active' Cycling Project to enable employees to cycle to and from work more often, resulting in improved physical and mental health.

The programme also offers opportunities for employees to acquire new skills and build confidence cycling on the road.

This scheme complements our Cycle to Work Scheme which has been very popular, where a bike and equipment are tax free via a salary sacrifice scheme.

Translink and Macmillan

Translink has retained local Charity Partner Macmillan Cancer Support – this partnership encourages Translink employees to adopt a healthy lifestyle through regular exercise and / or healthy eating programmes.

Metro Health Week

A special Metro Health Week was held to celebrate the opening of the new Metro Staff rest facility in Belfast City Centre. This event offered employees the



crossings safely. As part of ILCAD, NIRailways encouraged budding artists to send in their pictures of trains and level crossings. The competition generated over 600 entries worldwide and the best entry from Northern Ireland was chosen to be reproduced in the 2015 safety calendar.

Community Rail Safety Talks

There has been proactive engagement with a number of local community groups over the last year in areas where trespass and antisocial issues have

fitted to a number of level crossings reducing the risk of barrier arms failing during severe cold spells.

To reduce the impact of a power cut, all critical network signalling power supplies are backed up with generators, which provide automatic switch-over during power failures. Uninterruptable power supply units are provided across the signalling network to prevent the effect of power dips and maintain power supplies until back-up power has been established. Level crossings are also backed up with

Strategic Report continued

opportunity to seek advice and guidance from a range of partner organisations on health and wellbeing.

New Translink Go Bus

In order to help reach employees in more rural locations, Translink refurbished and refitted an older single deck bus to be used as a new 'mobile venue' to better



engage with employees on a range of issues including health and general well-being.

SHAL: Sports, Health and Active Lifestyle

A health action team (SHAL) has been formed to promote a healthier lifestyle to our rail employees. This group are currently looking at a range of initiatives to support staff in their efforts including:

- Staff discounts with major retailers
- Consultation with members of UK Athletics
- Sports Nutritionist/Physiotherapist
- Exercise programmes for the "beginner" to the more serious athlete
- Staff events - walk from Helen's Bay to Bangor, rock climbing and kayaking.

Drink, Work and Me Programme

We are currently working with Addiction NI to deliver general awareness training

to 1800 bus driving licence holders. Employees learn about the impact alcohol has on their physical and emotional well-being, on their family, and on their wider community and also discover practical ways to reduce alcohol related harm.

- produced with targets and analysis
- Quarterly electricity analysis reports for all sites
- Monthly analysis reports for major sites
- Structured annual programme of Energy Surveys and Audits
- Comply with current and future carbon reduction regulations
- Development of reporting on water and heating oil consumption including the use of Automated Meter Reading (AMR) Technology
- The use of Building Management Systems (BMS) to monitor and optimise building performance
- The "Tidy" station programme
- Vehicle telematics systems

Gross carbon emissions for Translink during 2013/14 were 116,369 Tonnes CO₂. It is expected there will be a further reduction on Gross carbon emissions for 2014/15 when the fuel figures are released during the summer. This is an overall decrease of 0.5% on the 2012/13 Carbon Emissions which was 116,939 Tonnes CO₂.

Lighting Project

The project was to supply and install energy efficient lighting at a number of Translink sites. This project focuses on the major central area depots some of which operate extended hours (almost 24/7) including Falls, Short Strand and York Road Train Running Maintenance Depot. Two different solutions were selected to best suit the sites requirements. Since installation in summer 2014 Falls Depot benefited from a reduction in the site monthly electricity use of 30% saving £9,276 since August. Short Strand depot has reduced consumption by 28% and saved £7,700. York Road depot has reduced consumption by 20% saving £16,954.

Eco Schools Travel Challenge

The international Eco-Schools Programme is the world's leading Environmental Education Programme operating in 59 countries worldwide. This initiative gives Translink an excellent platform to engage with local schools and young people to encourage them to develop



and implement green travel plans and travel more sustainably. As Sponsor of the Transport module, Translink continue to develop Key Stage 1 – 3 educational resources to help teachers deliver key messages in the classroom alongside an innovative travel challenge. Other initiatives this year include:

New Biodiversity App on World Environment Day 2014

Translink teamed up with the Lough Neagh Partnership (LNP) to introduce a cutting edge app that uses Augmented Reality (AR) to educate and reconnect people with nature, meeting one of the key objectives within our Biodiversity Action Plan.

Biodiversity Project

Over the last 5 years Translink have made significant progress in conserving and enhancing Northern Ireland's biodiversity. Translink's Biodiversity Action Plan was developed in partnership with Ulster Wildlife to guide the conservation of the natural heritage found in and around

Translink property, within the context of operational and safety requirements. This action plan was implemented in 2009 and came to an end this year. Translink's new Biodiversity Strategy for 2015-2020 is due to be launched during 2015. This builds on the successful work of the previous Biodiversity Action Plan and will set out the direction for the next 5 years.

TIDY Translink Programme 2014

The TIDY Translink station programme is now in its 8th year and is delivered in all Translink's manned stations, with a number of Engineering, Corporate and Permanent Way pilot locations added in last year. The programme has developed into a driving force for the encouragement of cleaner and brighter facilities, designed to ensure local facilities are continuously improving their safety, health and environmental performance.



Waste Management

We handle large volumes of waste across the company, from general waste collected off our buses and trains, to construction waste from project developments. We are committed to reducing the amount of waste we produce. Since 2009 we have significantly reduced the amount of waste we send to landfill, for example we have increased the amount of general waste we recycle / recover from 10% to 96%.



Recycling Initiatives

All waste being recycled is being diverted from landfill. Below are just some of the recycling initiatives undertaken over the last year:

- Printer Cartridges – we have successfully recycled over 1150 individual printer cartridges in 2014.
- Glasses – a companywide charity initiative to recycle glasses has been running for the last 15 years. This was an initiative set up locally by Newry Bus Station and to date Translink staff have gathered 6,193 pairs of glasses to give to OneSight (a worldwide charity) - providing the gift of sight to millions in need around the world.

Eco Driving

Translink completed the roll out of the Eco Driving system across the bus fleet to assist bus drivers to regulate and monitor driving practices to improve driving efficiency, reduce fuel usage and reduce the impact on the environment.

Environmental Awards

Translink are now well recognised as one of Northern Ireland's leading organisations in environmental management, performance and assurance:

- The Green Awards Green Transport Award
- Business in the Community Northern Ireland Impact Awards – highly commended in the Business and Biodiversity Award
- ARENA Network Northern Ireland 15th Environmental Benchmarking Survey – awarded Quintile 1

Go Together

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, work 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, 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:

- 28 'Meet the Managers' sessions; councillors / MLAs and members of the public at Translink stations and engineering facilities.
- Bi-monthly meetings with and briefing of CCNI and quarterly complaints review.
- Attendance at Committee meetings for Regional Development.
- Attendance at party conferences.
- Briefing notes to stakeholders and



- media briefings and interviews.
- Translink Youth Forum and Translink passenger groups.

Employee Engagement

Our people play a vital role in providing our services and represent our largest investment each year. Translink recognise how important it is to keep employees motivated and engaged and have achieved and renewed a number of Investor in People Awards. We offer staff a wide and varied range of training and development programmes and initiatives related to their jobs as we know the benefits this brings to individuals and our business.

This year over 300 rail services staff (Conductors, Drivers, Station Staff, Train Managers, Supervisors & Controllers) attended an 'Operational Workshop' which focused on 'Barriers to service performance and suggestions for Improvement'. This provided an opportunity to build and sustain an innovative approach to shared learning, continuous improvement and employee engagement.

Translink Ambassadors

Over the last year Translink recruited a number of customers as Translink Ambassadors. They are helping spread the benefits of bus, coach and train travel among friends and family by sharing their experiences and why public transport is better for them.

Community engagement projects

Translink hold an important role in the community and support local projects and initiatives. These are just some examples:

- Pupils at Rathmore Primary School, Bangor, have created an attractive new mural at Carnalea Train Station using vibrant colours and an eye-catching style to depict train travel in the area.
- Palmerston Community Association – Sydenham Train Station
- Brighter Whitehead – Whitehead Train Station
- Castlerock Community Association – Castlerock Train Station

These local community groups have been very proactive in helping us to maintain the floral arrangements at their local station to enhance and brighten the facility, making it more welcoming as well as helping to reduce antisocial behaviour. Their efforts have also been rewarded at the annual Ulster in Bloom Awards.

Community events / Sponsorships

Translink has continued to engage with local communities through sponsorships and support of charitable initiatives (and supporting employee fundraising initiatives). Activities have ranged from painting murals in stations, community festivals and Northern Ireland wide events.

Charity Partner - Macmillan Cancer Support

Working with Macmillan Cancer Support Translink staff and customers raised almost £20,000. The Big Coffee Morning in September was one of the biggest fundraiser events for the Charity. Staff hosted events in offices and stations across the network. Station events were well supported by customers and these events alone raised around £4,000.

Action on Hearing Loss

Translink supported Deaf Awareness Week (19-25 May) in partnership with local charity Action on Hearing Loss by encouraging passengers to look after their hearing.

Alzheimers

Translink has provided dementia awareness training to over 2,000 front-line staff including bus drivers, inspectors and managers in order to become a dementia friendly organisation.

This training helps to make our services even more accessible to this vulnerable group of customers helping them to travel more confidently on our local bus and train services.

Employee fundraising

A host of charities have benefited from both the Translink Staff Charity Scheme and the Translink Community Partnership match funding initiative. These internal schemes encourage local staff to play an active part within their local community and make a valuable contribution to the local communities Translink serve.

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 during and after a restructuring
- Damage to Corporate and Brand Reputation
- Failure to maintain good employee relations
- Failure to agree new EA school contract
- Business impact of Belfast Rapid Transit
- Failure to prevent a train collision
- Implications of evolving EU and domestic transport specific laws
- Server and IT migration

Information on the company's risk management policy and procedures for managing risk are contained in the Corporate Governance Statement.

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 29 March 2015.

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 company are 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 resigned on 31 March 2014.

Mr G Milligan was appointed as a director and Interim Group Chief Executive on 1 April 2014 and resigned as a director on 27 October 2014.

Mr D Strahan was appointed as a Director and Group Chief Executive on 27 October 2014.

Directors' indemnities

The company has Directors' and Officers' liability insurance cover in place and the year end remains in place 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 continued through the newsletter 'Expresslines', a weekly email from the Group Chief Executive and bi monthly 'Team Talk' briefings.

Auditor

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 auditor is 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 auditor is 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, Group indebtedness, 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.

Directors' Report continued

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 managed 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 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 liquidity risk is managed by retaining surplus cash in readily accessible bank accounts, bank overdraft facilities and control of Group indebtedness.

Going Concern

The consolidated balance sheet shows a deficit of £44.2m (2014: surplus of £25.0m). The deficit is entirely attributable to the group's retirement benefit obligation of £152.3m, an increase of £71.3m from 2014. The obligation is long term and does not affect the group's cash flow in the short to medium term.

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 above and the Corporate Governance Statement on page 30 includes details of how risks are managed. Details of financial instruments and exposures to market risk, credit risk and liquidity risk, are included above.

The Group's Corporate and Business Plan 2015/16 to 2016/17 ('the Plan') has been approved by the Department for the first year 2015/16. The Plan is only for two years due to the high level of uncertainty regarding funding in later years.

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, limited route subsidy and capital grant support. In addition the Group receives recompense for the carriage of concession groups.

Public funding for both bus and rail is substantially reduced during the Corporate Plan period 2015/16 to 2016/17. The next Comprehensive Spending Review falls within the period of the Corporate Plan and it is hoped greater certainty on funding may emerge at that stage.

In previous corporate plans any shortfall in PSO or concession funding was always assumed to be the subject of a successful in year bid. However in the current Corporate Plan it has been assumed that no in year bids will be successful. Therefore the shortfalls are part of the trading results, which is consistent with the current funding climate.

The Plan assumes a similar level of revenue funding in 2016/17 as has been confirmed by DRD for 2015/16. The bus companies' trading position is projected to improve over the coming years as the cost reduction measures commenced in 2015/16 have a full annual impact. In addition, with reduced fuel costs in 2017/18 due to recent hedging the bus companies are projected to move back into profit in that year assuming a similar level of revenue funding to 2015/16.

In 2015/16 there are shortfalls on both PSO and concession income in NIRailways. However like the bus companies the trading position is projected to improve with the full impact of cost reductions, fare increases and improved passenger numbers. By 2017/18 it is estimated that the current PSO funding will be adequate to meet operating levels.

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 2014/15 financial year covers through to June 2016. As noted earlier both the railways and the bus companies are projected to move into a period of improved trading results which will enable them to operate within the funding available and have adequate cash resources throughout the 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 2015/16 to 2016/17 and, taking into account the factors outlined in the paragraph below, 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 Regulations 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

Company Secretary
for and on behalf of the Board
10 June 2015

05 CORPORATE GOVERNANCE STATEMENT

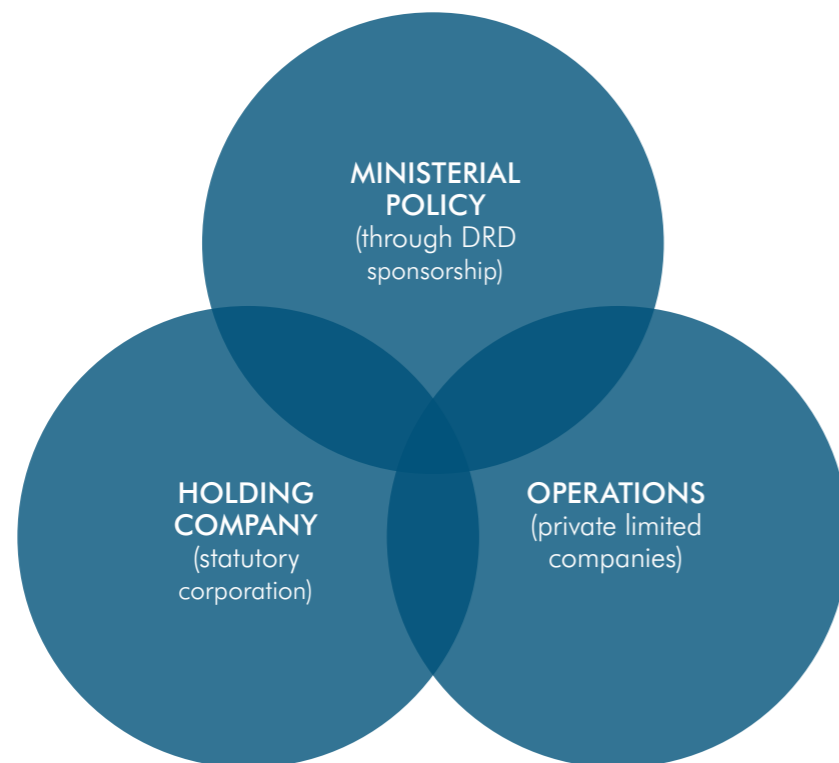
Our Business Model

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



Transition

This report covers the year to 29 March 2015 which has been one of transition at Executive Director level. The Group Chief Executive and Accounting Officer Mrs C Mason had resigned from the company on 31 March 2014 and was replaced on an Interim basis by Mr G Milligan who occupied the role from 1 April until 27 October 2014 when Mr D Strahan was appointed as Group Chief Executive and Accounting Officer.

Compliance with Relevant Codes and Governing Authorities

The Group is committed to operating in accordance with best practice in corporate governance. This means two things:

- 1) that as a substantial corporate group operating in Northern Ireland the Board voluntarily has regard to, as best practice, any relevant provisions of the UK Corporate Governance Code issued in September 2012 by the Financial Reporting Council (the Code), so far as it considers them to be appropriate to an organisation of Translink's size and nature; and
- 2) that as an arms' length body sponsored by the Department for Regional Development (the Department) we comply with our broader governing authorities such as the Management Statement and Financial Memorandum (MSFM) and the relevant provisions of Managing Public Money NI.

Governance Framework

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

The Board is ultimately responsible for the activities of the Group – its governance, strategy, risk management

and performance. 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 through and from the Group's Board of Directors.

These include:

- approving strategic objectives and corporate plan;
- approving the accountability, policy and performance framework within which the Group operates (as set out in the MSFM and associated documents);
- 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 of the annual report and accounts before the Assembly.

Composition and role of the Board

During the period the Board consisted of six non-executive and two executive Directors (the latter of which are the Group Chief Executive and the Chief Operating Officer). In the current period, a Chief Financial Officer has been appointed by the Board to take up position on 1 June 2015.

As well as ensuring compliance with its principal legislative duties flowing from the Transport Act (Northern Ireland) 1967, 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 the Board and/or the Department. The Board's focus is on strategic leadership, performance management, 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 workshop topics. Board packs are provided to Directors at least 4 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. Board minutes are summarised and published on the Group website. www.translink.co.uk.

Corporate Governance Statement continued

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 held by the General Counsel & Company Secretary. The Board receives regular presentations on important operational and business topics from various divisions in the Group. Special themed workshops, “meet the manager” events, and an annual strategy day 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 Act 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.

Roles & 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 and includes inter alia the Management Statement and Financial Memorandum (MSFM) between the Department and Translink, our Scheme of Delegation, Board rules of procedure, and a summary of our 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, Mrs A. 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 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 and committee 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 Accounting Officer & Group Chief Executive

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 to whom he is responsible, 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 of public monies and the purposes to which

these are applied. These duties are more particularly set out in letters of appointment as supplemented by the requirements of Managing Public Money Northern Ireland (chapter 3), and HM Treasury Guidance on Regularity, Propriety and Value for Money.

The Group Chief Executive chooses to deliver performance of executive functions through an Executive Committee. This Committee refers its significant business over agreed financial thresholds upwards to the appropriate Board decision-making forum 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

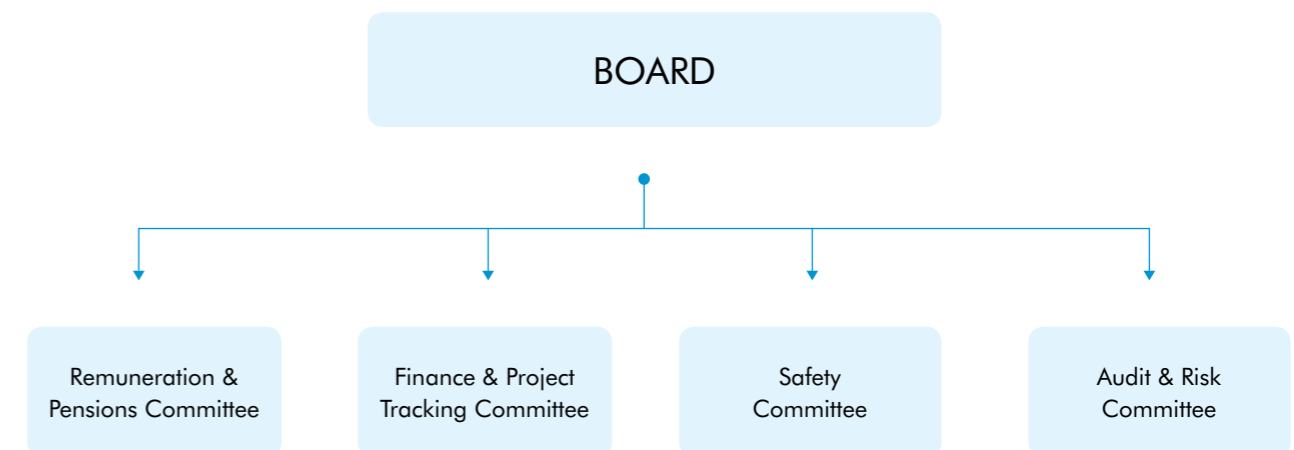
The Chief Operating Officer (more commonly referred to as COO) is the second Executive-level representative on the Board. The COO is responsible for the effective, safe, and reliable operation of all passenger services, and is designated as the Board Safety Champion. The General Managers of the bus,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

The General Counsel & 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 appropriate advice to Directors on matters of law, risk and corporate governance. The appointment and removal of the Company Secretary is a decision reserved to the Board.

The Board’s Standing Committees

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



Corporate Governance Statement continued

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 minutes are issued to Board members on a timely basis to provide them with regular updates.

The Committee delivers the requirement for recent and relevant financial experience through a co-opted committee member from OFMDFM. Stephen Boyd was appointed with the agreement of the Board in consultation with the Department. An observer from the Department for Regional Development continues to attend all Audit and Risk Committee meetings.

The BARC is responsible for a wide range of matters including the scrutiny of the financial statements, the design and implementation of an effective internal audit plan, 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 Auditor (including remuneration and other terms of engagement), and the ongoing management of, and the unrestricted access to, these relationships once they are established.

The Committee met four times in the period from 1 April 2014 to 30 April 2015. The Committee produces a report of its findings for this Annual Report and Accounts.

Remuneration and Pensions Committee

This Committee is responsible for 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 Group's pension trusts). The Directors' Remuneration report provides further details of the work of this Committee.

Finance & Project Tracking Committee

This Committee discharges important financial business on behalf of the Board including considering spending and procurement proposals as well as project monitoring, tracking, and post-project evaluations. During the period the Board agreed to create an automatic escalation mechanism within this Committee's terms of reference, so that matters of a particularly novel or contentious nature, or matters above a certain financial value, or matters directly related to Ministerial priorities would go directly to full Board.

Safety Committee

This Committee is responsible for the review of Group safety policies particularly in the 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.

Additional Meetings & Interfaces with the Sponsor Department

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

1. A Ministerial meeting with the NITHC Chairman expected to take place annually;
2. A senior departmental meeting (led by the Permanent Secretary) with the full Board on a tri-annual basis;
3. A departmental monitoring meeting where sponsor branch officials meet with senior Translink Executives no less than nine times a year (to monitor more operational and routine business); and,
4. Regular briefings by the Group Chief Executive to inform the Permanent Secretary and/or the Minister on matters of mutual interest to the Department and Translink. All of these contacts foster closer working ties with the Department and engender a mutual ethos of support and "no surprises".

Attendance at Board and Committee Meetings

Board members continue to have very strong attendance levels at Board meetings and committee meetings (where each has a specific membership) as demonstrated by the table below

Director	Committee Membership	Board	Audit & Risk	Safety	F&PTC	RPC
No. of meetings						
John Trethowan	S, F*, R	13/13	--	3/4	12/12	4/4
James Brown	A, F, R	12/13	4/4	--	10/12	4/4
Angela Coffey	S*, F	11/13	--	4/4	10/12	--
Tony Depledge	A, S	13/13	3/4	4/4	--	--
Frank Hewitt	A*, R	12/13	4/4	--	--	4/4
Gordon Milligan**	F, S	7/7	--	3/3	5/7	--
Bernard Mitchell	A, R*	13/13	4/4	--	--	4/4
Philip O'Neill	F, S	12/13	--	4/4	12/12	--
David Strahan***	F, S	6/6	--	1/1	5/5	--
Stephen Boyd (OFMDFM external)	A	---	3/4	--	--	--

S – Safety F - Finance & Project Tracking
A - Audit & Risk R – Group Remuneration & Pensions

* Chair **Mr Milligan left the Board on 27 October 2014. ***Mr Strahan joined the Board on 27 October 2014.

Risk, Assurance and Internal Control

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 an ongoing 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.

Under the leadership of the Group Chief Executive, the Board continued to apply and review its Risk Management Strategy in order to maintain the Group as a risk-aware and accountability-focused 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".

Corporate Governance Statement continued

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

For the purposes of this governance statement, and in keeping with the Accounting Officer’s personal role in the protection of public funds and the purposes to which they are applied at Translink, the Accounting Officer also confirms below his assessment of the risk management and internal control systems operating at Translink for the relevant period.

Internal Audit

The Group’s internal audit function was led during the reporting period 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 (BARC). Internal audit conducts a comprehensive programme of audit reviews and 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. All recommendations to address control weaknesses have been or are being addressed by management. Internal Audit undertakes a follow up of all recommendations and provides regular updates to the Board Audit and Risk Committee on implementation progress at year end.

External Audit

The external Auditor provides the Audit & Risk Committee with updates and reports on the external audit, including a regularity opinion, in connection with the annual accounts and general financial performance of the Group. Recommendations contained in the report to those charged with governance to address control weaknesses have been or are being implemented.

Risk Management & Risk Registers

Following on from the work done on the Risk Management Strategy and underlying risk and assurance framework in 2013/14, the updated risk management framework has been successfully embedded during the year.

Divisional risk and assurance frameworks are owned by the respective Executive in each division and updated by them and their dedicated Risk Champion. These divisional registers inform the Corporate Risk and Assurance framework – which is largely guided by residual risk score, which determines the top risks facing the Group at a corporate level at any given time.

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 and General Counsel take a leading role in sponsoring and maintaining the Corporate Risk and Assurance framework. Registers (rather than risk and assurance frameworks) also exist for major project work and fraud risk, and logs exist to capture emerging risks and near misses.

Risk Champions in each division continue to work closely with the General Counsel in quarterly risk champion forums. Risk Champions also liaise closely with the Executive leader of his or her division to spot evolving risks, new threats and opportunities, and reconsider risk scoring in light of changing external and internal dynamics. The Executive Committee meet quarterly in the capacity of a risk review group.

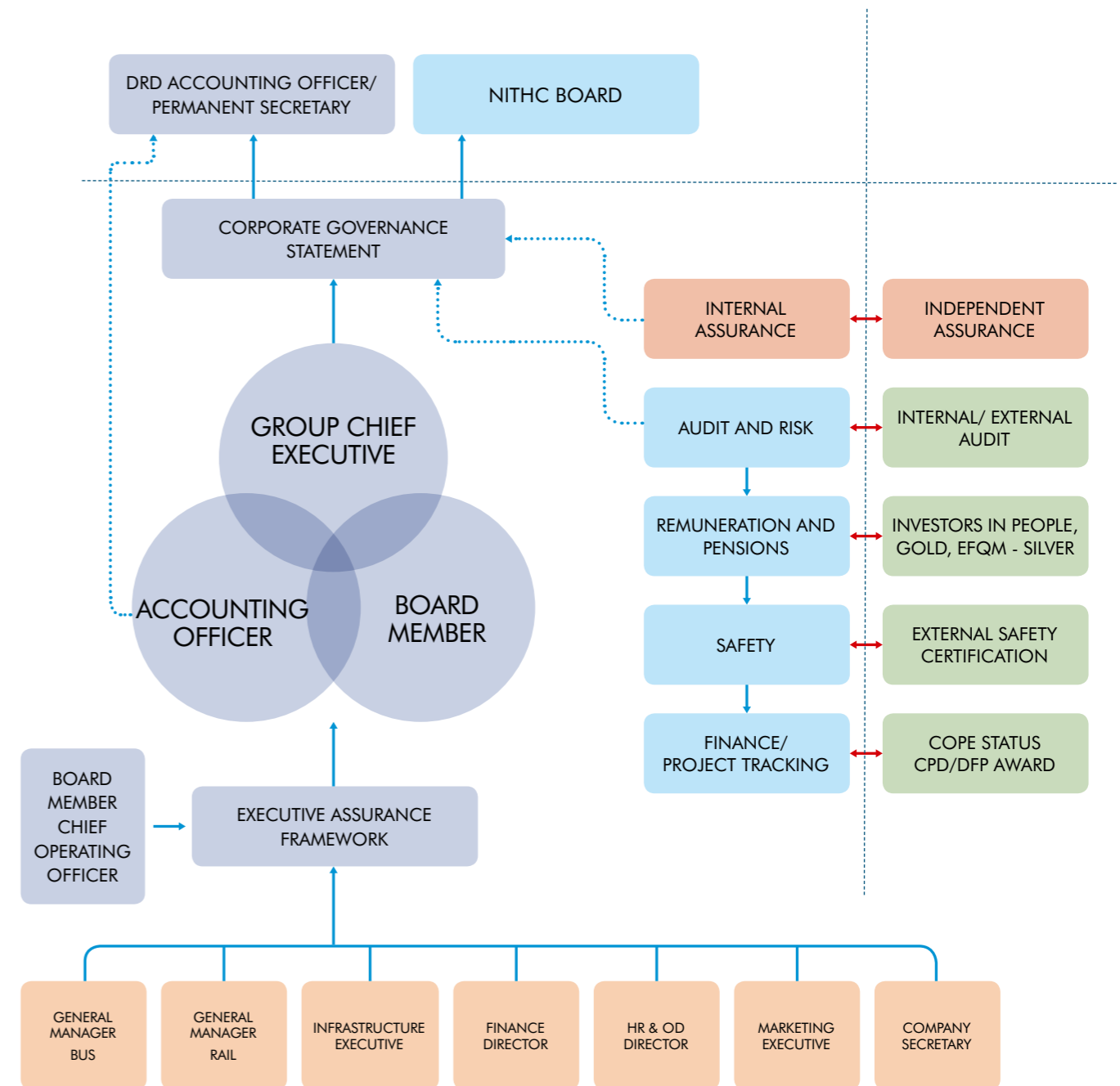
All major risks identified are reported to the Audit and Risk Committee at each committee meeting and to the full Board at least twice a year.

Assurance Mapping

Prior to completing this Corporate Governance Statement the Group Chief Executive requires all members of the Executive Committee to sign Assurance letters which provide assurance for all relevant areas of their responsibility under both the MSFM and the organisation’s risk assurance map.

A fuller picture of the Group’s sources of assurance and its essential flows of accountability is set out below:

Risk Assurance & Accountability Map



Corporate Governance Statement continued

Executive Level Risk Management and Internal Audit Review Meetings

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

Information and Financial Reporting Systems

The Group's planning and financial reporting procedures include detailed operational budgets for the year ahead, the delivery of KPIs (which will officially include Key Performance Obligations when the Public Service Contract is delivered) and a three year rolling plan. The Board, the Department and the Minister review and approve 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/ Committee, and indeed DRD as appropriate, for consideration and approval. Towards the end of the year we strengthened our investment-appraisal processes further in light of lessons learned from the Coleraine/Derry Phase Two project which received an amount of press coverage for a short time.

Stakeholder engagement

The Group engages regularly with consumer, community, safety, environmental and political representatives. Politicians in particular attend and enjoy the local interfaces the Company provides through local Meet the

Managers meetings. We meet many other stakeholder Groups in bilateral meetings and these facilitate feedback on areas for improvement.

Review of Principal Business Risks and Uncertainties

Looking back - Risk assessment throughout the period

In terms of risk profiling, 2014/15 has been a successful yet challenging year for the Translink Group. Risks around external stakeholder confidence and internal staff relationships have been addressed since April 2014. Feedback from passenger satisfaction surveys is positive and the internal "pulse survey" of summer 2014 showed increasing levels of staff engagement and upward trends in morale.

The incoming Group Chief Executive made it one of his top priorities to focus on key relationships such as that with the Minister and sponsor department which are considered to be strong. There has been increased activity with stakeholders, through Meet the Manager events and informal briefings to the Committee for Regional Development and its successive Chairmen which prove to be constructive and beneficial for all parties. New Executive remuneration arrangements were also implemented during the year. This issue had previously been identified as an on-going risk.

Looking to today and the future – current and emerging risks

Funding and Business Certainty – Implications for (i) Company Directors (ii) the individual businesses within Translink

(i) Towards the end of the period, emerging risks for Translink's directors came into view in the context of the current and future funding uncertainty for NITHC and its subsidiaries. Particular challenges remain

around entry into multi-year capital commitments, and the going concern test applicable on preparation of financial statements. Obligations under company law and insolvency law are considerable for directors. The effective discharge of these obligations through the implementation of a financial viability strategy is the subject of ongoing dialogue with the Department.

(ii) Insufficient capital will impact the development of the bus and rail networks and key performance metrics such as fleet age and reliability factors. Insufficient revenue will have different impacts: existing service levels will need to be optimised and fares are likely to require to be increased further to help Translink balance its position at year end in 2016. The ongoing absence of a signed public service contract (a requirement under EU law) to cover the Department's award of the public transport network of PSO services to Translink is also harming business certainty – as it would provide some element of commitment and "compensation" for running such a network for a period of years to come.

Knock on Effects of Funding Reductions

- (i) Translink's passengers and services – We will make every effort to make the transition to a more modern and modified network of services as smooth as possible for our passengers, whilst accepting the reality that there will undoubtedly be some change for passengers using particular routes and particular services.
- (ii) Employees and unions - significant people-management and more union interfaces than normal are required to prepare for a reduced network of services and a less certain future. As we close this reporting period, a consultation on proposed service cuts has been released into the public domain.

- (iii) Network quality and disruptions - Capital funding reductions undoubtedly impact on routine upgrade, essential safety and maintenance work. Because safety can never be compromised, the results of funding reductions in these routine areas could mean for example more speed restrictions across the railway network as more care will be needed to manage a degrading asset-base.
- (iv) Landmark projects for Northern Ireland - The availability of regular and sufficient funding for important strategic capital projects such as Belfast Rapid Transit, Belfast Transport Hub and our ticketing-systems replacement is very important. Not only are these important projects for Translink but also for the wider economy, the Programme for Government, the attractiveness of the region and the communities we serve.
- (v) Government Policy - There is a considerable risk that Translink's Corporate Plan and the objectives of the Government's Regional Transportation Strategy cannot be achieved if there is either insufficient funding or required budget cuts so that all parts of the public sector can live within lesser means.

Belfast Rapid Transit – Although owned and financed by Government and part of certain Programme for Government targets, there is nevertheless evolving risk for Translink in its role as "operator designate" for the project. Funding risk is to the fore in the current economic climate.

Reputational risk is prevalent in the preparatory stages up to satisfactory and secure contract award (as part of the PSO) anticipated in 2017, particularly as more detailed costs for various strands of the project's implementation emerge from associated economic appraisals and business cases. From 2017, there will be commercial fare box risk in addition to reputational risk in terms of BRT success and patronage – much will depend on eventual vehicle design, ticketing and cost-model solutions chosen.

Project and Contract Management

2014/15 has produced some very valuable lessons learned in the twin contexts of major project management and more routine revenue contract management. After taking up post, the Group Chief Executive undertook two independent reviews, one on Translink's role and activities in the Coleraine/Derry Phase 2 project, and another on revenue contract management practices both historical and current within the organisation. The Group Chief Executive has captured organisational benefits and learnings from both pieces of work, which will stand the organisation in good stead for the future.

Personnel Retention & Continuity Risk

There have been changes in personnel announced at Executive level:

- (i) The current Group Chief Executive will be leaving the Company and a new Group Chief Executive will be coming into post from 7 September 2015;
- (ii) A new Chief Financial Officer took up post on 1 June 2015; and
- (iii) The General Manager (Rail) and current Finance Director will leave the Company in the coming months.

At Non-Executive Director level, Mr J Trethowan is stepping down at the end of his term as Chairman on 30 June 2015. He will be replaced by Mr Frank Hewitt (a current non-executive on the Board) who takes up office on 1 July 2015. The term of appointment for all remaining non-executive directors will now expire on 31 December 2015. The potential loss of continuity and corporate memory resulting from the above is viewed as a risk.

Other Operational Risks

Apart from the strategic and largely financial risk dimensions referred to above, there are some day to day transport business risks which carry impacts if the risks in each case materialise. Three which merit special attention are:

- (i) Regulatory transport matters such as licensing of bus operators by DRD/ DOE, clarifying future arrangements for school pupils with the Education Authority, restructuring our infrastructure networks to improve independence from rail operations, and moving to a new Public Service Contract (as yet unsigned) are all part of a wider new world. Translink is keen to embrace this new world, and is working with key partners to achieve this. Nevertheless, Translink's activities with respect to these risks need to ensure we evolve as a business with maximum safety, protection of network integrity, and in at least disruptive a manner as possible. Risks remain with all these regulatory developments for the foreseeable period; and
- (ii) The Belfast Transport Hub project and Belfast Rapid Transit plans – this move affects a number of business divisions, our people and our infrastructure.

Corporate Governance Statement continued

Assessment of the System of Internal Control

This review of the effectiveness of the system of internal control by definition encompasses Translink's risk management, audit and assurance 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 Group's principal risks are reviewed on an ongoing basis. I have in this statement provided a thorough appraisal of the main developments which have affected risk assessment since 1 April 2014. For the period, my assessment is that the relevant systems are strong and are operating effectively. Significant risks are identified, recorded, managed, and targeted for attention as appropriate.

In my role as Accounting Officer I have:

- 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.
- Commissioned with the help of General Counsel & Company Secretary appropriate and independent reviews of certain projects or functions for the betterment of the organisation (such as a lessons learned report coming out of our experiences of the Coleraine/Derry Phase Two project, and a review of our contract management practices past and present).
- Reviewed Annual Report and assurance statement by Head of Internal Audit.
- Met with and received regular reports from the External Auditor, including audit progress and conclusions.
- Monitored the External Auditor's independence and the extent of non audit work performed by them.

- Reviewed the annual Group accounts and related financial statements including levels of provisions prepared by management and recommended the adoption of these by the Board.
- Overseen the testing of the completeness and accuracy of the corporate risk register and risk reporting process (including awareness of emerging risks and near misses).
- Noted and assisted the implementation of the outcomes from the 'task and finish' review conducted by General Counsel & Company Secretary and Internal Audit jointly to facilitate an update of risk management strategy in 2014. That work has informed my support and encouragement to all divisional risk and assurance champions in the business.
- Reviewed Departmental guidance received since April 2014 and the implications for the Group.
- Recognised the interaction and cross-cutting nature of assurance obtained from other Board Committees such as Safety Committee, Remuneration and Pensions Committee, and Finance and Project Tracking Committee.
- Reviewed new entries to fraud, theft and whistleblowing registers at internal audit review meetings.
- Ensured close monitoring of business performance through regular and sufficient flows of financial management data and constant attention to metrics such as KPIs, the introduction of key performance obligations (which will become more relevant once a public service contract is signed) and passenger charter monitoring results; and,
- Maintained a fit for purpose Corporate Governance Framework including a clear scheme of delegation with cascaded authorities which enables compliance with all relevant governing authorities.

Internal Control divergences

I have no specific or fresh examples of internal control divergences which have arisen since 1 April 2014. Previous internal control divergences included particular revenue contract management and procurement issues. Nearly all actions on procurement and maintenance contract management have now been completed.

The outworkings of some of this remedial work is that investigations into potential instances of overcharging practiced against the Company are being pursued through the appropriate response plans and channels. The Board lent support and resource through the office of the Chair of the Board Audit & Risk Committee on one particular whistleblowing matter where the Department for Regional Development requested some assistance. This matter has closed-out, and the Department has written to confirm this.

Conclusion from the Accounting Officer

It is my view that the Group has a rigorous system of accountability upon which I can rely to form an opinion on the control framework.

Pursuant to this accountability framework, I rely on the collegiate and individual assurance provided to me by Executive Committee colleagues to support my own assessment. This includes written confirmations provided to me by all Executives at the end of March 2015 that:

- the Corporate Risk Assurance Framework accurately reflects all the major business critical risks within the group;
- the measures, controls and action plans within the separate divisions are operating effectively to manage/mitigate risks within individual Executives' areas of responsibility; and

- Executives have no exceptions or areas of non-compliance to report other than those disclosed in the context of risks already mentioned above.

In addition, there has been a helpful Half Yearly Governance Statement of Assurance provided by Mr G Milligan as Accounting Officer for his period in post between 1 April 2014 and 27 October 2014.

The Group has had regard to the relevant provisions of the Code and the applicable governing authorities during the period from 1 April 2014 to the date of signing this governance statement. I am content that the organisation has operated a sound system of overall good governance and internal control during the period.



David Strahan

Group Chief Executive
As Accounting Officer (and on behalf of the Board)
10 June 2015

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 Auditor
- 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 a 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 and assurance 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 Auditor was appointed for an initial term of three years commencing with the 2011/12 audit, after a public procurement competition. Their term was subsequently extended by two years to include the 2015/16 audit in accordance with the original appointment terms.

The Committee only permits the External Auditor 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 two year extension in accordance with the terms of the original appointment.

External audit

- Engaged with the External Auditor at all stages of their work including planned audit approach, audit progress and conclusions.

Board Audit & Risk Committee Report continued

- Considered External Auditor independence and the extent of non-audit work performed by the External Auditor, (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 Auditor.
- The audit engagement partner was last rotated from the 2010 year end.

Risk management

- Regularly considered, and interrogated executive management on, the Corporate Risk and Assurance 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.

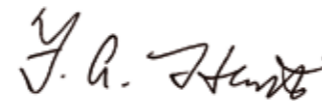
Other activities

- Reviewed Departmental guidance and the implications for the Group.
- Met with the External Auditor 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 Auditor provide effective independent challenge to management.



Frank Hewitt
Chairman
Board Audit & Risk Committee
10 June 2015

This 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

Following the departure of Mrs C Mason, Mr G Milligan had been appointed as a director and Interim Group Chief Executive and served until Mr D Strahan took over as Group Chief Executive on 27 October 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 contains 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 benefit structure of Executive Directors was reviewed during the period by the Committee. These reviews took account of guidance issued by DRD.

Formal pay scales with annual increments for satisfactory performance, were introduced and performance related pay was removed. Individuals at the top of their pay scale are entitled to a non consolidated payment equating to an agreed inflationary increase, subject to satisfactory performance.

Director's Remuneration Report continued

Executive Director Emoluments

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

	Salary £'000	Benefits £'000	2015 Total £'000	2014 Total £'000
Mr D Strahan (1)	68	-	68	N/A
Mr G Milligan (2)	92	4	96	N/A
Mr P O'Neill	147	11	158	158

(1) 27 October 2014 to 29 March 2015

(2) 1 April 2014 to 27 October 2014

Pensions

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

	Annual pension		Retiring lump sum	
	29 March 2015 £'000	30 March 2014 £'000	29 March 2015 £'000	30 March 2014 £'000
Mr D Strahan	1	-*	-	-*
Mr P O'Neill	61	55	131	131

*On appointment

Excluding the effect of inflation, the accrued annual pension of Mr D Strahan increased by £1,131.

Excluding the effect of inflation, the accrued annual pension of Mr P O'Neill increased by £5,948 (2014: £835) and his retiring lump sum reduced by £8,394 (2014: £3,526).

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 post retirement.

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

	2015 £	2014 £
Mr D Strahan	5,094	N/A
Mr G Milligan	6,628	N/A
Mr P O'Neill	11,135	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

Group Remunerations and Pensions Committee

10 June 2015

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 year ended 29 March 2015 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, 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 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. 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 29 March 2015 and of its loss for the year then ended;
- the group 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:

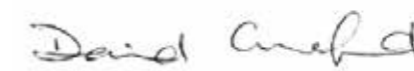
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified 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 4 June 2015, 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
23 June 2015

09 CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 29 March 2015

	Notes	52 weeks Ended 29 March 2015 £'000	52 weeks Ended 30 March 2014 £'000
Continuing operations			
Revenue	5	197,998	200,339
Cost of sales		(195,023)	(190,151)
Gross profit		2,975	10,188
Administrative expenses		(9,499)	(6,553)
Other losses	24	(6,887)	(2,748)
Operating (loss)/profit	7	(13,411)	887
Finance income	8	401	582
Other finance (costs)	9	(3,594)	(3,907)
Other income	10	-	448
Loss before tax		(16,604)	(1,990)
Taxation credit	11	3,145	1,048
LOSS FOR THE YEAR		(13,459)	(942)

10 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 29 March 2015

	Notes	52 Weeks ended 29 March 2015 £'000	52 Weeks ended 30 March 2014 £'000
Loss for the year		(13,459)	(942)
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/surpluses on defined benefit pension schemes	22	(65,098)	9,276
		(65,098)	9,276
Tax relating to other comprehensive income			
Defined benefit pension schemes	11(d)	9,309	(4,043)
		9,309	(4,043)
Other comprehensive income for the year		(55,789)	5,233
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(69,248)	4,291

11 CONSOLIDATED BALANCE SHEET

at 29 March 2015

	Notes	29 March 2015 £'000	30 March 2014 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	536,812	546,283
Investment property	14	1,059	1,057
Deferred tax assets	11	417	-
Deferred tax - pensions	11	22,854	12,325
Total non-current assets		561,142	559,665
Current assets			
Stocks	16	8,276	6,936
Trade and other receivables	17	64,226	56,411
Corporation tax assets		467	255
Cash and bank balances	21	41,207	56,668
Total current assets		114,176	120,270
Liabilities			
Current liabilities			
Trade and other creditors	18	44,456	47,903
Derivatives	24	5,724	872
Corporation tax liabilities		-	536
Provisions	19	12,988	16,043
Total current liabilities		63,168	65,354
Net current assets		51,008	54,916
Non-current liabilities			
Retirement benefit obligation	22	152,257	80,935
Derivatives	24	3,109	1,073
Deferred tax liabilities	11	-	1,082
Deferred income	20	501,006	506,465
Total non-current liabilities		656,372	589,555
Net (liabilities) / assets		(44,222)	25,026
Reserves			
Reserves		54,395	54,482
Retained earnings		(98,617)	(29,456)
Total reserves and liabilities		(44,222)	25,026

The financial statements were approved by the board of directors and authorised for issue on 10 June 2015.

They were signed on its behalf by:

 **J Trethowan**
Chairman

 **D Strahan**
Group Chief Executive

12 COMPANY BALANCE SHEET

At 29 March 2015

	Notes	29 March 2015 £'000	30 March 2014 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	31,112	27,694
Investment property	14	1,059	1,057
Investment in subsidiaries	15	-	-
Deferred tax assets - pensions	11	256	240
Total non-current assets		32,427	28,991
Current assets			
Trade and other receivables	17	6,364	2,247
Corporation tax assets		76	198
Cash and bank balances		18,074	19,820
Total current assets		24,514	22,265
Liabilities			
Current liabilities			
Trade and other creditors	18	14,051	11,862
Provisions	19	90	95
Total current liabilities		14,141	11,957
Net current assets		10,373	10,308
Non-current liabilities			
Retirement benefit obligation	22	1,282	1,197
Deferred tax liabilities	11	41	84
Deferred income	20	9,927	6,125
Total non-current liabilities		11,250	7,406
Net assets		31,550	31,893
Reserves			
Reserves		44,155	44,242
Retained earnings		(12,605)	(12,349)
Total reserves and liabilities		31,550	31,893

The financial statements were approved by the board of directors and authorised for issue on 10 June 2015.

They were signed on its behalf by:



J Trethowan
Chairman



D Strahan
Group Chief Executive

13 STATEMENT OF CHANGES IN RESERVES

Group	Reserves		Retained earnings		
	Fixed asset revaluation reserve £'000	Other reserves £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
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
(Loss) for the period	-	-	(6,887)	(6,572)	(13,459)
Other comprehensive income for the period	-	-	-	(55,789)	(55,789)
Transfers	(87)	-	-	87	-
Total comprehensive income for the period	(87)	-	(6,887)	(62,274)	(69,248)
Balance at 29 March 2015	4,309	50,086	(9,592)	(89,025)	(44,222)

Company	Fixed asset revaluation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
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
(Loss) for the period	-	-	(326)	(326)
Other comprehensive income for the period	-	-	(17)	(17)
Transfers	(87)	-	87	-
Total comprehensive income for the period	(87)	-	(256)	(343)
Balance at 30 March 2015	4,311	39,844	(12,605)	31,550

14 CONSOLIDATED CASH FLOW STATEMENT

for the 52 weeks ended 29 March 2015

	Notes	52 weeks ended 29 March 2015 £'000	52 weeks ended 30 March 2014 £'000
Net cash from operating activities	21	(12,082)	15,324
Investing activities			
Interest received		385	606
Purchases of property, plant and equipment		(40,532)	(55,626)
Proceeds on disposal of Property, plant and equipment		14	570
Net cash used in investing activities		(40,133)	(54,450)
Financing activities			
Grants received		36,754	35,676
Net cash generated from financing activities		36,754	35,676
Net decrease in cash and cash equivalents		(15,461)	(3,450)
Cash and cash equivalents at beginning of period	21	56,668	60,118
Cash and cash equivalents at the end of period	21	41,207	56,668

15 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 52 weeks ended 29 March 2015

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 1. The principal activities of the Company and its subsidiaries (the Group) are described in the Strategic Report on page 6.

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 29 March 2015 (52 weeks to 30 March 2014). 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 27.

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 £369,000 (2014: £391,000) 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 and critical judgements

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 carrying values, 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, estimated contributions and the selection of a suitable discount rate (see note 22). The measurement of investment properties 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.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

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 other profit or loss in the period in which they arise.

An investment property is de-recognised 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 de-recognised.

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

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.

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.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

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

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.

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

Euro	2015	2014
Year end rate	1.37	1.21
Average rate	1.24	1.18

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.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

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. Their adoption has not had any significant impact on the amounts reported in these financial statements.

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):

IFRS 9 Financial Instruments
IFRS 14 Regulatory Deferral Accounts
IFRS 15 Revenue from Contracts with customers
IAS 19 (Amendments) Employee Benefits
IFRS 11 (Amendments) Joint Arrangements
IAS 16 (Amendments) Property, Plant and Equipment
IAS 38 (Amendments) Intangible Assets
IAS 27 (Amendments) Separate Financial Statements
IFRS 10 (Amendments) Consolidated Financial Statements
IAS 28 (Amendments) Investments and Associates and Joint Ventures
IAS 1 (Amendments) Presentation of Financial Statements

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.

Continuing operations	2015 £'000	2014 £'000
Passenger carriage	133,405	131,888
Rents	4,171	4,248
Concessionary fares and public service obligation compensation	59,216	62,876
Other	1,206	1,327
Revenue per accounts	197,998	200,339
Interest	401	582
	198,399	200,921

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.

Notes to the Consolidated Financial Statements continued

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 £nil (2014: £3,350,000).

7. Operating loss

Operating loss for the year has been arrived at after charging/(crediting):

	2015 £'000	2014 £'000
Depreciation of Property, plant and equipment		
- Based on original cost or valuation (note 13)	49,941	48,795
- Transfer from deferred income (note 20)	(46,503)	(43,760)
	3,438	5,035
Loss/(gain) on disposal of Property, plant and equipment	125	(551)
(Increase)/decrease in fair value of investment property (note 14)	-	(30)
Cost of inventories recognized as expense	35,112	41,462
Operating lease rentals – motor vehicles	119	143
Auditor's remuneration:		
- audit fees (parent £20,000; 2013 - £20,000)	52	52
- other services - grants verification work	101	94
- tax compliance	13	14
- pension schemes	7	7
	173	167

8. Finance Income

Finance income includes:	2015 £'000	2014 £'000
Interest receivable – bank deposits	399	554

9. Other finance costs

	2015 £'000	2014 £'000
Retirement benefits	3,594	3,907

10. Other income

Other income consists of malicious damage claims.

11. Taxation

(a) Analysis of tax charge for year

	2015 £'000	2014 £'000
Current taxation		
UK Corporation Tax for the period - corporation tax	(383)	1,059
Adjustments in respect of prior years	(41)	108
Total current tax	(424)	1,167
Deferred Taxation		
Origination/reversal of timing differences	(1,388)	(1,428)
Adjustments in respect of prior years	3	(112)
Derivatives	(1,446)	(633)
Effect of change in tax rate	110	(42)
Total deferred tax	(2,721)	(2,215)
Total tax	(3,145)	(1,048)

Notes to the Consolidated Financial Statements continued

11. Taxation continued

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

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

	2015 £'000	2014 £'000
(Loss) on continuing activities before tax	(16,604)	(1,990)
Tax at 21% (2014:23%)	(3,486)	(458)
Non deductible expenditure/(non chargeable) income	1,690	(10)
Deferred tax liability not recognised in respect of pension liability	26	101
Derivatives	(1,446)	(633)
Adjustments to tax charge in respect of prior years	(39)	(4)
Profits taxed at small companies rate	-	(2)
Effect of change in UK corporation tax rate	110	(42)
Total tax	(3,145)	(1,048)

(c) Factors that may affect future tax charges

In the 2014 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:

	2015 £'000	2014 £'000
Arising on income and expenses recognised in other comprehensive income:		
Actuarial gains/(losses) on defined benefit pension schemes	(9,309)	4,043
Total tax recognised in other comprehensive income	(9,309)	4,043

11. Taxation continued

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	Losses £'000	Retirement benefit obligations £'000	Total £'000
At 31 March 2013	(4,500)	2,036	(202)	-	15,738	13,072
Credit to income statement	394	565	633	-	580	2,172
Charge 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
(Charge)/credit to income statement	214	(649)	1,446	538	1,281	2,830
(Charge)/credit to other comprehensive income	-	-	-	-	9,774	9,774
Effective change in tax rate - income statement	(10)	29	(69)	-	(61)	(111)
- other comprehensive income	-	-	-	-	(465)	(465)
At 29 March 2015	(3,513)	1,642	1,750	538	22,854	23,271

Notes to the Consolidated Financial Statements continued

11. Taxation continued

Company	Accelerated tax depreciation £'000	Other temporary differences £'000	Retirement benefit obligations £'000	Total £'000
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
(Charge)/credit to income statement	8	37	13	58
(Charge)/credit to other comprehensive income	-	-	4	4
Effective change in tax rate				
- income statement	-	(2)	(1)	(3)
- other comprehensive income	-	-	-	-
At 29 March 2015	(237)	196	256	215

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	2015 £'000	2014 £'000
Deferred tax asset	417	58
Deferred tax liabilities	-	(1,140)
Deferred tax asset - Retirement Benefit obligations	22,854	12,325
	23,271	11,243

Company	2015 £'000	2014 £'000
Deferred tax liabilities	(41)	(84)
Deferred tax asset - Retirement Benefit obligations	256	240
	215	156

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 loss for the financial period amounted to £326,000 (2014: profit £3,791,000).

13. Property, plant and equipment

Group 2015	Land and Buildings £'000	Permanent Way Signalling and Bridges £'000	Vehicles Plant and Equipment £'000	Total £'000
Cost or valuation:				
At 30 March 2014	232,685	288,139	541,152	1,061,976
Additions	9,826	11,421	19,819	41,066
Transfers	-	(525)	525	-
Disposals	-	-	(6,776)	(6,776)
At 29 March 2015	242,511	299,035	554,720	1,096,266
Depreciation:				
At 30 March 2014	104,708	165,599	245,386	515,693
Charge for year	9,219	10,715	30,007	49,941
Disposals	-	-	(6,180)	(6,180)
At 29 March 2015	113,927	176,314	269,213	559,454
Net book value				
At 29 March 2015	128,584	122,721	285,507	536,812

Notes to the Consolidated Financial Statements continued

13. Property, plant and equipment continued

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

Included within the categories above are assets in the course of construction totalling £36.8m (2014: £56.4m), which are not being depreciated as they were not fully commissioned at the balance sheet date.

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 2015	Land and Buildings £'000	Vehicles Plant and equipment £'000	Total £'000
Cost or valuation:			
At 30 March 2014	38,222	1,131	39,353
Additions	3,855	139	3,994
At 29 March 2015	42,077	1,270	43,347
Depreciation:			
At 30 March 2014	10,898	761	11,659
Charge for year	499	77	576
At 29 March 2015	11,397	838	12,235
Net book value	30,680	432	31,112

2014	Land and Buildings £'000	Vehicles Plant and 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
Impairment write back	(3,350)	-	(3,350)
Disposals	-	(37)	(37)
At 30 March 2014	10,898	761	11,659
Net book value			
At 30 March 2014	27,324	370	27,694

Notes to the Consolidated Financial Statements continued

13. Property, plant and equipment continued

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.

Capital commitments	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Contracted for but not provided in the financial statements	46,437	27,305	237	305

14. Investment property

Fair value	Group & Company £'000
At 31 March 2013	1,027
Increase in fair value during the year	30
At 30 March 2014	1,057
Additions	2
Increase in fair value during the year	-
At 29 March 2015	1,059

The investment properties were valued at their market value at 29 March 2015 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 29 March 2015 are as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair value as at 29 March 2015
Commercial property units: Located in Northern Ireland	-	1,059	-	1,059

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 £212,000 (2014: £217,000). Direct operating expenses arising on the investment property in the period amounted to £153,000 (2014: £145,000).

15. Investment in subsidiaries

Company	Subsidiary Undertakings £'000
Cost:	
At 30 March 2014 and 29 March 2015	41,223
Provisions:	
At 30 March 2014 and 29 March 2015	41,223
Net book value:	
At 30 March 2014 and 29 March 2015	-

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 Ltd)	Northern Ireland	Ordinary shares of £1 each	100%	Public transport

16. Stocks

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

Notes to the Consolidated Financial Statements continued

17. Trade and other receivables

Group	2015 £'000	2014 £'000
Trade debtors	12,164	10,616
Other debtors	46,183	40,883
Prepayments and accrued income	5,879	4,912
	64,226	56,411

Company	2015 £'000	2014 £'000
Trade debtors	1,508	688
Amounts receivable from group undertakings	53	-
Prepayments and accrued income	4,803	1,559
	6,364	2,247

Trade debtors are stated after provisions: Group £410,000 (2014: £962,000); company £187,000 (2014: £144,000).
Overdue debts are detailed in note 24.

18. Trade and other creditors

Group	2015 £'000	2014 £'000
Trade creditors	2,526	3,509
Other creditors	5,121	3,557
Accruals and deferred income	36,809	40,837
	44,456	47,903

Included in other creditors is £12,000 (2014 - £52,000) relating to outstanding contributions payable to the NILGOS Pension Scheme.

Company	2015 £'000	2014 £'000
Other creditors	218	478
Amounts payable to Group undertakings	8,521	7,818
Amounts payable to Group undertakings – group relief	53	-
Other tax and social security	33	-
Accruals and deferred income	5,226	3,566
	14,051	11,862

19. Provisions

Group	Group			Company
	Corporate Social Responsibility £'000	Third party claims £'000	Total £'000	Third party claims £'000
At 30 March 2014	1,845	14,198	16,043	95
Utilised during period	-	(2,230)	(2,230)	(10)
(Credit)/charge to profit and loss account	(850)	25	(825)	5
At 29 March 2015	995	11,993	12,988	90

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.

20. Deferred income

Group	2015 £'000	2014 £'000
At 30 March 2014	506,465	519,306
Grants receivable in year	41,810	31,784
Disposals	(391)	(109)
Adjustments	(375)	(756)
Transfer to profit and loss - depreciation	(46,503)	(43,760)
At 29 March 2015	501,006	506,465

Company	2015 £'000	2014 £'000
At 30 March 2014	6,125	5,560
Receivable in year	3,891	777
Adjustments	(56)	(181)
Transferred to profit and loss account	(33)	(31)
At 29 March 2015	9,927	6,125

Notes to the Consolidated Financial Statements continued

21. Notes to the cash flow statement

	2015 £'000	2014 £'000
Loss for the year	(13,459)	(942)
Adjustments for:		
Interest receivable	(401)	(582)
Finance costs/(income)	3,594	3,907
Other (gains)/losses	6,887	2,748
Depreciation of tangible assets (net of grant release)	3,438	5,035
(Surplus)/deficit on revaluation of investment property	-	(30)
Impairment of Property, plant and equipment	-	(3,350)
Corporation tax (credit)/charge	(424)	1,167
Loss/(profit) on disposal of assets	125	(551)
Operating cash flows before movements in working capital	(240)	7,402
Increase in stocks	(1,340)	(418)
Increase in debtors	(7,815)	(3,536)
Increase/(decrease) in creditors	(3,009)	12,993
Cash generated by operations	(12,404)	16,441
Corporation tax repaid/(paid)	322	(1,117)
Net cash from operating activities	(12,082)	15,324

	2015 £'000	2014 £'000
Cash and cash equivalents		
Cash and bank balances	41,207	56,668

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 29 March 2015 using the major assumptions set out below. This update was prepared by qualified actuaries employed by Mercer Limited.

NILGOS Scheme	2015	2014
Discount rate	3.3%	4.50%
Expected return on scheme assets	3.3%	4.50%
Expected rate of salary increase	2.3%	2.70%
Future pension increases	2.0%	2.40%
Inflation (RPI)	3.0%	3.40%
Inflation (CPI)	2.0%	2.40%

Mortality assumptions:	2015 Years	2014 Years
Retiring today:		
Males	21.7	21.7
Females	24.2	24.1
Retiring in 20 years:		
Males	23.5	23.4
Females	26.1	26.0

Notes to the Consolidated Financial Statements continued

22. Retirement benefit obligation continued

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 1.9%
Rate of inflation (CPI)	Increase/decrease by 0.25%	Increase/decrease by 5.1%
Rate of mortality	Increase by 1 year	Increase by 2.3%

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.

	2015	2014
Discount rate	3.3%	4.50%
Expected return on scheme assets	3.3%	4.50%
Expected rate of salary increase	2.3%	2.70%
Future pension increases	2.0%	2.40%
Inflation (RPI)	3.0%	3.40%
Inflation (CPI)	2.0%	2.40%

(ii) Amounts recognised in income

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

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Components of defined benefit cost				
Current service cost	14,598	313	15,295	273
Past service cost	4,755	-	28	-
Total service cost	19,353	313	15,323	273
Interest cost	27,326	824	25,380	705
Interest (income) on plan assets	(23,732)	(770)	(21,473)	(574)
Total net interest cost	3,594	54	3,907	131
Administrative expenses and taxes	284	5	277	4
Insurance premiums for risk benefits	1,902	31	1,851	28
Defined benefit cost included in consolidated income statement	25,133	403	21,358	436
Remeasurements (recognised in other comprehensive income)				
Effect of changes in demographic assumptions	(13)	(13)	15,269	423
Effect of changes in financial assumptions	113,679	2,418	(33,992)	(717)
Effect of experience adjustments	(617)	(617)	31,949	(505)
(Return) on plan assets (excluding interest income)	(47,951)	(1,767)	(22,502)	(204)
Total measurements included in other comprehensive income	65,098	21	(9,276)	(1,003)
Total pension cost recognised in consolidated income statement and other comprehensive	90,231	424	12,082	(567)

Of the expense for the year (service cost), £14.0m (2014: £13.9m) 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 £71.7m (2014: £44.0m); Company £2.5m (2014: £1.0m).

The cumulative amount of actuarial gains and losses recognised in other comprehensive income is losses of £115.7m (2014: £95.3m).

Notes to the Consolidated Financial Statements continued

22. Retirement benefit obligation continued

Expected contributions to the scheme in the next annual reporting period are £19.0m.

(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 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Present value of funded defined benefit				
- NILGOS Scheme	(751,986)	(18,190)	(602,058)	(15,487)
- Ulsterbus/Citybus Scheme	(1,262)	(1,262)	(1,425)	(1,425)
- Executive Scheme	(1,223)	(1,223)	(1,651)	(1,651)
Total Present Value	(754,471)	(20,675)	(605,134)	(18,563)
Fair value of scheme assets				
- NILGOS Scheme	597,913	15,092	520,281	13,448
- Ulsterbus/Citybus Scheme	1,945	1,945	1,840	1,840
- Executive Scheme	2,356	2,356	2,078	2,078
Total Fair Value	602,214	19,393	524,199	17,366
Net (liability) arising from defined benefit	(152,257)	(1,282)	(80,935)	(1,197)

(iv) Movements in present value

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

NILGOS Scheme	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
At 30 March 2014	602,058	15,487	558,325	15,746
Service cost				
Current service cost	14,569	284	15,253	273
Past service cost	4,755	-	28	-
Administrative expenses	284	5	277	4
Insurance premiums for risk benefits	1,902	31	1,851	28
Interest cost	27,195	693	25,244	705
Cash flows				
Benefits paid	(16,138)	(547)	(15,915)	(537)
Contributions from plan participants	6,121	108	5,958	99
Administrative expenses	(284)	(5)	(277)	(4)
Insurance premiums for risk benefits	(1,902)	(31)	(1,851)	(28)
Actuarial gains and losses	113,426	2,165	13,165	(799)
At 29 March 2015	751,986	18,190	602,058	15,487

Ulsterbus/Citybus Scheme	Group & Company 2015 £'000	Group & Company 2014 £'000
At 30 March 2014	1,425	1,534
Interest cost	57	62
Cash flows		
Benefits paid	(319)	(319)
Actuarial gains and losses	99	148
At 29 March 2015	1,262	1,425

Notes to the Consolidated Financial Statements continued

22. Retirement benefit obligation continued

Executive Scheme	Group & Company 2015 £'000	Group & Company 2014 £'000
At 30 March 2014	1,651	1,636
Service cost	29	42
Cash flows		
Benefits paid	(55)	(13)
Interest cost	74	74
Actuarial gains and losses	(476)	(88)
At 29 March 2015	1,223	1,651

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

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

NILGOS Scheme	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
At 30 March 2014	520,281	13,448	470,245	12,859
Interest income	23,563	601	21,301	574
Cash flows				
Employer contributions	18,878	308	18,367	281
Contributions from scheme members	6,121	108	5,958	99
Benefits paid	(16,138)	(547)	(15,915)	(537)
Administrative expenses paid from plan assets	(284)	(5)	(277)	(4)
Insurance premiums for risk benefits	(1,902)	(31)	(1,851)	(28)
Return on plan assets (excluding interest income)	47,394	1,210	22,453	204
At 29 March 2015	597,913	15,092	520,281	13,448

Ulsterbus/Citybus Scheme	Group & Company 2015 £'000	Group & Company 2014 £'000
At 30 March 2014	1,840	2,125
Interest income	76	88
Cash flows		
Benefits paid	(319)	(319)
Return on plan assets (excluding interest income)	348	(54)
At 29 March 2015	1,945	1,840

Executive Scheme	Group & Company 2015 £'000	Group & Company 2014 £'000
At 30 March 2014	2,078	1,862
Interest income	93	84
Cash flows		
Employer contributions	31	42
Benefits paid	(55)	(13)
Return on plan assets (excluding interest income)	209	103
At 29 March 2015	2,356	2,078

Notes to the Consolidated Financial Statements continued

22. Retirement benefit obligation continued

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	
	2015	2014	2015	2014	2015	2014
	%	%	%	%	%	%
Equity instruments	75	75	-	-	62	62
Debt instruments	12	12	-	-	14	14
Corporate bonds	-	-	-	-	-	-
Property	8	8	-	-	-	-
Index-linked bonds	-	-	96	96	-	-
Other	5	5	4	4	24	24
	100	100	100	100	100	100

Substantially all plan assets are classified as level 2 instruments.

23. Directors' and employees' staff costs

Staff costs

Group	2015 £'000	2014 £'000
Wages and salaries	107,898	105,790
Social security costs	7,826	7,780
Other pension costs	18,876	18,460
	134,600	132,030

Company	2015 £'000	2014 £'000
Wages and salaries	1,907	1,729
Social security costs	185	189
Other pension costs	352	430
	2,444	2,348

Number of Employees	2015 £'000	2014 £'000
Average		
Operating	2,432	2,473
Maintenance	774	724
Administration	776	760
	3,982	3,957
Total number of employees at the end of the year	3,999	3,983

Directors' Emoluments (excluding non-executive directors)	2015 £'000	2014 £'000
Basic salary and fees	307	356
Benefits in kind	15	12
Performance bonus	-	-
	322	368
Pension contributions	61	68
	383	436

Notes to the Consolidated Financial Statements continued

23. Directors' and employees' staff costs continued

	2015 No.	2014 No.
Members of defined benefit pension schemes	2	2

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

	2015 £'000	2014 £'000
Emoluments	158	210
Accrued annual pension	6	6
Accrued lump sum	-	1

	2015 £'000	2014 £'000
The Chairman's emoluments – fees	39	39

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

	2015 No	2014 No
£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

	2015 £'000	2014 £'000
Financial assets		
Loans and receivables:		
Accrued income		
Trade receivables	12,164	10,454
Other receivables	46,183	19,473
Cash and bank balances	41,207	56,668
Total financial assets	99,554	86,595
Financial liabilities		
Amortised cost:		
Trade payables	2,526	3,727
Derivative instruments – current	5,724	872
Derivative instruments – non current	3,109	1,073
Other creditors and accruals	41,930	43,153
Total financial liabilities	53,289	48,825
Net financial assets	46,265	37,770

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.

Notes to the Consolidated Financial Statements continued

24. Financial Instruments continued

(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 29 March 2015		At 30 March 2014	
	Level 2 £'000	Total £'000	Level 2 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	-	-	-
Total	-	-	-	-
Financial liabilities at FVTPL				
Derivative financial liabilities:				
Due within one year	(5,724)	(5,724)	(872)	(872)
Due after more than one year	(3,109)	(3,109)	(1,073)	(1,073)
Total	(8,833)	(8,833)	(1,945)	(1,945)

(d) Fair value adjustments recognised in income

Fair value adjustments are recognised in the income statement as other losses.

	2015 £'000	2014 £'000
Other losses – fair value adjustments	6,887	2,748

(e) 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 29 March 2015. 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.

Notes to the Consolidated Financial Statements continued

24. Financial Instruments continued

Fuel price risk

The Group is exposed to fuel price risk. The Group's operations as at 29 March 2015 consume approximately 38m 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 27 March 2016 is 38.0m litres (2015: 39.3 m litres) for which 92% is hedged (2015: 89%)

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

	2015 £'000	2014 £'000
Bus	100	220
Rail	43	25

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	
	2015 p / litre	2014 p / litre	2015 Litres '000	2014 Litres '000	2015 £	2014 £
Less than 1 year	47.85	46.62	35,000	35,002	11,022	16,319
1 to 2 years	43.62	45.56	32,000	35,000	10,847	15,947
2 to 5 years		44.22	-	17,500	-	7,738
5 years +			-	-	-	-
			67,000	87,502	21,869	40,004

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 29 March 2015		
Bus division	15,309	46,900
Rail division	6,560	20,100
As at 30 March 2014		
Bus division	26,003	56,876
Rail division	14,001	30,626

At 29 March 2015, and 30 March 2014 the projected fuel costs (excluding premia payable on fuel derivatives, delivery margins, fuel taxes and fuel tax rebates) for the next twelve months were:

	2015 £	2014 £
Costs subject to fuel hedges		
- Bus	11,723	11,888
- Rail	5,024	5,732
	16,747	17,620
Costs not subject to fuel hedges		
- Bus	1,005	1,469
- Rail	431	709
	1,436	2,178
Total	18,183	19,798

Notes to the Consolidated Financial Statements continued

24. Financial Instruments continued

(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 Authority, 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:

	2015 £'000	2014 £'000
Amounts 1 to 90 days overdue	2,716	626
Amounts 91 to 180 days overdue	154	-
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 (2014:Nil) and has not taken possession of any collateral it holds or called for other credit enhancements during the year ended 29 March 2015.

(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 29 March 2015, the Group's credit facilities were £4,250,000 (2014: £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
2015							
Non-interest bearing		27,018	6,186	11,222	-	-	44,456
Variable interest rate instruments		-	-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-	-
		27,018	6,186	11,222	-	-	44,456
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

Notes to the Consolidated Financial Statements continued

24. Financial Instruments continued

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
2015							
Non-interest bearing		23,651	12,230	22,466	-	-	58,347
Variable interest rate instruments	0.3%	41,207	-	-	-	-	41,207
Fixed interest rate instruments		-	-	-	-	-	-
		64,858	12,230	22,466	-	-	99,554
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

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
2015						
Gross settled:						
Fuel forward contracts	(570)	(1,589)	(3,564)	(3,110)	0	(8,833)
	(570)	(1,589)	(3,564)	(3,110)	-	(8,833)
2014						
Gross settled:						
Fuel forward contracts	(63)	(126)	(684)	(1,073)		(1,946)
	(63)	(126)	(684)	(1,073)		(1,946)

25. Other financial commitments

At 29 March 2015 the Group had commitments under non-cancellable operating leases for motor vehicles as set out below:

	2015 £'000	2014 £'000
Total remaining Operating lease payments due:		
Within one year	26	32
In two to five years	50	176
	76	208

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:

	2015 £m	2014 £m
Capital grants	33.7	31.3
Public Service Obligation compensation	15.6	21.0
Concessionary fare compensation for a range of groups	40.8	40.2
Level crossing compensation	0.1	0.1
Other revenue funding	6.1	18.3

The balance owed to the Group by the Department at the year end was £20.5m (2014: £39.1m).

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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