2015/2016

THE TRANSLINK ANNUAL REPORT & ACCOUNTS

Translink

NITHC
NORTHERN IRELAND TRANSPORT HOLDING COMPANY

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OFFICERS AND ADVISERS

DIRECTORS
Mr Frank Hewitt (Chairman)
Mr Chris Conway (Group Chief Executive)
Mr Patrick Anderson (Chief Financial Officer)
Mr Philip O'Neill (Chief Operating Officer)
Mr Anthony Depledge OBE
Mr Bernard Mitchell
Mrs Hilary McCartan
Ms Angela Reavey
Dr Mark Sweeney OBE

COMPANY SECRETARY
Mr JP Irvine

INDEPENDENT AUDITOR
Deloitte LLP
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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

CHAIRMAN'S FOREWORD

I am very pleased to present the Annual Report and Accounts for the Northern Ireland Transport Holding Company (NITHC) for the year ended 27 March 2016 – a year of very significant change and challenge for the Group.

I wish to record my thanks to Danny Kennedy, Minister for Regional Development until his resignation in July 2015, and to his successor Michelle McIlveen for their commitment and support in the past year. I welcome the appointment of Chris Hazzard as Minister in the Department for Infrastructure (formerly the Department for Regional Development –the Department or DfI) and look forward to a collaborative and constructive relationship.

My predecessor as Group Chairman, John Trethowan, resigned as a Director on 30 June 2015 and, on behalf of Board colleagues, and of the management team, I want to record our thanks for, and appreciation of, the leadership and support which he afforded the Group during his term as Chairman. Two members of the Board, Angela Coffey and James Brown, also left during the year and again, I wish to record my appreciation of the significant contributions which they made to the governance of NITHC during their terms as Board members.

In January 2016, Minister McIlveen re-appointed Tony Depledge and Bernard Mitchell for second terms as Board members, and appointed Mark Sweeney, Hilary McCartan and Angela Reavey to the Board.

Prior to this, in September 2015 Chris Conway joined the Company as Group Chief Executive, replacing David Strahan, who left Translink to take up a different vocation, and Patrick Anderson took up a new position of Chief Financial Officer. The management strength and experience which Chris and Patrick bring is already making a significant and positive impact.

The reductions in overall public spending in Northern Ireland and the consequential cuts to the funding available to Translink have inevitably resulted in restrictions to the transport services we provide throughout Northern Ireland. However, we have sought wherever possible, to mitigate the effects of these reductions and we will continue to review our business with the aim of delivering the best possible public transport service to the people of Northern Ireland.

The public expenditure cuts have also had a significant effect on the Group's financial position: the Group's loss for the financial year before tax and technical accounting adjustments was £10.5m against a budgeted loss of £13.8m. Despite the loss for the year the balance sheet position has improved due to favourable actuarial movements.

Although the current position is challenging, the Company has taken and will continue to take, steps to develop the public transport offering in Northern Ireland. We have enhanced our bus fleet with the purchase of 12 new high-specification Caetano double-deck vehicles and we have successfully completed a £12.2m upgrade to the Enterprise rail service between Belfast and Dublin. Work also continues to progress on the second phase of the Derry~Londonderry to Coleraine railway line upgrade. Planning and design work is already underway for the proposed new Belfast Transport Hub which will deliver an ultra-modern integrated transport interchange in the heart of Belfast City Centre. In September we placed an £18m order for 30 new Rapid Transit vehicles which will be deployed on routes into Belfast City Centre and which will offer a fast and cost effective commute into our capital city.

The Board and Management of NITHC are committed to the development and delivery of a safe, attractive, cost effective 21st century public transport service which meets the needs of a modern, growing community and economy and which will result in an increasing modal shift to sustainable transport. The achievement of this ambition will require on-going commitment from Government but we believe that, with this support, our ambition is achievable.

Frank Hewitt
Chairman
23 June 2016

(L-R) **3.** Hilary McCartan, Non-Executive Director; **4.** Tony Depledge OBE, Non-Executive Director;
2. Chris Conway, Translink Group Chief Executive; **5.** Dr. Mark Sweeney OBE, Non-Executive Director;
1. Frank Hewitt, Chairman; **6.** Philip O'Neill, Chief Operating Officer; **7.** Angela Reavey, Non-Executive Director;
8. Patrick Anderson, Chief Financial Officer; **9.** Bernard Mitchell, Non-Executive Director

NORTHERN IRELAND TRANSPORT HOLDING COMPANY (NITHC) BOARD

1. Frank Hewitt
Chairman
Appointed Group Chairman in July 2015 and a Non-Executive Director of the company between 2011 and 2015, Frank's career spans both the public and private sectors and he has held a number of public appointments. He is currently a UK board member of the Big Lottery Fund and a non-executive board member of the Strategic Investment Board.

2. Chris Conway
Group Chief Executive
Appointed Group Chief Executive in September 2015, Chris previously worked as Managing Director of Tata Steel's sales and distribution business in Ireland and he was vice president of operations in Europe for Nortel and Managing Director of Nortel (NI) Ltd. He is a Chartered Company Director and a Fellow of the Institute of Directors.

3. Hilary McCartan
Non-Executive Director
Hilary is a chartered accountant by profession and has held senior management posts in the private sector and non-executive roles in the public sector. She has held the following public appointments: a Non-Executive Director of the Business Services Organisation, a Member of the Agri-Food & Biosciences Institute, and is currently a Commissioner for Londonderry Port & Harbour Commissioners.

4. Tony Depledge OBE
Non-Executive Director
Appointed as a Non-Executive Director in 2011, Tony has a background in passenger transport management in both the public and private sectors. He chairs the UK Bus Awards Scheme, is a trustee of the Rees Jeffreys Road Fund and is also a Fellow of the Chartered Institute of Transport and Logistics. He is an honorary President of the European Union Committee of the international transport trade association UITP.

5. Dr. Mark Sweeney OBE
Non-Executive Director
Mark has a background in the industrial, commercial and manufacturing sectors within Northern Ireland and globally. He is a former Vice President of Caterpillar and was Global Operations Director for Caterpillar's Electric Power Division and Managing Director of FG Wilson Eng. Ltd. He is a Fellow of the Institution of Mechanical Engineers and is currently a Non-Executive Director of Invest NI.

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

7. Angela Reavey
Non-Executive Director
A Fellow of Chartered Accountants Ireland, Angela has experience working at a senior level in both the public and private sectors. She is a past Chairman of the Chartered Accountants Ireland - Ulster Society and former Board member of the Northern Ireland Science Park Foundation and Trustee of NISP CONNECT; she is currently a Board member of Firmus Energy.

8. Patrick Anderson
Chief Financial Officer
Appointed as Chief Financial Officer in 2015, Patrick joined Translink from the Business Services Organisation where he was Director of Finance and member of the Board. A Chartered Accountant, he has held a number of senior Finance positions in both the private and public sectors. He is a Fellow of the Institute of Directors and completed the Chartered Director Programme in 2014.

9. Bernard Mitchell
Non-Executive Director
Appointed as a Non-Executive Director in February 2012, Bernard worked in the NI Health and Social Services from 1978 to 2011, including 10 years as a Chief Executive. He is currently Chair of the NI Guardian Ad Litem Agency, a member of the NI Assembly Secretariat Audit & Risk Committee and the Audit & Risk Committee of PONI. On a voluntary basis, he is a member of the Marie Curie Cancer Care NI Advisory Board and Chair of the Strand Arts Centre.

STRATEGIC REPORT

Introduction
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). We are Northern Ireland's main public transport provider.

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 2015/16
Translink's performance in 2015/16 has been against a backdrop of a very challenging financial situation where public funding has reduced by approximately 20% since 2013/14.

Losses for the year before tax and technical accounting adjustments were £10.5m, compared to £8.4m for the prior year, which reflects a reduction in public funding of £16m.

The Group buys forward a significant proportion of its fuel costs in order to provide stability in respect of such costs for both budgeting and its passengers. This is reflected in the financial statements and the Group will see benefits from forward buying at current low prices in future years.

The retirement benefit obligation in the balance sheet decreased from £152m in 2015 to £120m in the current year, primarily as a result of improved yields on UK Bonds. 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.

As a consequence of the funding reductions a financial viability strategy was developed in order to ensure the organisation is sustainable in the future.

The strategy had three main components:

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

The Board can report significant progress in respect of reducing management, overhead and administration costs. The targeted efficiencies arising from service adjustments were implemented during the second half of the year. There was also an above inflation fare increase implemented in February 2015.

Implementation of this financial viability strategy has delivered £5m of cost reductions in 2015/16. There is also an on-going cost reduction and revenue enhancing programme of activities which will deliver significant further financial benefits over the next three years.

Notwithstanding the reduction in public funding, Translink delivered 78.6m passenger journeys in 2015/16, which although marginally down on last year (at just over 80m passengers), reflects a strong performance in light of the service adjustments and above inflation fare increases. This was delivered through a combination of effective operational performance, product development, innovation and offering best value tickets and a good performance on customer satisfaction.

RECENT ACHIEVEMENTS

SAFETY MANAGEMENT
As part of our commitment to safety we have introduced a new integrated safety management system across our network.

SERVICES
Appointed as the designated transport provider by the Department for Infrastructure to deliver bus and rail services within Northern Ireland.

6%
Fare paying passengers have grown by over 6% in the last 3 years.

PHASE 2
On schedule to complete the Coleraine to Derry~Londonderry rail line phase 2 renewal works this year.

TRACK
Rail line track improvements between Knockmore and Lurgan underway.

70%
Over 50 Park & Ride facilities available with over 8,000 spaces and an average of over 70% utilisation.

MAJOR EVENTS
Supporting transport plans for major NI events – Balmoral Show, the Irish Open, the Giro d'Italia, Tall Ships and a number of music concerts and festivals.

1.2m
Website attracts around 1.2m visits per month with over 70% on mobile devices. We now have over 80k followers on social media.

FACILITIES
A number of new stations and facilities enhanced across NI.

TECHNOLOGY
Real time passenger information and ticketing now available on mobile devices.

20%
More customers buying tickets online and growing at 20% p.a.

30,000
Over 30k young people are using our integrated yLink discount cards.

AUDIO/VISUAL
New audio and visual bus stop announcements onboard all Metro services.

FLEET
Continued growth on our Derry~Londonderry to Belfast express route. £4.4m investment in 12 new double deck Goldline coaches.

4,500
Over 4,500 face to face customer satisfaction interviews annually.

EMPLOYEES
Implementation of an Organisational Development Programme for all staff.

ACCESSIBILITY
All main bus and train facilities are fully accessible. Regular engagement with a range of senior and disability groups on passenger needs.

220,000
Over 220,000 concessionary fare passes active for travel in the last year including 60+, Senior and other accessibility passes.

Public Service Contract
Translink has, for the first time in its history, been awarded a contract to supply Northern Ireland passengers with the public transport services they have come to use and enjoy.

The new public service contract runs from October 2015 for at least five years, and cements the implementation of European and Northern Ireland legislation. Translink is confirmed as the main provider of public transport services with exclusive rights to operate the timetabled network in Northern Ireland.

Looking to the future of the Company, we want this new contract to be a success and the first of many successive public service contracts we receive.

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

Key Financials

	2016 Group £'000	2015 Group £'000
Revenue before inter company adjustments	205.1	200.2
Inter company adjustments	(2.2)	(2.3)
Consolidated revenue	**202.9**	**197.9**
Pro forma profit/(loss) before tax (note 1)	(10.5)	(8.4)
Impairment	0.2	0.4
Pensions adjustments (IAS 19)	(7.8)	(1.5)
Movement on derivatives	-	(6.9)
Consolidation adjustments	(0.2)	(0.2)
Consolidated profit/(loss) before tax	**(18.3)**	**(16.6)**

Note 1 - The pro forma profit is used by the Department for Infrastructure to assess profitability.

Financial Review

The results for the year are shown in the consolidated income statement on page 45.

Group turnover for the year was £202.9m, however the profitability of the bus companies was significantly impacted by the full withdrawal of fuel duty rebate (approximately £10m) and the full cessation of a £3.6m contribution from DfI towards employer pension contributions.

The pro-forma loss before tax, ie, loss for the year before tax and technical accounting adjustments, was £10.5m. This represents an improvement of £3.3m on budget (loss of £13.8m). This loss reflects the continued reduction in the level of recurrent government funding towards public transport in Northern Ireland – since 2013/14 this funding has reduced by almost £16m or 20%. This has been mitigated by a range of efficiency measures which have yielded in-year savings of over £5m.

The consolidated loss before tax for the year of £18.3m reflects an accounting adjustment (ie charge) of £7.8m for pensions. This charge is due to an increase in the long-term cost of both providing pensions and servicing the existing pensions deficit.

Despite the losses, the Group Balance Sheet was strengthened by favourable movements in the valuation of the Group's pension deficit, as detailed in the Consolidated Statement of Comprehensive Income on page 46. This deficit, or retirement benefit obligation, 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.

Operational Review

Passengers (million)	2016	2015	2014
N I Railways	13.5	13.4	12.5
Ulsterbus	38.8	40.3	40.5
Metro	26.3	26.3	26.4

Customer performance Index (%)*	2016	2015	2014
N I Railways	79.3	82.6	81.2
Ulsterbus	79.2	80.5	79.3
Metro	73.9	76.0	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)#	2016	2015	2014
N I Railways (local/long haul)	98.5/99.5	98.5/98.5	98.5/96.7
Ulsterbus	93.5	94.0	94.0
Metro	96.5	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)	2016	2015	2014
N I Railways (local/long haul)	100.0/100.0	100.0/100.0	100.0/98.7
Ulsterbus	99.9	100.0	100.0
Metro	100.0	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§	2016	2015	2014
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.

There has been continued growth in rail fare paying passenger numbers, although at a slower rate than last year due to the impact of above inflation fare increases and some service changes. These factors are also reflected in the customer performance indices for rail. Punctuality and reliability for rail continues to perform well.

Metro passenger journeys are in line with last year. However, Ulsterbus passenger journeys are marginally below due to the impact of above inflation fare increases, significant service changes on Ulsterbus and difficult economic conditions. These factors are also reflected in the customer performance indices for Bus. Punctuality and reliability for bus continues to perform well.

Capital Investment

Capital expenditure	2016 £m	2015 £m
Buses/Coaches	7.9	5.9
Trains	12.0	6.5
Infrastructure	21.0	13.5
Other	9.7	15.2
Total	50.6	41.1

The investment in bus/coaches of £7.9m relates to the purchase of 12 Double Deck High Capacity coaches for deployment on our Goldline network and a deposit on 30 vehicles for the Belfast Rapid Transit project.

Expenditure of £12.0m on trains relates to the overhaul of the Class 3000 and Class 4000 trains as well as the overhaul and refurbishment of the Enterprise Trains.

Infrastructure expenditure of £21.0m includes £16.2m on Coleraine to Derry~Londonderry Renewals programme and £1.8m on Knockmore to Lurgan Track Ballast Rehabilitation project.

Key Performance Indicators

Key Performance Indicators (KPIs)	2016	2015
Fleet size:		
Buses/Coaches	1,339	1,421
Rail Rolling Stock	45 sets	45 sets
Average fleet age (buses: years)	8.0	7.4

Average fleet age is increasing.

Our Strategy

As Northern Ireland's main public transport provider we provide an essential public service to the people of Northern Ireland which impacts on everyone, supporting economic growth, social inclusion and the welfare of the local communities we serve. This supports the growth and prosperity of Northern Ireland.

Providing high quality public transport not only enables a region to thrive, it also helps to address the challenge of congestion and climate change, creating healthier towns and cities. On an individual level it gives people choices, freedom and more opportunities in terms of business, education, shopping and leisure pursuits.

Our five-year strategy entitled 'Get on Board' sets out a Vision for Translink.

'TO BE YOUR FIRST CHOICE FOR TRAVEL IN NORTHERN IRELAND'

Our mission is to work innovatively, taking a collaborative approach with all appropriate stakeholders to deliver a transformation in public transport, providing integrated services which connect people, enhance the economy and improve the environment, enabling a thriving Northern Ireland.

At Translink, we are passionate about providing excellent public transport and this is endorsed by our guiding Values: Safety, People, Innovation, Responsibility, Integrity and Teamwork – this is the Translink 'SPIRIT'.

We will deliver results across four key objectives:

1. Operational Excellence – to deliver excellent bus and rail service performance.
2. To deliver outstanding customer satisfaction at every touch point.
3. To grow the number of passengers using public transport.
4. To deliver value for money.

Our Vision:

"To be Your First Choice for Travel in Northern Ireland."

Our Mission:

"To deliver a transformation in public transport, providing integrated services which connect people, enhance the economy and improve the environment, enabling a thriving Northern Ireland."

Translink's Strategy Wheel:

Our Values:

The **'Translink SPIRIT'** is a set of guiding principles that are a fundamental part of everything we do. These core values are embedded in the culture of our organisation and enable us to lead, inspire and succeed in delivering our goals for Translink.

S – Safety
We put safety first by taking care of the people around us.

P – People
Our people make the difference in the service customers receive. We will respect one another and seek a committed, talented and diverse workforce.

I – Innovation
We seek out new ideas and creative solutions to business challenges and are agile and responsive to the changing needs of our stakeholders.

R – Responsibility
We are responsible for our actions. We are good neighbours and corporate citizens in the communities where we operate.

I – Integrity
We do the right thing. Our actions are fair, ethical, trustworthy and straightforward.

T – Teamwork
We work together to deliver the best results. We encourage collaboration to build and nurture valuable partnerships.

OBJECTIVE 1: OPERATIONAL EXCELLENCE – TO DELIVER EXCELLENT BUS AND RAIL SERVICE PERFORMANCE.

We recognise that to achieve our Vision and deliver on our Mission we must offer a service across our bus, coach and rail services that exceeds customer expectations on punctuality and reliability.

Safety
The safety and wellbeing of our customers, employees and the general public remains central to Translink's operations. A significant work programme is in place to deliver, enhance and maintain safe systems, a positive safety culture, emergency preparedness and high profile public safety campaigns in support of this commitment.

Maintaining High Punctuality and Reliability Standards
We have set challenging goals to ensure that more than 95% of our services are on time and more than 99.5% of services operate reliably. These are built into our Passenger's Charter and independently monitored twice a year. The monitoring panel includes the Consumer Council for Northern Ireland.

As part of our Charter commitment we will also communicate on a regular basis with our customers on how we are performing in terms of punctuality and reliability and provide updates on improvements and developments.

Exploiting Technology
We aim for continuous improvement by investing in the development and use of technology, enabling us to efficiently plan and allocate all of our resources in terms of our bus and train fleets and the people who operate our business on a 24/7 basis, to ensure we deliver our timetabled services every day.

Journey Time and other External Factors
To deliver excellent punctuality and reliability requires a partnership approach with all our stakeholders to address external factors which can impact on our services such as congestion, traffic accidents, road works and track trespass.

Fleet Strategy
We are continuing to work on bringing forward plans to improve the frequency and capacity on the rail network and have a Rail Network Utilisation Strategy which prioritises our investment needs.

In order to preserve the attractiveness of our services we aim to maintain a bus fleet with an average age of eight years.

Network Resilience
Our trains operate over 300 miles of track including many bridges, level crossings and signals. We routinely inspect and efficiently maintain this infrastructure to high technical, operational and safety standards. We will replace assets or renew as they approach the end of their useful life which is based on a balance of safety, economy, availability, reliability and ongoing maintenance. This ensures we maintain operational efficiency.

People
We are proud to be recognised as an Investor in People (IiP) having attained a number of awards throughout the organisation. We will continue to provide excellent learning and development opportunities in order to give employees the opportunity to stretch themselves, to do more and new things. We are committed to creating a diverse workforce as we recognise the benefits this brings to our organisation.

OBJECTIVE 2: TO DELIVER OUTSTANDING CUSTOMER SATISFACTION

The Translink brand means that people should get a high quality presentation when they use our services and meet with our people.

We want to ensure everyone gets a friendly, helpful and professional service at all times. We know this is an essential lever for improving customer satisfaction and increasing trust, as well as being a predominant factor in brand choice and loyalty.

Customer satisfaction is built in to our Passenger's Charter and independently monitored twice a year. We have set a target to achieve greater than 85% customer satisfaction against the Customer Performance Index (CPI) across all our services.

Customer Driven Innovation

Customer information is an important tool for business growth.

We will continue to facilitate access to timetables and in service information, incorporating real time data across a range of internet accessible devices.

To inspire new developments we will make our data available on the Opendata platform to allow third parties to develop commercial applications, effectively promoting shared mobility services.

We will extend digital departure screens across the public transport network for next scheduled and real time departures including airports and Park & Ride sites.

Customer Complaints and Compliments

Our customers are very important to us and as such we welcome their comments and suggestions on how we might improve our services. When things go wrong we will do our best to put things right. Our Passenger's Charter sets out our responsibilities and is a statement of our commitment to provide high quality bus and train services in Northern Ireland.

Ticketing Technologies

Innovative ticketing solutions with a focus on integration, flexibility and convenience play an important role in attracting more people on-board Translink services. Enhancements such as the acceptance of contactless payment cards on-bus, e-purse payments, ticket vending machines at bus and rail stations and key stops, gated rail stations, online/app ticket purchases and smartcard top-ups plus provision of ticketing for Belfast Rapid Transit are all planned.

Accessible Transport Strategy

We are committed to delivering a modern, sustainable transport network that meets the needs of our community.

We will be working closely with government departments alongside stakeholder and disability groups to deliver the Vision of the new Department for Infrastructure Accessible Transport Strategy 2025 to deliver a transport network in Northern Ireland that is inclusive and accessible to all.

Social Inclusion

Public transport helps to support social inclusion by providing access to employment, education, health and social activities for people from all communities and backgrounds. We aim to make services inclusive for all and work to design our transport network and facilities to bring people together, making use of new technology where appropriate.

OBJECTIVE 3: TO GROW THE NUMBER OF PASSENGERS USING PUBLIC TRANSPORT

We are committed to supporting an increase in modal shift towards sustainable transport.

We have developed long-term investment strategies for bus and rail services and will work with all key stakeholders to develop funding plans and policy support to deliver significant passenger growth. Successful delivery of these growth plans will contribute significantly to the transport network of Northern Ireland.

We have set a target for passenger growth of 1m additional passenger journeys per year, resulting in 85m passenger journeys by 2021.

Flagship Projects

A number of exciting investment projects are already underway that will contribute to the transformation of our public transport network. These include the Belfast Hub and Belfast Rapid Transit (BRT) which are both included in the Northern Ireland Executive's seven flagship projects for funding.

Expanded Park & Ride Programme

We have plans for additional Park & Ride facilities at a number of train stations including Portadown, Moira, Whiteabbey and Cullybackey and continue to work with Transport NI to explore additional opportunities with road improvement schemes.

Rail Infrastructure

Work continues on the second phase of the major engineering project to complete resignalling works and a passing loop on the Coleraine to Derry~Londonderry railway line.

We have started work to improve the rail infrastructure and improve journey times between Lisburn and Lurgan. A Derry~Londonderry Train Station development is also being considered for EU funding.

Enterprise Developments

All services are now operated with newly refurbished trains following completion of a major £12.2million upgrade. Translink will work in partnership with Irish Rail to make improvements in resilience and journey times and to develop a long-term strategic plan for the cross-border Enterprise service.

Bus and Coach Developments

Further service enhancements are planned on the Goldline network.

Ulsterbus services are continuing to work with other shared mobility service providers in health, education and community transport to deliver rural services more cost effectively and create links to the Ulsterbus and Goldline networks.

Metro quality bus corridors are continuing to improve frequencies, to refresh bus stop infrastructure and information and to further simplify and extend the network. Orbital operations are under consideration. We will continue to enhance airport connections and explore opportunities to extend motorway bus lanes.

OBJECTIVE 4: TO DELIVER VALUE FOR MONEY

The challenge for Translink is to work with all stakeholders and agree on the sort of region we want to live in.

There is global evidence that as cities become more urbanised and aided by technology, we are moving towards a shared mobility model, an integrated transport proposition that uses technology to knit public transport together with other modes – walking, cycling, car sharing, taxis and anything else you can think of.

We have an ambitious Vision to transform public transport to become the first choice for travel in a shared mobility model in Northern Ireland, growing passenger numbers through a clear focus on our customers and delivering service excellence through our people. We want to engage with all stakeholders to demonstrate the value of public transport.

Funding
There needs to be sufficient public funding made available to support the transformation of public transport.

We will continue to work with all key stakeholders to develop funding plans and policy support to attract more people to public transport.

Cost Efficiency
We continue to review how we can further drive business efficiencies throughout the organisation in order to offer best value and operate effectively.

We are active in our efforts to minimise fuel consumption through the purchase of more eco-friendly vehicles and have introduced a range of best practice energy saving measures such as eco driving programmes to improve our fuel efficiency. These initiatives, along with operational cost efficiency measures, will support our efforts to keep fares as low as possible and improve customer satisfaction on value for money.

Revenue Generation
We aim to generate revenue to reinvest in frontline bus and rail services while keeping fares as low as possible. To achieve this, we will maximise commercial opportunities and look at innovative ways of generating revenue from our bus, rail and station infrastructures to invest in public transport.

Fares Strategy
We will work on an annual basis with key stakeholders to review fares and maintain value for money for our customers. We also actively promote and encourage customers to get the best value deal to help them save money. We will work alongside partners such as the Consumer Council for Northern Ireland to promote best value.

Congestion is Costing our Economy
Translink will work with all key stakeholders to tackle this issue and support the development of a Transport Strategy for our cities and towns.

Cost Effective Rural Services
Translink will continue to forge joint partnerships with Community Transport Organisations, education and health to find cost effective, integrated travel solutions for the local rural community.

THE TRANSLINK **SPIRIT** WILL BE EMBEDDED IN EVERYTHING WE DO, UNDERPINNING OUR EFFORTS TO ACHIEVE OUR KEY OBJECTIVES.

Safety
The safety and wellbeing of our customers, staff and the general public is central to our operations.

We are guided by our Safety Management System and are constantly developing our safety capabilities and preparedness. We aim for zero staff or passenger safety incidents.

People
We value and seek to develop our people.

We have won a number of awards for Investors in People (IiP) and strive to achieve the gold standard.

We are committed to creating a diverse workforce as we recognise the value this brings to our organisation. We have pledged to tackle the gender imbalance within the Group through the Business in the Community 'Gender Project'.

Innovation
We have worked to instil a culture of continuous improvement throughout the organisation which challenges everyone to focus on what we do, or could do, to provide an excellent service for our customers and wider stakeholders.

Further formal processes are being introduced to improve service delivery and drive efficiencies throughout the Group.

Responsibility
We believe that Corporate Social Responsibility (CSR) is not just about ethics but is an important strategic tool for our business.

We continue to deliver a comprehensive CSR programme based on the four key themes of Go Safe, Go Eco, Go Healthy and Go Together and have been recognised as one of Northern Ireland's leading businesses in this area.

Along with our continued commitment to our employees' health through our occupational health programmes, we continue to engage with and contribute to the local community to protect and enhance safety, wellbeing and the environment.

Integrity
We act with integrity in everything we do within a robust Corporate Governance Framework.

We will continue to work collaboratively with our sponsor Department (DfI) and other regulators and stakeholders and governing authorities to ensure compliance with relevant regulations.

Teamwork
We are committed to creating the right conditions for all our people to give of their best, to espouse our Vision and Values and to be an advocate for public transport.

PRINCIPAL RISKS AND UNCERTAINTIES

The business faced a number of risks and uncertainties, both internal and external. These incorporate commercial, safety, employee and data security and are discussed in the Corporate Governance Statement.

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and auditor's report, for the 52 weeks ended 27 March 2016.

Other than the restructuring of the Department, and the appointment of a new Minister, 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 is included in the strategic report.

Directors

The Directors who served at the date of approval of the accounts are noted on page 4.

Changes during the year were as follows:

- Mr P Anderson was appointed as a Director and Chief Financial Officer on 1 June 2015.
- Mr J Trethowan resigned as a Director on 30 June 2015.
- Mr F Hewitt, a serving Director, was appointed as Chairman on 1 July 2015.
- Mr C Conway was appointed as a Director and Group Chief Executive on 7 September 2015.
- Mr D Strahan resigned as a Director on 20 September 2015.
- Mr J Brown and Mrs A Coffey resigned as Director on 31 December 2015.
- Ms H McCartan, Ms A Reavey and Dr M Sweeney were appointed as Directors on 2 January 2016.
- Mr T Depledge and Mr B Mitchell were reappointed for a further term of four years in January 2016.

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Disabled Employees

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

Employee Consultation

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

Auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's 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, fuel hedges, investments in subsidiaries and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below.

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

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

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

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

Credit Risk
Credit risk arises on trade debtors and certain other debtors, a significant element of which relate to amounts owed by UK government bodies and in relation to which the Directors consider the credit risk to be remote. Group and Company policy is aimed at minimising credit risk and requires that deferred terms are granted only to non-government customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the Group 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 Department.

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

The Group's business activities, together with the factors likely to affect its future development, performance and government funding are set out in the Strategic Report. Principal risks and uncertainties are detailed above. The Corporate Governance Statement on page 30 includes details of how risks are managed. 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. The Group has received notification of its baseline resource funding for 2016/17 and has prepared a budget on this basis. This resource baseline reflects the removal in full of Fuel Duty Rebate and NILGOSC subsidy which when taken together represent a reduction in recurrent funding for the provision of public transport services in Northern Ireland of approximately £16m or 20% since 2013/14. The Group is budgeted to generate a trading loss for 2016/17 which it will fund entirely from reserves. A Corporate Plan has not been prepared given the lack of certainty on future resource allocations from the NI Executive. The Consolidated Balance Sheet shows a deficit of £27.6m (2015: deficit of £44.2m). This deficit is entirely attributable to the Group's retirement benefit obligation of £120.2m, a decrease of £32.0m from 2015. The obligation is long term and does not affect the Group's cash flow in the short to medium term.

In October 2015, Translink was awarded a contract for the provision of public transport services for at least five years. This contract (with the Department for Infrastructure) includes a commitment that payment for these services will be maintained at such a level to ensure that as a minimum Translink is able to meet its going concern obligations. This has been a key consideration for the Directors in assessing whether the accounts can be prepared on a going concern basis. Furthermore, a letter dated 15 June 2016 from the Department for Infrastructure reaffirms the Minister for Infrastructure's commitment to ensure that NITHC / Translink remains a viable financial entity. On this basis, the Directors believe that it is reasonable to assume that the Group has and will continue to have 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 that the accounts are prepared on a going concern basis.

Further information about the use of financial instruments by the Company and its subsidiaries is given in note 24 to the financial statements.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

JP Irvine

JP Irvine
Company Secretary
for and on behalf of the Board
23 June 2016

CORPORATE GOVERNANCE STATEMENT

Our Governance Framework

Translink is designated by the Office for National Statistics as a public (non-financial) corporation. This means that although we are governed in policy terms by Government, the Company retains a degree of day-to-day commercial independence. This commerciality is enshrined in law since Translink must hold and manage its assets "as if it were a company engaged in a commercial enterprise".

Translink is sponsored by the Department for Infrastructure with effect from 9 May 2016. ("Department" or "DfI" – but throughout the financial period in question this was referred to as the Department for Regional Development.) This sponsorship and linkage with the Minister brings with it an important additional layer of governance known as the Management Statement and Financial Memorandum (MSFM). The MSFM sets the tone and the expectations for the relationship between Translink and Government.

Whilst not required to comply with it, Translink also has regard to the provisions of the updated UK Corporate Governance Code, so far as it is considered appropriate, and have chosen to give selective disclosures that are necessary or valuable to stakeholders. The code can be obtained online at the FRC website.

Relationship Between the Company and Sponsor Department

During the year, the Minister for Regional Development was accountable to the Assembly for Translink's activities and performance. The Minister does this through policy direction and via the accountability lines which flow to him through the Board of Directors. On a day-to-day level the Departmental Accounting Officer (the Permanent Secretary – Mr Peter May) and Translink's Accounting Officer (the Group Chief Executive – Mr Chris Conway) interact regularly to ensure good flows of communications and that a relationship of "no surprises" exists between the two organisations.

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

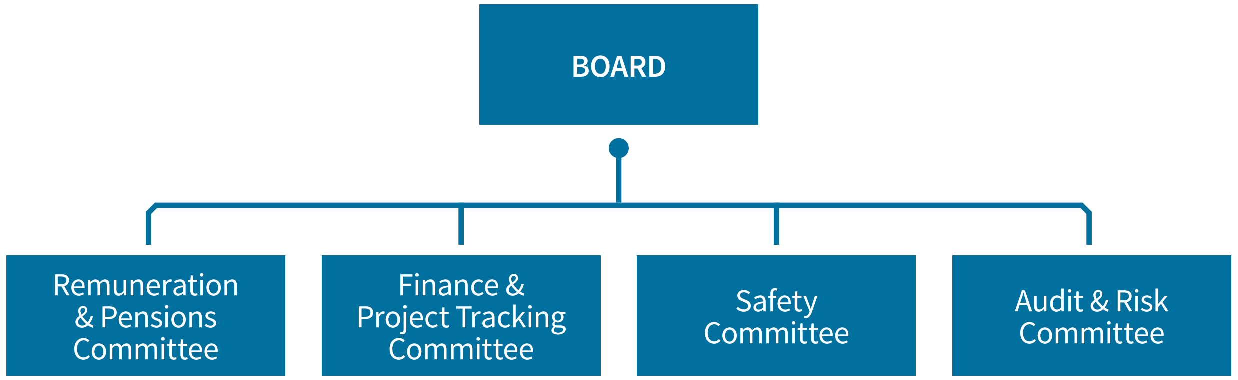
- Ministerial meeting with the Chairman expected to take place annually;
- Senior accountability meetings (led by the Permanent Secretary) with the full Board on a tri-annual basis;
- Departmental monitoring meeting where the sponsor branch officials meet with senior Translink Executives no less than nine times a year; and
- 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.

Role of the Board

The Board is collectively responsible for promoting Translink's long-term success, for setting its strategic aims and ensuring a framework of prudent and effective controls which enables risk to be assessed and managed. It is the responsibility of the Board to support and scrutinise management with its strategic aims to enable the Company to continue to perform successfully.

Role of Board Sub-Committees

The Board is supported in its activities by a number of sub-committees: Remuneration and Pensions, Finance and Project Tracking (renamed to Project Oversight Committee in April 2016), Safety, and Audit and Risk.



Translink's parent company is obliged to hold, manage and exercise its rights in respect of its assets commercially in accordance with Section 48 of the Transport Act (NI) 1967.

Board Composition and Succession

The Board consists of nine members which is the maximum number of members under its constitution (the articles of association). This Board is made up of three executive Directors (the Group Chief Executive, the Chief Operating Officer and the Chief Financial Officer) and six non-executive Directors (including the Board Chairman).

Changes to the Board during the year are detailed in the Directors' report.

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 receives accurate, timely and clear information to enable decisions to be taken in a way that enables Directors to fulfil their duties. He ensures that adequate time is available for discussion of all agenda items, and in particular strategic issues. The Chairman promotes a culture of openness and trust which allows for debate and constructive challenge of the executive Directors. The Chairman's distinctive duties are set out in the MSFM.

The Non-Executive Directors 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 appointment process.

The Senior Independent Director is currently Mr Tony Depledge. He serves as a sounding board for the Chairman, acts as an intermediary for the other Directors and leads the non-executive Directors in their oversight and review of the Chairman's annual performance.

The Accounting Officer and Group Chief Executive

The Group Chief Executive retains not only a Board position but also fulfils the important role of Accounting Officer. 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 organisation and its subsidiary companies operate effectively and to a high standard of probity. The Accounting Officer retains distinct duties with regard to governance, decision-making and financial management – these are bespoke to him and entirely separate from the roles and responsibilities of the Board Chair and individual executives.

Board Information Flows and Governance

The Chairman works closely with the Group Chief Executive in planning agendas, scheduling meetings and ensuring that good quality information is made available to Board and committee members on a timely basis.

The Board has direct access to a professionally qualified General Counsel and Company Secretary, who attends Board meetings to provide appropriate legal, risk and corporate governance advice and confidential counsel when required.

Board Development and 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.

Evaluating Performance

The Board undertakes a formal review of its performance and that of its Committees on an annual basis. The Chairman is responsible for the evaluation of individual Board Directors, and an evaluation of the Chairman is undertaken in his absence under the stewardship of the Senior Independent Director. This assessment is supplemented by the Department who undertake their own assessment in consultation between the Permanent Secretary and the Chairman. As part of this review, an assessment is made of whether Directors are able to allocate sufficient time to the organisation to discharge their responsibilities effectively.

Attendance at Board and Committee Meetings During The Period

Director	Committee Membership	Board	Audit & Risk	Safety	F&PT	GRPC
Mr John Trethowan	F&PT*, S, GRPC	2/3*		1/1	3/3	2/3
Mr James Brown	A&R, F&PT, GRPC	5/9	1/4		7/9	3/5
Mrs Angela Coffey	A&R***, S*, F&PT	9/9	2/2	3/3	7/9	
Mr Tony Depledge	A&R, S###	12/12	3/4	3/3		
Mr Frank Hewitt	A&R#, S, F&PT****, GRPC	12/12**	2/2	1/2	7/9	4/7
Mr Bernard Mitchell	A&R###, GRPC##	11/12	4/4			7/7
Mr Philip O'Neill	S, F&PT	12/12		3/3	10/11	
Mr David Strahan	A&R, F&PT	3/4			2/5	
Mr Patrick Anderson	F&PT	9/9			9/9	
Mr Chris Conway	S, F&PT	8/8		2/2	6/6	
Mrs Hilary McCartan	A&R, GRPC###	3/3				2/2
Ms Angela Reavey	A&R, GRPC	3/3				2/2
Dr Mark Sweeney	S, FPT	3/3			2/2	
Mr Stephen Boyd+	A&R	N/A	3/4			

1. A&R – Audit and Risk, S – Safety, F&PT - Finance and Project Tracking (renamed to Project Oversight Committee with effect from 20 April 2016), GRPC - Group Remuneration and Pensions
2. * denotes Chair
3. ** Mr Frank Hewitt was Chair for 8 meetings
4. *** Chair from September 2015 to December 2015
5.**** Chair from July 2015
6. # Chair from April to June 2015
7. ## Chair to December 2015
8. ### Chair from March 2016
9. Mr David Strahan left the Board on 7 September 2015
10. Mr Chris Conway joined the Board on 7 September 2015
11. Mr James Brown and Mrs Angela Coffey left the Board on 1 January 2016, whilst Mr Tony Depledge and Mr Bernard Mitchell were reappointed from 2 January 2016 for a further 4 year term
12. Mrs Hilary McCartan, Ms Angela Reavey and Dr Mark Sweeney joined the Board on 2 January 2016
13. + Co-opted Member from Office of First Minister and Deputy First Minister

SOURCES OF ASSURANCE AND RISK MANAGEMENT CONTROLS

Effective Internal Controls
The Board acknowledges that it is responsible for the Group's risk management and internal control systems and carries out, at least annually, a review of their effectiveness.

Translink has implemented an appropriate Corporate Risk and Assurance Framework which simultaneously functions as a risk-identification and management tool as well as an assurance-mapping tool. It plays a key part of the Company's Risk Management Strategy (reserved to the Board) and ultimately its Corporate Governance framework of controls. This integrated approach to risk management and assurance to ensure that its review of risk is used to inform the internal audit plan, accountability and assurance gaps, future corporate planning, and the continuous improvement of internal controls.

Internal Audit
Internal audit services are led by a Head of Internal Audit provided by an independent firm. Internal audit conducts a comprehensive programme of audit review and ad-hoc advisory services on various control items throughout the year. The results, recommendations and significant findings are reported to senior executive management via the combined Internal Audit and Risk Review meetings. Management agrees and implements actions, which are tracked through to completion by Internal Audit and the Audit and Risk Committee.

A regular internal audit progress report is presented to every meeting of the Audit and Risk Committee throughout the annual cycle. At the end of the year, the Head of Internal Audit produced his formal opinion and provides an annual assurance rating for the Company. This provides an important element of assurance to the Accounting Officer, Audit and Risk Committee, and Board.

Up to the end of February 2016, the model of internal audit delivery was co-sourced between internal employees and an external Head of Internal Audit. From 1 March 2016, the model changed to being fully outsourced. Transition between the two models has been carefully managed and controlled to minimise risk.

External Audit
The External Auditors provide the Audit and Risk Committee with reports on the external audit, including a regulatory opinion, in connection with the annual accounts and general financial performance. Through their annual management letter and advice to the Company, key recommendations are taken on board and implemented. Safeguards have been put in place to ensure the ongoing objectivity and independence of the External Auditors. At the start of the 2016/17 financial period, a procurement exercise has commenced to establish and award a new external audit contract for the 2016/17 year onward.

Risk Management Processes
Translink has in place a risk management strategy which was last refreshed by the Board in 2014. Divisional risk and assurance frameworks sit underneath the Corporate risk and assurance framework. Risk Champions within each division work closely with General Counsel and the wider compliance and audit teams in quarterly risk champion forums, which act as early warning signals for changing risk profiles or new risks. These divisional registers are then used by executive/divisional owners to inform the Corporate Risk and Assurance Framework. This comes to the Board twice a year, and comes to every meeting of the Audit and Risk Committee. This document is influenced heavily by residual risk score (the score of a risk after management control and processes have been applied) to determine the most significant risks at any given time. The Group Chief Executive and General Counsel take the lead in sponsoring and maintaining the Corporate Risk and Assurance Framework.

Risk registers also exist for major projects. Logs exist to capture emerging risks and near misses.

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 regular assurance for all relevant areas of their responsibility under the MSFM and risk management strategy.

Risk Management and Internal Audit Review meetings
The Group Chief Executive chairs the Risk Management and Internal Audit Review meetings attended by executive management plus internal audit. The meetings assist with the overall Assurance Framework, help inform and shape the work of internal audit during the year, and contribute to the progress of the annual audit plan.

Financial Reporting
The Group has comprehensive planning, budgeting, and forecasting processes in place, which include detailed operational budgets for the year ahead and the delivery of KPIs. 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 DfI as appropriate, for consideration and approval.

The work of the Board's Sub-Committees
An important part of the Company's assurance and accountability framework during the period was the role played by each of the four Board Sub-Committees (Audit and Risk, Safety, Remunerations and Pensions, and Finance and Project Tracking). These committees each have an annual cycle of work, and take on additional scrutiny over the work and activity of management throughout the year. They provide minutes of committee meetings to the full Board. Moreover the Audit and Risk Committee and the Remuneration and Pensions Committee play a vital role in submitting annual reports on their activity for the purpose of these Annual Report and Accounts.

Unless otherwise stated, the above internal control systems have been in place for the year under review and up to the date of approval of the Annual Report and Accounts.

Principal Risks and Uncertainties
The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

A number of risks reported in last year's corporate governance statement were pro-actively managed and treated with very positive outcomes. The negotiation and signing of the Public Service Contract on 6 October 2015 was a key milestone for the Company. This enhanced compliance with EU obligations and confirmed a dedicated public service network exclusively operated by Translink. Also noted are the strides made to improve contract management and project management controls throughout the year. Internal Audit undertook a review of implementation to confirm that improvements in processes have been fully implemented.

On 4 February 2016 a collision took place between a train and equipment left on the line by a contractor. No passengers or staff were injured, a train was damaged in the incident and the line closed for a day. A full investigation is underway by independent Rail Accident Investigators and the Health and Safety Executive for NI and will be complete early in the next reporting period.

Present and Future Significant Risks
The Company notes the following corporate risks that will continue to pose challenges for the foreseeable future. These particular risks require ongoing attention in order to maintain the risks to acceptable levels.

Funding Shortfalls
Continual reductions in government funding remain a major ongoing risk. Translink is working with DfI in the context of its Public Service Contract to ensure that it is adequately funded on a recurring basis to meet the obligations set out within this Contract.

Delivery of Major Projects
The area of project management is a key focus given the number and significance of key high value projects underway (the Belfast Transport Hub, Knockmore-to-Lurgan track rehabilitation, Belfast Rapid Transit and the Integrated Ticketing Replacement project). Translink has been careful to ensure that early assessment of potential risks are identified, categorised and evaluated in consultation with key project stakeholders. Independent gateway reviews are held for all major capital projects.

Safety Risks Across All Rail and Bus Activities
Safety in our bus and rail depots, stations, track sites, and across all company property remains an important concern. Two safety related risks appear on the Corporate Risk and Assurance Framework – related to level crossings and train collisions respectively. Continuous public awareness and internal staff training about safety and the risks of unsafe movement is vital. Regular media campaigns inform the public of the risks posed by misuse of level crossings. Furthermore, those who flout crossing rules are routinely prosecuted with a view to dissuading such behaviour and drawing attention to the safety risks their actions present. At an operational level there is an ongoing UWC Safety Improvement Programme to close or upgrade crossings which has made significant progress in 2015.

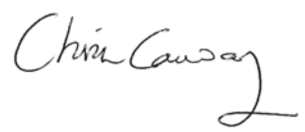
Other risks which appear on the corporate risk and assurance framework include:
- information management and data security (informed by work within the year on CCTV usage and accreditation risk relating to adherence to payment card industry standards);
- business resilience and change management ;
- employee relations;
- commercial challenges and related risk to income; and
- long-term benefit obligations.

Assessment of Internal Control
The Company's principal risks are tested and probed on an ongoing basis by myself as Accounting Officer but also by the Board of Directors, and a dedicated group of employees we call Risk Champions.

I have in this statement provided an outline of the most significant risks which have affected our business since 1 April 2015 balanced with the assurance I take from the range of controls and processes in place to manage these significant risks. For the period, my assessment is that the relevant systems of internal control and risk management are strong and are operating effectively. Significant risks are identified, recorded, managed, and targeted for response as appropriate.

Internal Control Divergences
There have been no major internal control divergences which have arisen since 1 April 2015 and any ongoing investigations have been outlined in the risk review above.

Conclusion
Translink has a rigorous system of accountability which I rely upon to form an opinion on the control framework. Assurances and written confirmations provided to me by Executive Committee colleagues inform my assessment of risk. I am pleased to report that I am content that Translink has operated a sound system of good governance and internal control during the reporting period.



Chris Conway
Accounting Officer and Group Chief Executive
23 June 2016

AUDIT & RISK COMMITTEE REPORT 2015/16

Summary of the Role of the Audit and Risk Committee
The primary responsibilities and tasks undertaken by the Committee are to:
- monitor the integrity of the financial statements;
- review the Group's internal financial controls;
- monitor and review the effectiveness of the Group's internal audit function;
- make recommendations to the Board in relation to the appointment, reappointment and removal of the External Auditor including remuneration and terms of engagement;
- develop and implement policy on the engagement of the Internal Auditor to supply non-audit services; and
- advise the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable.

The Terms of Reference of the Committee are available on request from the Company Secretary.

Composition of the Audit and Risk Committee
The Audit and Risk Committee is appointed by the Chairman of the Company and approved by the Board. The members during 2015/16 were non-executive Directors, Mr Frank Hewitt, Committee Chair (to 30 June 2015), Mrs Angela Coffey, Committee Chair (from 1 July 2015 – 31 December 2015), Mr Tony Depledge (to 19 January 2016), Mr Bernard Mitchell (previously a member, appointed as Chairman on 20 January 2016), Mrs Hilary McCartan (appointed 20 January 2016) and Ms Angela Reavey (appointed 20 January 2016). Both Mrs McCartan and Ms Reavey, as Chartered Accountants, have recent and relevant financial experience.

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

Other Attendees
In addition to members, the Group Chief Executive, the Chief Financial Officer, the Head of Internal Audit, representatives from the External Auditor, an observer from Department for Infrastructure (formerly the Department for Regional Development) (the Department) 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 met on four occasions in 2015/16.

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

On an annual basis, the Committee considers its own effectiveness and the effectiveness of the external audit function. The last such review took place in April 2015 when the Committee considered that their performance was compliant with good practice. Given the significant change in membership in 2015/16, the next such review will be undertaken in September 2016.

The Company continues to operate under the MSFM that was agreed with the Department and signed on 13 March 2013. There have been no amendments during the 2015/16 year.

The current External Auditors were 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. Procurement for a new appointment was initiated early in 2016/17.

PricewaterhouseCoopers took on the role of internal audit on a wholly outsourced basis from March 2016 following an open tender process.

The Committee only permits the internal and External Auditors to undertake non-audit services when it considers that the nature and extent of the services and related fees do not compromise audit independence.

Activities in Respect of the Year
The Committee undertook the following activities in respect of the year:

Internal audit
Reviewed and approved the Internal Audit Plan for the year.

Received and reviewed a report from the Head of Internal Audit at each meeting including summaries of progress against the plan, recommendations arising from reviews undertaken and progress made in the implementation of such recommendations.

Reviewed Annual Report and opinion by Head of Internal Audit and noted that the overall level of assurance was satisfactory.

Followed up prior year Internal Audit reviews where the assurance rating was limited to ensure that recommendations were implemented.

Considered all instances of fraud, theft and whistleblowing.

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

Reviewed the effectiveness and independence of the External Auditors.

Financial management and reporting
Considered a comprehensive review of the financial statements prepared by the Chief Financial Officer.

Considered the key accounting policies, disclosures and key judgements in the financial statements.

Considered the report of the auditors on the financial statements and matters for those charged with governance raised by them.

Reviewed the 2015/16 annual financial statements, along with the documents issued with them, including the Corporate Governance Statement, and recommended the adoption of these by the Board.

Risk management
Regularly considered, and questioned executives on, the Corporate Risk and Assurance registers, including emerging risks and near misses, the fraud and theft registers and the whistleblowing register. The key risks considered by the Committee and their response are set out in the section Sources of Assurance and Risk Management Controls on page 33 of the Annual Report.

The Committee also:
Considered the protocols for releasing documents to third parties.

Considered a governance review of elements of the Northern Ireland Transport Holding Company Pension Scheme.

Met with the External Auditors and the Head of Internal Audit, in the absence of executive management, to consider matters of relevance.

The Chairman of the Committee attended one meeting of the Departmental Audit Committee and the Chairman of the Departmental Audit Committee attended one meeting of the Board Audit and Risk Committee

Conclusion
The Audit and Risk Committee considers that for the 2015/16 financial year it has discharged its responsibilities in accordance with its remit.

The Committee's view of the effectiveness of the system of internal control is informed by the assurances provided through the work of the Internal Auditors, the External Auditors in their Report to those Charged with Governance, and by the work of the Group Chief Executive and the Executive Team who have responsibility for the development and maintenance of the internal control framework.

The Committee is satisfied that throughout the year there was ongoing progress made in relation to internal audit recommendations made and that management had due regard to the recommendations that had been made.

The Committee is satisfied that the system of internal control in operation throughout the period is satisfactory and that there have been no material breaches of internal control brought to the attention of the Committee by either management or the External or Internal Auditors.

The Committee is satisfied that there are effective risk management processes and procedures in place.
The Committee is satisfied that both the Internal Auditors and the External Auditors provide effective independent challenge to management.

Bernard Mitchell
Chairman Audit and Risk Committee
23 June 2016

DIRECTORS' REMUNERATION REPORT 2015/16

This Directors' remuneration report is presented voluntarily by the Board having regard to the main and supporting principles of Section D.1 to the 2014 UK Corporate Governance Code (the Code).

The Group Remuneration and Pensions Committee (the "Committee")
The Committee discharges responsibility for a wide range of matters including:

Executive Pay Policy
To annually review remuneration for senior executives and other executives including a revalorisation of pay scales and incremental increases in pay where these are linked to performance.

Pay Policy for Management, Professional and Technical Employees (MPT)
To annually confirm the performance related pay distribution for MPT employees.

Senior Executive Appointments and Terminations
To oversee the process of appointing to the position of Group Chief Executive and other senior executive posts.

To obtain assurance that redundancy, compensation and termination arrangements for senior executives and other executives are permissible under contract and under the Corporate Governance Framework before onward recommendation to the Board.

Pensions
To recommend to the Board appointments of Trustees to the Group Pension Schemes.

To consider and recommend to the Board any changes to the operation or funding of the Group's pension schemes.

To consult periodically with the Trustees of the schemes on relevant statutory matters concerning the schemes.

The Terms of Reference of the Committee are available on request from the General Counsel and Company Secretary.

Executive Director Appointments
Executive Director appointments are made on the basis of open competition taking into account the requirements of section 75 of the Northern Ireland Act 1998.

Executive Directors
The Executive Directors of the Company are:

Mr Chris Conway (Group Chief Executive)
Mr Patrick Anderson (Chief Financial Officer)
Mr Philip O'Neill (Chief Operating Officer)

The former Group Chief Executive, Mr David Strahan, left the Company on 20 September 2015 and was replaced by Mr Chris Conway who was appointed a Director on 7 September 2015.

Mr Patrick Anderson was appointed Chief Financial Officer and a Director on 1 June 2015.

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 guidance from the Department.

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/DfI.

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	2016 Total £'000	2015 Total £'000
Mr Chris Conway[1]	90	-	90	N/A
Mr David Strahan[2]	73	-	73	68
Mr Patrick Anderson[3]	97	-	97	N/A
Mr Philip O'Neill	146	13	159	158

[1] Appointed 7 September 2015
[2] 27 October 2014 to 20 September 2015
[3] Appointed 1 June 2015

Executive Directors are not contractually entitled to bonuses.

Pensions

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

	Annual pension		Retiring lump sum	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Mr Chris Conway[1]	2	N/A	-	-
Mr David Strahan	1	N/A	-	N/A
Mr Patrick Anderson[2]	2	N/A	-	-
Mr Philip O'Neill[3]	64	61	141	131

Excluding the effect of inflation, the accrued benefits of the Directors increased/(decreased) by:

	2016		2015	
	Annual pension £'000	Retiring lump sum £'000	Annual pension £'000	Retiring lump sum £'000
Mr Chris Conway[#]	2	-	N/A	N/A
Mr David Strahan	1	-	1	N/A
Mr Patrick Anderson[#]	2	-	N/A	N/A
Mr Philip O'Neill	3	-	6	(8)

[#] From date of appointment

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

	2016 £'000	2016 £'000
Mr Chris Conway	9	N/A
Mr David Strahan	1	5
Mr Patrick Anderson	10	N/A
Mr Philip O'Neill	15	1

Non-Executive Directors
The appointment and remuneration of non-executive Directors is determined by the DRD/DfI. 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.

Mr John Trethowan completed his term as Chairman on 30 June 2015. His successor as Chairman from 1 July 2015 was Mr Frank Hewitt, who was already a Director of the Company.

Mr James Brown and Mrs Angela Coffey completed their terms of office as non-executive Directors on 31 December 2015.

Mr Tony Depledge and Mr Bernard Mitchell were reappointed as non-executive Directors on 31 December 2015.

Mrs Hilary McCartan, Ms Angela Reavey and Dr Mark Sweeney were appointed as non-executive Directors on 2 January 2016.

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

Hilary McCartan

Hilary McCartan
Chairman
Remunerations and Pensions Committee
23 June 2016

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 27 March 2016 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group 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 27 March 2016 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 2016

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 27 March 2016

		2016 £'000	2015 £'000
Continuing operations			
Revenue	5	202,948	197,998
Cost of sales		(204,858)	(195,023)
Gross (loss)/profit		**(1,910)**	**2,975**
Administrative expenses		(11,912)	(9,499)
Other losses	24	(7)	(6,887)
Operating (loss)	7	(13,829)	(13,411)
Finance income	8	259	401
Other finance (costs)	9	(5,057)	(3,594)
Other income	10	301	-
Loss before tax		**(18,326)**	**(16,604)**
Taxation credit	11	2,662	3,145
Loss for the year		**(15,664)**	**(13,459)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 27 March 2016

	Notes	2016 £'000	2015 £'000
(Loss) for the year		(15,664)	(13,459)
Items that will not be reclassified subsequently to profit or loss			
Actuarial surpluses/(losses) on defined benefit pension schemes	22	39,806	(65,098)
		39,806	(65,098)
Tax relating to other comprehensive income			
Defined benefit pension schemes	11(d)	(7,470)	9,309
		(7,470)	9,309
Other comprehensive income net of tax for the year		32,336	(55,789)
Total comprehensive income for the year		16,672	(69,248)

CONSOLIDATED BALANCE SHEET

At 27 March 2016

	Notes	27 March 2016 £'000	29 March 2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	537,011	536,812
Investment property	14	1,183	1,059
Deferred tax assets	11	3,208	417
Deferred tax – pensions	11	16,402	22,854
Total non-current assets		**557,804**	**561,142**
Current assets			
Stocks	16	8,617	8,276
Trade and other receivables	17	60,726	64,226
Corporation tax assets		409	467
Cash and bank balances	21	39,743	41,207
Total current assets		**109,495**	**114,176**
Liabilities			
Current liabilities			
Trade and other creditors	18	47,850	44,456
Derivatives	24	6,384	5,724
Provisions	19	12,396	12,988
Total current liabilities		**66,630**	**63,168**
Net current assets		**42,865**	**51,008**
Non-current liabilities			
Retirement benefit obligation	22	120,236	152,257
Derivatives	24	2,456	3,109
Deferred tax liabilities	11	1,149	-
Deferred income	20	504,378	501,006
Total non-current liabilities		**628,219**	**656,372**
Net (liabilities)		**(27,550)**	**(44,222)**
Reserves			
Reserves		54,309	54,395
Retained earnings		(81,859)	(98,617)
Total reserves and liabilities		**(27,550)**	**(44,222)**

The financial statements were approved by the board of Directors and authorised for issue on 23 June 2016.
They were signed on its behalf by:

F Hewitt
Chairman

C Conway
Group Chief Executive

COMPANY BALANCE SHEET

At 27 March 2016

	Notes	27 March 2016 £'000	29 March 2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	32,906	31,112
Investment property	14	1,183	1,059
Investment in subsidiaries	15	-	-
Deferred tax assets – pensions	11	111	256
Total non-current assets		34,200	32,427
Current assets			
Trade and other receivables	17	5,335	6,364
Corporation tax assets		24	76
Cash and bank balances		11,968	18,074
Total current assets		17,327	24,514
Liabilities			
Current liabilities			
Trade and other creditors	18	6,632	14,051
Current tax liabilities		-	-
Provisions	19	121	90
Total current liabilities		6,753	14,141
Net current assets		10,574	10,373
Non-current liabilities			
Retirement benefit obligation	22	619	1,282
Deferred tax liabilities	11	7	41
Deferred income	20	11,704	9,927
Total non-current liabilities		12,330	11,250
Net assets		32,444	31,550
Reserves			
Reserves		44,069	44,155
Retained earnings		(11,625)	(12,605)
Total reserves and liabilities		32,444	31,550

The financial statements were approved by the board of Directors and authorised for issue on 23 June 2016.
They were signed on its behalf by:

F Hewitt
Chairman

C Conway
Group Chief Executive

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 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)
(Loss) for the period	-	-	(7)	(15,657)	(15,664)
Other comprehensive income for the period	-	-	-	32,336	32,336
Transfers	(86)	-	-	86	-
Total comprehensive income for the period	(86)	-	(7)	16,765	16,672
Balance at 27 March 2016	4,223	50,086	(9,599)	(72,260)	(27,550)

Company	Fixed asset revaluation reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
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 29 March 2015	4,311	39,844	(12,605)	31,550
Profit for the period	-	-	313	313
Other comprehensive income for the period	-	-	581	581
Transfers	(86)	-	86	-
Total comprehensive income for the period	(86)	-	980	894
Balance at 27 March 2016	4,225	39,844	(11,625)	32,444

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 27 March 2016

	Notes	2016 £'000	2015 £'000
Net cash from operating activities	21	(9,247)	(12,082)
Investing activities			
Interest received		255	385
Purchases of property, plant and equipment		(46,103)	(40,532)
Proceeds on disposal of property, plant and equipment		2	14
Net cash used in investing activities		(45,846)	(40,133)
Financing activities			
Grants received		53,629	36,754
Net cash generated from financing activities		53,629	36,754
Net decrease in cash and cash equivalents		(1,464)	(15,461)
Cash and cash equivalents at beginning of period	21	41,207	56,668
Cash and cash equivalents at the end of period	21	39,743	41,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the 52 weeks ended 27 March 2016

1. General information

The Northern Ireland Transport Holding Company (the Company) is a public corporation incorporated in Northern Ireland under the Transport Act (Northern Ireland) 1967. The addresses of its registered office and principal place of business are disclosed on page 4. The principal activities of the Company and its subsidiaries (the Group) are described in the Strategic Report on page 8.

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 27 March 2016 (52 weeks to 29 March 2015). 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 £332,000 (2015: £369,000) 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.

2. Significant Accounting Policies (continued)

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 impairment of fixed assets, the measurement of third party and other claims provisions. The measurement of tax assets and liabilities requires an assessment to be made of the potential tax consequences of certain items that will only be resolved when agreed by the relevant tax authorities. The measurement of retirement benefit obligations requires the estimation of life expectancies, future changes in salaries, inflation, the expected return on scheme assets and the selection of a suitable discount rate (see note 22). The measurement of investment properties fair values requires estimate of appropriate yields and forecast rental values. The measurement of impairment requires the comparison of book value with market value. The estimation of the third party claims provision is based on an assessment of the expected settlement of known claims together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but for which claims have not yet been reported to the Group.

Revenue recognition

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

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

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

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

Property, plant and equipment

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

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

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

(ii) The carrying values of property, plant and equipment are reviewed for impairment at each balance sheet date, if events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amounts by which the carrying value of the asset exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the income statement unless the relevant asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2. Significant Accounting Policies (continued)

(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:

2. Significant Accounting Policies (continued)

- 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.

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 though 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.

2. Significant Accounting Policies (continued)

The provision is set after taking account of advice from third party insurers and solicitors.

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

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

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

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

	2016	2015
Euro		
Year end rate	1.28	1.37
Average rate	1.37	1.24

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.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is 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.

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.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

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

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

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

Amendments to IFRS10, IFRS12 and IAS28 (Dec 2015)	Investment Entities: Applying the Consolidation Exception
Amendments to IAS1 (Dec 2015)	Disclosure Initiative
Annual Improvements to IFRSs: 2012-2014 Cycle (Sept 2014)	Annual Improvements to IFRSs: 2012-2014 Cycle
Amendments to IAS27 (Aug 2014)	Equity Method in Separate Financial Statements
IFRS9	Financial Instruments
IFRS15	Revenue from Contracts with Customers
IFRS16	Leases
Amendments to IAS16 and IAS38 (May 2014)	Clarification of Acceptable Methods of Depreciation and Amortisation

4. The Department

All references in the financial statements to "the Department" relate to the Department for Infrastructure (formerly Department for Regional Development).

5. Revenue

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

	2016 £'000	2015 £'000
Continuing operations		
Passenger carriage	136,388	133,405
Rents	3,966	4,171
Concessionary fares and public service obligation compensation	61,100	59,216
Other	1,494	1,206
Revenue per accounts	202,948	197,998
Interest	259	401
	203,207	198,399

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

6. Impairment

In accordance with International Accounting Standard 36 "Impairment of Assets", and as a consequence of the historic loss-making status of Northern Ireland Railways Company Limited, and the current loss-making status of Ulsterbus Limited and Citybus 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 charge for impairment amounts to £739,000 (2015: £nil).

7. Operating loss

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

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment		
- Based on original cost or valuation (note 13)	49,344	49,941
- Transfer from deferred income (note 20)	(45,005)	(46,503)
	4,339	3,438
(Gain)/loss/ on disposal of property, plant and equipment	(301)	125
Impairment	739	-
(Increase)/decrease in fair value of investment property (note 14)	(10)	-
Cost of inventories recognised as expense	31,086	35,112
Operating lease rentals – motor vehicles	110	119
Reorganisation costs	4,477	89
Government funding for reorganisation costs	(4,873)	-
Auditor's remuneration:		
- audit fees (parent £20,000; 2013 - £20,000)	52	52
- other assurance services	72	101
- tax compliance and advice	16	13
- pension schemes	7	7
	147	173

8. Finance income

Finance income includes:	2016 £'000	2015 £'000
Interest receivable – bank deposits	259	399

9. Other finance costs

	2016 £'000	2015 £'000
Retirement benefits	5,057	3,594

10. Other income

Other income consists of profit on disposal of fixed assets.

11. Taxation

(a) Analysis of tax credit for year

	2016 £'000	2015 £'000
Current taxation		
UK Corporation Tax for the period – corporation tax	-	(383)
Adjustments in respect of prior periods	-	(41)
Total current tax	**-**	**(424)**
Deferred taxation		
Origination/reversal of timing differences	(3,241)	(1,388)
Adjustments in respect of prior periods	12	3
Derivatives	316	(1,446)
Effect of change in tax rate	251	110
Total deferred tax	(2,662)	(2,721)
Total tax	**(2,662)**	**(3,145)**

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

	2016 £'000	2015 £'000
Loss on continuing activities before tax	**(18,326)**	**(16,604)**
Tax at 20% (2015:21%)	(3,665)	(3,486)
Non-deductible expenditure/non chargeable income	98	1,689
Deferred tax liability not recognised in respect of pension liability	327	26
Derivatives	(2)	(1,446)
Adjustments to tax charge in respect of prior years	11	(38)
Effect of change in UK corporation tax rate	569	110
Total tax	**(2,662)**	**(3,145)**

(c) Factors that may affect future tax charges
During the year the UK corporation tax rate reduced from 21% to 20%. The change was effective from 1 April 2015.
The Finance (No.2) Act 2015, which was substantively enacted in October 2015, provided that the main rate of corporation tax would further reduce from 10% with effect from 1 April 2017 and 18% with effect from 1 April 2020. The Finance Act 2016, which is not yet substantively enacted, provides that the main rate of corporation tax will be 17% rather than 18% with effect from 1 April 2020.

The above rate changes will reduce any future UK corporation tax liabilities of the Company.

11. Taxation (continued)

(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:

Group	Accelerated tax depreciation £'000	Other temporary differences £'000	Derivatives £'000	Losses £'000	Retirement benefit obligations £'000	Total £'000
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**
(Charge)/credit to income statement	774	(53)	2	1,276	1,230	3,229
(Charge)/credit to other comprehensive income	-	-	-	-	(5,860)	(5,860)
Effective change in tax rate						
- income statement	161	(160)	(177)	(181)	(212)	**(569)**
- other comprehensive income	-	-	-	-	(1,610)	(1,610)
At 27 March 2016	**(2,578)**	**1,429**	**1,575**	**1,633**	**16,402**	**18,461**

11. Taxation (continued)

Deferred tax (continued)

Group	Accelerated tax depreciation £'000	Other temporary differences £'000	Retirement benefit obligations £'000	Total £'000
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**
(Charge)/credit to income statement				
(Charge)/credit to other comprehensive income	48	(15)	19	52
Effective change in tax rate	-	-	(152)	(152)
- income statement	19	(18)	13	14
- other comprehensive income	-	-	(25)	(25)
At 27 March 2016	**(170)**	**163**	**111**	**104**

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	2016 £'000	2015 £'000
Deferred tax asset	3,208	417
Deferred tax liabilities	(1,149)	-
Deferred tax asset – Retirement Benefit obligations	16,402	22,854
	18,461	23,271

Company	2016 £'000	2015 £'000
Deferred tax liabilities	(7)	(41)
Deferred tax asset – Retirement Benefit obligations	111	256
	104	215

12. Profit of parent company

As permitted by s408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's profit for the financial period amounted to £313,000 (2015: loss £326,000).

13. Property, plant and equipment

Group 2016	Land and Buildings £'000	Permanent Way Signalling and Bridges £'000	Vehicles, Plant and Equipment £'000	Total £'000
Cost or valuation:				
At 29 March 2015	242,511	299,035	554,720	1,096,266
Additions	7,018	20,895	22,745	50,658
Disposals	(271)	-	(5,742)	(6,013)
At 27 March 2016	249,258	319,930	571,723	1,140,911
Depreciation:				
At 29 March 2015	113,927	176,314	269,213	559,454
Charge for year	9,314	10,475	29,555	49,344
Impairment	14	406	319	739
Disposals	(191)	-	(5,446)	(5,637)
				-
At 27 March 2016	123,064	187,195	293,641	603,900
Net book value				
At 27 March 2016	**126,194**	**132,735**	**278,082**	**537,011**

13. Property, plant and equipment (continued)

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**

Included within the categories above are assets in the course of construction totalling £84.1m (2015: £36.8m), 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.

13. Property, plant and equipment (continued)

Company 2016	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000
Cost or valuation:			
At 29 March 2015	42,077	1,270	43,347
Additions	2,086	265	2,351
Disposals	-	(25)	(25)
At 27 March 2016	**44,163**	**1,510**	**45,673**
Depreciation:			
At 29 March 2015	11,397	838	12,235
Charge for year	547	95	642
Impairment	(85)	-	(85)
Disposals	-	(25)	(25)
	-	-	-
At 27 March 2016	**11,859**	**908**	**12,767**
Net book value			
At 27 March 2016	**32,304**	**602**	**32,906**

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			
At 29 March 2015	**30,680**	**432**	**31,112**

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 2016 £'000	Group 2015 £'000	Company 2016 £'000	Group 2015 £'000
Contracted for but not provided in the financial statements	54,100	46,437	1,200	237

14. Investment property

Fair value	Group & Company £'000
At 30 March 2014	1,057
Additions	2
At 29 March 2015	1,059
Additions	114
Increase in fair value during the year	10
At 27 March 2016	**1,183**

The investment properties were valued at their market value at 27 March 2016 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 27 March 2016 are as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair value as at 27 March 2016
Commercial property units:				
Located in Northern Ireland	-	1,183	-	1,183

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 £94,000 (2015: £212,000). Direct operating expenses arising on the investment property in the period amounted to £181,000 (2015: £153,000).

15. Investment in subsidiaries

Company Undertakings	Subsidiary Undertakings £'000
Cost:	
At 29 March 2015 and 27 March 2016	41,223
Provisions:	
At 29 March 2015 and 27 March 2016	41,223
Net book value:	
At 29 March 2015 and 27 March 2016	-

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
Flexibus Limited	Northern Ireland	Ordinary shares of £1 each	100%	Dormant
Translink (NI) Limited	Northern Ireland	Ordinary shares of £1 each	100%	Dormant
NIR Networks Ltd	Northern Ireland	Ordinary shares of £1 each	100%	Dormant

16. Stocks

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

17. Trade and other receivables

Group	2016 £'000	2015 £'000
Trade debtors	9,035	12,164
Other debtors	41,617	46,183
Prepayments and accrued income	10,074	5,879
	60,726	64,226

Movement in the allowance for doubtful debts	2016 £'000	2015 £'000
Balance at the beginning of the period	441	967
Net credits	(222)	(526)
Balance at the end of the period	219	441

Ageing of impaired trade receivables	2016 £'000	2015 £'000
61-90 days	-	-
91-120 days	19	58
121+ days	-	-
Total	19	58

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Company	2016 £'000	2015 £'000
Trade debtors	1,895	1,508
Amounts receivable from Group undertakings	1,838	53
Prepayments and accrued income	1,602	4,803
	5,335	6,364

Company trade debtors are stated after provisions: Company £84,000 (2015: £187,000).

Overdue debts are detailed in note 24.

18. Trade and other creditors

Group	2016 £'000	2015 £'000
Trade creditors	10,153	2,526
Other creditors	3,917	5,121
Accruals and deferred income	33,780	36,809
	47,850	44,456

Included in other creditors is £71,000 (2015: £12,000) relating to outstanding contributions payable to the NILGOS Pension Scheme.

Creditors are paid within 7 days of approval of invoice.

Company	2016 £'000	2015 £'000
Other creditors	206	218
Amounts payable to Group undertakings	3,224	8,521
Amounts payable to Group undertakings – Group relief	197	53
Other tax and social security	71	33
Accruals and deferred income	2,934	5,226
	6,632	14,051

19. Provisions

Group	Group Corporate Social Responsibility £'000	Third party claims £'000	Total £'000	Company third party claims £'000
At 29 March 2015	995	11,993	12,988	90
Utilised during period	-	(2,620)	(2,620)	(6)
(Credit)/charge to profit and loss account	26	2,002	2,028	37
At 27 March 2016	1,021	11,375	12,396	121

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	2016 £'000	2015 £'000
At 29 March 2015	501,006	506,465
Grants receivable in year	50,504	41,810
Disposals	(335)	(391)
Adjustments	(1,792)	(375)
Transfer to profit and loss – depreciation	(45,005)	(46,503)
At 27 March 2016	504,378	501,006

Company	2016 £'000	2015 £'000
At 29 March 2015	9,927	6,125
Receivable in year	2,060	3,891
Adjustments	(245)	(56)
Transferred to profit and loss account	(38)	(33)
At 27 March 2016	11,704	9,927

21. Notes to the cash flow statement

	2016 £'000	2015 £'000
Loss for the year	(15,664)	(13,459)
Adjustments for:		
Interest receivable	(259)	(401)
Finance costs	5,057	3,594
Other losses	7	6,887
Depreciation of tangible assets (net of grant release)	4,339	3,438
(Surplus)/deficit on revaluation of investment property	(10)	-
Impairment of property, plant and equipment	739	-
Corporation tax (credit)/charge		(424)
(Profit)/loss on disposal of assets	(301)	125
Operating cash flows before movements in working capital	(6,092)	(240)
Increase in stocks	(341)	(1,340)
(Decrease)/increase in debtors	166	(7,815)
(Decrease) in creditors	(3,038)	(3,009)
Cash generated by operations	(9,305)	(12,404)
Corporation tax repaid/(paid)	58	322
Net cash from operating activities	(9,247)	(12,082)

Cash and cash equivalents	2016 £'000	2015 £'000
Cash and bank balances	39,743	41,207

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 for service up to 31 March 2015 and to post-retirement benefits of one forty-ninth of pensionable salary in respect of each year on attainment of retirement age for service from 1 April 2015. 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 27 March 2016 using the major assumptions set out below. This update was prepared by qualified actuaries employed by Mercer Limited.

NILGOS Scheme	2016	2015
Discount rate	3.6%	3.3%
Expected return on scheme assets	3.6%	3.3%
Expected rate of salary increase	2.3%	2.3%
Future pension increases	2.0%	2.0%
Inflation (RPI)	3.0%	3.0%
Inflation (CPI)	2.0%	2.0%

Mortality assumptions:	2016 Years	2015 Years
Retiring today:		
Males	22.1	21.7
Females	24.7	24.2
Retiring in 20 years:		
Males	24.4	23.5
Females	27.0	26.1

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:

22. Retirement benefit obligation (continued)

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 5.2%
Rate of salary growth	Increase/decrease by 0.25%	Increase/decrease by 1.8%
Rate of inflation (CPI)	Increase/decrease by 0.25%	Increase/decrease by 5.0%
Rate of mortality	Increase by 1 year	Increase by 2.2%

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 2012. 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.

	2016	2015
Discount rate	3.6%	3.3%
Expected return on scheme assets	3.6%	3.3%
Expected rate of salary increase	2.3%	2.3%
Future pension increases	2.0%	2.0%
Inflation (RPI)	3.0%	3.0%
Inflation (CPI)	2.0%	2.0%

22. Retirement benefit obligation (continued)

(ii) Amounts recognised in income

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

	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Components of defined benefit cost				
Current service cost	21,885	335	14,598	313
Past service cost	733	-	4,755	-
Total service cost	**22,618**	**335**	**19,353**	
Interest cost	25,096	674	27,326	824
Interest (income) on plan assets	(20,039)	(632)	(23,732)	(770)
Total net interest cost	**5,057**	**42**	**3,594**	**54**
Administrative expenses and taxes	317	4	284	5
Insurance premiums for risk benefits	2,118	27	1,902	31
Defined benefit cost included in consolidated income statement	**30,110**	**408**	**25,133**	**403**
Remeasurements (recognised in other comprehensive income)				
Effect of changes in demographic assumptions	-	-	(13)	(13)
Effect of changes in financial assumptions	(35,757)	(702)	113,679	2,418
Effect of experience adjustments	-	-	(617)	(617)
(Return) on plan assets (excluding interest income)	(4,049)	(56)	(47,951)	(1,767)
Total measurements included in other comprehensive income	**(39,806)**	**(758)**	**65,098**	**21**
Total pension (income) /cost recognised in consolidated income statement and other comprehensive income	**(9,696)**	**(350)**	**90,231**	**424**

Of the expense for the year (service cost), £18.4m (2015: £14.0m) 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 £24.1m (2015: £71.7m); Company £0.7m (2015: £2.5m).

The cumulative amount of actuarial gains and losses recognised in other comprehensive income is losses of £75.9m (2015: £115.7m).

Expected contributions to the scheme in the next annual reporting period are £21.2m.

22. Retirement benefit obligation (continued)

(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 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Present value of funded defined benefit obligations				
- NILGOS Scheme	(754,420)	(18,050)	(751,986)	(18,190)
- Ulsterbus/Citybus Scheme	(949)	(949)	(1,262)	(1,262)
- Executive Scheme	(1,184)	(1,184)	(1,223)	(1,223)
Total Present Value	(756,553)	(20,183)	(754,471)	(20,675)
Fair value of scheme assets				
- NILGOS Scheme	632,267	15,514	597,913	15,092
- Ulsterbus/Citybus Scheme	1,802	1,802	1,945	1,945
- Executive Scheme	2,248	2,248	2,356	2,356
Total Fair Value	636,317	19,564	602,214	19,393
Net (liability) arising from defined benefit obligation	(120,236)	(619)	(152,257)	(1,282)

22. Retirement benefit obligation (continued)

(iv) Movements in present value

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

NILGOS Scheme	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
At 29 March 2015	751,986	18,190	602,058	15,487
Service cost				
Current service cost	21,851	301	14,569	284
Past service cost	733	-	4,755	-
Administrative expenses	317	4	284	5
Insurance premiums for risk benefits	2,118	27	1,902	31
Interest cost	25,020	598	27,195	693
Cash flows				
Benefits paid	(16,369)	(543)	(16,138)	(547)
Contributions from plan participants	6,868	118	6,121	108
Administrative expenses	(317)	(4)	(284)	(5)
Insurance premiums for risk benefits	(2,118)	(27)	(1,902)	(31)
Actuarial gains and losses	(35,669)	(614)	113,426	2,165
At 27 March 2016	754,420	18,050	751,986	18,190

Ulsterbus/Citybus Scheme	Group & Company 2016 £'000	Group & Company 2015 £'000
At 29 March 2015	1,262	1,425
Interest cost	36	57
Cash flows		
Benefits paid	(319)	(319)
Actuarial gains and losses	(30)	99
At 27 March 2016	949	1,262

22. Retirement benefit obligation (continued)

Executive Scheme	Group & Company 2016 £'000	Group & Company 2015 £'000
At 29 March 2015	1,223	1,651
Service cost		
Current service cost	34	29
Interest cost	40	74
Cash flows		
Benefits paid	(55)	(55)
Actuarial gains and losses	(58)	(476)
At 27 March 2016	1,184	1,223

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

22. Retirement benefit obligation (continued)

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

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

NILGOS Scheme	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
At 29 March 2015	597,913	15,092	520,281	13,448
Interest income	19,902	495	23,563	601
Cash flows				
Employer contributions	22,293	281	18,878	308
Contributions from scheme members	6,868	118	6,121	108
Benefits paid	(16,369)	(543)	(16,138)	(547)
Administrative expenses paid from plan assets	(317)	(4)	(284)	(5)
Insurance premiums for risk benefits	(2,118)	(27)	(1,902)	(31)
Return on plan assets (excluding interest income)	4,095	102	47,394	1,210
At 27 March 2016	632,267	15,514	597,913	15,092

Ulsterbus/Citybus Scheme	Group & Company 2016 £'000	Group & Company 2015 £'000
At 29 March 2015	1,945	1,840
Interest income	59	76
Cash flows		
Benefits paid	(319)	(319)
Return on plan assets (excluding interest income)	117	348
At 27 March 2016	1,802	1,945

22. Retirement benefit obligation (continued)

Executive Scheme	Group & Company 2016 £'000	Group & Company 2015 £'000
At 29 March 2015	2,356	2,078
Interest income	78	93
Cash flows		
Employer contributions	32	31
Benefits paid	(55)	(55)
Return on plan assets (excluding interest income)	(163)	209
At 27 March 2016	2,248	2,356

The average duration of the benefit obligation at the end of the reporting period is c21 years (2015: c21 years).

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	
	2016	2015	2016	2015	2016	2015
	%	%	%	%	%	%
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	2016 £'000	2015 £'000
Group		
Wages and salaries	107,981	107,898
Social security costs	7,929	7,826
Other pension costs	21,605	18,876
	137,515	134,600

Company	2016 £'000	2015 £'000
Wages and salaries	1,579	1,907
Social security costs	178	185
Other pension costs	353	352
	2,110	2,444

Number of Employees (Group)	2016 No.	2015 £'000
Average		
Operating	2,393	2,432
Maintenance	792	774
Administration	717	776
	3,902	3,982
Total number of employees at the end of the year	3,828	3,999

Staff costs exclude voluntary exit scheme costs of £4.4m which were fully funded by the Department.

Directors' Emoluments (excluding non-executive Directors)	2015 £'000	2015 £'000
Basic salary and fees	405	307
Benefits in kind	14	15
	419	322
Pension contributions	69	61
	488	383

23. Directors' and employees' staff costs (continued)

	2016 No.	2015 No.
Members of defined benefit pension schemes	3	2

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

	2016 £'000	2015 £'000
Emoluments	159	158
Accrued annual pension	3	6
Accrued lump sum	-	-

	2016 £'000	2015 £'000
The Chairmen's emoluments – fees	36	39

The Chairmen's emoluments include all emoluments paid to the Chairmen in respect of the periods which they served as Chairman.

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

	2016 No.	2015 No.
£0 – £5,000	4	-
£5,001 – £10,000	1	-
£10,001 – £15,000	3	5

Emoluments of the other non-executive Directors include payments to Mr F Hewitt in respect of the period before he became Chairman.

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

	2016 £'000	2015 £'000
Financial assets		
Loans and receivables:		
Trade receivables	9,035	12,164
Other receivables	41,617	46,183
Cash and bank balances	39,743	41,207
Total financial assets	**90,395**	**99,554**
Financial liabilities		
Amortised cost:		
Trade payables	10,153	2,526
Derivative instruments – current	6,384	5,724
Derivative instruments – non-current	2,456	3,109
Other creditors and accruals	37,697	41,930
Total financial liabilities	**56,690**	**53,289**
Net financial assets	**33,705**	**46,265**

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.

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 27 March 2016		At 29 March 2015	
	Level 2 £'000	Total £'000	Level 2 £'000	Total £'000
Financial liabilities at FVTPL				
Derivative financial liabilities:				
Due within one year	(6,384)	(6,384)	(5,724)	(5,724)
Due after more than one year	(2,456)	(2,456)	(3,109)	(3,109)
Total	(8,840)	(8,840)	(8,833)	(8,833)

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

	2016 £'000	2015 £'000
Other losses – fair value adjustments	7	6,887

(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.

24. Financial Instruments (continued)

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 27 March 2016. This note also provides summary quantitative data about the Group's exposure to each risk.

The Board has 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.

24. Financial Instruments (continued)

Fuel price risk
The Group is exposed to fuel price risk. The Group's operations as at 27 March 2016 consume approximately 38 million 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 36.3m litres (2015: 38.0 m litres) for which 88% is hedged (2015: 92%).

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

	2016 £'000	2015 £'000
Bus	132	100
Rail	56	43

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	
	2016 p / litre	2015 p / litre	2016 Litres '000	2015 Litres '000	2016 £'000	2015 £'000
Less than 1 year	43.62	47.85	32,000	35,000	7,573	11,022
1 to 2 years	33.30	43.62	36,006	32,000	9,532	10,847
2 to 5 years				-	-	-
5 years +				-	-	-
			68,006	67,000	17,105	21,869

24. Financial Instruments (continued)

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 27 March 2016		
Bus division	11,460	45,564
Rail division	5,645	22,442
As at 29 March 2015		
Bus division	15,309	46,900
Rail division	6,560	20,100

At 27 March 2016 and 29 March 2015, the projected fuel costs (excluding premia payable on fuel derivatives, delivery margins, fuel taxes and fuel tax rebates) for the next twelve months were:

	2016 £'000	2015 £'000
Costs subject to fuel hedges		
- Bus	9,351	11,723
- Rail	4,606	5,024
	13,957	16,747
Costs not subject to fuel hedges		
- Bus	1,317	1,005
- Rail	565	431
	1,882	1,436
Total	15,839	18,183

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, the Department of Education and the Department for Infrastructure, 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:

	2016 £'000	2015 £'000
Amounts 1 to 90 days overdue	2,661	2,716
Amounts 91 to 180 days overdue	3,740	4,605
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 (2015: Nil) and has not taken possession of any collateral it holds or called for other credit enhancements during the year ended 27 March 2016.

24. Financial Instruments (continued)

(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 Infrastructre.

As at 27 March 2016, the Group's credit facilities were £4,250,000 (2015: £4,250,000) including utilisation for the issuance of bank guarantees, bonds etc. This facility is guaranteed by the Department for Infrastructre 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
2016							
Non-interest bearing		35,319	4,636	4,684	-	-	47,850
Variable interest rate instruments		-	-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-	-
		35,319	**4,636**	**4,684**	**-**	**-**	**47,850**
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**

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
2016							
Non-interest bearing		39,311	7,958	13,601	1,425	-	62,295
Variable interest rate instruments		-	-	-	-	-	-
Fixed interest rate instruments	0.8	5,000	10,000	13,100	-	-	28,100
		44,311	**17,958**	**26,701**	**1,425**	**-**	**90,395**
2015							
Non-interest bearing		23,651	12,230	22,466	-	-	58,347
Variable interest rate instruments		-	-	-	-	-	-
Fixed interest rate instruments	0.3%	41,207	-	-	-	-	41,207
		64,858	**12,230**	**22,466**	**-**	**-**	**99,554**

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
2016						
Gross settled:						
Fuel forward contracts	(699)	(1,399)	(4,286)	(2,456)	-	(8,840)
	(699)	**(1,399)**	**(4,286)**	**(2,456)**	**-**	**(8,840)**
2015						
Gross settled:						
Fuel forward contracts	(570)	(1,589)	(3,564)	(3,110)	-	(8,833)
	(570)	**(1,589)**	**(3,564)**	**(3,110)**	**-**	**(8,833)**

25. Other financial commitments

At 27 March 2016 the Group had commitments under non-cancellable operating leases for motor vehicles as set out below:

	2016 £'000	2015 £'000
Total remaining operating lease payments due:		
Within one year	18	26
In two to five years	28	50
	46	**76**

Operating lease payments represent rentals payable by the Company for motor vehicles. Leases are negotiated for an average term of four years and rentals are fixed for an average of four 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 Infrastructure. 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 :

	2016 £m	2015 £m
Capital grants	39.8	33.7
Public Service Obligation compensation	18.9	15.6
Concessionary fare compensation for a range of groups	42.2	40.8
Level crossing compensation	0.1	0.1
Other revenue funding	4.9	6.1

The balance owed to the Group by the Department at the year end was £9.1m (2015: £20.5m).

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.

NOTES

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