GOING PLACES, CONNECTING PEOPLE.

Annual Report & Accounts 2012/13

Translink

NITHC
NORTHERN IRELAND TRANSPORT HOLDING COMPANY

CORPORATE VISION, VALUES AND OBJECTIVES

VISION

We have a customer-centric vision:

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

VALUES

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

Safety

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

People

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

Community

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

Governance

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

OBJECTIVES

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

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

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

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01

EXECUTIVE SUMMARY

We are pleased more and more people are choosing to travel with Translink and proud of the contribution made by all our employees.

01 EXECUTIVE SUMMARY

Journeys by fare paying customers have increased one and a half million year on year – half of this is from bus and half from rail. Rail passenger journeys reached 11.5 million passengers, the highest since the 1960s. In the last decade passenger numbers have grown by over 70%. Northern Ireland is probably the only part of these Islands to see both bus and rail growth. Customer satisfaction remains high and in some areas continues to grow.

We are pleased more and more people are choosing to travel with Translink and proud of the contribution made by all our employees in delivering great customer service. We are also grateful to the Department for Regional Development for their capital investment and funding which has facilitated this success and delivery of objectives set out in the Regional Transportation Strategy.

Good management and financial prudence has delivered great value for money for customers and excellent results through improving revenue and a continued orientation to efficiency and cost savings.

This is demonstrated by:

- The independent Passenger's Charter monitor shows high levels of customer satisfaction.
- Consumer Champion Which? ranked NI Railways customer satisfaction amongst the highest in GB (April 2012).
- The 'Passenger Focus' bus passenger survey (autumn 2012) showed Metro and Ulsterbus outperform other GB bus operators in terms of punctuality, value for money, cleanliness and staff helpfulness.
- NI Railways was recognised for customer service excellence in the European Business Awards.
- Translink received the European Foundation for Quality Management (EFQM) Four Star Quality Award which reflects excellent business practice across all divisions and our focus on organisational development.
- Accreditation of our procurement team with ISO9001.
- Many Investors in People reaccreditations including Human Resources at Gold standard and Marketing at Bronze.

Performance has been driven by innovation and investment.

Innovation

There has been particular innovation in the areas of customer information and ticketing.

In the Area of Customer Information

- A new website with a mobile phone / smart device version was introduced and is now very popular with users; around half of visitors to our website are doing so through the mobile version.
- A real time passenger information service for rail passengers is available through 'Journey Check' - online and for smartphones.
- A new journey planner was introduced just as the year closed giving a much higher quality of point to point information.
- Wi-Fi was introduced free to use for customers of Goldline and all rail services.

In the Area of Ticketing

- A yLink ticket was launched offering young people aged 16-23 better value fares across all our bus and train services.
- TaxSmart was introduced throughout the Northern Ireland Civil Service alongside a number of other Northern Ireland employers.

- Smartlink smart cards and mLink mobile phone tickets continued to grow as customers move to better value multi-journey tickets.
- e commerce has become a valuable part of our fares and ticketing offering and continues to grow at 20% per annum.

Investment

- The highlight at the end of the year was the reopening of the line between Derry~Londonderry and Coleraine. This was reopened within budget and ahead of schedule, in time for Easter 2013 and City of Culture events. This followed the completion of the first phase of essential engineering works.
- All 20 new Class 4000 trains entered into passenger service, the Adelaide train engineering facility opened and a programme of platform extensions across the network was undertaken. With this new capacity, a step change in train timetable was introduced with higher frequencies and more capacity.
- Park & Ride usage rose across the bus and rail network; new developments are in place at Jordanstown and Carrickfergus Train Stations and shared facilities with DRD Roads Service at Millbrook in Larne and Maghera. £29 million funding from the Department for Regional Development allowed us to purchase 87 new Goldline coaches and 58 Metro buses.
- The new Metro buses are replacing older vehicles in the fleet making Metro services 100% wheelchair accessible and additional double deck vehicles mean more seats on busy routes.
- The Goldline i4 coaches have further enhanced our very popular longer express services and allowed better 'X1' branding on the Belfast/Dublin airport/Dublin service.

In addition, NI Railways and Ulsterbus successfully carried thousands of additional passengers, on special and scheduled services to and from Portrush, during the five days of the Irish Open golf tournament. Events have become a key part of our business with many people choosing bus and train as the hassle free way to travel.

Leading in Corporate Responsibility

Translink is now recognised as one of the leading businesses in Northern Ireland in terms of corporate responsibility and sustainability. In 2012/13 Translink was reaccredited with the Business in the Community 'Big Tick' award for Climate Change and gained 'Platinum' status category in the ARENA environmental management benchmarking awards. Examples of Translink's significant commitment to and success in corporate responsibility include a year-end report showing reductions in carbon outputs, joint work with Tidy NI across the bus and rail network and engagement with community groups throughout Northern Ireland addressing public safety concerns. These are just a few of many active and successful initiatives delivering benefits for Translink and the communities we serve.

Conclusion

Our focus has continued on reducing costs and enhancing value for money. To continue further improving our services, we rely on our employees and we have invested to develop the leadership, excellence and technical and professional competence necessary to meet current and future challenges. We have shown we can attract more people to make the choice to travel with us; we will continue to do this as we believe more people using passenger transport is at the heart of a healthy, sustainable and economically vibrant Northern Ireland.

Progress Against RTS/BMTP 2005-15 Targets

TARGET	Position at end March 2013
Passenger Numbers	● (green)
Bus Fleet Age	● (green)
Rail Fleet Replacement	● (green)
Accessibility Bus & Rail Fleet / Facilities	● (green)
Rail Network Retention	● (green)
Bus Network Regeneration	● (green)
Park & Ride	● (amber)
Quality Bus Corridors	● (amber)
Average Bus Speeds in Belfast	● (red)

KEY:

- ● (green) on target / will be delivered
- ● (amber) a little behind target but likely to be delivered
- ● (red) target will not be delivered given current activity programme

02

CUSTOMER

Last year over one and a half million more customers chose to travel with us, a clear indication that we are getting things right and meeting customer needs.

02 CUSTOMER

Customer Satisfaction
More people are choosing to travel by bus and train – last year over one and a half million more customers chose to travel with us, a clear indication that we are getting things right and meeting customer needs. However, we recognise that customer needs change and expectations rise. We always strive to find ways of improving our customer service and customer experience.

Being On Time
Every year we measure customer satisfaction and performance through independent research. This year's set of results have been good with Metro, Ulsterbus and NIRailways all beating 'on time' targets. The most recent set of results from our autumn monitor shows that our passengers continue to rate services very highly; customer satisfaction levels for NIRailways and Ulsterbus achieved the highest ratings ever. Customers are particularly happy with levels of punctuality, value for money, comfort and staff helpfulness, Metro and NIRailways beat their 'on time' and reliability targets.

Metro passengers expressed some frustration at the disruption in the city centre over the past year; however the improved bus priority will go a long way in addressing faster journey times for bus customers in future.

On the railways we can offer much better journey times compared to private transport. The fastest journey from Bangor to Belfast is 22 minutes, from Carrickfergus it is 14 minutes, from Portadown 34 minutes and from Lisburn a remarkable 9 minutes! All this in comfortable new trains, with free Wi-Fi and a 99% 'on time' performance!

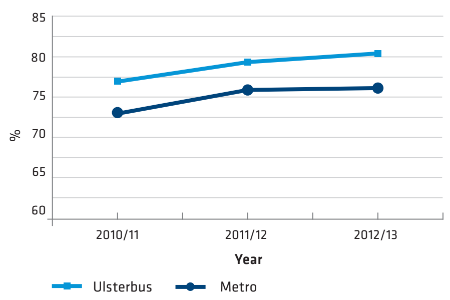
Fleet Improvements
We introduced new vehicles to the Metro and Goldline fleets during the year. The £29 million investment provided for 87 new Goldline coaches and 58 Metro single and double-decks. The Goldline coaches are of a very high standard of comfort and quality with leather seats and additional leg room and access to free Wi-Fi onboard key routes. Response from passengers has been extremely favourable and is evidenced by the growing numbers of passengers.

The introduction of new Metro buses has increased the number of double decks available in the fleet and made Metro Services 100% wheelchair accessible. The new fleet has enabled us to increase capacity on the busiest routes and supports the growth that we've enjoyed.

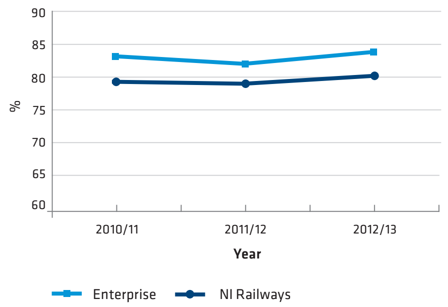
New Trains
This year the last of the new trains was delivered and commissioned into service completing the £114m investment order funded by the Department for Regional Development for the local rail network. Rail passenger numbers have risen by over 70% in the last 10 years and with the highest numbers in decades recorded last year, it is expected the latest new fleet will enable us to build on this success.

Wi-Fi Onboard
We introduced free Wi-Fi on Goldline Express and rail services. This is an example of how we are directly responding to changing passenger expectations and positioning ourselves as a modern and dynamic public transport provider. People in Northern Ireland are becoming increasingly technology-savvy. One in 10 now own a tablet such as an iPad and 34% of adults own a smartphone with one third or more accessing the internet via their mobile phone.

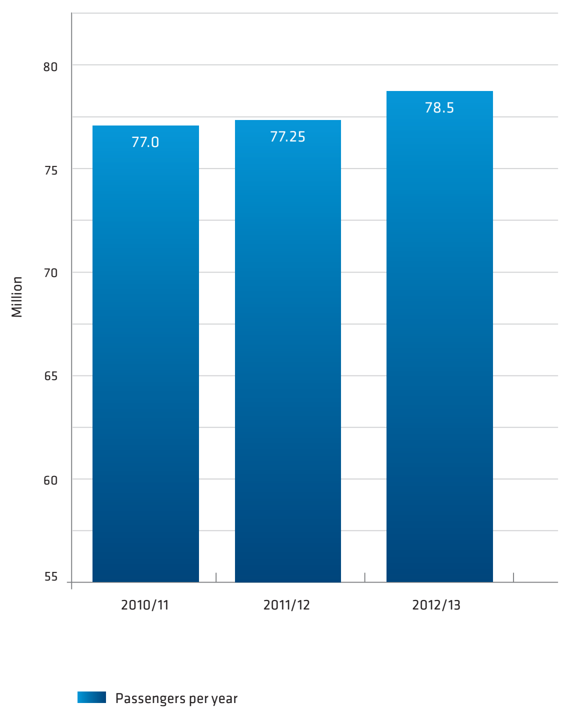
Bus Services Customer Satisfaction



N I Railways Customer Satisfaction



Bus & Rail Passenger Numbers



* Government PSA target for passenger numbers is 77 million p.a.

Customer Information Developments

Through the Customer Information Programme we are delivering a range of projects to provide better quality passenger information to our customers. We have focused on optimising data and introducing new and improved software and functionality across all our customer information channels:

Journey Check / RTPI

We introduced Journey Check - Real Time Passenger Information (RTPI) system for rail services on the Translink website and mobile site. Using train location, the application automatically calculates arrivals, delays, and performance of rail services and will advise customers if any train on the network is running more than one minute late. If a delay is more than 10 minutes a reason will be communicated to customers.

The real time data is also used to provide online 'rainbow boards' – a quick ready reckoner using a red, amber, green colour coding system to indicate how services are performing at any given time. Real time information boosts customer confidence by providing easily accessible and accurate 'live' information, empowering passengers to make decisions about their journey.

New Journey Planner Launch

The new updated 'Journey Planner' was introduced online, on mobile and in our Contact Centre. It provides a door to door planning service for all Translink bus and rail services which means customers don't need to have any prior knowledge of our services or network to find their best journey solutions.

The planner uses geo referenced bus stop data with a greatly extended data set of addresses, localities, streets and maps - Land and Property Services provided Translink with a database of 921,000 locations in Northern Ireland as well as their co-ordinates!

It also introduces new features such as a quick view of next departures from a selected stop and a map interface. A Journey Planner app for iPhone and Android is well developed and due to be available in app stores from June 2013.

The project was enabled by a series of data optimisation projects to digitise network and service data and to create a bespoke dataset of over 1,000 localities familiar to customers.

Web

Significant developments have been made to the Translink website over the last 12 months particularly the integration of the new Journey Check and Journey Planner software and the implementation of enhanced usability and functionality for the mobile site. The website continues to grow at a phenomenal rate with a very significant and an ever increasing number of visits through the mobile interface; over eight million visits were made to the Translink website in the last 12 months with more than half from mobile phones.

Our social media presence is growing; we have 30,000 followers across the range of Translink Facebook and Twitter profiles. We are now concentrating on delivering customer information developments, campaigns and offers to our followers.

Enhanced Infrastructure

Foyle Street Bus Station Refurbished

Extensive refurbishment has been undertaken at Foyle Street bus station to enhance the waiting facilities for passengers.

The enhancements have revitalised the station for customers and employees. This is a particularly timely and relevant development; already around one million customers use our Foyle Street Station every year and with more people expected to visit during the UK City of Culture we want to play our part in local tourism by helping to ensure that we leave a lasting impression of a modern, attractive and progressive city.

Plans are also underway to provide better train facilities for the city and local area; a public consultation took place during January 2013 to progress a new Derry~Londonderry Train Station.

Antrim

An innovative, sustainable station project to extend and refurbish the listed Antrim Bus & Rail Centre is under construction. This is Northern Ireland's first fully sustainable station and will be showcasing best practice to European transport operators.

Portadown

Redevelopment of Portadown Railway Station has been delivered early by some four months; the project represents a significant refurbishment and enhancement of passenger facilities accessibility and station ambience. Portadown is the fourth busiest station in our network and an important station for access to the Enterprise service to Dublin.

Derry~Londonderry – Coleraine Line Upgrade
The single biggest development to our rail infrastructure this year has been the upgrade of the line between Derry~Londonderry and Coleraine. The line officially reopened ahead of schedule on 22 March 2013 following almost eight months of closure to complete essential safety and engineering work. A special event marked the occasion of the inaugural passenger journey to Derry~Londonderry. This completes the first phase of the renewals project which is to secure the long term future and sustainability of the northern corridor rail link that provides vital connections to jobs, colleges, universities, shops, businesses and local attractions.

Adelaide Maintenance Facility
To support and maintain the new Class 4000 fleet, the new Train Maintenance Facility in Adelaide, South Belfast opened providing onsite engineering, fuelling, train wash and stabling facilities along with material storage area and staff accommodation. The facility ensures that the trains are maintained to a very high standard. We also delivered a programme of around 20 platform extensions to accommodate longer trains and more passengers and ongoing improvements to our level crossings.

Service Upgrades
A new enhanced train timetable was launched on 6 January 2013 giving our customers an improved frequency and more seats, particularly from Belfast to Larne and to Coleraine through optimisation of the new fleet. The new timetable delivers an additional 63,000 track miles each week.

New Pilot Service 294 Enniskillen – Altnagelvin Hospital
The recently launched Pilot Service 294 operates every Wednesday and Thursday from Enniskillen to Altnagelvin Hospital calling at the new South West Acute Hospital, Omagh Buscentre and Strabane Buscentre. The service makes an important contribution to reducing social exclusion in rural areas and reducing missed appointments. Community Transport assist by bringing passengers from home and linking them to the pilot service for onward travel.

Park & Ride Developments
Park & Ride/Share is an important part of Translink's plans to provide customers with integrated convenient and attractive travel solutions. These investments are a further demonstration of our commitment to promoting and providing more sustainable transport options, encouraging even more people to consider public transport:

- A new Park & Ride at Jordanstown Train Station opened in October to accommodate 66 cars including four disabled car parking spaces.
- A new Park & Ride at Millbrook near Larne has 84 parking spaces available, including six designated for people with disabilities.
- An upgraded Park & Ride at Maghera has been extended to 123 parking spaces, including four accessible bays for people with disabilities.
- 240 additional free parking spaces have been created at St Brides Street Car Park, Carrickfergus.
- A £300k extension to Drumahoe Park & Ride in Londonderry more than doubles the number of car park spaces available, now providing 271 parking spaces.

Ballymoney Walking/Cycling Bridge
The result of a successful partnership between Translink, the Department for Regional Development, Ballymoney Borough Council and Sustrans, the new walking and cycling Railway Bridge at Ballymoney Station delivers important benefits for the people of the area with improved access to and from the town and extended Park & Ride facilities at the station.

Awards

IRTE (Institute of Road Transport Engineers) Skills Challenge UK 2012
- Two of our Bus Engineers Adam McGrath and William Scott have celebrated receiving top honours in the national IRTE Skills Challenge competition.

European Business Awards
- N I Railways was awarded UK National Champion status for Customer Service in the European Business Awards. The company has progressed to the next stage in the awards process to compete for the prestigious 'Ruban d'Honneur' award.

UK 2012 Rail Business Awards
- Naomi Orr, Fleet Standards Engineer, won the Young Professional Award for the most outstanding young manager working within the UK Rail Industry.
- Our New Trains Two Programme won the Rolling Stock Excellence Award.

FPTNI Awards: Federation of Passenger Transport Northern Ireland
- David Spratt, Metro, was awarded 'Bus Driver of the Year'.
- Raymond Williamson, Ulsterbus, was awarded runner up 'Bus Driver of the Year'.
- Translink and the Translink Youth Forum were awarded the top prize in the Serving the Community category in developing and establishing the yLink card.

NICCY Awards (Northern Ireland Commissioner for Children and Young People)
- yLink picked up the Gold Award in the 'Putting People First' category.

Belfast Business Awards
- Business Innovation – Metro Smart Saturdays Campaign.

UK Bus Awards
- Metro Smart Saturdays Campaign.
- Coach Tourism Professional of the Year.

Chartered Institute of Public Relations
- PRide Gold Award - Metro Smart Saturdays – Public Sector campaign.

03

COMMERCIAL

The convenience and value for money that we offer is evidenced by continued growth: the Northern Ireland public are voting with their feet!

03 COMMERCIAL

Best Value
It is accepted now that public funding for passenger transport is lower in Northern Ireland than elsewhere. Despite this, a comparison of bus and rail services in Northern Ireland with GB and RoI shows we have higher service levels and lower fares. This demonstrates that we operate our services efficiently and with the customer in mind. The convenience and value for money that we offer is evidenced by continued growth: the Northern Ireland public are voting with their feet!

We recognise that household budgets are stretched and that value for money is a high priority for all our customers. We continue therefore to evolve and promote the range of 'best value' products such as mLink, iLink, Smartlink and yLink - offering choice and discounting travel for those who use and need our services most:

yLink
Since its launch in summer 2012 over 600,000 yLink journeys have been made on our bus and rail services. The card is available to 16 - 23 year olds and offers a third off travel on bus and rail services in Northern Ireland and up to 50% off cross border Enterprise fares.

TaxSmart
Uptake of TaxSmart, the annual commuter card for bus users, is growing steadily with 57 employers across Northern Ireland adopting the salary sacrifice scheme which saves their employees tax and employers National Insurance contributions. Approximately 10.8% of the Northern Ireland workforce is employed in a TaxSmart employer; since the scheme started in February 2010 over 475,000 TaxSmart journeys have been made.

Belfast Visitor Pass
In conjunction with Belfast Visitor & Convention Bureau, Northern Ireland Tourist Board and Belfast City Council, we have continued to promote our public transport services to visitors to Belfast - with nearly 5,000 visitors purchasing a Belfast Visitor Pass in 2012. The card is preloaded with integrated bus and rail travel within the Greater Belfast area.

mLink
Our rail passengers are enjoying the quick and convenient way to purchase tickets through mobile phones with sales of mLink weekly, monthly and 3 day flexi tickets.

Fares
Our bus and rail services remain a very attractive and competitive choice compared to the cost of running a private car. We have worked hard to keep fares as low as possible during 2012/13; fares will be revised from May 2013 and for some, this will be the first increase since 2007! With continued focus on cost reduction and attracting more passengers, we have had a very successful past 12 months, which means we are able to keep fares low and avoid the type of price hikes put through in other regions. While it is never an easy choice to have to put up fares, we will keep our focus on delivering great service and giving our customers good value for money.

Promotions and Offers

Marketing our services to the public is an important strand of our business; to grow our passenger numbers we continue to provide targeted tactical promotions rewarding customers for their loyalty.

Metro passenger numbers are up despite a difficult year for the city; extreme weather, protests and road works. This is a clear indication that campaigns such as Love Metro Saturdays are delivering: passenger journeys during the promotion increased by up to 10%.

Our NIRailways '1/3 Off' campaign has generated additional journeys and revenue after 9.30am, both up by 7% year on year.

Web Fares play a very important role in generating new business and providing excellent value for customers. This year over £2million of sales have been made through the Translink website. A range of other ongoing promotions and offers includes:

- Enterprise Web Day Returns.
- Goldline 1/3 Off.
- Try the Train.
- Park & Ride Christmas.
- Get Up and Go.
- Only in Belfast.
- Airport Summer Services.
- Rural Transport Campaign.
- Special Event bus and rail travel.

Making the Most of Our Properties and Estate

Olympics

Translink was successful in the tendering process for the provision of both drivers and vehicles for the 2012 Olympic Games Family Bus Services and signed a contract with the London Organising Committee of the Olympic Games (LOCOG).

Much planning and preparation was undertaken by a Project Team who implemented delivery of this huge project through to the operational phase. The project was a success and our staff were noted to be highly professional and played an important role in the success of the overall event.

Advertising Space

We continue to maximise the return available from the sale and lease of advertising space on static sites such as our premises and structures, together with mobile advertising available on our buses and trains.

Onsite Retail

We provide retail units for rent at our passenger facilities along with rental vending solutions, these enhance the service we provide for our customers and generate a commercial return from the significant number of passenger throughput. We also rent space for 3rd party marketing opportunities in our stations and at our passenger facilities.

Car Parking

The strategic use of our car park facilities, coupled with active promotion and linkage with our bus and rail services, will enhance our product offering through integration plus added benefit to increase passenger transport usage.

Next Steps

We remain focused on all commercial opportunities so we can get the maximum revenue from our assets; these returns make a direct impact to reduce the pressure on the public purse and fare paying passengers. This year we have agreed several new contracts for new retail units and we have a programme to replace some of our static advertising hoarding while also providing new advertising sites. These advertising contracts have led to increased revenue being generated.

Belfast Transport Hub

Since the late 1990s the Belfast economy has been one of the fastest growing in the UK with an ever-expanding tourism sector and significant inward investment. The same remarkable, unprecedented growth is also true of public transport in Northern Ireland resulting in current bus and rail stations and facilities for Belfast operating at capacity with little scope of providing for future demand.

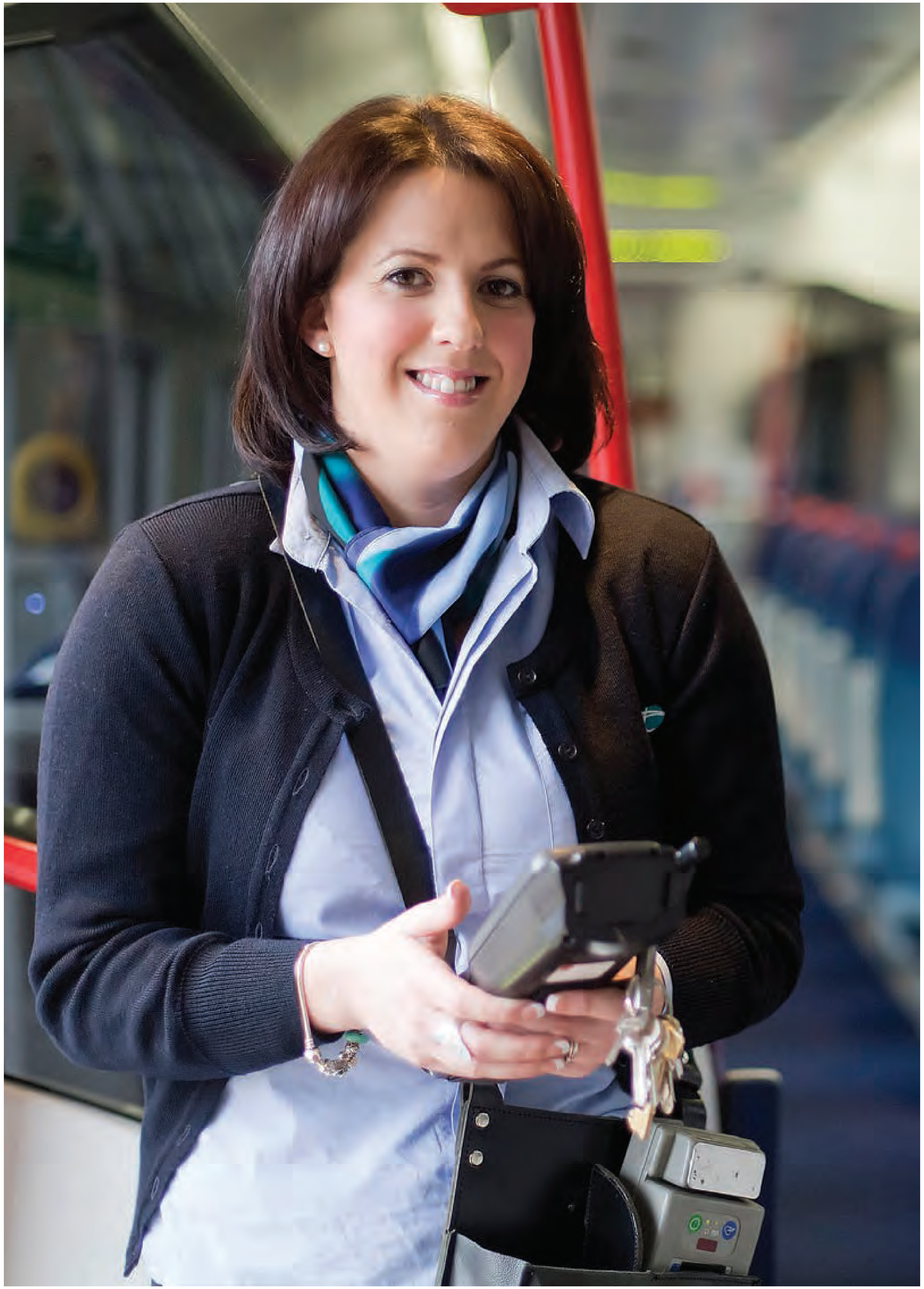
We need to develop our public transport infrastructure within Belfast to make provision for growth and to support a fully integrated transport model that includes all modes and operators: rail/coach/bus/metro/rapid transit/taxi; a new Transport Hub for Belfast is vital to meeting this objective. It will all together offer an excellent customer experience with enhanced interoperability/access to all transport options and create an important first impression of the city for visitors and investors.

Experience in GB demonstrates that investment in transport infrastructure projects provides the best return on investment as the catalyst to regional regeneration and economic growth and revitalisation of local communities.

04

COMPLIANCE & CAPABILITY

We are dedicated to excellent business performance and continue to encourage further learning and improvement in competitiveness, productivity and efficiency.



04 COMPLIANCE & CAPABILITY

Translink remains committed to continuous improvement – for the business and for employees. We are dedicated to excellent business performance and continue to encourage further learning and improvement in competitiveness, productivity, and efficiency; reflected in the quality of our people and our management systems.

European Foundation for Quality Management (EFQM)

During the year we received the EFQM Four Star Quality Award from the Centre of Competitiveness. This is a remarkable achievement. EFQM recognises organisations' excellence and quality performance and is a model used by over 30,000 organisations across Europe. Translink achieved this award following independent assessment over four days by a team of assessors and it demonstrates our excellent business performance. The Four Star award is the second highest level before reaching the top 'Ireland Quality Award' (Five Star). To have reached this level on a first submission is a reflection of the commitment and quality of our people and our management systems. This accolade reflects excellent business practice across all divisions and Translink's focus on organisational development; we can now use EFQM's report recommendations as we continue along our journey of continuous improvement and work towards Five Star standard.

Quality Management

This year our Rail Operations Departments within Rail Services, attained Quality Management Certification to BS EN ISO 9001:2008, and join our Rail Engineering Department who have held this award from 2000.

A Quality Management System has been developed that outlines clearly the roles, responsibilities and processes required to deliver a high quality service to our customers. It promotes a team approach and outlines clear performance goals and measurements that lead to continuous improvement.

Organisational Development

Significant progress has been made during the implementation phase of the programme in 2012/13:

Performance Management

A managing performance and development training programme focused on the development of specific skills associated with performance management. The modular programme ran throughout the year and was supported by the production of new guidelines on the performance management process.

Leadership Development

2012/13 saw the launch of a new leadership competency framework which was used as part of a new group-wide talent and succession planning process and formed the basis for leadership development centres aimed at assessing the leadership competence of Translink senior managers. The results were incorporated into individual feedback reports to help improve self-awareness and inform personal development plans for each manager.

Learning and Development

A structured leadership and management development curriculum aimed at developing leadership, professional and business skills has been implemented. This resource documents the full range of forthcoming events scheduled to meet, where possible, the development needs of employees in line with organisational aims and objectives.

The event schedule provides an opportunity to engage in a range of personal and professional development activities. It also includes guidelines on applying for external development through the Translink 'Voluntary Training and Education' process.

In addition to the launch of a learning and development calendar, targeted strategic development programmes at management, team leader and supervisory level, and the establishment of a strategic partnership with the Ulster Business School have all taken place in 2012/13.

Employee Engagement and Internal Communications

We are driving forward the internal communications agenda within our business. To date this has involved the implementation of a new group-wide briefing process 'Team Talk'.

A group-wide Employee Survey has been designed for employees to communicate their opinions and ideas about working life within Translink. This will provide valid, representative and actionable data, improving the way we work and get things done.

Female Leadership

As part of our commitment to improvement, we recently set up a Female Leadership Project led by female employees to look at recruitment and career development for females across the organisation. This is being done because research shows that mixed teams are higher performing and it is important that we ensure everyone feels able to apply to work for and progress in Translink so that we attract and retain the best people. We have drawn up an action plan focussing on recruitment, retention and progression of female staff.

Talking to Stakeholders

As a public sector organisation it is important that we are accountable, transparent and have good governance. We need to ensure that in doing our day to day business we engage with our stakeholders, try to meet their expectations and deal with their concerns. We have a wide range of stakeholders: elected representatives, the Department for Regional Development, Consumer Council NI, customers, employees and their representatives, regulators, Inclusive Mobility & Transport Advisory Committee and the general public. We will continue to talk to all of our stakeholders through, for example:

- Regular meetings with and briefing of CCNI.
- 'Meet the Managers' days at our passenger (and engineering) facilities; councillors/MLAs and members of the public at Translink stations.
- Attendance at Committee Meetings for Regional Development.
- Attendance at party conferences.
- Briefing notes to stakeholders.
- Media briefings and interviews.
- Translink Youth Forum.
- Translink passenger groups.
- Extensive internal communication programmes.

Electronic Document and Records Management (EDRM)

The EDRM Project has introduced a paperless way of working in managing our corporate documents and records. This project will enable us to be more efficient in our responsibilities under the Freedom of Information Act, the Data Protection Act and other associated regulations.

Currently eight departments have gone live (Administration, Purchasing, Claims, Secretariat, Prosecution, Payroll, Treasury and Finance) and Infrastructure Programmes and Projects functionality is being tested at present. The processes and methodology already developed for the Finance Departments will continue to be undertaken on a phased basis across the rest of the organisation, with Group Safety (SHE) and the Rail Divisions being next.

Corporate Procurement

This year the Translink Purchasing Department was accredited with ISO 9001. This is recognition of the professionalism and expertise of this key function in Translink which we rely on to keep the business running smoothly and efficiently. As well as demonstrating continuous improvement, this will also be integral to the next Centre of Procurement Excellence ('CoPE') accreditation from Government later in 2013.

05

CORPORATE RESPONSIBILITY

We manage our impact on society and the environment through our operations and activities and how we interact with our stakeholders.

05 CORPORATE RESPONSIBILITY

We believe our business can be a force for good. We manage our impact on society and the environment through our operations and activities and how we interact with our stakeholders such as employees, customers, government and suppliers. The framework for improvement is grouped into four themes: Go Safe, Go Eco, Go Healthy and Go Together:

"Go Safe"

Our annual Health and Safety Conference was attended by over 150 safety representatives and managers from across the company. The theme of the conference was 'Safety Culture and Behaviour' and included looking at other organisations to see how they manage their safety and health challenges and how they achieve and sustain performance improvements.

Translink's Incident Care Team (ICT)

The ICT are specially selected volunteers who are trained to respond to the personal needs of anyone who might be involved in a major incident. The team can respond to Translink incidents or be asked to support a multiagency response. This year activity included:

- 'Exercise Diamond' a live large-scale incident exercise at Belfast Lough involving 365 people and lead by NI Coastguard to test the major incident plans that would be involved should a major maritime incident happen in Northern Ireland.
- ICT training involving an in-house designed multiagency desktop exercise including external agencies; and training days involving external speakers such as emergency planners/PSNI.

Rail Safety

NI Railways conducted a graphic re-enactment of a collision scene in partnership with the Northern Ireland Fire & Rescue Service to remind pedestrians and motorists of the very serious consequences of trespassing on or near track.

This was a valuable training exercise for the emergency services; over the past year there have been an average of 10 incidents of misuse at public crossings per month and almost 160 prosecutions were made – 91 safety related.

A rise in reports of children and young people playing on railway lines over the summer months has also raised concern, with over 110 incidents of trespass in July and August on the rail network. Many pedestrians and motorists appear oblivious to the very real dangers that exist.

Annual Public Safety Campaigns

Safety is a top priority for us and we run our 'Deadline' rail safety campaign all summer to reinforce this message. We urge people not to use the tracks as a shortcut; always wait behind the yellow line on the platform; never 'mess around' near tracks; use railway crossings safely and motorists should never be tempted to jump the lights or beat the barriers at railway crossings.

We also remind pedestrians and motorists that for reasons of safety, CCTV is in operation at stations, railway crossings and on all trains. We will prosecute anyone caught damaging property, trespassing or endangering others.

Youth Safety Education and the Arts
We target schools in 'hotspot' areas of our rail network, to educate pupils about the importance of rail safety through innovative schemes and partnerships. We have used the arts in recent years to make this subject more interesting and engaging for young people and last year we partnered with Music Theatre for Youth to work with schools as part of a schools safety challenge to produce a piece of rail safety themed musical theatre.

Rail PRO Employee Campaign
A new Operational Risk Strategy was developed to reduce, mitigate and eliminate aspects of operational risk and to further improve safety performance. Part of this strategy was to develop and introduce new internal Professional Policies for our rail operational staff and to maintain awareness of professionalism through a specific 'Rail Pro' campaign.

Level Crossings Safety

The safety of our employees, passengers and members of local communities is a key priority for NI Railways. In particular, the responsible use of pedestrian railway level crossings is essential to maintain public safety.

Upgrade to Pedestrian Level Crossing in Dunmurry
Work to replace the gates at the Meetinghouse Lane pedestrian level crossing in Dunmurry with a new automated lifting barrier system has been completed. Designed to provide increased accessibility, the new system means pedestrians with prams and people using mobility devices will no longer have to manually operate the gates.

Level Crossing Changes in Lurgan
NI Railways has worked to reduce the 'down time' of the level crossing barriers on the busy arterial route into Lurgan by 40 minutes per day by modifications to the signalling system and the introduction of additional safety measures. These changes represent a significant investment by NI Railways into the operating system at Lurgan as well as an innovative use of existing resources.

Agri Community
A range of initiatives has been carried out with external safety agencies such as the Ulster Farmers' Union, Young Farmers' Clubs, Health and Safety Executive Northern Ireland and the emergency services to maintain safe use of railway crossings within the Agri Community.

Activity has included a new partnership with Cafre/Greenmount to directly target students studying for Agri related professions. We supported the International Level Crossing Awareness Day with a visit to the Rail Operations Training Academy for local farmers responsible for railway crossings and we also attended a number of agricultural shows across Northern Ireland and once again produced a safety calendar for the rural community highlighting a range of safety messages to help maintain awareness levels throughout the year.

Infrastructure Safety
Our Infrastructure Division produced a Divisional Corporate Responsibility Plan at the beginning of the year including the following safety initiatives:
- A review of the divisional safety management system.
- The implementation of full hi-visibility orange work wear for staff and contractors required to go on track, improving the safety culture on track whilst creating a standard of professionalism.

- Infrastructure closed 14 user-worked crossings in 2012/2013. Crossing misuse also reduced by 16% this year compared with last year.
- 629 training days were completed across the range of competencies such as track competency and occupational health and safety. 295 assessments were completed across competencies such as rulebook and Institute of Railway Signal Engineers assessments.
- A series of health talks was given to Infrastructure staff and arrangements developed to manage the risk of fatigue for safety critical staff.
- Road Traffic and Workplace Accident investigation and management strategy developed and currently being briefed to managers.
- Training course currently being delivered to 392 engineering employees on the Control of Substances Hazardous to Health (COSHH).
- Implementation of revised Bus Division Safety Management System: 75% complete.
- As part of Year 5 of the Driver Certificate of Professional Competence, delivery of Customer Care training to all bus drivers has commenced with 1,386 attended to date.

Bus Safety

Safety of customers, employees and the general public is also a top priority for Translink's Bus Division. This year the following safety results have been achieved:
- 24% decrease in injury accidents.
- 3% decrease in no injury accidents.
- Overall 4% decrease in accidents.

Safety Bus

Our Safety Bus now sees over 25,000 children and young people on board each year and continues to go from strength to strength. The creative and enthusiastic bus drivers that run the bus advise young people how to travel safely in a fun and engaging way, educating on issues regarding safety, consideration and respect. As a result there has been a major reduction in incidents of vandalism and broken windows. The Safety Bus and team celebrated its 10 year anniversary with an event at Belfast City Hall which was attended by a number of key schools and political stakeholders.

"Go Healthy"

Our Go Healthy strand utilises our internal communications channels very effectively with messages distributed through staff briefings, company intranet and face to face briefings. We have built on relationships with external experts such as pharmacies and charities who are willing to offer advice to our employees. Internally, we have allocated a full time member of staff to employee wellbeing who is responsible for setting up initiatives to engage, develop and monitor staff wellbeing through physical, psychological and emotional support.

Through Go Healthy we have engaged with more than 700 employees over the past 12 months through a range of health assessments. In broad terms most received advice on lifestyle changes e.g. increase exercise, dietary changes, reduction in alcohol and smoking cessation. In a small number of cases people were referred to their GP to be assessed for early signs of diabetes and other potentially serious health disorders.

Business Action on Health Pledge

Health and Wellbeing initiatives to enhance occupational safety included:

- Chest Heart and Stroke visited Derry~Londonderry, Newry, Coleraine, Enniskillen, Magherafelt and Dungannon.
- Checks by Diabetes UK in Derry~Londonderry, Omagh and Enniskillen.
- TransFit Magazine issued quarterly.
- Psychosocial Risk Management Policy drafted.
- Big Cancer Bus attended Short Strand.
- ManAlive van (Cancer Focus NI) visited Newtownabbey Depot.
- Michael Deane and Diabetes NI held cookery demonstration in Europa Buscentre.
- Occupational Health Nurse in place focusing presently on Absence Management.
- Ongoing promotion of the employee Cycle to Work scheme.

Charity Partner
We have been working with our charity partner Diabetes UK Northern Ireland to help raise awareness about diabetes amongst our customers, employees and the wider public. Getting regular exercise is also part of a healthy lifestyle and as such we encourage more people to think about using the bus or train over the car. It can be a great way to build some exercise into a busy working day by walking to the local bus stop or train station. A range of fundraising events and initiatives has also been carried out.

Schools Travel Challenge
Seven local schools in North and West Belfast participated in our 'Healthy Choices Schools Travel Challenge', to encourage pupils to use the bus more often, reducing the number of cars on the road in their area. Pupils were tasked with reducing the number of car journeys along the main arterial routes to schools and opt instead for healthier and more environmentally friendly forms of travel.

"Go Eco"

Go Eco focuses on managing and minimising our impact on the environment.

Carbon Reduction Commitment
The 2011/12 Carbon Reduction Commitment (CRC) Energy Efficiency Scheme has ranked Translink as the highest scoring organisation in Northern Ireland for the second year running. Translink was also the second highest ranked transport organisation in the UK.

A range of business actions contributed to the result, including installation of voluntary half-hourly electricity metering and attainment of the Carbon Trust Standard in recognition of carbon reduction year on year. Translink also implemented a Go Eco energy awareness programme, installed energy efficient lighting and converted heating systems to run on natural gas instead of oil.

Our focus on carbon reduction has delivered important business benefits, reducing energy costs substantially year on year, cutting carbon emissions and enhancing our public image.

Eco Driving
Following two successful pilot schemes we have launched our new 'Eco Driving' scheme across bus operations. Using new technology combined with the skill of our drivers we will be working hard to further drive down our CO2 emissions and fuel costs helping us to reduce our environmental impact across Northern Ireland.

Approximately 1,160 vehicles are now equipped and the benefits to be derived from the project include:
- Reduced fuel usage.
- Improved driving ability/skills.
- Reduced insurance costs.
- Fleet management whereby buses can be viewed as to their exact location.
- Historical data for complaint investigation.

Biodiversity

Translink has been recognised as a leader in biodiversity, ensuring our business activities and operations enhance and protect the valuable habitats and species resident within our land holdings and in the wider community across Northern Ireland.

Some of the projects undertaken include:
- Biodiversity and litter awareness event with pupils from Antrim Grammar and Parkhall Integrated.
- Donated recycled wood from our Adelaide site to Fane Street Primary School to make planter boxes for their eco garden.
- Donated wood chips to Camphill following the vegetation clearance along the Bangor Railway Line.
- 'Seeing and Believing' event for Business in the Community members at Adelaide to view the new Swift Tower.
- Hosting RSPB for a bird watching event at Glynn Train Station on the Larne Line.

- 'Bio Buzz' Campaign to promote biodiversity and what you can see travelling by bus and train. As part of this we had a Big Seed Giveaway at the launch of the Translink Ulster in Bloom 2012 competition to encourage planting for bees and butterflies.

Catherine Mason, Translink Group Chief Executive, was appointed as Business in the Community's Biodiversity Champion. This role has involved championing the importance of biodiversity to the Northern Ireland economy, raising the profile of biodiversity among businesses, as well as promoting and encouraging best practice in protecting and enhancing biodiversity.

Recycling
Translink has continued to review ways to recycle its waste and is working closely with Wasterbeater; around 90% of all waste collected is now recycled. The focus is now on reducing and reusing.

Eco Schools Travel Challenge
This programme is helping more young people in schools across Northern Ireland understand the long term benefits of using better travel options – and it is now growing as more schools recognise the benefits from getting involved. Additional online teaching resources have been developed to help teachers deliver the sustainable transport messages in the classroom. A number of local managers and inspectors are also supporting their local schools with visits and assembly talks as well as schools visiting their local stations.

Tidy NI Awards 2012
These awards recognise the efforts of employees towards a cleaner, tidier and more environmentally friendly bus and train network. The standards have continued to increase across the business and last year eight Translink stations scooped Platinum, a further seven achieved Gold standard while 10 stations received Silver in this year's awards results.

Areas of Special Scientific Interest
Infrastructure acquired two Areas of Special Scientific Interest through the user-worked crossings closure project. These are located at Ballycarry and the Bann Estuary. Infrastructure is managing these in collaboration with the Northern Ireland Environment Agency.

"Go Together"

Translink has continued to engage with local communities through partnerships, charitable initiatives and supporting employees through fundraising initiatives. These have included:
- City of Culture 2013.
- World Police and Fire Games 2013.
- Music Theatre 4 Youth.
- NI Anti-Bullying Week.
- Halloween - Metro Monster Mash.
- Halloween – Carnfunnock - Larne.
- West Belfast Festivals.
- East Belfast Festival.
- Festival of Marching Bands.
- Ulster Youth Choir.
- Samaritans Feel Good Friday.
- Backin' Belfast.
- Women in Business.
- RailFest and WalkFest Castlerock.
- Translink Ulster in Bloom.
- Belfast City Marathon.
- NI Hospice – U105 Boogie Bus.

Charity Partner Diabetes UK NI
Translink has continued to work closely with Diabetes UK NI to raise awareness of diabetes and the benefits of a healthy lifestyle. Translink employees have raised almost £15k through this partnership.

Key events have included:
- Diabetes Week – June 2012 – Putting Feet First Roadshow in Belfast and Derry~Londonderry.
- Translink Big Family Bike Ride.
- Walks in the Park.
- Quiz night.
- Cookery Demonstration with Michael Deane.

RailRoad / GAYE
Translink Charity RailRoad donated £6,304 to 13 charities during 2012/13.

Employee Engagement / Fundraising
We are often humbled by our employees who volunteer within their local communities supporting a range of charities. Translink fully encourages this and their fundraising efforts have been match funded by the Translink Community Partnership Scheme and RailRoad Give As You Earn Scheme.

In 2012 the Billy Telford Charity Committee donated £12,000 to three charities following their Annual Golf Day and Sponsored Walk events.

Awards

Belfast Media Group – Business Award
- For contribution to the development of Irish Language.

UK Bus Awards
- Safety Bus.

Business in the Community – National 'Big Tick' Award
- Reaccreditation.

The Carbon Trust Standard
- Reaccreditation.

Platinum status in the 14th ARENA Network Northern Ireland Environmental Benchmarking Survey
- Announced by Business in the Community.

UK Rail Business Awards
- Environmental Innovation – Highly Commended.

06 FINANCIAL STATEMENTS

Foreword by the Chairman

I am pleased to present the Annual Report and Accounts for the year 2012/13 for the Northern Ireland Transport Holding Company (NITHC) and its operating subsidiaries: Citybus (trading as Metro), N I Railways and Ulsterbus (effectively delivering integrated passenger transport as TRANSLINK). These results reflect a very satisfactory financial outturn and growth in the number of people choosing to travel by bus and train. These 12 months of successful service delivery and enhanced value for money are against a backdrop of continuing economic difficulties, financial pressures and operational disruption arising from severe weather, civil disturbance and public realm construction work in Belfast city centre.

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

A continued upgrade in the provision of passenger transport in Northern Ireland is envisaged in Government's transport policies and strategies and the Group has continued to deliver the passenger transport targets within these strategies. This has been facilitated by the strong support from Government in terms of capital investment and infrastructure developments such as Park & Ride, priority for bus customers and new rail rolling stock. The Group is committed to continuing this track record of success through effective partnership with the Minister and Department for Regional Development to further improve services and attract more people to choose the bus or train.

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

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

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

John Trethowan
Chairman

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

Northern Ireland Transport Holding Company (NITHC) Board

1. JOHN TRETHOWAN
Chairman

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

2. CATHERINE MASON
Group Chief Executive

Appointed a Director in March 2008 Catherine has extensive transport experience having worked previously for Arriva in marketing and operational roles in bus and rail following a career in marketing for a number of blue chip companies. She is a Board member of Business in the Community NI, a member of CBI Regional Council and a Visiting Professor at University of Ulster.

3. ANGELA COFFEY
Director

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

4. FRANK HEWITT
Director

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

5. PHILIP O'NEILL
Chief Operating Officer

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

6. JAMES BROWN MBE
Director

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

7. BERNARD MITCHELL
Director

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

8. TONY DEPLEDGE
Director

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

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Northern Ireland Transport Holding Company (NITHC) Board Officers and Advisors

Directors
John Trethowan
Catherine Mason
Philip O'Neill
Angela Coffey
James Brown
Tony Depledge
Frank Hewitt
Bernard Mitchell

Company Secretary
JP Irvine

Independent Auditor
Deloitte LLP
Belfast

Head Office
Chamber of Commerce House
22 Great Victoria Street
Belfast
BT2 7LX

Bankers
Bank of Ireland
54 Donegall Place
Belfast
BT1 5BX

Trading Subsidiaries
Ulsterbus Limited
Citybus Limited
Northern Ireland Railways Company Limited
NIR Travel Limited

Non-trading Subsidiaries
Flexibus Limited
Translink (NI) Limited
Travel NI Limited

Corporate Governance Statement

Leadership & Governance

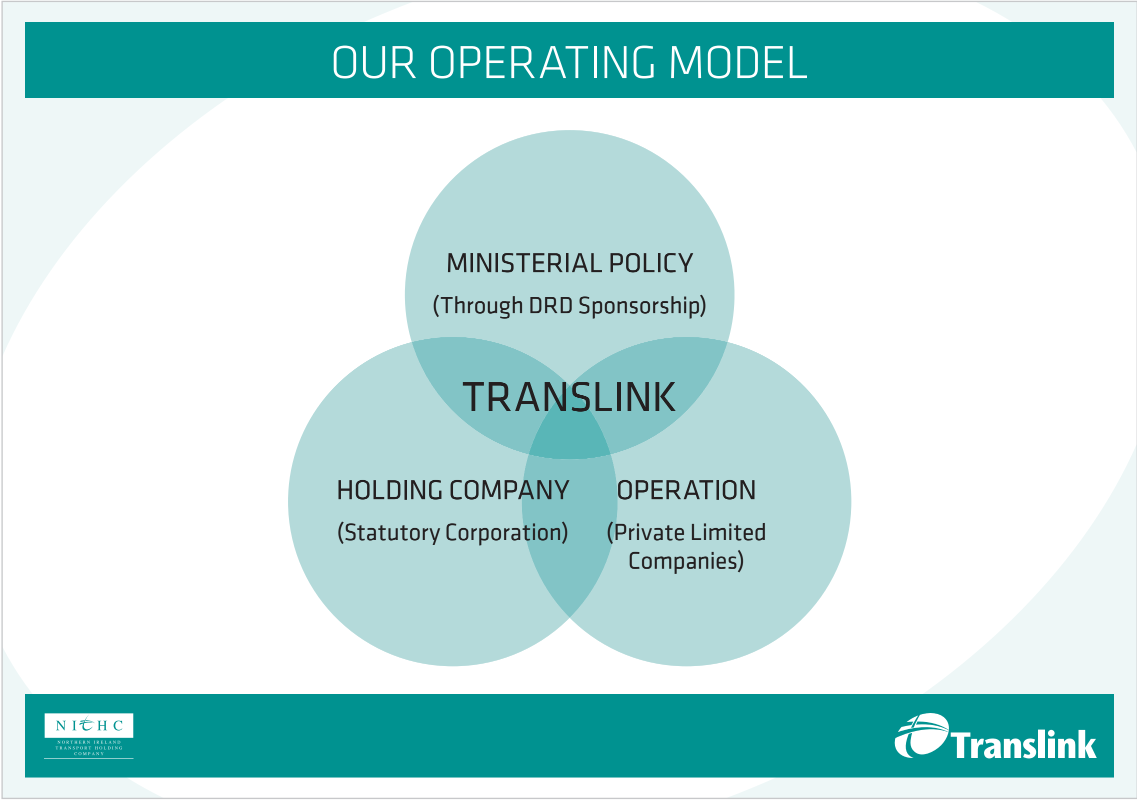
Our operating model – a Public Corporation with Private Limited Subsidiaries
The Translink group is unique. It consists of a public corporation, the Northern Ireland Transport Holding Company (NITHC) and seven private limited subsidiary companies (together referred to as the Group or Translink).

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

Compliance with Relevant Codes and Governing Authorities
The Group is committed to operating in accordance with best practice in corporate governance. This for us means two things:

1) that as a substantial corporate group operating in Northern Ireland we voluntarily comply with the relevant provisions of the UK Corporate Governance Code issued in June 2010 by the Financial Reporting Council (the Code); and

2) that as an arm's length body sponsored by the Department for Regional Development for Northern Ireland (the Department) we comply with our broader governing authorities such as the management statement and financial memorandum (MSFM), Accounting Officer rules, and the relevant provisions of Managing Public Money Northern Ireland.



The Board considers that the Group has been in compliance with all the relevant provisions of the Code and the applicable governing authorities during this accounting period.

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

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

- approving strategic objectives and corporate plan;
- approving the accountability, policy and performance framework within which the Group operates (as set out in the MSFM and associated documents);
- keeping the Assembly informed about performance;
- approving the amount of grant or subsidy or other funds to be paid to NITHC or its subsidiaries; and
- carrying out responsibilities specified in the Transport Act (Northern Ireland) 1967, including making appointments to the Board, approving the terms and conditions of Board members, and laying of the annual report and accounts before the Assembly.

The MSFM

Underpinning the Department's statutory relationship with NITHC is an additional layer of governance known as the MSFM. This sets the broad parameters within which the Group, under the strategic direction of NITHC, is expected to operate. The MSFM is a particularly important piece of the Group's governance architecture which promotes sound internal control and risk management. The MSFM in operation during the period was agreed in May 2008; a new MSFM came into operation on 1 April 2013.

Our Board: Leading & Governing

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

Composition & Role of the Board

The Board currently comprises six non-executive and two executive Directors (the Group Chief Executive and the Chief Operating Officer).

As well as ensuring compliance with its principal legislative duties flowing from the Transport Act (Northern Ireland) 1967, the Board has a number of matters reserved for its consideration. Its principal responsibilities are to:

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

The Board scrutinises financial and business performance against the budget and against relevant key performance indicators set by the Board and/or the Department. The Board's focus is on strategic leadership, performance management, risk management, governance and succession planning. There is a scheduled programme of Board meetings to ensure that the Board can allocate sufficient time to key matters relating to the business at the appropriate time. The Chairman meets the non-executive Directors informally, without executive Directors being present, at least once during the year. These meetings and other regular informal discussions create the opportunity for valuable input from the non-executive Directors.

Board Meetings

The Board conducted 11 meetings in the reporting period. Board meetings variously cover routine board business and more strategically themed workshop topics. Board packs are provided to Directors at least four days in advance of meetings but the facility exists to take urgent papers with less notice subject to the approval of the Chairman. All Directors are kept aware of the discussions and decisions of each of the four principal Board Committees. Minutes of Board and Committee meetings are circulated to Directors shortly after those meetings take place. The Board's minutes are summarised and published on the Group website: www.translink.co.uk.

Board Development & Continuous Improvement

Each Director undergoes a structured induction programme involving presentations and site visits to ensure that they are equipped with necessary knowledge and understanding of Translink and its environment at the start of their terms. Continuing development is provided through specific training sessions, often in response to training plans, which are held by the Board secretary. The Board receives regular presentations on important operational and business topics from various divisions in the Group (recently for example on the Belfast Transport Hub). The Board also receives topical briefs during the year (including a presentation by NILGOSC during the period) and holds thematic workshops to help individual Directors remain fully informed, as strategic as possible, and responsive to relevant developments. Special themed workshops this year included pensions, a future-strategy day, and a company law workshop. Measures like these ensure that all Board Directors are aware of, and are in a position to monitor business progress and to discharge effectively their individual Director's duties under the Transport Act and Companies Act 2006.

Board Performance Evaluation

A formal and rigorous process exists for evaluating the Board's performance and that of its committees annually (this includes a mechanism for evaluating the performance of individual Non-Executive Directors and the Chairman). The Chairman is responsible for the evaluation of the other Board Directors, while the evaluation of the Chairman is undertaken by the other Directors (in the absence of the Chairman) under the stewardship of the Senior Independent Director. An annual assessment is also completed on behalf of the Department with the Chairman assessing individual non-Executives' performance, whilst the Permanent Secretary of the Department undertakes the assessment of the Chairman. The functioning of the Board as a whole and its connectivity to executive management and the rest of the organisation was assessed this year as part of Translink's submission to the European Foundation for Quality Management. Translink Group was awarded a silver award as recognition of its achievements and commitment to excellence.

Our governance meets the twin needs of company law and our public sector duties. We believe the right balance is struck so that all necessary assurance and confidence to our sponsor department, stakeholders and employees continues to be provided.

This report goes on to set out this balance and how Translink's governance adds value to the business.

"As Chairman of the Board, I take the lead on Governance. Together with our Accounting Officer (CEO) and Company Secretary, we are guardians and champions of the requisite standards and corporate behaviours within the Translink Group."

John Trethowan
Chairman of the Board

Leadership and governance go hand in hand at Translink. For both to work well you need a clear plan of what you want to achieve and how you will achieve it. We secure good governance in different ways:

- by practising and living by the governance we preach – mere box ticking does not produce the success we aspire to and regularly achieve;
- a strong relationship between Executive management and the Board is important, with trust, challenge, a common goal and good information flows between them; and
- it's not just about the Board – it's about how good governance controls are understood and acted on throughout the organisation – from the boardroom to Bangor Bus Station, and from the CEO's office to Central Station.

"Translink is one of the most trusted brands in Northern Ireland. To remain successful we need a clear corporate plan, well-embedded governance standards, and motivated employees, all focussed on giving passengers a tremendous service."

Catherine Mason
Group Chief Executive and Accounting Officer

Board Committees

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

Remuneration and Pensions Committee

This Committee is responsible for inter alia, reviewing the scale and structure of the remuneration of the most senior Executive posts, the terms of their service contracts, and important pensions issues for the Group (including recommendations of appointments of trustees to the company's pension trusts). The Remuneration and Pensions Committee produces an annual report and is responsible through its Chair for signing the Directors' Remuneration report. The annual report of the Remuneration and Pensions Committee is laid out on page 59.

Finance & Project Tracking Committee

This Committee is chaired by the Chairman of the Group. Its purpose is to discharge important financial business on behalf of the Board including considering spending and procurement proposals as well as project monitoring, tracking, and post-project evaluations.

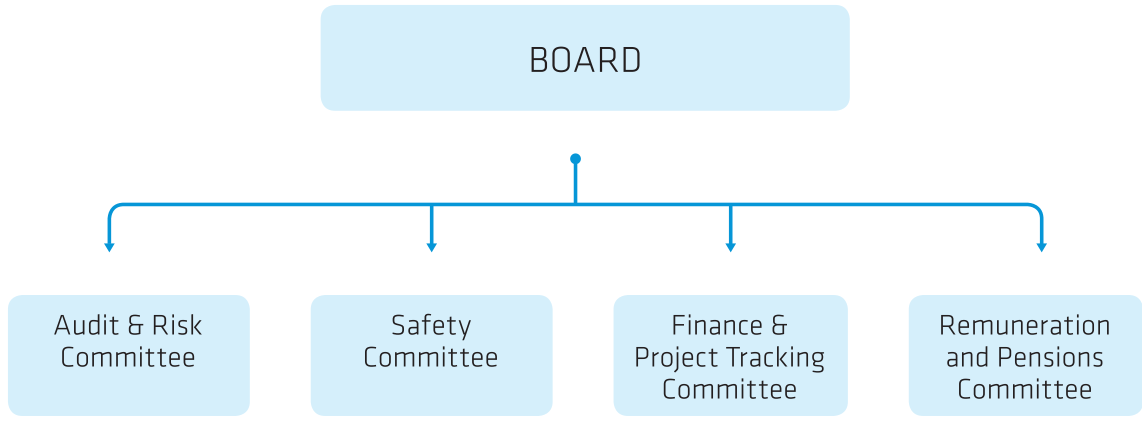
Safety Committee

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

Audit & Risk Committee

The Board has overall responsibility for risk management and the system of internal controls and for reviewing their effectiveness. Certain of these responsibilities have been delegated to the Board Audit & Risk Committee (BARC). The Committee minutes provide regular updates at Board meetings throughout the year.

During the period, the Committee replenished its range of skills with the addition of recent and relevant financial experience. To achieve this, a co-opted committee member from OFMDFM, Stephen Boyd was appointed with the agreement of the Board in consultation with the Department.



Board Committees and functions

An observer from the Department for Regional Development continues to attend all audit and risk committee meetings.

The BARC is responsible for a wide range of matters including the scrutiny of the financial statements, significant financial reporting issues, the effectiveness of internal controls, the Group's risk management systems and assessments of major risks, recommendations to the Board as to the appointment of internal and external auditors (including remuneration and other terms of engagement), and the ongoing management of, and the unrestricted access to, these relationships once they are established. The BARC has produced an annual report of its findings which is laid out on page 57.

Additional Meetings & Interfaces with the Sponsor Department

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

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

Division of Responsibilities

The Chairman

There is a clear division of responsibilities between the Chairman and the Group Chief Executive, which is articulated in our Corporate Governance Framework (this framework takes the form of a manual and includes inter alia the MSFM, our Scheme of Delegation, Board rules of procedure, and a summary of our governing authorities).

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

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

Non-executive Directors & their Independence

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

All non-executive Directors bring wide ranging experience and backgrounds spanning the fields of transport, EU affairs, banking, public sector governance, private sector enterprise, health, economic development, urban regeneration and local/central government. These skill sets ensure that non-executive Directors can contribute significantly to the Board. A register of Directors' interests is maintained and is made publicly available to interested parties. Directors make declarations of interests upon appointment, then again periodically during their term of office, and in specific instances at individual Board meetings where a particular item on the agenda prompts a declaration of an interest. If the interest conflicts, or could be perceived to conflict, with the duties as a Board member then the interest is recorded and the member is absented from the meeting during discussion of the item in question.

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

The Accounting Officer & Group Chief Executive

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

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

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

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

The Chief Operating Officer

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

The Company Secretary

The Board is guided in the lawful and diligent performance of its functions by its General Counsel & Company Secretary. He attends Board meetings to provide appropriate advice (and confidential counsel when required) to Directors on matters of law, risk and corporate governance. During the period the Company Secretary provided public sector accountability training and conducted a workshop on company Directors' duties. In January 2013, the Company Secretary led the update of the Corporate Governance Framework to take account of new practices, Institute of Chartered Secretaries and Administrators/public sector guidance, and some suggestions for better ways of working from key staff and Internal Audit.

Director	Committee Membership	Board	Audit & Risk	Safety	F&PTC	GRPC
Number of meetings		11	4	4	12	7
John Trethowan	A#, S, F*, R	11/11	1/1	3/4	11/12	7/7
James Brown	A, S#, F, R	10/11	4/4	‡	11/12	6/7
Angela Coffey	S*, F	10/11	-	4/4	10/12	-
Tony Depledge	A, S	11/11	3/4	4/4	‡	-
Frank Hewitt	A*, R	9/11	4/4	-	-	6/7
Catherine Mason	S, F	11/11	-	4/4	12/12	-
Bernard Mitchell	A#, R*	11/11	2/3	-	‡	7/7
Philip O'Neill	S, F	11/11	-	4/4	10/12	-
Stephen Boyd (OFMDFM external)	A	-	1/2	-	-	-

KEY

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

‡ Note: Anthony Depledge attended 4 and Bernard Mitchell attended 1 Finance and Project Tracking committee meetings as attendees (non-members). Similarly, James Brown attended 1 meeting of the Safety Committee as an attendee (non-member).

The appointment and removal of the Company Secretary is a decision reserved to the Board. A Board secretary reports to the Company Secretary (for the purpose of assisting with the smooth administration of Board and committee business).

Attendance at Board and Committee Meetings

The Board continues to have strong attendance levels at Board and committee meetings, as demonstrated by the table above.

Risk, Assurance and Internal Control

The Board acknowledges its overall responsibility for risk management, for ensuring that an effective system of internal control is maintained and operated by the Group and for reviewing its effectiveness. The Board's corporate responsibility (in line with the UK Corporate Governance Code) is distinct from the personal responsibility of the Group Chief Executive as Accounting Officer.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievements of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they materialise, and to manage them efficiently, effectively and economically.

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

Internal Audit

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

The Head of Internal Audit reports to the Accounting Officer and to the Board Audit and Risk Committee on a regular basis and has direct access to the Board and to the Chairman of the Audit and Risk Committee.

External Audit

The external auditors provide the Audit & Risk Committee with reports on the external audit of the Group.

Risk Management & Risk Registers

In line with the MSFM and the Group's corporate governance framework, the Board maintains a Risk Management strategy and policy that sets out the Group's attitude to risk and to the achievement of business objectives.

Divisional risk registers, a risk register for major project work, an emerging risks register and a register of near misses all exist. Dependent on an assigned risk-score, balancing impact and likelihood of occurrence, the more significant of these risks are escalated to the corporate risk register. During the period, particular risks in the areas of employment and retention at senior levels, contract management systems, and funding constraints continued to be debated and addressed with appropriate levels of scrutiny and assistance from the Audit & Risk Committee with assistance from Internal Audit and key designated "risk owners" across the business. The Board reviews the corporate risk register periodically during the yearly cycle.

Executive Level Risk Management and Internal Audit Review Meetings

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

Assurance Mapping

A risk and control self-assessment process is carried out involving the Group Chief Executive. Prior to completing this Corporate Governance Statement, the Group Chief Executive requires all members of the Executive Committee to sign Assurance letters, which provide her with assurance for all relevant areas of their responsibility under both the MSFM and the organisation's Assurance Map (the latter of which has been developed with the assistance of Internal Audit).

Information and Financial Reporting Systems

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

Investment Appraisal

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

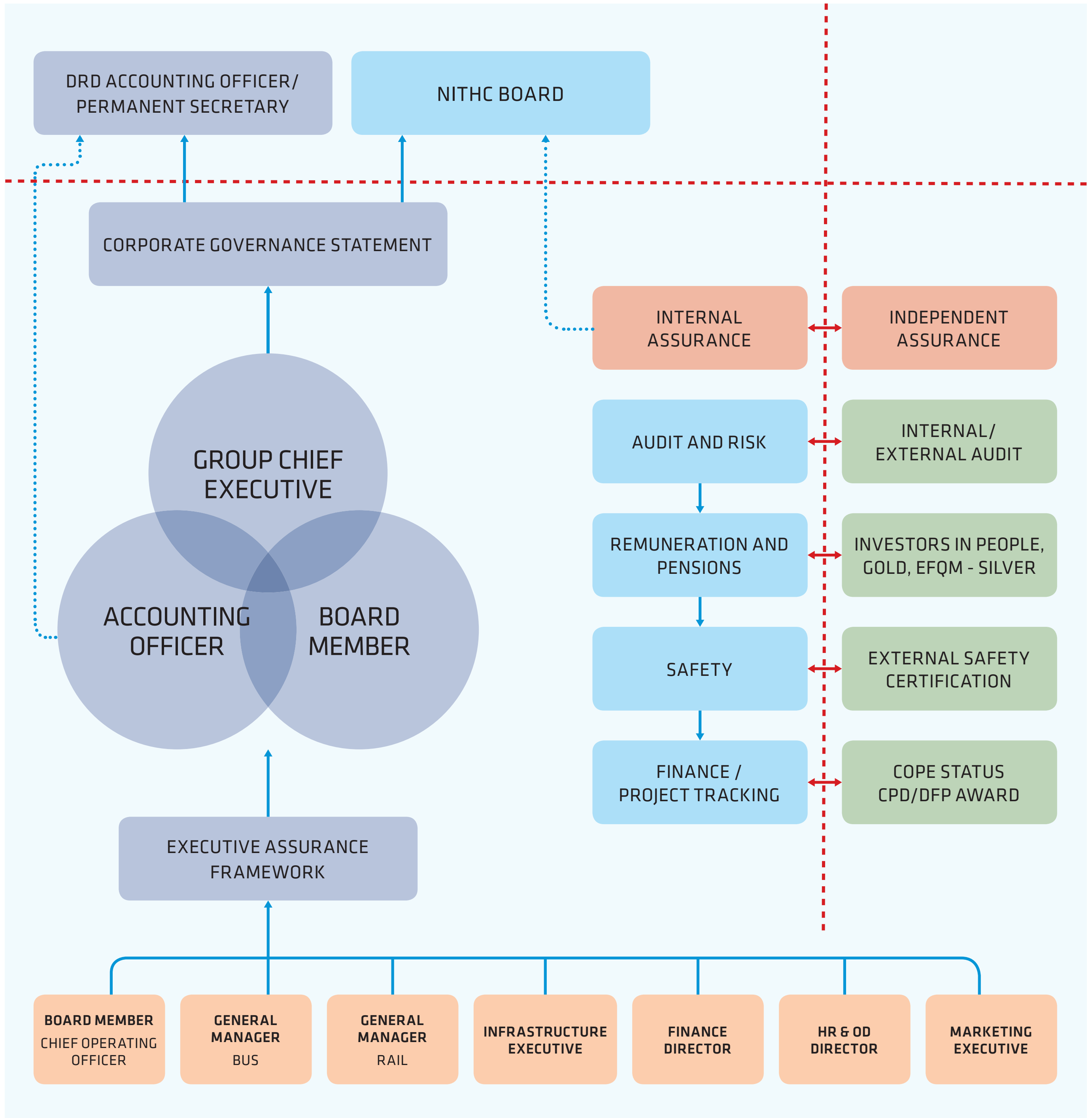
Stakeholder Engagement

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

Assessment of the System of Internal Control

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

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



Assurance Framework Visualisation

In our assessment we point to the following:

- the testing of the completeness and accuracy of the corporate risk register and risk reporting process (including awareness of emerging risks and near misses);
- the discharge of the Accounting Officer's duties with respect to regularity, propriety and value for money;
- the work undertaken by the Audit & Risk Committee with respect to assessing the adequacy of financial systems, checking progress of the audit work plan and action taken with internal audit reports, and reviewing fraud, theft and whistleblowing registers;
- the diligent responses to reports of material weaknesses in internal control, responses to external auditors' management letters and taking learning opportunities from previous incidents in order to prevent recurrence (such as the refresh of incident reporting as a result of the internal investigation into the Knockmore incident in June 2012);
- executive management representations for their respective areas of responsibility;
- the high volume, quality and scrutiny of internal audit reports issued during the year by the Head of Internal Audit coupled with his annual report to the Audit & Risk Committee on the internal control framework and risk management process;
- the close monitoring of business performance through regular and sufficient flows of financial management data and constant attention to metrics such as KPIs and passenger charter monitoring; and,
- the time and attention given to maintaining a fit for purpose Corporate Governance Framework which enables compliance with all relevant governing authorities.

Internal Control Divergences

As part of the audit plan and being sensitive to issues regarding contract management elsewhere and the high profile of this matter, an audit was undertaken on revenue contract management. The audit was limited to revenue contracts only as a review of contract management over capital projects identified excellent contract management practices with no significant weaknesses.

The audit identified that contract management guidelines were not operating consistently across all revenue contracts within the Group. Remedial action is being undertaken to address all the issues raised and is being monitored both by executive management and the Board Audit and Risk Committee to ensure action is taken on a timely basis.

The actions identified in the internal investigation into the rail incident on 28 June are being implemented and the actions identified through the review undertaken by internal audit have now been completed.

Conclusion

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

Further to this accountability framework, including the assurances provided we are collectively content that the organisation has operated a sound system of internal governance during the year 2012/13.

C L Mason

Catherine Mason
as Accounting Officer on behalf of the Board

Board Audit & Risk Committee Report for the Financial Year ended 31 March 2013

Membership and attendees

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

The Committee is independent of management and of the Group and possesses a wide range of skills covering financial services, private sector enterprise, public sector governance and finance. Profiles of non-executive Director members are included on page 43.

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

Responsibilities

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

External Audit

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

Internal Audit

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

Internal Control

- Review of the Group's statement on internal control prior to endorsement by Board including procedures for identifying and controlling risks, prevention and detection of fraud, theft, bribery and corruption.
- Review of the operational effectiveness of policies and procedures.
- Consideration of corporate governance issues.
- Consideration of value for money.

Risk Management

- Review of risk framework.
- Review the corporate risk registers to identify significant new risks and the effectiveness of risk management.

Financial Statements

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

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

Governance

The Committee met four times during the year and twice subsequent to the year end.

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

The Committee considered the results of an effectiveness review carried out by its predecessor and initiated a further effectiveness review.

The current external auditors were appointed for an initial term of three years commencing with the 2011/12 audit, after a public procurement competition.

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

Activities in respect of the year

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

- Reviewed and approved the Internal Audit Plan for the year.
- Received and reviewed regular reports from the Head of Internal Audit including summaries of progress against the plan, recommendations arising from reviews undertaken and progress made in the implementation of such recommendations. The Committee provided a challenge function to the work of internal audit.
- Reviewed Annual Report and opinion by Head of Internal Audit.
- Reviewed the Internal Auditor appointment and recommended a three year extension in accordance with the terms of the original appointment.
- Received regular reports from the External Auditors including planned audit approach, audit progress and conclusions.
- Considered external auditor independence and the extent of non audit work performed by the external auditors (consisting principally of taxation compliance and audit of capital and revenue grants) and the possible impact (see note 7).
- Reviewed the annual financial statements prepared by management and recommended the adoption of these by the Board.
- Regularly considered, and interrogated executive management on, the Corporate Risk registers, including emerging risks and near misses, the fraud and theft registers and the whistleblowing register. The Committee was proactive in identifying additional risks for consideration.
- Reviewed the Group's Whistleblowing policy.
- Reviewed Departmental guidance and the implications for the Group.
- Met with the External auditors and the Head of Internal Audit, in the absence of executive management to consider matters of relevance to its function.
- Noted the Executive assurances provided to the Group Chief Executive at the end of the period.
- Reviewed the effectiveness and independence of the external auditors.
- Recognised the importance of links with partner bodies such as the Department and CIE.
- Recognised the interaction and cross-cutting nature of assurance obtained from other Board Committees such as Safety and Finance and Project Tracking.

The Committee continues to develop its approach to the execution of its responsibilities under its terms of reference. Several members of the Committee undertook Audit Committee effectiveness training during the year.

The Committee is satisfied that the system of internal controls in operation throughout the period is appropriate and clearly working well. The system identified the following two areas where attention and future commitment is required:

1) An internal audit report to the Committee identified that contract management guidelines were not operating consistently across all revenue contracts within the Group. Remedial action is being undertaken to address all the issues raised and is being monitored both by executive management and by this Committee.

2) Improvements and actions coming out of an internal investigation into the Knockmore rail incident on 28 June are being implemented and the actions identified through a separate review undertaken by internal audit have now been completed.

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

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

F. A. Hewitt

Frank Hewitt
Chairman
Board Audit & Risk Committee
6 June 2013

Directors' Remuneration Report 2012/13

This Directors' remuneration report is presented voluntarily by the Board in accordance with the main and supporting principles of Section D.1 to the 2010 UK Corporate Governance Code (the Code).

The Remuneration and Pensions Committee

The Remuneration and Pensions Committee discharges responsibility for a wide range of matters including:

- formulation of relevant remuneration and reward policy at executive levels (and an oversight role for Management, professional and technical grades).
- executive appointments and removals.
- performance and reward outputs (including objective setting and performance assessment).
- certain pensions matters (such as making recommendations to the Board about prospective trustee appointments to the Group Schemes).

Remuneration Policy

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

In considering performance related remuneration the Committee has regard to the provisions set out in Schedule A to the Code.

Service Contracts

The Group Chief Executive's service contract can be terminated by the employer giving 6 months notice and by the individual giving 6 months notice. The Chief Operating Officer's service contract can be terminated by the employer giving 12 months notice and by the individual giving 6 months notice. The Remuneration Committee has reviewed the notice periods and considers that they are reasonable and in the interests of both the Company and its Executive Directors.

Salaries and Benefits

The salaries and benefits of Executive Directors are reviewed annually by the Remuneration Committee taking account of guidance issued by DRD.

Performance-related Remuneration

On 26 October 2010, the Department for Regional Development exercised its right to direct the Remuneration and Pensions Committee and the Board not to pay performance related payments in respect of the 2009/10 year. Subsequent directives have denied to both Executive Directors (and all other current Executives) any further performance related payments.

Executive Director Emoluments

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

	Salary £000s	Benefits £000s	Performance – related payments £000s	2013 Total £000s	2012 Total £000s
Group Chief Executive	198	1	-	199	199
Chief Operating Officer	146	10	-	156	156

Pensions

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

	ANNUAL PENSION		RETIRING LUMP SUM	
	31 March 2013 £000s	25 March 2012 £000s	31 March 2013 £000s	25 March 2012 £000s
Group Chief Executive	14	12	7	8
Chief Operating Officer	53	53	131	137

Excluding the effect of inflation, the accrued annual pension of the Group Chief Executive has increased by £2,149 (2012: £2,638) in the period and her accrued retiring lump sum has reduced by £509 (2012: £390).

Excluding the effect of inflation, the accrued annual pension of the Chief Operating Officer reduced by £1,417 (2012: £3,752) and his retiring lump sum reduced by £9,532 (2012: £16,632).

Both the Group Chief Executive and the Chief Operating Officer have a normal retirement age of 65. On death each Executive Director's spouse would receive a pension equivalent to 50% of that of the Executive Director's, and provision is made for children's benefits. All of the foregoing pensions are index linked pre and post retirement.

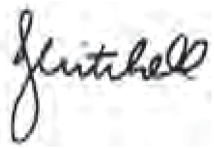
The Executive Directors paid pension contributions in the period as follows:

	2013 £	2012 £
Group Chief Executive	13,264	13,264
Chief Operating Officer	10,143	10,143

Non-Executive Directors

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

Details of the non-executive Directors' emoluments are given in note 22 to the financial statements.



Bernard Mitchell
Chairman
Remunerations and Pensions Committee

As confirmed by NILGOSC

Directors' Report 2012/13

The Directors present their 45th annual report and the audited financial statements for the 53 weeks ended 31 March 2013.

Principal Activity and Review of the Business

The Northern Ireland Transport Holding Company (NITHC) was established under statute to oversee the provision of public transport in Northern Ireland. It acts as Holding Company for the Group. The Group includes Northern Ireland Railways Company Limited (NIR), Ulsterbus Limited and Citybus Limited (trading as Metro), each of which is a wholly owned subsidiary. The Group's activities are conducted under the "Translink" name. Translink is a trading name used by any one or more of the companies under the ultimate ownership of NITHC.

The principal activities of the Group during the period were the operation of public transport, car parking and property management.

Adoption of international financial reporting standards

The Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS).

Key Performance indicators

The Board has determined in agreement with the Department that the following key performance indicators (KPIs), covering both financial and operational performance, are the most effective measures of progress towards achieving the Group's objectives.

Operational KPIs

The operational KPIs for the Group are the punctuality and reliability of rail and bus services and the customers' satisfaction with those services, along with a number of key outputs: passenger numbers, passenger miles, and rolling stock accessibility. Operational KPIs and commentary thereon are set out in the operational review and subsequent paragraphs.

Operational Review		Target	2013	2012
Passengers (million)	Bus	66.6	66.9	66.5
	Rail	10.9	11.5	10.7
Passenger miles (million)	Rail	N/A	202	202
Customer performance index (%)				
N I Railways			80.9	78.3
Ulsterbus			80.4	79.2
Metro			73.9	76.2
Punctuality (% of services arriving on time)				
N I Railways (local/long haul)		95/90	99/100	99/98
Ulsterbus		95.0	98.0	96.8
Metro		95.0	98.0	95.4
'On time' for bus services defined as within 7 minutes of timetable; for rail services within 5 minutes (local)/10 minutes (long haul)				
Reliability (% of timetabled services run)				
N I Railways (local/long haul)		99.2	100.0	99.8
Ulsterbus		99.2	100.0	99.8
Metro		99.2	100.0	99.6

Financial KPIs

The financial KPIs are turnover and pro forma profit before tax (based on pension contributions payable rather than IAS 19 costs and excluding any IAS 36 impairment of assets). Financial KPIs and commentary thereon are set out in the financial review.

The continued growth of fare paying passengers is a result of attention to all aspects of service delivery, information availability, new fleet and fare increases either being frozen or uplifted at below inflation.

The customer performance indices show improvements in Ulsterbus and N I Railways with new fleet and the partial introduction of Wi-Fi. Metro suffered from the City Centre disruption caused by the 'Belfast on the Move' construction works.

Punctuality has improved across all companies.

Reliability has improved over last year in all companies and this combined with the other performance measures is a strong overall performance.

Financial Review	TURNOVER		PRO FORMA PROFIT BEFORE TAX (Note 1)	
	2013 £m	2012 £m	2013 £m	2012 £m
NIRailways (Group)	60.7	56.7	-1.6	-1.6
Ulsterbus	100.3	93.7	5.1	2.1
Metro	37.1	35.6	1.7	0.5
NITHC	4.9	5.0	3.9	1.9
Total	203.0	191.0	9.1	2.9
Voluntary redundancies			-0.5	-3.2
Impairment			-0.9	-
Consolidation adjustments				
IAS 19 (Pensions)			7.7	8.4
Movement on derivatives			-2.2	-1.3
Impairment on consolidation			-0.4	-0.3
Inter-company trading	-3.2	-3.0	-	-
	199.8	188.0	12.8	6.5

Note 1: Pro-forma profit before tax is stated after deducting pension contributions paid to the NILGOS scheme, but before any adjustments required in accordance with International Accounting Standard No. 19 'Retirement Benefits' (see note 21) or International Accounting Standard No. 36 'Impairment of Assets ' or International Accounting Standard No.39 'Financial Instruments: Recognition and Measurement' (note 24).

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

Government Support

The Group receives government funding of both a capital and revenue nature.

		2013 £m	2012 £m
Capital grants	Bus	22.9	16.7
	Rail	44.0	92.1
Total capital support		66.9	108.8
Revenue support	Rail (PSO)	24.3	23.9
	Concessionary fares	37.3	35.4
	Other	17.1	17.1
Total revenue support		78.7	76.4
Total government support receivable		145.6	185.2

Reduced expenditure on the New Trains Two programme in 12/13 resulted in lower grant funding.

Capital Investment

Capital expenditure	2013 £m	2012 £m
Buses/Coaches	20.2	13.3
Trains	3.0	52.6
Infrastructure	41.6	39.0
Other	4.7	5.0
Total	69.5	109.9
KPIs		
Fleet size		
Buses/Coaches	1,420	1,417
Rail rolling stock	45 sets	36 sets
Average fleet age (buses)	6.7	7.1

The £52.6m on trains last year includes £50.2m on the purchase of new trains.

Infrastructure expenditure of £41.6m includes £25.4m on Coleraine to Derry track renewals plus associated projects such as the Bann Bridge refurbishment and improvements to signalling and structures.

The bus capital of £20.2m relates to the purchase of 145 new buses delivered during the year plus deposits on 23 to be delivered in 2013/14.

Health, Safety and the Environment
The safety of customers, employees and the general public remains a core objective of the Group. 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. These are outlined in more detail in the review of the year.

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

- Impact of funding shortfall.
- Failure to maintain employee relations.
- Failure to agree new ELB schools contract.
- Implications of EU and national laws and regs [EU1370, TA(NI) 2011, First Rail Package, Transport Regs (NI) 2005].
- Bus rapid Transit – impact on bus services.
- Level crossings.
- Local security situation.
- Impact of adverse weather conditions.
- Retention of key personnel.

Information on the Group's risk management policy and procedures for managing risk are contained in the Corporate Governance Statement on page 47.

Results
The profit after taxation for the period amounted to £10.4m (2012 – £5.6m).

Property, Plant and Equipment
Expenditure on additions to property, plant and equipment during the period amounted to £69.5m. The commercial investment properties of the Group are shown at market value.

Directors
The members of the Board are listed on page 46. There were no changes in Board membership during the year or up to the current date.

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

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 23 to the accounts.

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

Credit Risk
Credit risk arises on trade debtors and certain other debtors, a significant element of which relate to amounts owed by UK government bodies and in relation to which the Directors consider the credit risk to be remote. Group and Company policy is aimed at minimising credit risk and requires that deferred terms are granted only to non-government customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the Group and company's exposure to bad debts is not significant.

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

Employment Policies
The Group places great emphasis on developing a range of employment policies designed to encourage the commitment of employees at all levels to the success of each of the companies. The companies are committed to providing equality of opportunity for all and persons are considered for employment solely on the basis of merit.

Employees
Our employees are our most valuable asset and are key to the future success of the Group in the delivery of public transport services in Northern Ireland. Principal activity in relation to staff development and engagement is outlined in the review of the year on page 25.

Employee Involvement
During the year, the policy of providing employees with information about the Group has been continued through the newsletter 'Expresslines', a weekly email from the Group Chief Executive and in addition a new 'Team Talk' briefing has been introduced to encourage two way communication.

Equality of Opportunity
The Group is a designated body under Section 75 of the Northern Ireland Act 1998. In carrying out its functions it is required to have due regard to the need to promote equality of opportunity:
- between persons of different religious belief, political opinion, racial group, marital status or sexual orientation;
- between men and women generally;
- between persons with disability and persons without; and
- between persons with dependants and persons without.

The Company consulted on its updated Equality Scheme in 2012 following the publication of new S75 guidelines. The new Scheme was approved by the Equality Commission NI in March 2013 and is published on the website along with a summary and easy read version.

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

Charitable Contributions
The contributions made by the Group during the period for charitable purposes amounted to £29,744 (2012: £21,690).

Payment of Creditors
The Group is committed to the prompt payment of bills for goods and services received. Payment is due within 10 days of approval of invoice.

Disclosure of Information to Auditor
The Directors have made enquiries and report that so far as they are aware, there is no relevant audit information of which the company's auditor is unaware and they have taken all reasonable steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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 Principal Activity and Review of the Business on page 61. Principal risks and uncertainties are detailed on page 64 and the Corporate Governance Statement on page 47 includes details of how risks are managed. Details of financial instruments and exposures to market risk, credit risk and liquidity risk, are included on page 64.

The Group's Corporate and Business Plan 2013/14 to 2015/16 has been approved by the Department for the first year 2013/14.

Public funding for both bus and rail is substantially reduced during the Corporate Plan period 2013/14 and 2014/15. 2015/16 falls outside the current CSR and is therefore uncertain.

Both capital and revenue are reduced however the bus companies can maintain financial viability over the period of the Corporate Plan using the Departmental assumption of in year funding in 2013/14 and 2014/15 and the same funding in 2015/16 as 2014/15. Rail is also balanced in 2013/14 using the Departmental assumption of in year funding. The critical years for rail are 2014/15 and 2015/16 which suffer considerable funding reductions which will necessitate ongoing discussions with the Department in order to develop realistic solutions.

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

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

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

In assessing whether the accounts can be prepared on a going concern basis the Directors need to examine a minimum period of 12 months after the date of signing the accounts which for the 2012/13 financial year covers through to June 2014. As noted earlier both the railways and the bus companies can operate within the resources available and have adequate cash resources during this period.

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

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 financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (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;
- make judgements and estimates that are reasonable and prudent;
- 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 are 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.

Approved by the Board of Directors on 12 June 2013

JP Irvine

JP Irvine
Company Secretary
for and on behalf of the Board

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 31 March 2013 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Reserves and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 31 March 2013 and of the group's profit 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 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 by the parent company, 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

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code. We reviewed:

- the Directors' statement, contained within the Directors' report, in relation to going concern;
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to members by the Board on Directors' remuneration.

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

Non statutory opinion on regularity

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

David Crawford CA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Belfast, United Kingdom
12 June 2013

Northern Ireland Transport Holding Company

Consolidated Income Statement for the 53 weeks ended 31 March 2013

		Notes	53 weeks ended 31 March 2013 £000s	52 weeks ended 25 March 2012 £000s
Continuing operations				
Revenue		5	199,778	188,346
Cost of sales	– Normal		(183,964)	(177,778)
	– Exceptional reorganisation costs		(454)	(3,175)
			(184,418)	(180,953)
Gross profit			15,360	7,393
Administrative expenses			(9,688)	(8,214)
Other (losses)			(2,248)	(1,306)
Operating profit/(loss)			3,424	(2,127)
Finance income		8	944	933
Other finance income/(costs)		9	4,103	6,118
Other income		10	4,351	1,601
Profit before tax			12,822	6,525
Taxation		11	(2,424)	(908)
Profit for the year		7	10,398	5,617

Northern Ireland Transport Holding Company

Consolidated Statement of Comprehensive Income for the 53 weeks ended 31 March 2013

	Notes	53 weeks ended 31 March 2013 £000s	52 weeks ended 25 March 2012 £000s
Profit for the year		10,398	5,617
Actuarial (losses) on defined benefit pension schemes	22	(8,557)	(23,643)
(Loss) on revaluation of investment properties	14	(335)	(2,530)
		(8,892)	(26,173)
Tax relating to other comprehensive income	11(d)		
Defined benefit pension schemes		225	3,775
Investment properties		-	118
		225	3,893
Other comprehensive income for the year		(8,667)	(22,280)
Total comprehensive income for the year		1,731	(16,663)

Northern Ireland Transport Holding Company

Consolidated Balance Sheet for the 53 weeks ended 31 March 2013

	Notes	53 weeks ended 31 March 2013 £000s	52 weeks ended 25 March 2012 £000s
Assets			
Non-current assets			
Property, plant and equipment	13	556,967	532,904
Investment property	14	1,027	1,358
Derivatives	24	851	536
Deferred tax – pensions	11	15,738	16,832
Total non-current assets		574,583	551,630
Current assets			
Stocks	16	6,518	6,935
Trade and other receivables	17	56,666	112,435
Derivatives	24	-	2,498
Corporation tax assets		530	99
Short term deposits		4,250	13,475
Cash and bank balances		55,868	10,555
Total current assets		123,832	145,997
Liabilities			
Current liabilities			
Trade and other creditors	18	52,684	84,869
Derivatives	24	49	-
Corporation tax liabilities		757	585
Provisions	19	14,955	11,270
Total current liabilities		68,445	96,724
Net current assets		55,387	49,273
Non-current liabilities			
Retirement benefit obligation	22	87,263	86,471
Deferred tax liabilities	11	2,666	4,699
Deferred income	20	519,306	490,729
Total non-current liabilities		609,235	581,899
Net assets		20,735	19,004
Reserves			
Reserves		54,569	54,656
Retained earnings		(33,834)	(35,652)
Total reserves and liabilities		20,735	19,004

The financial statements were approved by the board of Directors and authorised for issue on 12 June 2013. They were signed on its behalf by:

J Trethowan
Chairman

C Mason
Group Chief Executive

Northern Ireland Transport Holding Company

Company Balance Sheet for the 53 weeks ended 31 March 2013

	Notes	53 weeks ended 31 March 2013 £000s	52 weeks ended 25 March 2012 £000s
Assets			
Non-current assets			
Property, plant and equipment	13	23,654	25,301
Investment property	14	1,027	1,358
Investment in subsidiaries	15	-	-
Deferred tax assets – pensions	11	477	535
Total non-current assets		25,158	27,194
Current assets			
Trade and other receivables	17	1,432	2,061
Corporation tax assets		530	99
Short term deposits		4,250	12,800
Cash and bank balances		9,011	230
Total current assets		15,223	15,190
Liabilities			
Current liabilities			
Trade and other creditors	18	5,189	8,628
Provisions	19	79	-
Total current liabilities		5,268	8,628
Net current assets		9,955	6,562
Non-current liabilities			
Retirement benefit obligation	22	2,070	2,137
Deferred tax liabilities	11	84	136
Deferred income	20	5,560	5,713
Total non-current liabilities		7,714	7,986
Net assets		27,399	25,770
Reserves			
Reserves		44,330	44,416
Retained earnings		(16,931)	(18,646)
Total reserves and liabilities		27,399	25,770

The financial statements were approved by the board of Directors and authorised for issue on 12 June 2013. They were signed on its behalf by:

J Trethowan
Chairman

C Mason
Group Chief Executive

Northern Ireland Transport Holding Company

Statement of changes in reserves

Group	Fixed asset revaluation reserve £000s	Other reserves £000s	Hedging reserve £000s	Retained earnings £000s	Total £000s
Balance at 27 March 2011	4,657	50,086	3,168	(22,244)	35,667
Profit for the period			(893)	6,510	5,617
Other comprehensive income for the period	-	-	-	(22,280)	(22,280)
Transfers	(87)			87	-
Total comprehensive income for the period	(87)	-	(893)	(15,683)	(16,663)
Balance at 25 March 2012	4,570	50,086	2,275	(37,927)	19,004
Profit for the period			(2,232)	12,630	10,398
Other comprehensive income for the period	-	-	-	(8,667)	(8,667)
Transfers	(87)	-	-	87	-
Total comprehensive income for the period	(87)	-	(2,232)	4,050	1,731
Balance at 31 March 2013	4,483	50,086	43	(33,877)	20,735

Northern Ireland Transport Holding Company

Statement of changes in reserves

Company	Fixed asset revaluation reserve £000s	Other reserves £000s	Retained earnings £000s	Total £000s
Balance at 27 March 2011	4,659	39,844	(17,040)	27,463
Profit for the period	-	-	1,315	1,315
Other comprehensive income for the period	-	-	(3,008)	(3,008)
Transfers	(87)	-	87	-
Total comprehensive income for the period	(87)	-	(1,606)	(1,693)
Balance at 25 March 2012	4,572	39,844	(18,646)	25,770
Profit for the period	-	-	2,098	2,098
Other comprehensive income for the period	-	-	(470)	(470)
Transfers	(87)	-	87	-
Total comprehensive income for the period	(87)	-	1,715	1,628
Balance at 31 March 2013	4,485	39,844	(16,931)	27,398

Northern Ireland Transport Holding Company

Consolidated cash flow statement for the 53 weeks ended 31 March 2013

	Notes	53 weeks ended 31 March 2013 £000s	52 weeks ended 25 March 2012 £000s
Net cash from operating activities	21	8,185	10,459
Investing activities			
Interest received		1,001	922
Purchases of property, plant and equipment		(88,012)	(83,275)
Proceeds on disposal of property, plant and equipment		251	242
Net cash used in investing activities		(86,760)	(82,111)
Financing activities			
Grants received		114,663	68,349
Net cash generated from financing activities		114,663	68,349
Net increase/(decrease) in cash and cash equivalents		36,088	(3,303)
Cash and cash equivalents at beginning of period	21	24,030	27,333
Cash and cash equivalents at the end of period	21	60,118	24,030

Northern Ireland Transport Holding Company

Notes to the consolidated financial statements for the 53 weeks ended 31 March 2013

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 in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors' Report on page 61.

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 Company 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 53 week period to 31 March 2013 (2012: 25 March). 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 66.

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 £456,000 (2012: £473,000) and in consequence, none of the inherited pension and compensation expenditure has been included in the financial statements.

Presentation of income statement and exceptional items

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

Use of estimates

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are the measurement of tax assets and liabilities, the measurement of retirement obligations and the measurement of third party and other claims provisions. The measurement of tax assets and liabilities requires an assessment to be made of the potential tax consequences of certain items that will only be resolved when agreed by the relevant tax authorities. The measurement of retirement benefit obligations requires the estimation of life expectancies, future changes in salaries, inflation, the expected return on scheme assets and the selection of a suitable discount rate (see note 22). The 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 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.

(iii) Depreciation commences when assets are ready for their intended use.

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

Investment in subsidiaries

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

Investment property

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

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

Government grants

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

Government grants are recognised in profit or loss 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 income 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 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 benefit 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 profit or loss in the period of scheme amendment.

Net interest is calculated by applying a discount rate to the net defined liability or asset. Defined benefit costs are split into three categories:

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

The Group presents the first component of defined benefit costs within cost of sales and administrative expenses (see note 22) in its consolidated income statement. Curtailments 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 in the profit and loss account 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 provision

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. 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:

	2013 £'000	2012 £'000
Euro		
Year end rate	1.16	1.20
Average rate	1.23	1.16

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 substantiality all the risks and rewards of owernership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

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

Derecognition of financial liabilities

The Group derecognises liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

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.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 24 sets out details of the fair values of the derivative instruments used for hedging purposes.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Cash and cash equivalents

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

Trade and other payables

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

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

In the current year, the following new and revised Standards and Interpretations have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements but, with the exception of IFRS1 may impact the accounting for future transactions and arrangements.

IFRS1 (amended)	Severe Hyperinflation and Removal of Fixed dates for First-time Adopters
IAS12 (amended)	Deferred Tax: Recovery of Underlying Assets

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

IFRS1 (amended)	Government Loans
IFRS7 (amended)	Offsetting financial assets and liabilities
Annual improvements to IFRS	(2009-2011) cycle
IFRS9	Financial Instruments
IFRS10	Consolidated Financial Statements
IFRS10, IFRS12 and IAS27	Investment Entities
IFRS11	Joint Arrangements
IFRS12	Disclosure of Interests in Other Entities
IFRS13	Fair value Measurement
IAS1 (amended)	Presentation of Items of Other Comprehensive Income
IAS19 (amended)	Employee Benefits
IAS27 (revised)	Separate Financial Statements
IAS28 (revised)	Investments in Associates and Joint Ventures
IAS32 (amended)	Offsetting financial assets and liabilities
IFRIC20	Stripping costs in the Production Phase of a Surface Mine

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

- IFRS9 will impact both the measurement and disclosures of Financial Instruments;
- IFRS13 will impact the disclosures of Investment Properties;
- IAS19 (amended) will impact the measurement of the various components representing movements in the defined benefit pension obligation and associated disclosures, but not on the Group's total obligation. It is likely that following the replacement of expected returns on plan assets with a net finance cost in the income statement, the profit for the period will be reduced and accordingly other comprehensive income increased;
- IFRS7 and IAS32 may affect offset of assets and liabilities.

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

4. The Department

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

5. Revenue

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

	2013 £'000	2012 £'000
Continuing operations		
Passenger carriage	128,978	120,419
Rents	4,570	5,538
Concessionary fares and public service obligation compensation	62,168	60,997
Other	4,062	1,392
Revenue per accounts	199,778	188,346
Interest	944	933
	200,722	189,279

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. Details of revenue funding from the Department are given in note 26.

6. Impairment

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

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

In the current year, the total amount of the provision for impairment amounts to £1,707,000 (2012: £675,000), however this has been offset by the accelerated release of related deferred government grants given on these assets of some £434,000 (2012: £520,000), with the net charge of £1,273,000 (2012: £155,000) to the profit and loss account.

7. Profit for the year

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

	2013 £'000	2012 £'000
Depreciation of Property, plant and equipment		
- Based on original cost or valuation (note 13)	43,777	42,649
- Transfer from deferred income (note 20)	(37,918)	(35,732)
	5,859	6,917
(Gain) on disposal of Property, plant and equipment	(199)	(50)
Decrease in fair value of investment property	335	2,530
Cost of inventories recognised as expense	42,610	45,233
Operating lease rentals – motor vehicles	136	105
Auditor's remuneration:		
- audit fees (parent £20,000; 2011 - £20,000)	52	52
- other services – grants verification work	99	88
- tax compliance	13	17
- pension schemes	7	
- other	-	3
	171	160

8. Finance Income

Finance income includes:

	2013 £'000	2012 £'000
Interest receivable – bank deposits	944	931

9. Other finance income/(costs)

	2013 £'000	2012 £'000
Retirement benefits	4,103	6,118

10. Other income

Other income consists of compensation received from DRD Roads Service in respect of the Westlink development.

11. Taxation

(a) Analysis of tax charge for year

	2013 £'000	2012 £'000
Current taxation		
UK Corporation Tax for the period – corporation tax	3,502	1,823
Adjustments in respect of prior years	(350)	5
Total current tax	3,152	1,828
Deferred Taxation		
Origination/reversal of timing differences	(59)	(163)
Adjustments in respect of prior years	108	(51)
Derivatives	(364)	(413)
Effect of change in tax rate	(413)	(293)
Total deferred tax	(728)	(920)
Total tax	2,424	908

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

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

	2013 £'000	2012 £'000
Profit on continuing activities before tax	12,822	6,525
Tax at 24% (2012:26%)	3,077	1,697
Non deductible expenditure/(non chargeable) income	992	419
Deferred tax liability not recognised in respect of pension liability	(516)	(545)
Derivatives	(535)	(413)
Adjustments to tax charge in respect of prior years	(350)	(46)
Profits taxed at small companies rate	(2)	(3)
Effect of change in UK corporation tax rate	(242)	(201)
Total tax	2,424	908

(c) Factors that may affect future tax charges

Finance Act 2012 provided that the main rate of corporation tax would be reduced to 23% from 1 April 2013. As the legislation reflecting the 23% rate was enacted at 31 March 2013, deferred tax has been provided at 23% where relevant. In the recent budget it was announced that the main rate of corporation tax would be reduced to 21% from 1 April 2014, with a further 1% to 20% in April 2015. Given that this legislation was not enacted at the balance sheet date it was appropriate to continue to recognise the deferred tax at 23%.

(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:

Deferred tax

	2013 £'000	2012 £'000
Arising on income and expenses recognised in other comprehensive income:		
Actuarial gains/(losses) on defined benefit pension schemes	(225)	(3,775)
Revaluation of investment property	-	(118)
Total tax recognised in other comprehensive income	(225)	(3,893)

Deferred Tax

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

Group	Accelerated tax depreciation £'000	Other temporary differences £'000	Derivatives £'000	Losses £'000	Revaluation of investment property £'000	Retirement benefit obligations £'000	Total £'000
At 27 March 2011	(7,325)	855	(1,172)	302	(118)	14,782	7,324
(Charge)/credit to income statement	1,241	895	340	(291)	-	(1,632)	553
(Charge)/credit to other comprehensive income	-	-	-	-	118	4,905	5,023
Effective change in tax rate							
– income statement	494	(100)	73	(11)	-	(93)	363
– other comprehensive income	-	-	-	-	-	(1,130)	(1,130)
At 25 March 2012	(5,590)	1,650	(759)	-	-	16,832	12,133
(Charge)/credit to income statement	764	537	519	-	-	(1,348)	472
(Charge)/credit to other comprehensive income	-	-	-	-	-	1,611	1,611
Effective change in tax rate							
– income statement	326	(151)	38	-	-	27	240
– other comprehensive income	-	-	-	-	-	(1,384)	(1,384)
At 31 March 2013	(4,500)	2,036	(202)	-	-	15,738	13,072

Deferred Tax

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

Company	Accelerated tax depreciation £'000	Other temporary differences £'000	Revaluation of investment property £'000	Retirement benefit obligations £'000	Total £'000
At 27 March 2011	(370)	338	(118)	432	282
(Charge)/credit to income statement	15	(126)	0	(51)	(162)
(Charge)/credit to other comprehensive income	-	-	118	191	309
Effective change in tax rate					
- income statement	27	(20)	-	14	21
- other comprehensive income	-	-	-	(51)	(51)
At 25 March 2012	(328)	192	-	535	399
(Charge)/credit to income statement	14	30		(40)	4
(Charge)/credit to other comprehensive income	-	-	-	24	24
Effective change in tax rate					
- income statement	26	(18)	-	17	25
- other comprehensive income				(59)	(59)
At 31 March 2013	(288)	204	-	477	393

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	2013 £'000	2012 £'000
Deferred tax liabilities	(2,666)	(4,699)
Deferred tax asset – Retirement Benefit obligations	15,929	16,832
	13,263	12,133

Company	2013 £'000	2012 £'000
Deferred tax liabilities	(84)	(136)
Deferred tax asset – Retirement Benefit obligations	477	535
	393	399

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 £2,098,000 (2012: £1,315,000).

13. Property, plant and equipment

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

Group 2012	Land and Buildings £'000	Permanent Way Signalling and Bridges £'000	Vehicles Plant and Equipment £'000	Total £'000
Cost or valuation:				
At 28 March 2011	194,493	236,706	459,469	890,668
Additions	26,485	12,580	70,871	109,936
Disposals	(72)	(10)	(8,236)	(8,318)
At 25 March 2012	220,906	249,276	522,104	992,286
Depreciation:				
At 28 March 2011	84,611	138,172	201,278	424,061
Charge for year	6,533	10,005	26,111	42,649
Provision for impairment	155	108	412	675
Disposals	-	-	(8,003)	(8,003)
At 25 March 2012	91,299	148,285	219,798	459,382
Net book value				
At 25 March 2012	129,607	100,991	302,306	532,904

Included within the categories above are assets in the course of construction totalling £56.8million (2012: £144.5million) 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.

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

Parent Company 2012	Land and Buildings £'000	Permanent Way Signalling and Bridges £'000	Total £'000
Cost or valuation:			
At 28 March 2011	34,830	1,275	36,105
Additions	2,069	25	2,094
Disposals	-	(154)	(154)
At 25 March 2012	36,899	1,146	38,045
Depreciation:			
At 28 March 2011	11,355	766	12,121
Charge for year	550	72	622
Provision for impairment	155	-	155
Disposals	-	(154)	(154)
At 25 March 2012	12,060	684	12,744
Net book value			
At 25 March 2012	24,839	462	25,301

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		PARENT COMPANY	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Contracted for but not provided in the financial statements	28,282	61,157	137	147

14. Investment property

Fair Value	Group & Company £'000
At 27 March 2011	3,880
Additions	8
Reduction in fair value during the year	(2,530)
At 25 March 2012	1,358
Additions	4
Reduction in fair value during the year	(335)
At 31 March 2013	1,027

The investment properties were valued at their market value at 31 March 2013 by a qualified valuer in accordance with the Valuation Standards published by the Royal Institution of Chartered Surveyors.

The property rental earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £230,000 (2012: £324,000). Direct operating expenses arising on the investment property in the period amounted to £141,000 (2012: £130,000).

15. Investment in subsidiaries

Parent Company	Group & Company £'000
Cost:	
At 25 March 2012 and 31 March 2013	41,223
Provisions:	
At 25 March 2012 and 31 March 2013	41,223
Net book value:	
At 25 March 2012 and 31 March 2013	-

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 Travel Limited	Northern Ireland	Ordinary shares of £1 each	100%	Public transport

16. Stocks

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

17. Trade and other receivables

Group	2013 £'000	2012 £'000
Trade debtors	6,329	9,841
Other debtors	46,412	97,831
Prepayments and accrued income	3,925	4,763
	56,666	112,435

Parent Company	2013 £'000	2012 £'000
Trade debtors	388	491
Amounts owed by Group undertakings	-	245
Prepayments and accrued income	1,044	1,325
	1,432	2,061

18. Trade and other creditors

Group	2013 £'000	2012 £'000
Trade debtors	5,938	8,693
Other debtors	1,742	1,949
Accruals and deferred income	45,004	74,227
	52,684	84,869

Included in other creditors is £38,000 (2012: £23,000) relating to outstanding contributions payable to the NILGOS Pension Scheme.

Parent Company	2013 £'000	2012 £'000
Trade debtors	440	115
Other debtors	1,091	4,949
Accruals and deferred income	3,658	3,564
	5,189	8,628

19. Provisions

Group	Corporate Social Responsibility £'000	Third party claims £'000	Total £'000
At 26 March 2012	1,450	9,820	11,270
Utilised during period	-	(2,571)	(2,571)
(Credit)/charge to profit and loss account	395	5,861	6,256
At 31 March 2013	1,845	13,110	14,955

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 friendly 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 provisions in the company relate to third party claims.

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	2013 £'000	2012 £'000
At 26 March 2012	490,729	418,369
Grants receivable in year	67,407	108,623
Disposals	(25)	(123)
Adjustments	(453)	-
Transfer to profit and loss - depreciation	(37,918)	(35,620)
- impairment of property, plant and equipment	(434)	(520)
At 31 March 2013	519,306	490,729

Parent	2013 £'000	2012 £'000
At 26 March 2012	5,713	3,828
Receivable in year	-	1,916
Adjustments	(122)	-
Transferred to profit and loss account	(31)	(31)
At 31 March 2013	5,560	5,713

21. Notes to the cash flow statement

Group	2013 £'000	2012 £'000
Profit for the year	10,398	5,617
Adjustments for:		
Interest receivable	(944)	(933)
Finance income/(costs)	(4,103)	(6,118)
Other gains/losses	2,248	895
Depreciation of tangible assets (net of grant release)	5,834	6,917
Impairment of Property, plant and equipment	1,505	155
Corporation tax charge	3,152	1,828
Profit on disposal of assets	(199)	(50)
Operating cash flows before movements in working capital	17,891	8,311
Increase in stocks	417	2,366
Decrease/(increase) in debtors	2,760	(21,594)
Increase/(decrease) in creditors	(9,473)	22,729
Cash generated by operations	11,595	11,811
Corporation tax paid	(3,410)	(1,352)
Interest paid	-	-
Net cash from operating activities	8,185	10,459

Cash and Cash Equivalents	2013 £'000	2012 £'000
Cash and bank balances	60,118	24,030

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. 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 2010. The market value of the assets at the date of the valuation was £3,540 million and represented 82% of benefits accruing to members after allowing for expected future increase in earnings and pensions. In order to address this deficit, from 1 April 2011 the employer's contribution rate has increased from 17% to 18%, with further increases to 19% and 20% in each of the two subsequent years.

The Directors have obtained an update to the 31 March 2010 NILGOS valuation to 31 March 2013 using the major assumptions set out below. This update was prepared by Mercer Limited.

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

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

Executive Scheme

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

Ulsterbus/Citybus Retirement & Death Benefits Plan (1997)

The assets of this defined benefit scheme are held in a separate fund and although the scheme has no active members, a qualified actuary performs triennial actuarial valuations. The latest available actuarial valuation was at 31 March 2009. 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.

	2013	2012
Discount rate	5.00%	5.00%
Expected return on scheme assets (Ulsterbus/Citybus Scheme)	4.50%	4.40%
Expected return on scheme assets (Executive Scheme)	4.50%	5.80%
Expected rate of salary increase	3.00%	3.50%
Future pension increases	2.75%	2.50%
Inflation (RPI)	3.50%	3.25%
Inflation (CPI)	2.75%	2.50%

(ii) Amounts recognised in income

Amounts recognised in profit or loss in respect of these defined benefit schemes are as follows:

NILGOS Scheme	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Current service cost	12,460	226	12,888	252
Interest cost	24,188	687	25,215	724
Expected return on scheme assets	(28,260)	(782)	(31,321)	(891)
Past service cost	138	31	560	-
Total pension cost recognised	8,526	162	7,342	85

Ulsterbus/Citybus Scheme	Group & Company 2013 £'000	Group & Company 2012 £'000
Current service cost	-	-
Interest on obligation	74	92
Expected return on plan assets	(84)	(86)
Total pension cost recognised	(10)	6

Executive Scheme	Group & Company 2013 £'000	Group & Company 2012 £'000
Current service cost (included within administration expenses)	39	40
Interest cost	71	74
Expected return on scheme assets	(92)	(92)
Total pension cost recognised	18	22

Of the expense for the year, £10.1m (2012: £10.4m) 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 £69.2m (2012: £4.8m) Company £2.5m (2012: £0.3m).

The cumulative amount of actuarial gains and losses recognised in other comprehensive income is losses of £94.3m (2012: £85.7m).

(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 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Present value of funded defined benefit obligations				
NILGOS Scheme	(558,325)	(15,746)	(482,638)	(13,833)
Ulsterbus/Citybus Scheme	(1,534)	(1,534)	(1,623)	(1,623)
Executive Scheme	(1,636)	(1,636)	(1,409)	(1,409)
Total Present Value	(561,495)	(18,916)	(485,670)	(16,865)
Fair value of scheme assets				
NILGOS Scheme	470,245	12,859	395,564	11,093
Ulsterbus/Citybus Scheme	2,125	2,125	2,056	2,056
Executive Scheme	1,862	1,862	1,579	1,579
Total Fair Value	474,232	16,846	399,199	14,728
Liability recognised in the balance sheet	(87,263)	(2,070)	(86,471)	(2,137)

(iv) Movements in present value

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

NILGOS Scheme	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
At 26 March 2012	482,638	13,833	456,993	13,247
Current service cost	12,460	226	12,888	252
Interest cost	24,188	687	25,215	724
Contributions from plan participants	5,509	98	5,489	107
Past service costs	138	31	560	-
Actuarial gains and losses	49,113	1,397	(3,049)	25
Benefits paid	(15,721)	(526)	(15,458)	(522)
At 31 March 2013	558,325	15,746	482,638	13,833

Ulsterbus/Citybus Scheme	Group & Company 2013 £'000	Group & Company 2012 £'000
At 26 March 2012	1,623	1,805
Interest cost	74	92
Actuarial gains and losses	111	-
Benefits paid	(274)	(274)
At 31 March 2013	1,534	1,623

Executive Scheme	Group & Company 2013 £'000	Group & Company 2012 £'000
At 26 March 2012	1,409	1,326
Service cost	39	40
Interest cost	71	74
Actuarial gains and losses	130	(18)
Benefits paid	(13)	(13)
At 31 March 2013	1,636	1,409

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

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

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

NILGOS Scheme	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
At 26 March 2012	395,564	11,093	385,253	11,110
Expected return on scheme assets	28,260	782	31,321	891
Actuarial gains and (losses)	40,376	1,117	(26,742)	(761)
Employer contributions	16,257	295	15,701	268
Contributions from scheme members	5,509	98	5,489	107
Benefits paid	(15,721)	(526)	(15,458)	(522)
At 31 March 2013	470,245	12,859	395,564	11,093

Ulsterbus/Citybus Scheme	Group & Company 2013 £'000	Group & Company 2012 £'000
At 26 March 2012	2,056	2,095
Expected return on scheme assets	84	86
Actuarial gains and (losses)	259	149
Employer contributions	-	-
Benefits paid	(274)	(274)
At 31 March 2013	2,125	2,056

Executive Scheme	Group & Company 2013 £'000	Group & Company 2012 £'000
At 26 March 2012	1,579	1,575
Expected return on scheme assets	92	92
Actuarial gains and (losses)	162	(117)
Employer contributions	42	42
Benefits paid	(13)	(13)
At 31 March 2013	1,862	1,579

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	
	2013 %	2012 %	2013 %	2012 %	2013 %	2012 %
Equity instruments	86	86	-	-	47	47
Debt instruments	7	7	-	-	-	-
Corporate bonds	-	-	-	-	45	45
Government bonds	-	-	-	-	-	-
Property	6	6	-	-	-	-
Index-linked bonds	-	-	95	95	-	-
Other	1	1	5	5	8	8
	100	100	100	100	100	100

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio, which is 4.5% for the 2013/14 year.

(vi) History of experience adjustments

The history of experience adjustments is as follows:

NILGOS Scheme	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined benefit obligations	(558,325)	(482,638)	(456,992)	(467,982)	(330,044)
Fair value of scheme assets	470,245	395,564	385,253	344,186	234,768
Scheme deficit	(88,080)	(87,074)	(71,739)	(123,796)	(95,276)
Experience adjustments on plan assets:	40,376	(26,742)	9,272	85,357	(80,981)
	8.6%	(6.8%)	2.4%	24.9%	(34.5%)
Experience adjustments on plan liabilities – Amount	-	-	48,600	-	-
– % of scheme liabilities	-	-	10.6%	-	-

The estimated amounts of contributions expected to be paid to the scheme during the current financial year is £17.1 million.

Ulsterbus/Citybus Scheme	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined benefit obligations	(1,534)	(1,623)	(1,805)	(2,090)	(1,935)
Fair value of scheme assets	2,125	2,056	2,095	2,041	2,145
Scheme (deficit)/surplus	591	433	290	(49)	210
Experience gains/(losses) arising on scheme liabilities: Amount (£'000)	-	-	73	(118)	(8)
% of scheme liabilities	0%	0%	4%	(6%)	0%
Difference between expected return and actual return on pension scheme assets:					
Amount (£'000)	259	149	61	114	77
% of scheme assets	12.2%	7.2%	2.9%	(6%)	(4%)

Executive Scheme	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined benefit obligations	(1,636)	(1, 409)	(1,326)	(1,158)	(945)
Fair value of scheme assets	1,862	1,579	1,575	1,340	1,021
Scheme Surplus	226	170	249	182	76
Experience gains/(losses) arising on scheme liabilities					
Amount (£'000)	-	-	(203)	103	76
% of scheme liabilities	0%	0%	(15%)	9%	8%
Difference between expected return and actual return on pension scheme assets:					
Amount (£'000)	162	(117)	(53)	272	(288)
% of scheme assets	8.7%	(7%)	(3%)	20%	(28%)

The estimated amounts of contributions expected to be paid to the scheme during the current financial year is £42,000.

23. Directors' and employees' staff costs

Group	2013 £'000	2012 £'000
Staff costs		
Wages and salaries	97,411	100,254
Social security costs	7,184	7,311
Other pension costs	15,595	15,291
	120,190	122,856

Company	2013 £'000	2012 £'000
Staff costs		
Wages and salaries	1,781	1,800
Social security costs	191	181
Other pension costs	298	268
	2,270	2,249

Number of Employees	2013 No.	2012 No.
Average		
- Operating	2,495	2,474
- Maintenance	744	705
- Administration	721	728
	3,960	3,907
Total number of employees at the end of the year	3,942	3,931

Directors' Emoluments (excluding non-executive Directors)	2013 No.	2012 No.
Basic salary and fees	343	343
Benefits in kind	12	11
Performance bonus	-	-
	355	354
Pension contributions	59	56
	414	410

	2013 No.	2012 No.
Members of defined benefit pension schemes	2	2

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

	2013 £'000	2012 £'000
Emoluments	199	199
Accrued annual pension	14	12
Accrued lump sum	7	8

	2013 £'000	2012 £'000
The Chairmans' emoluments – fees	38	38

The Chairmans' emoluments for 2012 include all emoluments paid to the Chairmen for the respect periods which they served as Chairman.

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

	2013	2012
£1 – £5,000	-	2
£5,001 – £10,000	-	6
£10,001 – £15,000	5	1

24. Financial instruments

(a) Overview

This note provides details of the Group's financial instruments. Except where otherwise stated, the disclosures in this note excludes 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

	2013 £'000	2012 £'000
Financial assets		
Loans and receivables:		
Accrued income		
Trade receivables	6,329	9,841
Other receivables	46,412	97,831
Cash and bank balances	60,118	24,030
Derivative instruments – current	-	2,498
Derivative instruments – non current	851	536
Total financial assets	113,710	134,736
Financial liabilities		
Amortised cost:		
Trade payables	5,938	8,693
Derivative instruments – current	49	-
Other creditors and accruals	46,746	76,176
Total financial liabilities	52,733	84,869
Net financial assets	60,977	49,867

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

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

(c) Fair value measurements recognised in the balance sheet

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

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

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

	At 31 March 2013		At 25 March 2012	
	Level 2 £'000	Total £'000	Level 2 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	851	851	3,034	3,034
Total	851	851	3,034	3,034
Financial liabilities at FVTPL				
Derivative financial liabilities	(49)	(49)	-	-
Total	(49)	(49)	-	-

d) Financial risk management objectives

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

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

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

This note presents qualitative information about the Group's exposure to each of the above risks, including the Group's objectives, policies and processes for measuring and managing risk. There have been no significant changes to these matters during the year ended 31 March 2013. This note also provides summary quantitative data about the Group's exposure to each risk.

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

(i) Market risk

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

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

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

Foreign currency translation risk

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

Interest rate risk

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

Fuel price risk

The Group is exposed to fuel price risk. The Group's operations as at 31 March 2013 consume approximately 40m litres of diesel fuel per annum. As a result, the Group is exposed to movements in the underlying price of fuel.

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

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

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

Volume at risk for the year ended 31 March 2013 is 37.3m litres (2012: 39.2m litres) for which 91% is hedged (2012: 87%).

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

	2013 £'000	2012 £'000
Bus	356	340
Rail	18	91

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

	Average contract fixed fuel price		Notional quantity		Fair value	
Cash Flow Hedges	2013 p / litre	2012 p / litre	2013 Litres '000	2012 Litres '000	2013 £	2012 £
Less than 1 year	53.18	49.21	34,704	34,205	18,387	19,329
1 to 2 years	49.12	53.43	35,002	17,404	18,042	9,835
2 to 5 years			-	-	-	-
5 years +			-	-	-	-
			69,706	51,609	36,429	29,164

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 31 March 2013		
Bus division	22,950	43,915
Rail division	13,479	25,791
As at 25 March 2012		
Bus division	19,803	35,043
Rail division	9,362	16,566

At 31 March 2013 and 25 March 2012, the projected fuel costs (excluding premia payable on fuel derivatives, delivery margins, fuel taxes and fuel tax rebates) for the next 12 months were:

	2013 £'000	2012 £'000
Costs subject to fuel hedges		
- Bus	12,843	11,476
- Rail	6,458	5,425
	19,301	16,901
Costs not subject to fuel hedges		
- Bus	1,365	1,390
- Rail	72	228
	1,437	1,618
Total	20,738	18,519

(ii) Credit Risk

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

Credit risk is managed by a combination of Group Finance and business unit management, and arises from derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to amounts due from outstanding receivables and committed transactions. The Group's objective is to minimise credit risk to an acceptable level whilst not overly restricting the Group's ability to generate revenue and profit. It is the Group's policy to invest cash assets safely and profitably. To control credit risk, counterparty credit limits are set by reference to published credit ratings.

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

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

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

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

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

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

	2013 £'000	2012 £'000
Amounts 1 to 90 days overdue	1,133	67
Amounts 91 to 180 days overdue	304	24
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 (2012: Nil) and has not taken possession of any collateral it holds or called for other credit enhancements during the year ended 31 March 2013.

(iii) Liquidity risk

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

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

As at 31 March 2013, the Group's credit facilities were £4,250,000 (2012: £4,250,000) including utilisation for the issuance of bank guarantees, bonds etc. This facility is guaranteed by the Department for Regional Development until further notice.

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

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

	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2013							
Non-interest bearing		35,341	5,636	11,707	-	-	52,684
Variable interest rate instruments		-	-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-	-
		35,341	5,636	11,707	-	-	52,684
2012							
Non-interest bearing		48,669	12,778	20,792	2,630	-	84,869
Variable interest rate instruments		-	-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-	-
		48,669	12,778	20,792	2,630	-	84,869

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
2013							
Non-interest bearing		17,939	11,609	23,193	-	-	52,741
Variable interest rate instruments	0.5	55,868	-	-	-	-	55,868
Fixed interest rate instruments	1.75	-	4,250	-	-	-	4,250
		73,807	15,859	23,193			112,859
2012							
Non-interest bearing		45,043	15,699	41,513	5,417	-	107,672
Variable interest rate instruments	0.50	10,730	-	-	-	-	10,730
Fixed interest rate instruments	3.56	-	8,300	5,000	-	-	13,300
		55,773	23,999	46,513	5,417	-	131,702

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
2013						
Gross settled:						
Fuel forward contracts	(4)	(9)	(36)	851	0	802
	(4)	(9)	(36)	851	0	802
2012						
Gross settled:						
Fuel forward contracts	-	1,400	1,098	536	-	3,034
	-	1,400	1,098	536	-	3,034

25. Other financial commitments

At 31 March 2013 the Group had commitments under non-cancellable operating leases for motor vehicles as set out below:

	2013 £'000	2012 £'000
Total remaining Operating lease payments due:		
Within one year	151	6
In two to five years	240	292
	391	298

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

26. Related party transactions

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

	2013 £m	2012 £m
Capital grants	66.9	108.7
Public Service Obligation compensation	24.2	23.2
Concessionary fare compensation for a range of groups	37.3	35.4
Level crossing compensation	0.1	0.1
Other revenue funding	12.9	12.8

The balance owed to the Group by the Department at the year end was £42.1m (2012: £29.8m).

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

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

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