Annual Report

for year ended 30 November 2015

ROTALA
passenger transport

DIAMOND

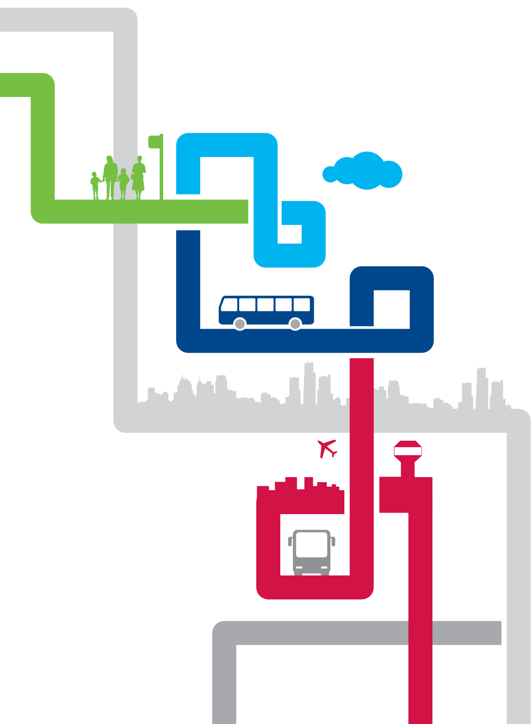
DIAMOND NORTH WEST

prestonbus

wings

hallmark

wessex



ROTALA passenger transport

Rotala Plc

Hallbridge Way, Tipton Road, Tividale, West Midlands B69 3HW

Telephone: 0121 322 2222

Website: www.rotalaplc.com

Produced by Sue Willdigg, Corporate Design Manager for the Rotala Group

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1 Rotala at a Glance

Directors, Secretary & Advisers

Country of incorporation of parent company	England and Wales
Company registration number	5338907
Legal form	Public Limited Company
Directors	John Gunn (Non-Executive Chairman) Simon Dunn (Chief Executive) Robert Dunn (Executive Director) Geoffrey Flight (Non-Executive Director) Kim Taylor (Group Finance Director)
Registered Office	Rotala Plc Hallbridge Way Tividale West Midlands B69 3HW Telephone: 0121 322 2222 Fax: 0121 322 2718
Company Secretary	Kim Taylor
Nominated Adviser and Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor The Colmore Building 20 Colmore Circus Birmingham B4 6AT
Solicitors	Squire Patton Boggs (UK) LLP Rutland House 148 Edmund Street Birmingham B3 2JR
Registrars	Capita Asset Services 40 Dukes Place London EC3A 7NH
Bankers	RBS/Natwest 1 St. Philips Place Birmingham B3 2PP

Financial Highlights

A glance at the highlights of the financial year ended 30 November 2015.

Revenue

£50,889,000

↓ 1.5%

2015	£50,889,000
2014	£51,674,000
2013	£53,303,000
2012	£54,813,000

Profit before Taxation

£2,460,000

↑ 9.0%

(before exceptional items)

2015	£2,460,000
2014	£2,263,000
2013	£2,094,000
2012	£2,086,000

Dividend

2.10p

↑ 13.5%

2015	2.10p
2014	1.85p
2013	1.60p
2012	1.40p

Contracted Revenue

£15.8m

↓ 12.0%

2015	£15.8m
2014	£17.9m
2013	£20.6m
2012	£22.5m

Commercial Revenue

£33.2m

↑ 8.0%

2015	£33.2m
2014	£30.6m
2013	£29.9m
2012	£29.6m

Charter Revenue

£1.9m

↓ 39.0%

2015	£1.9m
2014	£3.2m
2013	£2.8m
2012	£2.7m

2 Review of Operations & Statutory Reports

Chairman's Statement and Review of Operations

I am pleased to be able to make this report to the shareholders of Rotala Plc for the year ended 30 November 2015.

Profit before Taxation

£2,460,000

↑9.0%

(before exceptional items)

2015	£2,460,000
2014	£2,263,000
2013	£2,094,000
2012	£2,086,000

Results and review of trading

Pre-tax profits for 2015, before the mark to market provision and other exceptional items, continued their year on year rise, this year reaching £2.46 million, a 9% increase over those of the previous year. These results are an encouraging reflection of our focus on excellence of management, operating efficiency and quality of service delivery. We continue to exceed industry norms in terms of timeliness and completeness of service delivery and our incidence of complaints remains very low.

The mark to market provision in respect of the derivative-based fuel hedges which the company has taken out to cover its future fuel requirements causes another large adverse movement in that provision this year. Note 11 to these accounts sets out in full the component parts of the charge of £1.7 million in the mark to market provision and other exceptional items caption. But, leaving aside the required accounting treatment, the fuel hedging we have carried out gives the business certainty over a key, and volatile, component of costs in the next three years More information about the fuel hedging position is given below.

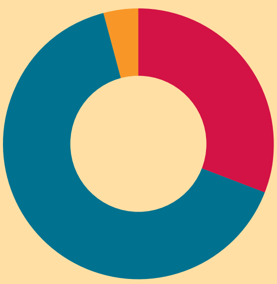
Earnings per share, on profits before taxation and the mark to market provision and other exceptional items, grew by some 5% to 5.19 pence per share (2014: 4.95 pence), in accordance with group strategy. This rate of growth differs from that for pre-tax profits because, in the latter half of 2014, there were a number of substantial conversions of loan stock to ordinary shares, which expanded the number of shares in issue. It is to minimise the effects of such occurrences in the future that we instituted our share buy-back programme. This programme will ensure that we have shares in treasury ready to meet demands for new share issues and thus avoid diluting the interests of existing shareholders.

Revenue by Stream

31% Contracted

65% Commercial

4% Charter



Commercial Services

Commercial Services revenues have become increasingly significant to the group in recent years. Revenues in this stream of business rose by 8% in the year to £33.2 million (2014: £30.6 million). Commercial Services now form 65% of group turnover (2014: 59%). A considerable proportion of the growth in these revenues came from the acquisition of Green Triangle Buses Limited ("GTB") at the end of February 2015 (which I address later in this statement in more detail), but the picture elsewhere in the group was largely positive. The Preston area suffered from a fall-off in concessionary passenger revenues, but in both the West Midlands and the South West there were notable advances. Part of the reason for this rise in the South West was the change in status of services for the University of the West of England ("UWE") from a contracted to a commercial basis in last quarter of 2014, as I outlined in my statement last year. In the West Midlands the commercial bus services of the group continued the pattern of revenue growth that has been evident for the last four years. One driver of this growth has been the roll-out of their enhanced Swift bus card by Centro (the West Midlands Integrated Transport Authority) in the early part of 2015. I predicted in the last annual report that this move by Centro in opening out the coverage offered by the Swift card should provide the group with an opportunity for growth in revenues in 2015.

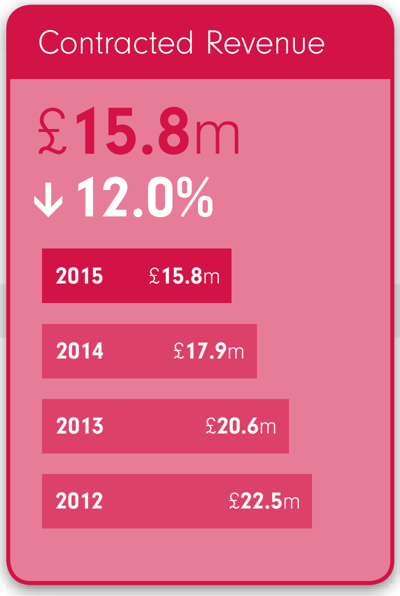
This expectation was founded on the belief that, in concert with the multi-operator card introduced in 2014, passengers in the West Midlands now have much increased flexibility and choice in making their journeys. It is therefore pleasing to note that our revenues from Centro network cards grew by 22% year on year. At the same time income from our own network cards across the whole group continued to grow strongly, up by some 26% for the year as a whole. Income from our own network cards has more than doubled in the last four years, demonstrating how popular these kinds of tickets are with our passengers.

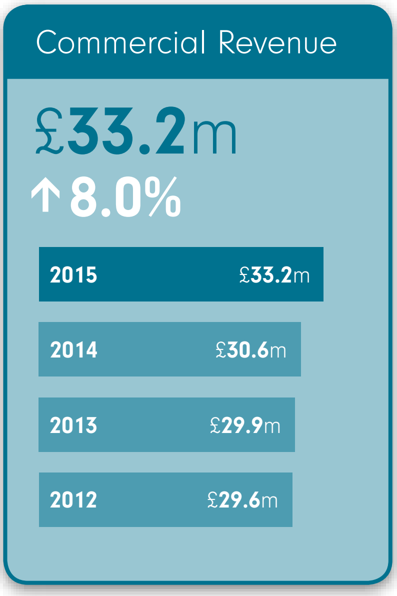
Contracted Services

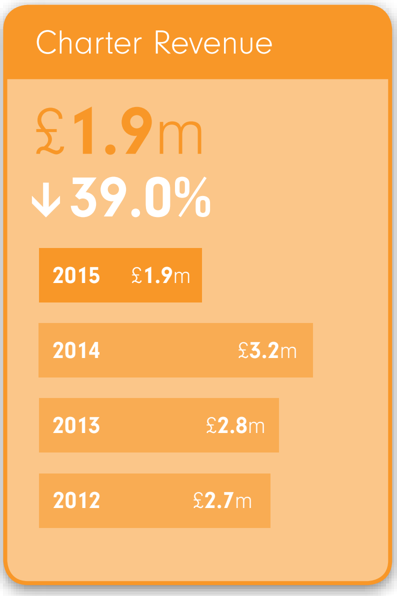
The proportion of the group's revenues derived from Contracted Services has been falling for several years now, as the focus of our activities has shifted more and more towards Commercial Services. In 2015 this proportion was 31% (2014: 35%). The reason for this reduction was twofold: as I set out in my statement last year, the contract with British Airways ("BA"), which the group had held for more than 10 years, came to an end in the first half of 2015. Second, the conversion of contracted services operated on behalf of UWE to commercial bus services reduced revenues in this stream of business. Aside from these two factors revenues in Contracted Services were bolstered by the acquisition of GTB. In Preston we benefited from the school and college contracts gained in the previous year; the South West also showed appreciable growth in contracts for local authorities. In the West Midlands the losses of contracts for Centro were balanced out by gains from other local authorities in the region. Thus revenues in Contracted Services fell overall by 12% to £15.8 million (2014: £17.9 million). Local authority transport budgets are clearly still under great pressure. Therefore it is our assumption that revenues from this source are very unlikely to grow in the foreseeable future. Accordingly we will continue the policy we have adopted in recent years of focusing our energies in the Contracted Services business stream on gaining more private bus networks business with corporate customers.

Charter Services

Revenues in Charter Services fell by 39% in 2015 to £1.9 million (2014: £3.2 million). Most of this fall was occasioned by the end of the BA contract, as set out above. One arm of this contract was a requirement for chauffeur car movements, which we sub-contracted in their entirety. Whilst the impact on earnings from this part of the business was therefore limited, there was a disproportionate effect on revenues. Revenues from private hire coaching work were also to some extent impacted by the end of the relationship with BA. It was partly to replace these revenues that we acquired the Wings business half way through the year. More detail on this acquisition is set out below.







Chairman's Statement and Review of Operations

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Strategy and the Buses Bill

Although, at the time of writing, we can know little or nothing of the detail to be included in the forthcoming Buses Bill, we can be sure that this new initiative by the government will serve to inject further instability into the bus industry. The industry entered into a prolonged period of painful re-adjustment in 2010. It has yet to emerge from this phase and the Buses Bill will certainly not help to bring these difficulties to an end. But we must recognise that the natural companion of change is opportunity. Your group has been able to take advantage of industry change in the acquisitions it has made in recent years and in the market positions it has been able to take up. In order to meet the challenge of the Buses Bill it is clear that the group needs a balanced and judicious mix of businesses. We need to have a presence in the major metropolitan areas outside of London at the same time as in the more self-contained markets which the Buses Bill is unlikely to affect. Thus Rotala, as the number two bus operator in both the Bristol area and in the West Midlands, is well- placed to capture greater market share should either of these markets be the subject of re-franchising. During 2015 we also took an initial position in the Greater Manchester area (the area which looks likely to be in the forefront of any re-franchising arrangements) by our acquisition of Green Triangle Buses Limited (for more on which see below). At the same time we have balanced out the risks in these larger markets with our leading market positions in Preston, around Heathrow Airport, Bath and Kidderminster in Worcestershire. None of these markets look to be targeted or affected by the Buses Bill. Our strategic aim therefore is to maintain this balance and improve our position, wherever we can, by organic growth or by acquisition.

Acquisitions

The acquisition of Green Triangle Buses Limited ("GTB") at the end of February 2015 for a cash consideration of £903,000 gave us, as I have described above, an entry point into what we see as a key market. GTB had annual revenues of about £4 million at the time of acquisition and made a small profit. Since that date we have invested heavily in this business by completely modernising the fleet and refurbishing its depot at Atherton in the outskirts of Manchester. We have also managed to expand GTB's operations since acquisition so that the depot is operating at close to full capacity. The depot is well placed within the local transport network and will enable the company to enhance its position in the Lancashire and Greater Manchester markets. Operationally GTB is a satellite of the North West hub of the Rotala group's operations, with its existing headquarters in Preston headed by Bob Dunn as Managing Director.

In June 2015 we took the opportunity to strengthen our presence at Heathrow Airport by the acquisition, from Wings Luxury Travel Limited of its business and vehicle fleet for a cash consideration of £1.5 million. Following the end of Rotala's long-standing contract with British Airways in the early part of 2015, there was ample capacity at our Heathrow depot to absorb a new business and so the opportunity was taken to bring on board the Wings operation. Wings is a well- established operator within the London private hire market and so enhanced the offering that the group makes in this key stream of business. Wings' turnover in 2014 was about £2 million from a 17 strong vehicle fleet. The vehicle fleet had a fair value of £1.1 million at the time of acquisition and so the acquisition generated about £0.4 million of goodwill.

Finally, just after the year end in January 2016, we acquired from OFJ Connections Limited that part of its business which is conducted in and around Heathrow airport. The business acquired has a long-established presence in the Heathrow area. Its principal activity is the movement of crew for a large number of airlines from their aircraft to their hotels and other destinations, including Gatwick airport. Other work is carried out for local educational institutions and for a number of private clients. The business is estimated to have revenues of about £5.5 million in a full year. Most of this revenue will fall within our Contracted Services division. All of these activities dovetail well with our existing work at Heathrow and enhance our market presence in important parts of this market like private hire and airside and landside passenger transportation. The acquisition also brought with it a large leasehold depot well-positioned on the Heathrow perimeter road. This adds to our existing smaller depot a few miles away near Hatton Cross Station. Taken together the two depots give us ample room for further expansion in this key market. The consideration for the acquisition was £1.3 million. As part of the acquisition we acquired a vehicle fleet with a fair value of £0.65 million.

Both the Wings and OFJ acquisitions will take time to refine and integrate with our pre-existing activities in and around Heathrow airport, but, when once the operation becomes fully integrated and streamlined, we are confident that our Heathrow division will make a substantial contribution to group revenues and profits in its new and expanded form.

Depots

Through an acquisition in 2013 the group gained much additional depot capacity in the West Midlands area. This enabled us to undertake a review of depot locations and the capacities we required. As a result of this review the board decided to dispose of the group's 4 acre depot in Long Acre, Birmingham, since it could be seen from the review that the depot was surplus to requirements. This sale was completed shortly after the year end, in mid-December 2015, at a price of £2.5 million, which approximated to the net book value of the property.

But at the same time we were able to take advantage of the opportunity to acquire an additional 3 acres of land on a site adjacent to our existing large depot in Oldbury, West Midlands. The consideration for this site was £380,000 and it brought with it a substantial building suitable for conversion into our centre of bus operations for the whole West Midlands division of our business. We have sought planning permission to invest about £600,000 in demolishing part of the building and converting the remainder, and to make the whole site suitable for bus operation. This land acquisition, in accordance with group strategy on infrastructure investment and improvement of group operational capability, gives the group a combined 6.7 acre site for its operations in this part of the West Midlands, thus providing ample capacity to develop and enhance our West Midlands bus presence.

Fuel and hedging

The cost of diesel fuel remains a significant factor in the business. The board's stated policy is to create certainty over the group's fuel costs by hedging the total fuel requirement, whenever it seems prudent to do so. The board's view is that hedging the fuel requirement is a prudent and conservative approach which reduces the volatility of underlying earnings and cash flows whilst also giving certainty to business planning and financial forecasts. The board therefore has continued to take out fuel hedges against the fuel requirements of the group, at the present time up to November 2018.

Currently the annual fuel requirement of the group is about 11 million litres. The coverage of the group's fuel hedges over the next three years is as follows:

- For 2016 the company has in place hedges against about 90% of its fuel requirement for the year at an average price of about 101p a litre;
- For 2017 the company has in place hedges against about 85% of its fuel requirement for the year at an average price of about 95p a litre;
- For 2018 the company has in place hedges against about 88% of its fuel requirement for the year at an average price of about 91p a litre.

For the year ended 30 November 2015 the average cost of fuel to the group was about 108p a litre. The board will continue to monitor market conditions closely and take out such further fuel hedges as it deems are appropriate to meet its objective of reducing volatility and creating business certainty.

Chairman's Statement and Review of Operations

(continued)

Fleet management

Last year we were fairly active in the vehicle market and, in accordance with group strategy, replaced about 10% of the fleet, including all those vehicles used to supplant the fleet inherited with the GTB acquisition. Most of these vehicles were second hand ones of suitable quality and specification, rather than new vehicles. Thus, overall, taking account of the OFJ acquisition just after the end of the year, the average age of the fleet fell slightly to some 8.24 years, a figure which remains very competitive in industry terms. In the current year we have already ordered 20 new single deck buses for delivery in the first half of the year, since we have a clear requirement for these. We do not see the need for a significant number of new vehicles in the remainder of the year unless new contract customers make specific requests or existing customers order upgrades, which would of course carry with them corresponding price increases. We will continue however to manage the fleet actively in accordance with our policies and this will no doubt result in some continuing level of vehicle acquisition and disposal.

When acquiring any vehicle new to the fleet we are acutely conscious of its relative fuel consumption and certainly favour those marques which have demonstrable advantages in this regard. Furthermore we are close followers of new fuel technologies, particularly those spin offs from the engineering of hybrid vehicles which focus on the optimisation of heating and cooling and the harvesting of available engine power. The new buses which we have ordered in 2016, mentioned above, incorporate this new technology. This should lead not only to reduced fuel consumption and maintenance cost but also to increased reliability.

We believe that having a modern and efficient bus fleet is a key aspect of customer service. The board monitors each vehicle in the fleet for relative fuel consumption, reliability and maintenance cost. Older vehicles produce a greater level of emissions and we are keen to minimise this aspect of bus operation. Those vehicles that fall outside of acceptable parameters are designated for disposal.

Convertible Loan Stock

The convertible loan stock issued in 2008 expired on 31 December 2014. Of the £595,000 of loan stock outstanding at 30 November 2014, £435,000 was converted, in accordance with the terms of the loan stock deed, into ordinary shares issued out of treasury and the remainder was repaid at par.

Financial review

The Consolidated Income Statement is set out on page 31. This section of the review addresses the results before the mark to market provision for fuel derivatives and other exceptional items. Revenues for the year declined slightly compared to those of 2014. This decline of 1.5% was principally caused by the end of the group's long standing contract with British Airways in the early part of 2015. Cost of Sales consequently also fell, by 3%. Gross Profits therefore rose by 4% and the gross profit margin improved further to 18.7% from the 17.7% recorded in 2014. Administrative Expenses increased by 6% as a result of the addition of a new depot in the Manchester area as a consequence of the acquisition made there. The Profit from Operations at £3.61 million (2014: £3.56 million) was slightly up on that seen in the previous year. Finance expense however fell by 11% once again this year, when compared to the previous year. This was principally due to the conversion or repayment of convertible loan stock in 2014 and the consequent absence of the attached interest burden. Profit before taxation therefore rose by 9% when compared to the previous year to £2.46 million (2014: £2.26 million). If, then, the costs represented by the mark to market provision and other exceptional items are included, Administrative Expenses increased by 20%, as a result of these items, and Profit from Operations was £1.89 million (2014: £2.8 million) on the same basis. Similarly, for the same reasons, profit before taxation was £742,000 (2014: £1,518,000). Basic earnings per share in 2015, after taking into account the mark to market provision and other exceptional items, were 1.74p (2014: 3.30p). However these mark to market provisions make the basic earnings per share numbers very difficult to understand. A better guide to true comparability is to consider the adjusted basic earnings per share numbers given above at the beginning of my statement. Adjusted basic earnings per share (before the mark to market provision and other exceptional items) were 5.19p in 2015 (2014: 4.95p).

The gross assets of the group grew by 11% in the year and stood at £56.2 million at 30 November 2015 (2014: £50.8 million). Goodwill rose by just over £1 million as a result of the two acquisitions made during the year. The Long Acre depot sold shortly after the year end is classified as a Held for Sale asset in the consolidated balance sheet. It is easier to treat this asset as being within Property, Plant and Equipment for the purposes of comparison with 2014. Looked at like this, holdings of freehold property increased somewhat year on year as the Oldbury depot was upgraded preparatory to the sale of the Long Acre depot and additional land was purchased adjacent to the Preston depot. The book value of the vehicle fleet also increased, in the main because of the acquisitions made in the year but also because of the cycle of fleet replacement described above. Trade Receivables fell somewhat compared to the previous year; the rise in other receivables is accounted for by the GTB acquisition. The increase in Trade and Other Payables was caused by the same factor. The gross loans and borrowings of the group rose by some £4 million in the year. The majority of these borrowings was incurred as a result of the acquisitions made, but drawings on the group's revolving facility were also used to finance the investment in freehold property and the share buy-back programme. The proceeds of the sale for £2.5 million of the Long Acre depot shortly after the year end were used to reduce borrowings. The convertible loan stock of £0.6 million in existence at the beginning of 2015 was all converted or repaid early in the year. The low oil price at the balance sheet date caused a £1.2 million increase in the mark to market provision needed in respect of the group's fuel derivative position, which covers the next three accounting years. The movement on this provision is the key reason why the net assets of the group fell compared to the previous year. There was also little overall change in the HP obligations or the pension obligations of the group year on year. The gross liabilities of the group were therefore 24% higher than the previous year at £31.2 million (2014: £25.2 million). Net assets reached £25.0 million at the end of the year, compared to £25.6 million at the end of 2014.

Cash flows from operating activities after changes in working capital and movements on the fuel derivative provision increased by £0.6 million compared to 2014 to £5.1 million. Working capital was absorbed into inventories and receivables in order to finance the acquisitions made during the year but this effect has less of an impact than in 2014. Interest paid on HP agreements fell markedly; net cash flows from operating activities were therefore £0.7 million higher than in 2014 at £4.6 million.

Investment in property, plant and equipment rose considerably to £2.4 million (2014: £1.1 million). This reflects the purchase of freehold property and replacement of vehicles and equipment during the year. Sale of vehicles, after taking account of the related hire purchase settlements, produced £0.6 million for the group (2014: £0.3 million). Two businesses were acquired in the year for a total of £2.4 million. Dividends paid reflect both an increase in the dividend per share and the number of shares in issue. The share buy-back programme continued and £771,000 was expended on this activity in the year (2014: £380,000) though this was partly offset by the issue of £95,000 of shares from treasury for cash. The group's revolving credit facility was used to finance the acquisitions made, the investment in freehold property and the share buy-back programme. A consequence of the greater use of bank borrowings was an increase in bank interest paid. The capital element of payments on hire purchase agreements remained steady at £3.5 million. There was therefore a decrease in cash and cash equivalents for the year of £0.5 million (2014: increase of £1.1 million). The closing overdraft, net of cash and cash equivalents, of £0.6 million at the end of 2015 (2014: £0.1 million overdraft), was in line with management's plans and expectations.

Chairman's Statement and Review of Operations

(continued)

Dividend

As the company matures I expect the dividend to be progressive. The board is conscious of the importance of dividend flows to shareholders and has set a target dividend cover of 2.5 times earnings, to match underlying earnings and free cash flows. I expect this target to be met by the end of 2017. The board also intends to continue its programme of share buy backs, which it commenced in late 2014. This programme offers the opportunity to meet the need to issue shares, arising from the conversion of loan stock or exercise of share options, out of the existing pool of shares in issue, rather than issuing new shares and diluting the interest of current shareholders.

In view of the changes the government announced in 2015 to the taxation of dividends receivable by private individuals, the company paid a second interim dividend in respect of 2015 on 30 March 2016 at a rate of 1.375 pence per share. The board will not recommend a final dividend at the Annual General Meeting in May 2016. The company paid an interim dividend of 0.725 pence per share in December 2015. The total dividend for 2015 will therefore be 2.10 pence per share (2014: 1.85 pence).

Outlook

Trading for the current year has begun in line with budget. Following the three acquisitions which have been made in the last year or so, turnover in the current year should show a return to growth. This will not be at the expense of margins, which, given that the policy of the board is not to pursue low margin business for the sake of it, have shown a steady improvement over recent years. The group remains conservatively geared and possesses ample facilities to make any further acquisitions that may arise. The group performed well in 2015, and, with a strong management team and an excellent base of operating facilities and tangible assets, is well placed to take advantage of continuing developmental change in the bus industry.

John Gunn
Non-Executive Chairman

Date: 26 April 2016

Strategic Report

For the year ended 30 November 2015

Rotala Plc is an AIM listed company operating commercial and subsidised bus routes for businesses, local authorities, the public and private individuals.

Rotala was formed in 2005 and has grown through the acquisition and amalgamation of local coach and bus operations and is now one of the largest operators in its chosen geographical locations.

Rotala aims to develop sustainable revenue streams through the expansion of its commercial bus and contracted activities and by being an active participator in transport business trends in the UK. Our transport management expertise has taken us throughout the country, organising and delivering turn-key solutions to events and areas requiring many different types and capacities of transport.

Areas of Operation

Our Goals

Rotala Plc pursues three key strategic goals:

- To achieve sustainable growth in shareholder value;
- To improve continually the operational capability of the group;
- To deliver a consistent quality of service to customers.

These goals are measured by:

- a focus on earnings per share and the resultant share price;
- the level of new investment in infrastructure, technology and training;
- continually monitoring the timeliness and completeness of service delivery and levels of customer complaint.

Our Values

Our commitment is to conduct business in an ethical manner; our core values convey our organisational beliefs:

- **Professional -** in our approach to business, with expert presence;
- **Innovative -** in creating new solutions;
- **Agile -** quick to respond and make decisions;
- **Collaborative -** working together with all stakeholders;
- **Commercially orientated -** delivering what clients require;
- **Results focused -** focusing on the delivery of value and the job in hand;
- **Risk aware -** assessing options for alternative strategies.

Our brands signify consistency, reliability and employee commitment.

Our Mission

The commitment is to the delivery of a consistent quality of service in accordance with the service level requirements of all stakeholders. Continuous improvement is sought; close monitoring of service levels identifies areas for improvement. Well-planned, clearly focused training supports an improved quality of service.

Rotala aims to become the first choice supplier for bus operations in its target regions.

Having grown through acquisition in key areas, Rotala has put itself into a position from which it can take advantage of future developments in the transport industry. The possession of substantial operations in the North West, the West Midlands, the South West and Heathrow areas ensures that the company is well positioned for future contract wins and organic commercial growth.

Rotala is committed to providing service excellence to stakeholders, by offering value for money and continuous improvement without compromising on the quality of service.

By working closely with other businesses, councils and educational institutions, we ensure that flexibility and proactive management are key strengths in which Rotala invests. Our commitment to all stakeholders makes it possible to offer value to all sizes of organisation from the largest corporate to the smallest individual daily user.

The focus of the business is to build profitable and sustainable revenue. The business is composed largely of contracted or predictable commercial revenue streams which equate to more than 90% of current revenue levels.

To achieve this level of predictability the business focuses on the development of its three principal revenue streams: contract, commercial and charter.

Strategic Report

For the year ended 30 November 2015

Contract

The key aspect of Contracted Operations is that the service is delivered under contract, to specified standards, with the price for the service determined by the contract alone. Contracted operations service two types of customer:

1. Individual organisations:

These can have specific transport needs. Private bus networks are designed on a bespoke basis around these needs. One of the key factors which drives this customer need comes from the increasing prevalence of planning restrictions on new developments. These restrict car usage and available car parking facilities. There has been much growth in this area of business in recent years and government policy continues to drive change.

2. Local authorities:

Since bus denationalisation in the 1980's the bus market has evolved and the dominant operators are now more focused on creating profitable route networks, in contrast to the pre-denationalisation approach when size and breadth of service were the sole concerns. Thus commercial bus groups have, over time, either curtailed or withdrawn services and Local Authorities have made decisions that there is a social need to subsidise the on-going provision of bus services to locations which would not support a commercial bus route. Contracts for these subsidised services operate on a variety of different bases but the contracted element of the revenue is included under this heading. Major examples of these types of services during this accounting year were operated under contract to Centro, Bristol City Council, Worcestershire County Council, South Gloucestershire County Council, and Bath and North East Somerset Council together with many smaller entities.

Commercial

On a purely commercial bus service, the company takes all the risk of operation. Where a contracted service obliges the operator to take an element of revenue risk (the proportion of which can vary considerably), the variable element of the revenue is also included under this heading. Since its foundation Rotala has considerably expanded the number of commercial services it operates in the West Midlands, the South West and the North West.

Charter

Besides the main business streams above, Rotala also provides a transport management service to a variety of customers. Typically this covers business or service disruption and bespoke large event management.

Key performance indicators (KPIs)

The key performance indicators of the group (before mark to market provisions, acquisition expenses and other exceptional items) are considered to be:

	2015	2014
Gross profit margin	18.7%	17.7%
Profit from operations before mark to market provisions and other exceptional items	£3,609,000	£3,554,000
Profit before taxation and mark to market provisions and other exceptional items	£2,461,000	£2,263,000

These key performance indicators are used as follows:

1. Gross profit margin:

it is fundamental to the longer term sustainability of the group that it attains a suitable level of gross profit in all of its activities. In any contracted business the gross profit margin is computed as part of the pricing process. Actual margin is then monitored in relation to the contract and service delivery targets. Gross profit margin will vary depending on the type, location and duration of the contract. Where the revenue is variable and derived from passengers, routes are constantly monitored for gross profit margin. Passenger loadings are also analysed and, in concert with margin analysis, frequencies and routes adjusted to maximise revenue yields. In these instances margins will vary in acceptability depending upon the length, locality and maturity of the route and the extent of competition;

2. Profit from operations before exceptional items:

profit from operations before mark to market provisions and other exceptional items is a very important determinant of the long term success of the whole business. Because this indicator is calculated before interest it represents the theoretical debt-free performance of the group and is thus a key measure of value. It is also a measure of how effectively and efficiently the group is using its operating assets, particularly in relation to its peers. Therefore this metric is monitored monthly and progress is frequently reviewed;

3. Profit before taxation before mark to market provisions and other exceptional items:

this indicator is a key determinant of return to shareholders. Therefore it is monitored through the prism of the monthly management accounts and reviewed by the board at its monthly meetings. The board places particular emphasis upon the target that this indicator should grow constantly because in this manner it can be confident that it is serving the interests of shareholders and providing the group thereby with the means to sustain its ambitions to increase its overall levels of business.

Trading results and Statement of Financial Position

A review of the group's activities, using its key performance indicators, and a review of its future prospects are contained in the Chairman's Statement and Review of Operations on pages 8 to 14. The group's results for the year are set out on page 31.

The results of the year and the financial position as at 30 November 2015 are considered by the directors to be satisfactory.

Strategic Report

For the year ended 30 November 2015

Principal risks and uncertainties

The directors consider that the following factors may be considered to be material risks and uncertainties facing the group:

Risk	Potential impact	Management or mitigation
Variations in the price of fuel.	Fuel is a significant cost to the business. If fuel increases in price in circumstances where sales prices cannot be increased, then profitability will be affected.	Management monitors fuel prices closely, negotiates fuel escalator clauses where possible and increases fares if input costs rise in a sustained pattern. Management enters into fuel price fixing arrangements as described in the Chairman's Statement. Management also monitors fleet fuel efficiency and uses technological aids to optimise fuel usage.
The availability of sufficient capital and leasing facilities to finance the growth in the group's businesses.	The group may miss growth opportunities.	Management maintains close contact with actual and potential shareholders. Relationships with the providers of the group's asset financing and banking facilities are dealt with centrally in order to keep them fully briefed about the progress of the group. All bank account and treasury management is conducted at group level.
New government legislation or industry regulation.	Significant unplanned or unforeseen costs may be imposed on the business.	Management continually monitors regulatory and legal developments and participates keenly in industry forums. Management also ensures that it responds to requests for information and insight from governmental bodies.
Availability of management resources of the appropriate quality.	Lack of appropriate management skills damages the business and its prospects.	The board continually assesses skill requirements, management and structures as the business grows. Appropriate recruits are brought into the business and any necessary management development courses are instituted.
Fleet insurance and cover and level of vehicle insurance rates – particularly in the event of a major accident involving passenger fatality.	The group may not be able to obtain adequate levels of insurance cover.	The group is self-insured for high frequency claims of low value. (See Accounting Policy on page 43). Claims above a certain level are comprehensively insured in the normal way. Driver training emphasises a risk - averse culture. Accident rates are monitored centrally. Claims are managed by a claims handler who works closely with the group's insurance adviser and insurers. Relationships with insurance brokers and providers are considered to be key and are managed centrally by the group.

Going concern

The board has examined its strategy and considered its profit and loss and cash flow projections over the two years to 30 November 2017. It has also evaluated the hire purchase, loan and overdraft facilities available to the group in connection with that period. After due enquiry, the board has judged the cash flow forecasts, asset financing and banking resources of the group to be adequate to support its continued operations for the foreseeable future and has adopted the going concern basis in preparing the financial statements.

Corporate governance

As the company's shares are traded on AIM, the company is not required to comply with the UK Corporate Governance Code ('the Code') nor has it done so. However, the company is committed to high standards of corporate governance and draws upon best practice available, including those aspects of the Code considered appropriate. The board is responsible for the management and successful development of the group by:

- **setting the strategic direction;**
- **monitoring and guiding operational performance;**
- **establishing policies and internal controls to safeguard the group's assets.**

The composition of the board provides a blend of skills and experience that ensures it operates as a balanced team.
The board meets regularly to review trading performance, to ensure adequate funding is available, to set and monitor strategy, and when appropriate, to report to shareholders. To enable the board to discharge its duties, all directors receive appropriate and timely information.

The board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the group's assets. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The directors are responsible for the group's system of financial control and for reviewing its effectiveness. As the group continues to grow, the directors will review their compliance with the Code from time to time and will adopt such of the provisions as they consider to be appropriate.

Relationships with shareholders

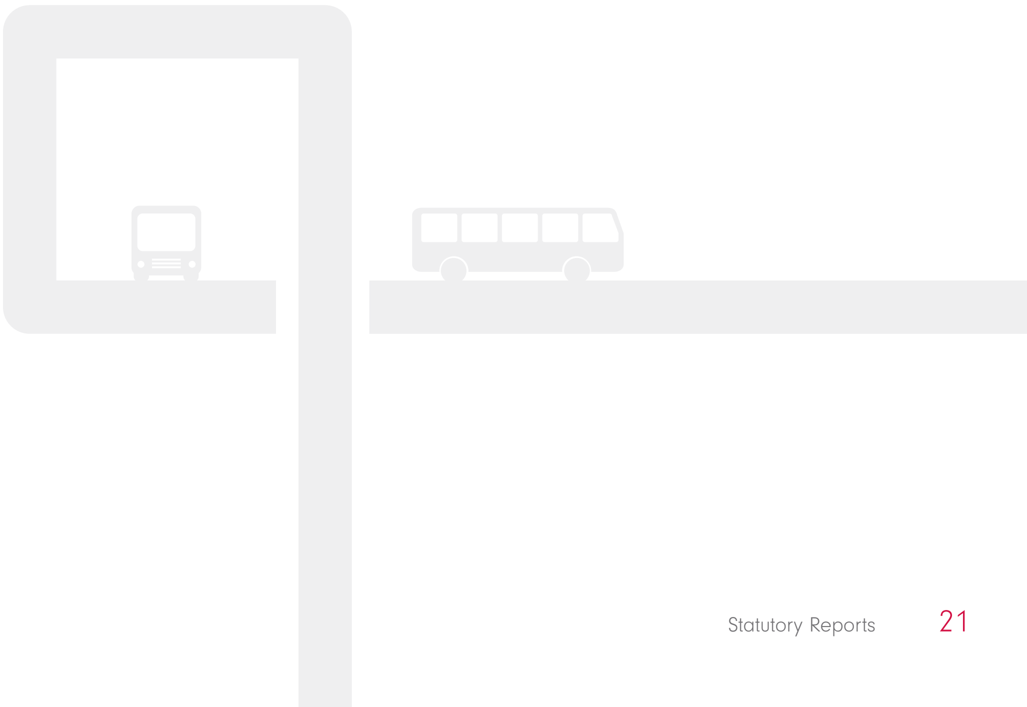
The company values the views of its shareholders and recognises their interest in the company's strategy and performance. The Annual General Meeting is used to communicate with shareholders and they are encouraged to participate. The directors will be available to answer questions at the Annual General Meeting.

By order of the Board.

Kim Taylor

Secretary

Date: 26 April 2016



Directors' Report

For the year ended 30 November 2015

The directors present their statutory report for the group for the year ended 30 November 2015.

Directors

The following Directors have held office during the year:

J H Gunn
R A Dunn
S L Dunn
F G Flight
K M Taylor

Future developments and achievement of strategic goals

Likely future developments in the business of the group and the progress that the group has made towards its strategic goals are dealt with in the Chairman's Statement and Review of Operations set out on pages 8 to 14.

Dividends and Share Price

The interim dividend of 0.65 pence per share in respect of 2014, announced on 7 August 2014, was paid on 8 December 2014. The final dividend of 1.20 pence per share, approved by shareholders at the Annual General Meeting held on 21 May 2015, was paid on 26 June 2015. The total cash outflow for dividends paid in the year was therefore £713,000. A first interim dividend in respect of 2015 of 0.725p per share (2014: 0.65p per share) was paid on 8 December 2015. A second interim dividend of 1.375p per share was paid on 30 March 2016. The directors will not propose a final dividend for the year to the Annual General Meeting. For the year ended 30 November 2014 a final dividend of 1.20p per share was proposed. The company's share price at 30 November 2015 was 65.0p (2014: 54.0p), representing a considerable increase during the year in accordance with group strategy. The high and low prices in the year were 69.25p and 54.0p respectively.

Employment policies and employee involvement and communication

The group's employment policies are regularly reviewed to ensure they remain effective. These policies promote a working environment which underpins the recruitment and retention of professional and conscientious employees, and which improves productivity in an atmosphere free of discrimination. The group is committed to giving full and fair consideration to all applications for employment from those who are disabled, to their training, career development and promotion, where employed, and to continuing the employment and training of those who become disabled while employed.

It is a key policy of the group to consider the health and welfare of employees by maintaining safe places and methods of work. The group employs a Health and Safety Auditor, who assesses regularly all places of work under a standardised testing scheme. Reports of these tests are communicated to the board.

Training is also a priority task and is a focus of considerable effort, especially in the field of dealing with passengers. All drivers are issued with a handbook at the commencement of their employment which sets out in detail the standards which they are expected to meet.

Employees are briefed regularly about the performance and prospects of the group and their individual depots; they are also consulted about and involved in the development of the group in a number of ways, which include regular briefings, team updates and announcements.

An SAYE scheme exists for the benefit of all employees. The details of the scheme are set out in note 28 to these financial statements.

Directors' interests

The beneficial interests of the directors and their families in the company's shares, convertible unsecured loan stock and share options were as follows:

		2015 Ordinary shares of 25p each	2015 Options over ordinary shares of 25p each	2014 Ordinary shares of 25p each	2014 Options over ordinary shares of 25p each
J H Gunn	Beneficial	6,001,487	320,000	6,421,488	320,000
R A Dunn	Beneficial	931,925	1,015,000	909,454	1,037,471
S L Dunn	Beneficial	1,404,826	1,265,000	1,364,634	1,287,471
F G Flight	Beneficial	1,100,000	220,000	1,200,000	220,000
K M Taylor	Beneficial	413,056	880,000	413,056	880,000

J H Gunn is also a director of and shareholder in The 181 Fund Limited: see note 32 – Related Parties and Transactions.

	At 1 December 2014	Price	Issued	Exercised	At 30 November 2015	Date Exercisable	Date of Expiry
J H Gunn	120,000	37.5p	-	-	120,000	30/03/2009	29/03/2016
	200,000	62.5p	-	-	200,000	06/09/2010	05/09/2017
	320,000		-	-	**320,000**		
R A Dunn	400,000	50.0p	-	-	400,000	05/09/2011	04/09/2018
	22,471	40.05p	-	(22,471)	-		
	615,000	54.0p		-	615,000	24/11/2017	23/11/2024
	1,037,471			**(22,471)**	**1,015,000**		
S L Dunn	80,000	37.5p	-	-	80,000	30/03/2009	29/03/2016
	200,000	62.5p	-	-	200,000	06/09/2010	05/09/2017
	85,000	50.0p	-	-	85,000	05/09/2011	04/09/2018
	22,471	40.05p	-	(22,471)	-		
	900,000	54.0p	-	-	900,000	24/11/2017	23/11/2024
	1,287,471		-	**(22,471)**	**1,265,000**		
F G Flight	80,000	37.5p	-	-	80,000	30/03/2009	29/03/2016
	140,000	62.5p	-	-	140,000	06/09/2010	05/09/2017
	220,000				**220,000**		
K M Taylor	160,000	37.5p	-	-	160,000	30/03/2009	29/03/2016
	240,000	62.5p	-	-	240,000	06/09/2010	05/09/2017
	85,000	50.0p	-	-	85,000	05/09/2011	04/09/2018
	395,000	54.0p	-	-	395,000	24/11/2017	23/11/2024
	880,000		-	-	**880,000**		

The remuneration of the directors is set out in note 7 of these financial statements. Contracts existing during, or at the end of the year, in which a director was or is materially interested, other than employment contracts, are disclosed in note 32 – Related Parties and Transactions.

Directors' Report

For the year ended 30 November 2015

Purchase of own shares

Ordinary shares have been purchased for treasury in order to meet the need to issue shares in respect of the conversion of loan stock and the exercise of share options.

	2015 Number	2015 % of called up share capital	2015 £ Cost or proceeds	2014 Number	2014 % of called up share capital	2014 £ Cost or proceeds
Ordinary shares held in treasury at beginning of year	700,000	1.79	379,892	-	-	-
Acquired during the year	1,315,000	3.35	771,369	700,000	1.79	379,892
Issued in respect of loan stock conversions	(966,665)	(2.47)	(435,000)	-	-	-
Issued for cash in respect of share option exercises	(236,022)	(0.60)	(94,527)	-	-	-
Ordinary shares held in treasury at end of year	812,313	2.07	621,734	700,000	1.79	379,892

The maximum number of ordinary shares held in treasury during the year was 1,020,557 (2014: 700,000), representing 2.60% of the called up share capital of the company (2014: 1.79%)

Substantial shareholdings

As at 20 April 2016 the company had been notified that the following were interested in 3% or more of the ordinary share capital of the company:

Name	Number of Ordinary Shares	%
Mr Nigel Wray	6,574,000	17.16
Mr John Gunn	6,114,487	15.96
Close Asset Management Limited	2,251,404	5.88
The 181 Fund Limited	1,802,443	4.70
Mr S L Dunn	1,501,095	3.92

Financial instruments

Details of financial instruments, including information about exposure to financial risks and the financial risk management objectives and policies, are given in note 31.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report, 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 group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). 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 and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the group financial statements, state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

Auditors

Grant Thornton UK LLP were re-appointed as auditors at the last Annual General Meeting and have expressed their willingness to continue in office as auditor. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

For the year ended 30 November 2015, the group has taken advantage of the exemption offered in sections 479A – 479C of the Companies Act 2006 and some of its subsidiaries have not been subject to an individual annual audit. Rotala Plc has given a statutory guarantee to each of these subsidiaries guaranteeing their liabilities, a copy of which will be filed at Companies House.

By order of the Board.

Kim Taylor
Secretary

Date: 26 April 2016

Independent Auditor's Report

To the members of Rotala Plc

We have audited the financial statements of Rotala Plc for the year ended 30 November 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the parent company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the Directors' Responsibilities Statement on page 25, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

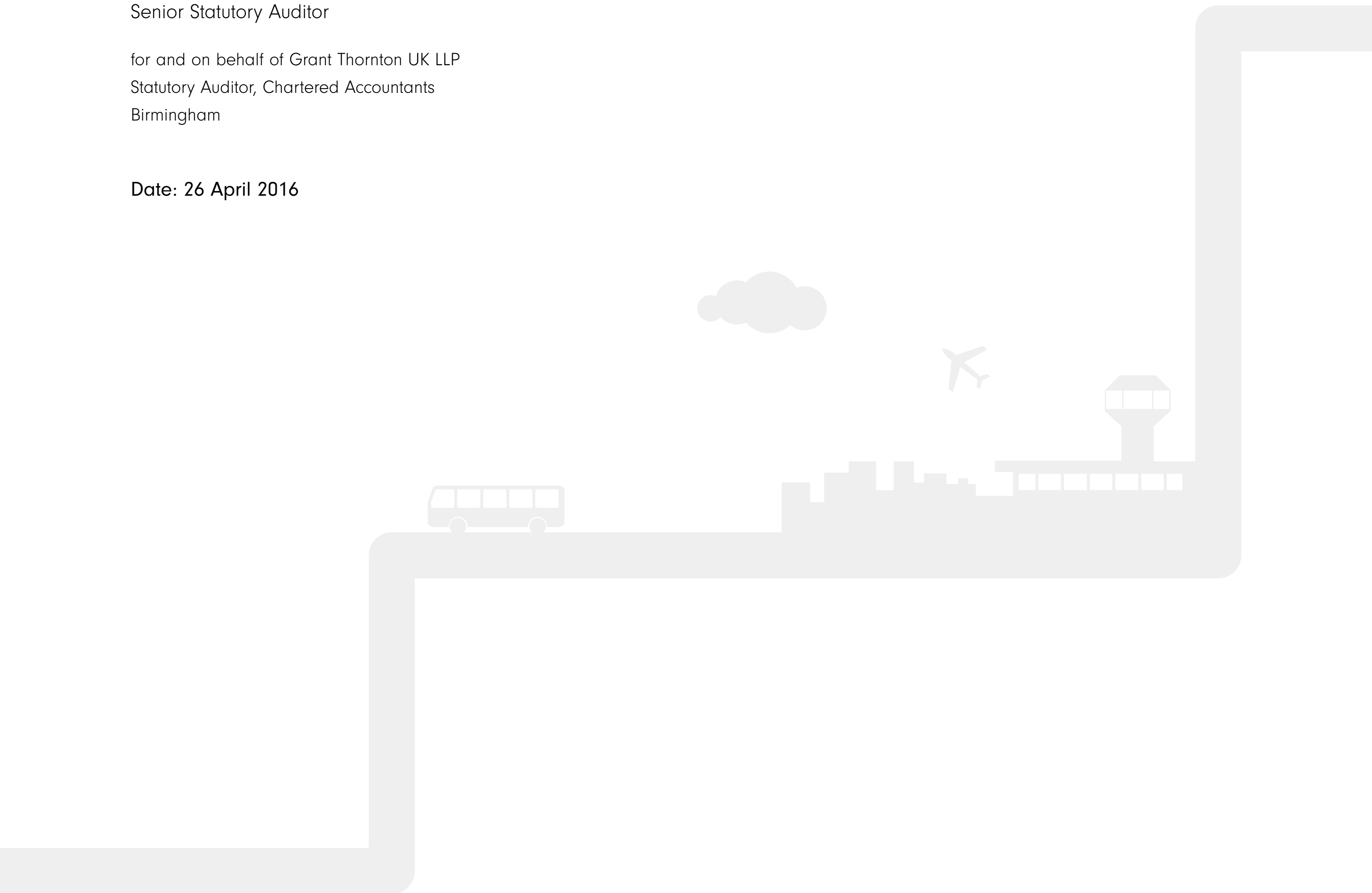
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

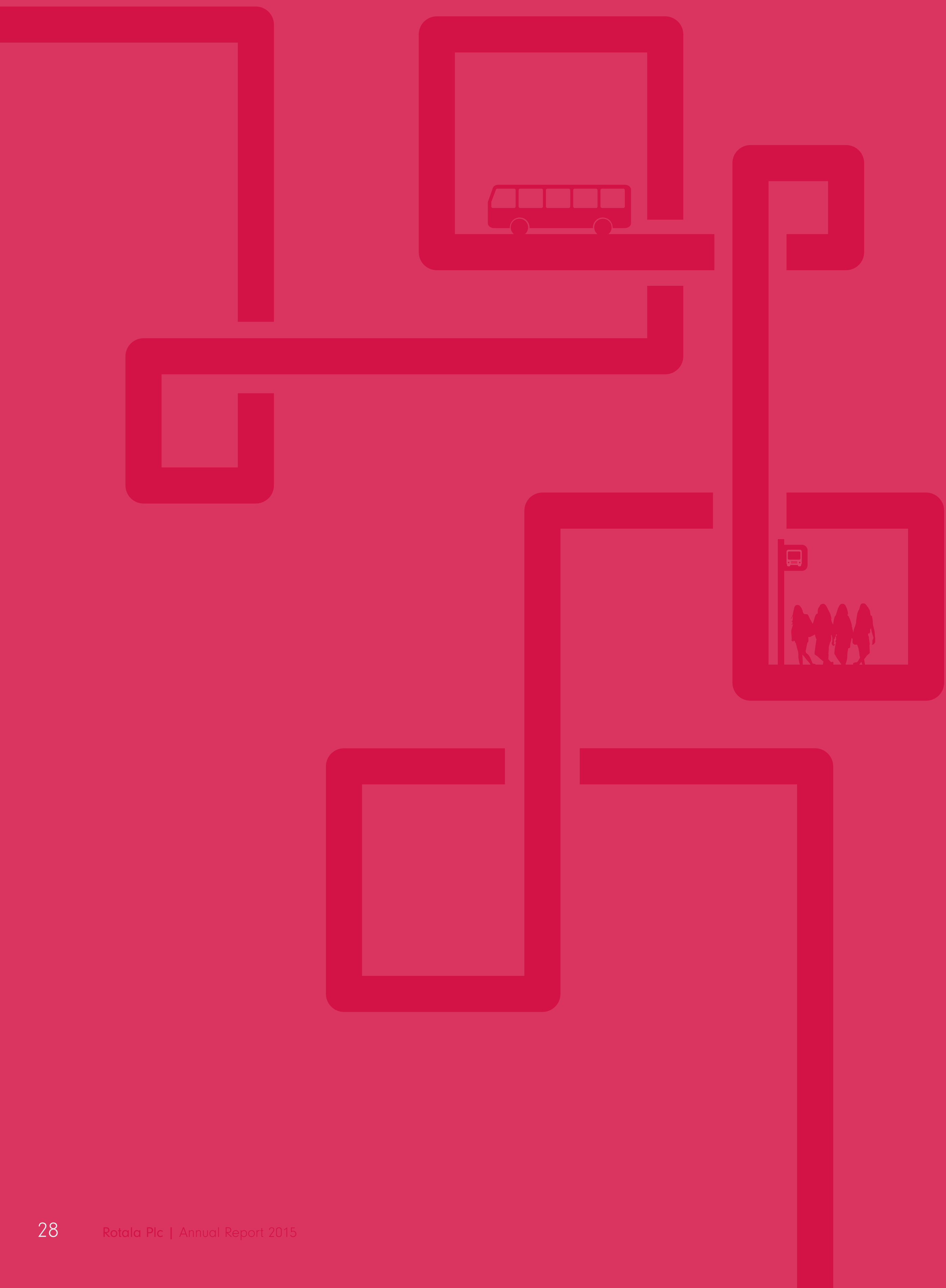
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors'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

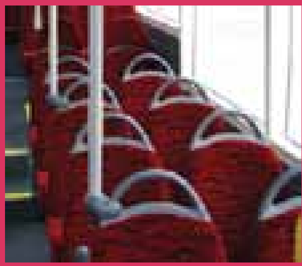
David Munton
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

Date: 26 April 2016







3 Financial Statements

Consolidated Income Statement

For the year ended 30 November 2015

	Note	2015 Results before mark to market provision and other exceptional items £'000	2015 Mark to market provision and other exceptional items (note 11) £'000	2015 Results for the year £'000	2014 Results before mark to market provision and other exceptional items £'000	2014 Mark to market provision and other exceptional items (note 11) £'000	2014 Results for the year £'000
Revenue	4	50,889	-	50,889	51,674	-	51,674
Cost of sales		(41,358)	-	(41,358)	(42,517)	-	(42,517)
Gross profit		9,531	-	9,531	9,157	-	9,157
Administrative expenses		(5,922)	(1,719)	(7,641)	(5,603)	(745)	(6,348)
Profit from operations	8	3,609	(1,719)	1,890	3,554	(745)	2,809
Finance income	9	12	-	12	11	-	11
Finance expense	10	(1,160)	-	(1,160)	(1,302)	-	(1,302)
Profit before taxation	11	2,461	(1,719)	742	2,263	(745)	1,518
Tax expense	12	(474)	399	(75)	(498)	156	(342)
Profit for the year attributable to the equity holders of the parent		1,987	(1,320)	667	1,765	(589)	1,176
Earnings per share for profit attributable to the equity holders of the parent during the year:							
Basic (pence)	13	5.19		1.74	4.95		3.30
Diluted (pence)	13	5.16		1.74	4.84		3.26

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 November 2015

	Note	2015 £'000	2014 £'000
Profit for the year		667	1,176
Other comprehensive income:			
Items that will not subsequently be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension scheme	25	(362)	41
Deferred tax on actuarial (loss)/gain on defined benefit pension scheme	26	72	(9)
Other comprehensive (loss)/ income for the year (net of tax)		(290)	32
Total comprehensive income for the year attributable to the equity holders of the parent		377	1,208

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 November 2015

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Shares in treasury £'000	Retained earnings £'000	Total £'000
At 1 December 2013	8,818	7,828	2,567	-	4,371	23,584
Profit for the year	-	-	-	-	1,176	1,176
Other comprehensive income	-	-	-	-	32	32
Total comprehensive income	-	-	-	-	1,208	1,208
Transactions with owners:						
Dividends paid	-	-	-	-	(564)	(564)
Share based payment	-	-	-	-	7	7
Shares issued	976	775	-	-	-	1,751
Purchase of own shares	-	-	-	(380)	-	(380)
Transactions with owners	976	775	-	(380)	(557)	814
At 30 November 2014	9,794	8,603	2,567	(380)	5,022	25,606
Profit for the year	-	-	-	-	667	667
Other comprehensive income	-	-	-	-	(290)	(290)
Total comprehensive income	-	-	-	-	377	377
Transactions with owners:						
Dividends paid	-	-	-	-	(713)	(713)
Share based payment	-	-	-	-	16	16
Purchase of own shares	-	-	-	(242)	-	(242)
Transactions with owners	-	-	-	(242)	(697)	(939)
At 30 November 2015	9,794	8,603	2,567	(622)	4,702	25,044

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 November 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	31,798	30,454
Goodwill and other intangible assets	15	10,581	9,482
Deferred taxation	26	-	73
Total non-current assets		42,379	40,009
Current assets			
Inventories	17	2,355	2,197
Trade and other receivables	18	7,905	7,506
Held for sale assets	19	2,479	-
Cash and cash equivalents	20	1,118	1,050
Total current assets		13,857	10,753
Total assets		56,236	50,762
Liabilities			
Current liabilities			
Trade and other payables	21	5,370	4,899
Loans and borrowings	22	9,536	4,604
Obligations under hire purchase contracts	23	3,107	3,479
Derivative financial instruments	24	502	566
Total current liabilities		18,515	13,548
Non-current liabilities			
Loans and borrowings	22	5,600	6,300
Obligations under hire purchase contracts	23	5,406	5,051
Derivative financial instruments	24	1,257	-
Defined benefit pension obligation	25	278	257
Deferred taxation	26	136	-
Total non-current liabilities		12,677	11,608
Total liabilities		31,192	25,156
TOTAL NET ASSETS		25,044	25,606

The accompanying notes form an integral part of these financial statements.

	Note	2015 £'000	2014 £'000
Shareholders' funds			
Share capital	27	9,794	9,794
Share premium reserve		8,603	8,603
Merger reserve		2,567	2,567
Shares in treasury		(622)	(380)
Retained earnings		4,702	5,022
TOTAL EQUITY		25,044	25,606

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2016.

Simon Dunn
Chief Executive

Kim Taylor
Group Finance Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 November 2015

	2015 £'000	2014 £'000
Cash flows from operating activities		
Profit before taxation	742	1,518
Adjustments for:		
Depreciation	3,025	3,136
Acquisition expenses	46	-
Finance expense	1,148	1,291
Gain on sale of property, plant and equipment	(440)	(103)
Contribution to defined benefit pension scheme	(350)	(404)
Notional expense of defined benefit pension scheme	8	10
Equity settled share-based payment expense	16	7
Cash flows from operating activities before changes in working capital and provisions	4,195	5,455
(Increase)/decrease in inventories	(94)	(372)
(Increase)/decrease in trade and other receivables	(299)	361
Increase /(decrease) in trade and other payables	106	(1,468)
Movement on financial instrument provision	1,193	569
	906	(910)
Cash generated from operations	5,101	4,545
Interest paid on hire purchase agreements	(476)	(610)
Net cash flows from operating activities carried forward	4,625	3,935

The accompanying notes form an integral part of these financial statements.

	2015 £'000	2014 £'000
Cash flows from operating activities brought forward	4,625	3,935
Investing activities		
Purchases of property, plant and equipment	(2,403)	(1,065)
Acquisition of businesses	(2,431)	-
Sale of property, plant and equipment	680	435
Net cash (used in) investing activities	(4,154)	(630)
Financing activities		
Shares issued	95	30
Dividends paid	(713)	(564)
Own shares purchased	(771)	(380)
Proceeds of mortgage and other bank loans	4,970	9,650
Repayment of bank and other borrowings	(1,163)	(7,827)
Loan stock and bank loan interest paid	(684)	(601)
Hire purchase refinancing receipts	1,152	2,222
Hire purchase settlement payments	-	(1,103)
Capital settlement payments on vehicles sold	(301)	(105)
Capital element of lease payments	(3,545)	(3,522)
Net cash used in financing activities	(960)	(2,200)
Net (decrease)/increase in cash and cash equivalents	(489)	1,105
Cash and cash equivalents at beginning of year	(109)	(1,214)
Cash and cash equivalents at end of year	(598)	(109)

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 November 2015

1. General information

Rotala Plc is incorporated and domiciled in the United Kingdom.

The financial statements for the year ended 30 November 2015 (including the comparatives for the year ended 30 November 2014) were approved by the Board of Directors on 26 April 2016. Amendments to the financial statements are not permitted after they have been approved.

2. Accounting policies

Basis of preparation

The group's financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements have been prepared on a going concern basis as described on page 20.

Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.
The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

New standards

The Group has adopted IFRS 10 Consolidated Financial Statements for the first time in the current year. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation: Special Purpose Entities. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlled interests and accounting for loss of control of a subsidiary are unchanged.

The directors have reviewed their control assessments in accordance with IFRS 10 and have concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

The Group has also adopted, where applicable, the following new standards, or new provisions of amended standards:

- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- IAS 27 (Revised), Separate Financial Statements
- IAS 28 (Revised), Investments in Associates and Joint Ventures
- Amendments to IAS39
- Transition Guidance – Amendments to IFRS 10, IFRS 11 & IFRS 12
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

There has been no material impact on either amounts reported or disclosure in the financial statements arising from first time adoption of the above.

2. Accounting policies (continued)

Critical accounting estimates and judgements

Certain estimates and judgements need to be made by the directors of the group which affect the results and position of the group as reported in the financial statements. Estimates and judgements are required if, for example, as at the reporting date not all liabilities have been settled, and certain assets and liabilities are recorded at fair value which require a number of estimates and assumptions to be made.

Estimates

The major areas of estimation within the financial statements are as follows:

(a) Impairment of goodwill
The group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information about the impairment review is included in note 16.

(b) Share based payment
The group has an equity-settled share-based remuneration scheme for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options is estimated on the date of grant by using the Black-Scholes valuation model or a binomial valuation model, according to the characteristics of the option, and is based on certain assumptions. Those assumptions include, among others, the dividend growth rate, expected volatility, and the expected life of the options. Management then apply the fair value to the number of options expected to vest.

(c) Pension scheme valuation
The liabilities in respect of defined benefit pension schemes are calculated by qualified actuaries and reviewed by the group, but are necessarily based on subjective assumptions. The principal uncertainties relate to the estimation of the life expectancies of scheme members, future investment yields and general market conditions for factors such as inflation and interest rates. The specific assumptions adopted are disclosed in detail in note 25 to the consolidated financial statements. Profits and losses in relation to changes in actuarial assumptions are taken directly to Other Comprehensive Income and therefore do not impact on the profitability of the business, but the changes do impact on net assets.

(d) Self insurance
The estimation of insurance costs, under the group's self insurance scheme, is based on premiums paid and cash paid into the scheme's bank account. The actual outcome of claims made is determined over the five years following each period end; no rebate of premium is accounted for until each insurance period is closed. The directors regularly review claims made and, should insurance premiums paid to date be considered inadequate in the light of claims, appropriate provision would be made.

(e) Fixed price diesel contracts
The fair value of the fixed price diesel contracts is based on the future cash flows arising under the contract, compared to the expected cash flows that would have arisen had the contract not been in place. No discounting is applied as the impact of discount rates is not considered material. More details in respect of these contracts are included in note 31.

2. Accounting policies (continued)

Judgements

The major areas of judgement within the financial statements are as follows:

(a) Useful lives of property, plant and equipment

Property, plant and equipment is depreciated over its useful life. Useful lives are based on the management's estimates of the periods within which the assets will generate revenue and which are periodically reviewed for continued appropriateness. Changes to judgements can result in significant variations in the carrying value and amounts charged to the Consolidated Income Statement in specific periods. More details about carrying values are included in note 14.

(b) Deferred tax assets

In determining the deferred tax asset to be recognised, management carefully review the recoverability of these assets on a prudent basis and reach a judgement based on the best available information.

Basis of consolidation

The group financial statements consolidate the results of the company and all its subsidiary undertakings as at 30 November 2015. The results of subsidiary undertakings acquired are included from the date on which power over the acquisition, the right to use that power, and exposure to variable returns from the acquisition passed to the group. Intercompany transactions and balances between group companies are therefore eliminated in full.

Business combinations

Where the acquisition method is used, the results of the subsidiary are included from the date of acquisition. The purchase consideration is allocated to assets and liabilities on the basis of fair value at the date of acquisition. Acquisition costs are expensed as incurred.

Goodwill

Goodwill represents any excess of the fair value of consideration transferred for the business acquisition over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is tested annually for any impairment and carried at cost less accumulated impairment losses. Any impairment charge would be included within administrative expenses in the Consolidated Income Statement. Goodwill impairment charges cannot be reversed. As the group has taken advantage of the exemption from restating all pre-transition period acquisitions under IFRS 3 'Business Combinations', goodwill includes intangibles arising on those acquisitions that are not separately identifiable prior to the date of the change of policy.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full in profit or loss on the acquisition date.

Impairment

The group's goodwill and intangible assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management controls the related cash flows.

Individual intangible assets or cash-generating units that include goodwill with an indefinite useful life are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income immediately.

2. Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost, which includes both the purchase price and any directly attributable costs. Following initial recognition property, plant and equipment is carried at depreciated cost.

The useful lives and residual values of property, plant and equipment are reviewed at least annually and adjusted, where applicable. When disposed of, property plant and equipment is derecognised. Where an asset continues to be used by the group but is expected to provide reduced or minimal future economic benefits, it is considered to be impaired. Profits and losses on disposal are calculated by comparing the disposal proceeds with the carrying value of the asset, and the resultant gains or losses are included in the consolidated income statement. A gain or loss incurred at the point of derecognition is also included in the consolidated income statement at that point.

Repairs and maintenance are charged to profit or loss in the financial period in which they are incurred. Where probable future economic benefits, in excess of the current standard of performance of the existing asset, are considered to be derived from its major renovation, the cost of that major renovation is added to the carrying value of that asset. Major renovations are then depreciated over the remaining useful life of the asset.

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment, except freehold land, over their expected useful lives. It is calculated at the following rates:

Freehold land	-	Not depreciated
Freehold buildings	-	Fifty years straight line
Long leasehold property	-	Fifty years straight line
Short leasehold property	-	Over the period of the lease
Plant and machinery	-	Between ten and four years straight line
Public Service Vehicles ("PSVs")	-	Between 10% and 25% per annum on a reducing balance basis
Fixtures and fittings	-	Three years straight line

Grants

Grants relating to property, plant and equipment are netted off the assets to which they relate and the net investment in the asset is depreciated as set out above. Other grants are held in trade and other payables until credited to the income statement as the related expenditure is expensed.

Revenue

Revenue represents sales to external customers excluding value added tax. Passenger revenue is recognised when payment is received in cash. Subsidy revenue from local authorities is recognised on an accruals basis, based on actual passenger numbers. Contracted and charter services revenues are recognised when services are delivered, based on agreed contract rates.

Inventories

Inventories are initially recognised at cost on a first in first out basis, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Held for sale assets

When the Group decides to dispose of a non-current asset and the sale of that asset is contracted for at the balance sheet date, the asset is reclassified as a "held for sale" asset in current assets, held at the lower of its carrying or net realisable value and not subject to further depreciation.

Mark to market provision and other exceptional costs

These items are those which the directors consider to be outside of the normal trading transactions of the group or those which hinder understanding of the underlying trading results of the group. They are highlighted separately on the Consolidated Income Statement.

2. Accounting policies (continued)

Taxation

The charge for current taxation is provided at rates of corporation tax that have been enacted or substantively enacted by the reporting date. Current tax is based on taxable profits for the year and any adjustments to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet method, on all temporary differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The exceptions, where deferred tax assets are not recognised nor deferred tax liabilities provided, are:

- On initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Taxable temporary differences associated with investments in subsidiary undertakings where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to profit or loss on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Where the group enters into sale and leaseback transactions, the accounting treatment depends on the type of lease involved and the economic and commercial substance of the arrangement. Where the group retains the majority of the risks and rewards of ownership of the assets they are accounted for as finance leases and any excess of sales proceeds over the carrying amount of the asset is deferred and amortised over the lease term. Where the group transfers substantially all the risks and rewards of ownership to the lessor they are accounted for as operating leases and any excess of sales proceeds over the carrying value of the asset is recognised in the income statement as a gain on disposal.

Where finance leases or hire purchase agreements are refinanced, amounts received as cash inflows are shown in the cash flow statement as hire purchase refinancing, and cash outflows to settle the original leases are shown as hire purchase settlement payments.

2. Accounting policies (continued)

Convertible debt

The proceeds (which equate to fair value) received on issue of the group's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet. Any equity component is included in a warrant reserve.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity through the warrant reserve and is not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate. Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Where there is an exchange of debt instruments with different terms, the group considers whether the discounted cash flows differ from those of the original liability by more than 10%. Where the difference is more than 10%, then the modification of the terms is accounted for as an extinguishment. Where the difference is less than 10%, then it is not accounted for as an extinguishment.

Self insurance

The group's policy is to self-insure high frequency claims such as those for traffic accidents. Under this scheme, premiums are paid to QBE Insurance Limited ("QBE") in respect of each accounting period. Premiums paid are held in a fund by QBE in a trust separate from the assets of the company in order to meet claims as and when they are settled. The company has no control over the assets of this trust. Claims can be made for a period of up to five years after the accounting period to which they relate. Should a year of insurance be in surplus, no rebate is recognised until the claim period has expired. Should a year of insurance be calculated at any time to be in deficit, an appropriate provision is made immediately. Any provision made is discounted to take account of the expected timing of future payment.

Pension costs

Defined contribution schemes

Contributions to the group's defined contribution pension schemes are charged in profit or loss in the year in which they become payable.

Defined benefit pension schemes

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for unrecognised actuarial gains or losses and past service costs. Any actuarial gains and losses are recognised immediately in Other Comprehensive Income. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the group recognises past service cost immediately.

Financial assets

The group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The group has not classified any of its financial assets as held to maturity or available for sale.

Loans and receivables: these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

2. Accounting policies (continued)

Financial assets (continued)

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or when the financial asset and all substantial risks and rewards are transferred.

The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financial assets and liabilities include derivative financial instruments held at fair value through profit and loss ("FVTPL"). These assets and liabilities are, if they meet the relevant conditions, designated at FVTPL upon initial recognition. All of the group's derivative financial instruments currently fall into this category. Assets and liabilities in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of these financial assets and liabilities are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities

The group classifies its financial liabilities in a manner which depends on the purpose for which the liability was acquired:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding;

- Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method;.

- The group has entered into diesel commodity forward contracts. The agreements do not meet the definitions of hedging transactions under IAS 39 'Financial Instruments: Recognition and Measurement', but are accounted for as a derivative and are recorded at fair value through profit and loss;

- The accounting policy for convertible debt on page 43 sets out further relevant information.

A financial liability is de-recognised when it is extinguished, cancelled or it expires. The group has not classified any of its financial liabilities, other than derivatives, at fair value through profit or loss.

Equity

Share capital is determined using the nominal value of shares that have been issued. Premiums received on the initial issuing of share capital are credited to the share premium reserve. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Retained earnings include all current and prior period results.

The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking.

2. Accounting policies (continued)

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged in profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market and non-market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged in profit or loss over the remaining vesting period. A decrease in fair value is not recognised.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements on the date when dividends are approved by the company's shareholders. Interim dividends are recognised on the date that they are paid.

Segmental reporting

IFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker ("CODM"). The CODM has been determined to be the executive directors.

The group has three main revenue streams: contracted, commercial and charter. All operate within a single operating segment, that is the provision of bus services. The activities of each revenue stream are as described in the Chairman's Statement.

3. Standards and interpretations not yet applied by Rotala Plc

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been applied early by the group. Management anticipates that the following pronouncements relevant to the group's operations will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement, once adopted by the EU:

- IFRS 9 Financial Instruments (not yet adopted by the EU)
- IFRS 15 Revenue from Contracts with Customers (not yet adopted by the EU)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (effective 1 February 2015)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (not yet adopted by the EU)
- Annual Improvements to IFRS 2010-2012 Cycle (effective 1 February 2015)
- Annual Improvements to IFRS 2012-2014 Cycle (not yet adopted by the EU)
- Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements (not yet adopted by the EU)
- IFRS 16 Leases (not yet adopted by the EU)

Other than in respect of IFRS15 and 16, the directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group. With regard to IFRS15 and 16, the group has commenced an assessment of the impact likely from adopting the standards, but is not yet in a position to state whether the impact will be material to the group's reported results or financial position.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's financial statements.

4. Segmental analysis and revenue

All of the activities of the group are conducted in the United Kingdom within the operating segment of provision of bus services. Management monitors revenue across the following streams: contracted, commercial and charter:

	2015 £'000	2014 £'000
Commercial	33,155	30,623
Contracted	15,816	17,891
Charter	1,918	3,160
Total Revenue	50,889	51,674

The group consists of a number of operational depots arranged around and reliant on a central core, in concept a hub and spoke arrangement. All the services that the group performs are similar and every depot in the group delivers services in each of the three sub-headings set out above. Furthermore, as a matter of management practice, the business of the group is managed by contract (for Contracted Revenue) or by route (for Commercial Revenue) or in certain circumstances by both contract and route, depending on the type of business. Charter business is typically delivered by short term contracts.

Contracted and Charter Services are usually delivered against an agreed service level agreement. Detailed costs for that individual contract are monitored against those modelled in the original bid calculation. Management then takes appropriate action to correct variances as necessary whilst maintaining the agreed level of service.

In Commercial Business, where the revenue is variable and derived from passengers, individual routes are constantly monitored for loadings and revenues and trends in passenger revenues and loadings. Passenger loadings are analysed, often by fare stage, to establish usage and appropriate routes. In concert with margin analysis, individual frequencies and routes are adjusted to maximise revenue yields.

In certain parts of the business revenues can be derived from a complex combination of a variable passenger revenue underpinned by a fixed revenue base delivered by contract. These types of service are managed by individual contract and route and so require a combination of management techniques and analyses to ensure that loadings and revenues are maximised whilst delivery to the service agreement is maintained.

In these circumstances it is impractical to allocate local and central overhead to individual routes and contracts. Costs and Operating Profits by revenue stream are therefore not calculated. By the very nature of the business the operating assets are also interchangeable and the vehicles used in particular localities or on specific routes are frequently changed. Thus it is also not practicable to calculate figures for revenue stream assets. Other information such as capital expenditure, depreciation and impairment is also not analysed separately for this reason.

In 2015 and 2014 no customer constituted more than 10% of Revenues.

5. Other losses and gains

	2015 £'000	2014 £'000
Financial assets at fair value through profit or loss (note 31)	(1,193)	(559)

6. Staff costs

	2015 £'000	2014 £'000
Staff costs (including directors) comprise:		
Wages and salaries	24,514	23,571
Employer's national insurance contributions	2,194	2,062
Defined contribution pension costs	329	251
	27,037	25,884
Share-based payment expense	16	7
	27,053	25,891

The average number of employees, including directors, during the year was as follows:

	2015 £'000	2014 £'000
Management and administrative	93	93
Direct	948	962
	1,041	1,055

7. Directors' and key management personnel remuneration

	2015 £'000	2014 £'000
Salaries and other short term employee benefits	498	457
Social security costs	40	32
Contribution to defined contribution pension scheme	11	8
Share based payment expense	2	2
	551	499

1 director (2014: 1) is a member of the group's defined contribution pension scheme.

Emoluments of the highest paid director were £199,060 (2014: £168,569). Pension contributions of £10,500 (2014: £8,400) were made on his behalf.

7. Directors' and key management personnel remuneration (continued)

The directors' remuneration was as follows:

	2015 £'000				2014 £'000			
	Remuneration	Share based payment expense	Pension	Total	Remuneration	Share based payment expense	Pension	Total
Executive								
S L Dunn	199	1	11	211	169	1	8	178
R A Dunn	104	1	-	105	106	1	-	107
K M Taylor	92	-	-	92	82	-	-	82
Non- Executive								
J H Gunn	75	-	-	75	75	-	-	75
F G Flight	28	-	-	28	25	-	-	25
	498	2	11	511	457	2	8	467

The services of John Gunn, Geoffrey Flight and Robert Dunn are provided respectively by Wengen Limited, Central Coachways Limited and motorBus Limited under contracts with those companies.

The board considers the directors of the company to be the key management personnel of the group.

8. Profit from operations

	2015 £'000	2014 £'000
This is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	3,025	3,136
Operating lease expense:		
- property	289	295
- plant and machinery	1,733	1,720
Profit on disposal of property, plant and equipment	(440)	(103)
Auditor's fees:		
- audit of the parent company and the group	37	48
- audit of the accounts of subsidiaries	11	3
- other non-audit services	-	12

9. Finance income

	2015 £'000	2014 £'000
Interest receivable on bank deposits	**12**	**11**

10. Finance expense

	2015 £'000	2014 £'000
Bank borrowings and overdraft interest	668	475
Interest payable on loan notes	7	155
Hire purchase contracts	481	650
Net finance costs on pension scheme (note 25)	3	20
Other interest	1	2
	1,160	1,302

11. Profit before taxation

Profit before taxation includes the following mark to market provisions and other exceptional items:

	2015 £'000	2014 £'000
Acquisition costs	46	-
Abortive acquisition costs	48	-
Share based payment expense	17	-
Mark to market provision on fuel derivatives	1,193	559
Payments on fuel derivatives	415	81
Prior year fleet insurance payment (see below)	-	105
Loss within profit before taxation	1,719	745

When the group acquired Preston Bus Limited in early 2011, expert assessment of that company's self-insured motor insurance fund at that time indicated that the fund was actually in surplus. In the event this opinion proved erroneous and in 2014 a payment of the above sum was made to close all insurance years before the acquisition of Preston Bus Limited by the group. If this deficit had been known about at acquisition, it would naturally have been provided for at the time.

12. Tax expense

	2015 £'000	2014 £'000
Current tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	74	305
Change in rate of tax	1	37
Total deferred tax (note 26)	75	342
Income tax expense	75	342

The tax assessed for the year is different to the standard rate of corporation tax in the U.K. for the following reasons:

	2015 £'000	2014 £'000
Profit before taxation	742	1,518
Profit at the standard rate of corporation tax in the UK of 20% (2014: 21%)	148	319
Expenses not taxable	(74)	(14)
Adjustments in respect of prior periods	1	37
Total tax expense	75	342

13. Earnings per share

	2015 £'000	2014 £'000
Basic		
Profit attributable to ordinary shareholders	667	1,176
Weighted average number of ordinary shares	38,310,257	35,659,541
Basic earnings per share	1.74p	3.30p

The calculation of the basic and diluted earnings per share is based on the earnings attributable to the ordinary shareholders divided by the weighted average number of shares in issue during the year.

	2015 £'000	2014 £'000
Adjusted basic before mark to market provision and other exceptional items		
Profit before exceptional items attributable to ordinary shareholders	1,987	1,765
Weighted average number of ordinary shares	38,310,257	35,659,541
Basic before exceptional items earnings per share	5.19p	4.95p

	2015 £'000	2014 £'000
	Diluted	Diluted
Profit attributable to ordinary share holders	667	1,176
Interest expense of convertible loan notes	5	38
Profit for the purposes of diluted earnings per share	672	1,214
Weighted average number of shares in issue	38,310,257	35,659,541
Adjustments for:		
- assumed conversion of convertible loan notes	-	1,322,222
- exercise of options	328,914	271,052
Weighted average number of ordinary shares for the purposes of diluted earnings per share	38,639,171	37,252,815
Diluted earnings per share	1.74p	3.26p

13. Earnings per share (continued)

	2015 £'000 Diluted	2014 £'000 Diluted
Adjusted diluted before mark to market provision and other exceptional items		
Profit attributable to ordinary share holders	1,987	1,765
Interest expense of convertible loan notes	5	38
Profit for the purposes of diluted earnings per share	1,992	1,803
Weighted average number of shares in issue	38,310,257	35,659,541
Adjustments for:		
- assumed conversion of convertible loan notes	-	1,322,222
- exercise of options	328,914	271,052
Weighted average number of ordinary shares for the purposes of diluted earnings per share	38,639,171	37,252,815
Adjusted diluted earnings per share	5.16p	4.84p

In order to arrive at the diluted earnings per share, the weighted average number of ordinary shares has been adjusted on the assumption of conversion of all dilutive potential ordinary shares. The company has in issue two sources of potential ordinary shares: convertible loan notes and share options. The convertible loan notes are assumed to have been converted into ordinary shares (where dilutive), but the associated interest expense has been added back to the profit attributable to shareholders. In respect of the options a calculation has been carried out to determine the number of shares, at the average annual market price of the company's shares, which could have been acquired, based on the monetary value of the rights attached to those shares. This number has then been subtracted from the number of shares that could be issued on the assumption of full exercise of the outstanding options, in order to compute the necessary adjustments in the above table.

14. Property, plant and equipment

	Freehold land and buildings £'000	Long and short leasehold property £'000	Plant and machinery £'000	Public service vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 1 December 2013	8,926	900	2,129	33,618	290	45,863
Additions	23	-	264	2,563	143	2,993
Disposals	-	-	(82)	(1,389)	(5)	(1,476)
At 30 November 2014	**8,949**	**900**	**2,311**	**34,792**	**428**	**47,380**
Acquisition	-	145	50	1,993	-	2,188
Additions	412	27	358	4,070	33	4,900
Reclassifications to held for sale	(2,400)	-	(217)	-	-	(2,617)
Transfers	(19)	-	310	(48)	(243)	-
Disposals	(12)	-	(82)	(2,187)	(70)	(2,351)
At 30 November 2015	**6,930**	**1,072**	**2,730**	**38,620**	**148**	**49,500**
Depreciation						
At 1 December 2013	419	127	556	13,680	151	14,933
Charge for the year	95	21	321	2,634	65	3,136
Disposals	-	-	(82)	(1,056)	(5)	(1,143)
At 30 November 2014	**514**	**148**	**795**	**15,258**	**211**	**16,926**
Charge for the year	86	24	321	2,572	22	3,025
Reclassifications to held for sale	(278)	-	(106)	-	-	(384)
Transfers	(8)	-	116	(13)	(95)	-
Disposals	(12)	-	(82)	(1,701)	(70)	(1,865)
At 30 November 2015	**302**	**172**	**1,044**	**16,116**	**68**	**17,702**
Net book value:						
At 30 November 2015	**6,628**	**900**	**1,686**	**22,504**	**80**	**31,798**
At 30 November 2014	**8,435**	**752**	**1,516**	**19,534**	**217**	**30,454**

The net book value of public service vehicles at 30 November 2015 held under hire purchase agreements was £11,913,000 (2014: £12,793,000). Depreciation of £1,118,000 (2014: £1,363,000) was charged against assets falling into this category in the year.

15. Goodwill and other intangible assets

	Purchased brands £'000	Contracts £'000	Goodwill £'000	Total £'000
Cost				
At 1 December 2013 and 2014 and at 30 November 2014	250	312	9,482	10,044
Additions	-	-	1,099	1,099
At 30 November 2015	250	312	10,581	11,143
Amortisation				
At 1 December 2013	250	312	-	562
Charge for the year	-	-	-	-
At 30 November 2014	250	312	-	562
Charge for the year	-	-	-	-
At 30 November 2015	250	312	-	562
Net book value				
At 30 November 2015	-	-	10,581	10,581
At 30 November 2014	-	-	9,482	9,482

16. Goodwill and impairment

The group consists of a number of operational depots arranged around and reliant on a central core, in concept a hub and spoke arrangement. The complex matrix of management of the group's business is set out in detail in note 4 to these financial statements. In summary, the group's businesses are managed at their lowest levels by contract and by bus route, or sometimes by both methods. They are not managed by revenue stream. Moreover the manner in which the group has expanded, with the addition, integration and transformation of a number of businesses and entities, has obscured the formal breakdown of the total amount of goodwill. The directors consider that, in the light of these factors, the group's business represents a single cash generating unit for the purposes of evaluating the carrying value of goodwill. Accordingly, the evaluation calculations have been carried out on this basis.

16. Goodwill and impairment (continued)

The recoverable amount of the goodwill of the business has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a two year period to 30 November 2017. Major assumptions are as follows:

	CGU 2015 %	CGU 2014 %
Discount rate	12	12
Operating margin	8	8
Growth rate	2	2
Inflation	2	3

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the group's weighted average cost of capital. Growth rates, beyond the first two years, are based on management estimates and on the historic achievements of the group. This rate does not exceed the average long term growth rate for the relevant markets. Inflation has been based on management's expectation given historic trends. After applying sensitivity analysis in respect of the results and future cash flows, in particular for presumed growth rates and discount rates, management is satisfied that it is highly improbable that there would be such change in a key assumption that it would reduce recoverable amount to below book value.

17. Inventories

	2015 £'000	2014 £'000
Fuel and spares	2,355	2,197

There is no material difference between the replacement cost of stocks and the amounts stated above.

The amount of inventories recognised as an expense during the year was £13,148,000 (2014: £13,869,000). No inventory has been written down to fair value in 2015 or 2014 and therefore no associated expense was incurred.

18. Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	2,725	3,202
Tax and social security	452	442
Prepayments and accrued income	4,728	3,862
	7,905	7,506

18. Trade and other receivables (continued)

The carrying values of trade and other receivables are considered to be a reasonable approximation of fair value. The effect of discounting trade and other receivables has been assessed and is deemed to be immaterial to the results.

All trade and other receivables have been reviewed for indicators of impairment. No provision was created and the provision brought forward was released (2014: certain trade receivables were found to be impaired and a provision of £80,000 was created).

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The ages of trade receivables past due but not impaired are as follows:

	2015 £'000	2014 £'000
Not more than 3 months overdue	36	124
More than 3 months but not more than 1 year	260	73
	296	197

Movements in the group trade receivables provision in the year are as follows:

	2015 £'000	2014 £'000
Balance brought forward at 1 December	(80)	-
Provided	-	(80)
Released	80	-
Balance carried forward at 30 November	-	(80)

19. Held for sale assets

	2015 £'000	2014 £'000
Held for sale assets	2,479	-

As described in the Chairman's Statement on page 11, following an acquisition in 2013, the board conducted a review of depot capacity in the West Midlands. The outcome of this review was a decision to dispose of the group's depot in Long Acre, Birmingham, which was surplus to requirements. The contract for the sale of the depot was exchanged on 8 September 2015 and the sale was completed on 15 December 2015. The sale price of the property was equivalent to its book value.

20. Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement are analysed as follows:

	2015 £'000	2014 £'000
Cash at bank	1,118	1,050
Bank overdraft	(1,716)	(1,159)
	(598)	(109)

21. Trade and other payables - current

	2015 £'000	2014 £'000
Trade payables	3,490	3,301
Taxation and social security	825	597
Other creditors	670	359
Accruals and deferred income	385	642
	5,370	4,899

The directors consider that the carrying amount of trade and other payables approximates to their fair value. The effect of discounting trade and other payables has been assessed and is deemed to be immaterial to the group's results.

22. Loans and borrowings

	2015 £'000	2014 £'000
Current:		
Overdrafts	1,716	1,159
Bank loans	7,820	2,850
Convertible loan stock	-	595
	9,536	4,604
Non-current		
Convertible loan stock	-	-
Bank loans	5,600	6,300
	5,600	6,300

22. Loans and borrowings (continued)

Analysis of maturity

	2015 £'000 Convertible debt	2015 £'000 Bank loans and overdrafts	2015 £'000 Obligations under hire purchase	2015 £'000 Trade and other payables	2015 £'000 Total
In one year or less or on demand	-	9,940	3,465	4,060	17,465
In more than one year but not more than two years	-	980	2,412	-	3,392
In more than two years but not more than five years	-	5,002	3,012	-	8,014
Later than five years	-	-	360	-	360
	-	15,922	9,249	4,060	29,231

The analysis above represents minimum payments on an undiscounted basis.

	2014 £'000 Convertible debt	2014 £'000 Bank loans and overdrafts	2014 £'000 Obligations under hire purchase	2014 £'000 Trade and other payables	2014 £'000 Total
In one year or less or on demand	599	4,386	3,878	3,660	12,523
In more than one year but not more than two years	-	1,015	2,597	-	3,612
In more than two years but not more than five years	-	6,003	2,736	-	8,739
Later than five years	-	-	102	-	102
	599	11,404	9,313	3,660	24,976

Convertible debt

The convertible unsecured loan stock issued in 2008 expired on 31 December 2014. Of the £595,000 outstanding at that date, holders of £435,000 chose to convert into ordinary shares of the company at a price of 45.0p per share and holders of £160,000 chose to be re-paid at par.

Bank borrowings

The group renewed its Senior Term and Revolving Facilities Agreement with its bankers on 31 October 2014. This agreement provides a revolving £9.0 million facility combined with a mortgage facility of up to £7.0 million and an overdraft facility of £2.5 million. It is for an initial term of three years and six months, renewable at 30 April 2018. The group entered into a cross-guarantee and floating charge agreement on 27 May 2010 covering its overdraft facilities.

The bank loans are secured on the group's freehold property. The annual mortgage repayments are calculated such that the mortgage facilities amortise in a straight line over a term of 10 years which is considered to give a reasonable approximation to the effective interest rate.

23. Obligations under hire purchase contracts

Future lease payments are due as follows:

	2015 £'000 Minimum lease payments	2015 £'000 Interest	2015 £'000 Present value
Not later than one year	3,465	358	3,107
More than one but less than two years	2,412	203	2,209
More than two but less than five years	3,012	166	2,846
Later than 5 years	360	9	351
	9,249	736	8,513

	2014 £'000 Minimum lease payments	2014 £'000 Interest	2014 £'000 Present value
Not later than one year	3,878	399	3,479
More than one but less than two years	2,597	223	2,374
More than two but less than five years	2,736	158	2,578
Later than 5 years	102	3	99
	9,313	783	8,530

The present values of future lease payments are analysed as:

	2015 £'000	2014 £'000
Current liabilities	3,107	3,479
Non-current liabilities	5,406	5,051
	8,513	8,530

Obligations under hire purchase contracts are secured on the assets to which they relate.

24. Derivative financial instruments

Derivative financial instruments are analysed as follows (see also note 31):

	2015 £'000	2014 £'000
Current liabilities	502	566
Non-current liabilities	1,257	-
	1,759	566

Financial assets at fair value through profit or loss are presented within Operating Activities and therefore form part of changes in working capital in the statement of cash flows.

The fair value of the commodity forward contracts is determined in accordance with the procedure described in note 31.

25. Pensions

Group companies operate defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension charge amounted to £329,000 (2014: £251,000). Contributions amounting to £10,291 (2014: £28,134) were payable to the funds at the balance sheet date.

Another group company operates a defined benefit pension scheme within the West Midlands Integrated Transport Authority Pension Fund ("WMITAPF"), governed by the Local Government Pension Regulations. The group accounts for pensions in accordance with IAS 19 "Employee Benefits". Contributions amounting to £29,167 (2014: £29,167) were payable to the fund at the balance sheet date. Expected contributions for the year ending 30 November 2016 are £350,000.

The plan exposes the group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

Interest rate risk
The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and is denominated in sterling. A decrease in market yield on high quality corporate bonds will increase the group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk
The plan assets at 30 November 2015 are predominantly in equities and bonds. The equities are largely invested in a spread of UK, North American, European and Asian equities, together with investments in two different diversified growth funds. This is considered to form a good spread of risk.

Longevity risk
The group is required to provide benefits for life for the members of the defined benefit pension scheme. An increase in the life expectancy of members will increase the defined benefits liability.

Inflation risk
A significant proportion of the defined benefits liability is linked to inflation. An increase in the inflation rate will increase the group's liability.

The weighted average duration of the defined benefit obligation at 30 November 2015 is 13 years (2014: 15.5 years).

WMITAPF defined benefit pension scheme
The calculations of the IAS 19 disclosures for the WMITAPF have been based on the most recent actuarial valuations, which have been updated to 30 November 2015 by an independent professionally qualified actuary to take account of the requirements of IAS 19.

25. Pensions (continued)

The principal actuarial assumptions used were as follows:

	30 November 2015 %	30 November 2014 %
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment	1.9	2.0
Discount rate	3.4	3.6
Inflation	1.9	2.0
Expected long-term rate of return		
- Equities	6.5	6.5
- Government bonds	2.6	2.6
- Other bonds	3.6	3.6
- Cash	0.5	0.5

The expected rates of return are based on expectations at the beginning of the period for returns over the entire life of the benefit obligation. The expected returns are set in conjunction with external actuaries and take account of market factors, fund managers' views and targets for future returns and, where appropriate, historical returns.

The life expectancy assumptions used for the scheme are periodically reviewed and as at 30 November were:

	30 November 2015 Years	30 November 2014 Years
Current pensioner aged 65 - male	21.5	21.4
Current pensioner aged 65 - female	24.4	24.3
Future pensioners at aged 65 (aged 45 now) - male	23.3	23.2
Future pensioners at aged 65 (aged 45 now) - female	26.3	26.2

Since the scheme has been closed for a number of years, there is no current service cost to be charged to operating profits.

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 0.1%	Increase/decrease of 1.3%
Inflation	Increase/decrease by 0.1%	Increase/decrease of 1.3%
Life expectancy	Increase by 1 year	Increase of 3.5%

The above analysis is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to significant actuarial assumptions has been estimated, based on the average age and the normal retirement age of members and the duration of the liabilities of the scheme.

25. Pensions (continued)

The amounts recognised in the statement of financial position were determined as follows:

	30 November **2015** £'000	30 November **2014** £'000
Equities	3,976	3,876
Bonds	9,061	9,478
Other	3,778	3,877
Cash	101	-
Total market value of assets	16,916	17,231
Present value of scheme liabilities	(17,194)	(17,488)
Pension liability before tax	(278)	(257)
Related deferred tax asset	55	54
Net pension liability	**(223)**	**(203)**

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price.

The total charge to profit and loss for pensions is as follows:

	2015 £'000	**2014** £'000
Administration expense	(7)	(10)
Finance cost		
- return on plan assets	607	682
- interest cost on pension liabilities	(610)	(702)
Net finance loss	**(3)**	**(20)**
Total defined benefit loss	(10)	(30)
Defined contribution costs	(329)	(251)
Total profit and loss charge	**(339)**	**(281)**

25. Pensions (continued)

Analysis of amount included within the group's statement of total comprehensive income:

	2015 £'000	2014 £'000
Return on assets (less interest)	(152)	963
Changes in assumptions underlying the present value of the scheme liabilities	(210)	(922)
Actuarial (loss)/gain	(362)	41

Actuarial (losses)/gains as a percentage of scheme assets and liabilities at 30 November 2015 were as follows:

	2015	2014	2013 (as restated)
Return on assets as a percentage of scheme assets	(0.9)	5.6	3.8
Total actuarial gain/loss recognised in statement of total comprehensive income as a percentage of the present value of scheme liabilities	2.1	0.2	2.7

The cumulative amount of actuarial gains and losses on defined benefit schemes recognised in the statement of total comprehensive income since 25 January 2011 (the date at which the pension scheme entered the group) is a loss of £1,227,000 (2014: £865,000). The actual return on plan assets was £456,000 (2014: £1,645,000).

The movement in deficit during the year under IAS 19 was:

	2015 £'000	2014 £'000
Deficit in scheme at 30 November	(257)	(672)
Movement in period		
- Contributions	351	404
- Administrative expenses	(7)	(10)
- Actuarial gain	(362)	41
- Return on plan assets	607	682
- Interest cost	(610)	(702)
Deficit in scheme at the end of the year	(278)	(257)

25. Pensions (continued)

The movement in assets during the year under IAS 19 is as follows:

	2015 £'000	2014 £'000
At 30 November	17,231	16,106
Expected return on plan assets	607	682
Actuarial (losses)/gains	(152)	963
Employer contributions	351	404
Administrative expenses	(7)	(10)
Benefits paid	(1,114)	(914)
At end of year	16,916	17,231

The movement in liabilities during the year under IAS 19 is as follows:

	2015 £'000	2014 £'000
At 30 November	(17,488)	(16,778)
Interest cost	(610)	(702)
Actuarial loss - changes in assumptions	(210)	(922)
Benefits paid	1,114	914
At end of year	(17,194)	(17,488)

26. Deferred taxation

The deferred tax (liability)/asset included in the Statement of Financial Position is analysed as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	(770)	(611)
Arising on fair value adjustments on acquisitions	114	103
Arising on defined benefit pension scheme	55	60
Arising on derivative financial instruments	352	119
Losses	113	402
(Liability)/asset	(136)	73

26. Deferred taxation (continued)

The movements in the deferred tax (liability)/asset in the year are as follows:

	2015 £'000	2014 £'000
Balance brought forward at 1 December	73	424
Recognised in business combination	(206)	-
Recognised in profit or loss	(75)	(342)
Recognised in other comprehensive income	72	(9)
Balance carried forward at 30 November	(136)	73

At 30 November 2015 there were £nil (2014: £nil) temporary differences or unused tax losses for which deferred tax has not been provided.

27. Share capital

	Allotted and called up and fully paid			
	2015 Number	2015 £'000	2014 Number	2014 £'000
Ordinary shares of 25p each	39,175,003	9,794	39,175,003	9,794

	Number	Nominal Value £'000
As at 1 December 2013	35,270,888	8,818
21 July 2014	80,000	20
29 September 2014	88,889	22
6 October 2014	55,556	14
16 October 2014	55,556	14
20 October 2014	111,112	28
23 October 2014	3,290,780	823
20 November 2014	222,222	55
As at 30 November 2014 and 2015	39,175,003	9,794

Ordinary shares participate fully in the rights to vote, receive dividends and take part in any distribution of capital. There are no restrictions on ordinary shares nor are there any redeemable shares of any kind.

At 30 November 2015 812,313 ordinary shares were held in treasury (2014: 700,000).

28. Share options and warrants

As at 30 November 2015 the following share options had been issued and were outstanding under the company's employee share option schemes:

Date of grant	Number of options granted	Earliest exercise date	Date of expiry	Exercise price
30 March 2006	440,000	30 March 2009	29 March 2016	37.50p
24 July 2007	160,000	24 July 2010	23 July 2017	62.50p
6 September 2007	880,000	6 September 2010	5 September 2017	62.50p
5 September 2008	655,000	5 September 2011	4 September 2018	50.00p
24 September 2012	31,905	24 September 2015	1 May 2016	40.05p
24 November 2014	2,685,000	24 November 2017	23 November 2024	54.00p

The Rotala Plc SAYE Share Option Scheme (the "Scheme") is an HM Revenue & Customs approved share option scheme, administered by the Yorkshire Building Society ("YBS"), open to all employees. The issue of share options of 24 September 2012 is at present the only issue in relation to this Scheme. The Scheme runs for an initial three year period. Employees will subscribe, through payroll deductions, a monthly sum which will accumulate in their individual savings accounts at YBS. At the end of the three year period the employee will have the option to purchase ordinary shares of 25 pence in the company ("Ordinary Shares") at a price fixed at the start of each three year period. Under the rules of the Scheme, the board is free to price the share option at a discount to the market price of the Ordinary Shares, at the time the option is granted. Opportunities to subscribe for further options under the Scheme will arise every six months, within a period of approximately 42 days after the announcement of the Interim and Annual Results of the company. In the initial phase of the Scheme the board has decided that it is prepared to allocate up to 1 million options over Ordinary Shares of the company for this purpose.

The company also operates an unapproved equity-settled share based remuneration scheme for group executive directors and senior management. The only vesting condition is that the individual remains an employee of the group until the option is exercised, except for the issue of 24 November 2014. Here the option issue is split into three equal tranches. For a tranche to be exercisable the share price of the company must have reached 65p, 80p and 95p respectively.

28. Share options and warrants (continued)

	2015		2014	
	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	Number
Outstanding at beginning of the year	53.06	5,157,858	60.97	2,955,498
Forfeited during the year	(52.80)	(69,931)	(48.47)	(69,307)
Extinguished	-	-	(135.50)	(333,333)
Exercised	(40.05)	(236,022)	(37.5)	(80,000)
Issued during the year	-	-	54.00	2,685,000
Outstanding at the end of the year	53.69	4,851,905	53.06	5,157,858

The exercise price of options outstanding at the end of the year ranged between 37.5p and 62.5p (2014: 37.5p and 62.5p) and their weighted average remaining contractual life was 5.77 years (2014: 6.45 years).

Of the outstanding options at the reporting date 2,166,905 (2014: 2,197,000) were exercisable. The weighted average exercise price of these options was 53.31p (2014: 53.54p).

The fair value of options granted was determined under IFRS 2 using a binominal valuation model. Significant assumptions used in the calculations included:

- an exercise price of 65p, 80p and 95p for three tranches each of 895,000 shares;
- a share price volatility of 15% based on expected and historical price movements;
- a weighted average share price of 54p;
- a dividend per share of 1.1p;
- a risk-free interest rate of 3%; and
- a period to maturity of three years from the date of grant of the options.

The weighted average fair value of options granted in 2014 was 1.75p.

29. Dividends paid and proposed

	2015 £'000	2014 £'000
Declared and paid in the year		
Ordinary interim dividend for 2014 of 0.65 pence per share (2013: 0.55 pence)	254	194
Oridnary final dividend for 2014 of 1.20 pence per share (2013:1.05 pence)	459	370
	713	564
Proposed for approval (not recognised as a liability at 30 November)		
Ordinary interim dividend for 2015 of 0.725 pence per share (2014: 0.65 pence)	276	254
Ordinary final dividend for 2015 of 1.375 pence per share (2014: 1.20 pence)	527	459
	803	713

30. Commitments under operating leases

The group had total commitments under non-cancellable operating leases as set out below:

	2015 £'000 Land and buildings	2015 £'000 Other	2014 £'000 Land and buildings	2014 £'000 Other
Operating lease commitments payable:				
Within one year	283	1,280	277	1,838
In two to five years	969	2,603	882	4,661
In more than five years	4,790	-	1,517	154
	6,042	3,883	2,676	6,653

31. Financial instruments - risk management

The group holds derivative financial instruments to finance its operations and manage its operating risks. The Board agrees and reviews policies and financial instruments for risk management. Financial assets are classified as loans and receivables or designated at fair value through profit and loss ("FVTPL"); financial liabilities are measured at amortised cost or FVTPL.

The principal financial assets and liabilities on which financial risks arise are as follows:

	2015 £'000 Carrying value	2014 £'000 Carrying value
Financial assets - loans and receivables		
Trade and other receivables	2,725	3,202
Cash and cash equivalents	1,118	1,050
	3,843	4,252
Financial liability – FVTPL		
Fuel commodity forward derivative contracts	1,759	566
Financial liabilities - at amortised cost		
Trade and other payables	4,160	3,660
Loans and borrowings	15,136	10,904
	19,296	14,564

31. Financial instruments - risk management (continued)

The group's derivative financial instruments relate to fuel commodity forward contracts which help to mitigate the group's exposure to fluctuations in diesel prices. There are a number of contracts in place at the reporting date which, taken together with diesel fixed price agreements, give the group certainty over a substantial proportion of its projected diesel expenditure up to November 2018.

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The allocation of the group's financial liabilities is classified as Level 2.

The group's diesel forward contracts are not traded in active markets. The fair value of the diesel forward contracts has been measured by the contracting entities using inputs obtained from forward pricing curves corresponding to the maturity of the contracts.

The reconciliation of the carrying amounts of financial instruments classified within Level 2 is as follows:

	2015 £'000
Balance at 1 December 2014	(566)
Loss recognised in operating profit	(1,608)
Payments on matured instruments	415
Balance at 30 November 2015	(1,759)

Gains or losses related to these financial instruments are recognised within profit from operations in profit or loss and all amounts recognised in the current period relate to financial assets or liabilities held at 30 November 2015.

Changing inputs to Level 2 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets, total liabilities or total equity.

Financial risk management

The principal financial risks to which the group is exposed are liquidity, credit, interest rate, commodity and capital risk. Each of these is managed as set out below. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility.

Liquidity risk

The group has a policy of ensuring that sufficient funds are always available for its operating activities. The Board continually monitors the group's cash requirements, as disclosed on page 20.

In assessing and managing liquidity risks of its derivative financial instruments the group considers both contractual inflows and outflows. Contractual cash flows of the group's derivative financial assets and liabilities are as follows:

	2015 £'000			2014 £'000		
	‹ 6 months	6-12 months	› 12 months	‹ 6 months	6-12 months	› 12 months
Cash outflow	(322)	(735)	(702)	(171)	(127)	(268)

31. Financial instruments - risk management (continued)

Interest rate risk

The group seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

The interest rate profile of the financial liabilities of the group, all of which are in Sterling, was as follows:

	2015 £'000		2014 £'000	
	Financial liabilities on which a floating rate is paid	Financial liabilities on which a fixed rate is paid	Financial liabilities on which a floating rate is paid	Financial liabilities on which a fixed rate is paid
UK Sterling	15,899	7,750	11,516	7,918

In the year the group paid interest at a rate of between 3.0% and 3.75% (2014: between 3.0% and 3.75%) on the liabilities subject to floating rates of interest set out above. The financial liabilities set out above subject to fixed rates of interest (fixed for the whole year) were at rates between 3.0% and 8.0% (2014: between 4.4% and 8%) in the year. If floating rates of interest changed by 1%, the group's interest expense would not change by a material sum.

Credit risk

The group is exposed to credit risk on cash and cash equivalents, and trade and other receivables. Cash balances, all held in the UK, are placed with the group's principal bankers. The client base of the group lies mainly in government and semi-government bodies and substantial blue chip organisations. As a result the group rarely needs to carry out credit checks, but does do so if it judges this to be appropriate. Provisions for doubtful debts are established in respect of specific trade and other receivables where it is deemed they are impaired.

Commodity risk

The group is exposed to risk in the fluctuating price of diesel. It mitigates this risk through entering fixed price purchase contracts and fuel commodity forward derivative contracts.

Capital risk

The group considers its capital to comprise its ordinary share capital, share premium, other reserves and accumulated retained earnings. The group manages its capital to ensure that entities in the group will be able to continue as going concerns, while maximising the return to shareholders. The board closely monitors current and forecast cash balances to allow the group to maximise returns to shareholders by way of dividends, whilst maintaining suitable amounts of liquid funds to allow continued investment in the group. The group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. For example, in the past two years the board has undertaken refinancing of debt to optimise the position. In order to maintain or adjust the capital structure, the group may also adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting period under review is as follows:

	2015 £'000	2014 £'000
Share capital	9,794	9,794
Share premium reserve	8,603	8,603
Merger reserve	2,567	2,567
Shares in treasury	(622)	(380)
Retained earnings	4,702	5,022
At end of year	**25,044**	**25,606**

32. Related parties and transactions

1. The services of J H Gunn were provided by Wengen Limited, a company controlled by J H Gunn, and invoiced by that company to Rotala, as set out in note 7. At the year end £nil (2014: £nil) of the amount charged was unpaid and included within creditors. During the year J H Gunn received from Rotala a total of £116,948 (2014: £99,451) in dividends on ordinary shares.

2. The services of R A Dunn were provided by motorBus Limited, a company controlled by R A Dunn, and invoiced by that company to a subsidiary undertaking of Rotala, as set out in note 7. At the year end £20,966 (2014: £10,060) of the amount charged was unpaid and included within creditors. During the year R A Dunn received from Rotala a total of £16,825 (2014: £14,551) in dividends on ordinary shares.

3. The services of F G Flight were provided by Central Coachways Limited, a company controlled by F G Flight, and invoiced by that company to Rotala, as set out in note 7. At the year end £2,750 (2014: £2,500) of the amount charged was unpaid and included within creditors. During the year F G Flight received from Rotala a total of £22,200 (2014: £21,201) in dividends on ordinary shares.

4. During the year S L Dunn received from Rotala a total of £25,458 (2014: £10,990) in dividends on ordinary shares and £nil (2014: £16,843) in interest on convertible unsecured loan stock.

5. During the year K M Taylor received from Rotala a total of £7,642 (2014: £5,720) in dividends on ordinary shares and £nil (2014: £1,620) in interest on convertible unsecured loan stock.

6. J H Gunn is a director of The 181 Fund Limited ("The Fund"), a company incorporated in Jersey. The Fund held an interest in 1,802,443 ordinary shares of Rotala as at 30 November 2015 (2014: 1,802,443 ordinary shares). Under Jersey law, Mr Gunn, as a non-resident of that state, is unable to exercise his vote at board meetings of The Fund. At 30 November 2015 Mr. Gunn and his beneficial interests held 29.4% (2014: 28.3%) of the ordinary share capital of The Fund. During the year The Fund received from Rotala a total of £33,345 (2014: £31,684) in dividends on ordinary shares and £nil (2014: £3,563) in interest on convertible unsecured loan stock.

33. Acquisitions

Green Triangle Buses Limited

As set out in the Chairman's Statement, on 28 February 2015 the group acquired the shares of Green Triangle Buses Limited ("GTB") from its private shareholders. The Chairman's Statement describes the reasons for the acquisition and should be consulted for a detailed description of all the relevant factors. The consideration for the acquisition was £903,000 in cash. The book value and fair value of the assets acquired are set out below.

	Book value £'000	Fair value adjustment £'000	Fair value on acquisition £'000
Fixed assets			
Vehicles	887	-	887
Leasehold land and buildings	260	(115)	145
Other fixed assets	50	-	50
Total fixed assets	1,197	(115)	1,082
Current assets			
Inventories	64	-	64
Trade and other receivables	100	-	100
	164	-	164
Current liabilities			
Trade and other payables	(370)	-	(370)
Bank overdraft	(303)	-	(303)
Creditors due within one year	(110)	-	(110)
	(783)	-	(783)
Non-current liabilities			
Obligations under hire purchase contracts	(77)	-	(77)
Deferred taxation	(206)	-	(206)
	(283)		(283)
Net assets			180
Goodwill			723
Acquisition costs (note 11)			38
Total cash consideration paid			941

33. Acquisitions (continued)

Revenue and profit of GTB for the nine months from 1 March to 30 November 2015 were £3.8 million and £259,000 respectively. If GTB had been acquired on 1 December 2014, the revenue of the group would have been approximately £51.9 million in total, and profit for the year would have increased by approximately £100,000.

The fair value adjustment encompasses the alignment to market value of the long leasehold property acquired.

Pre-acquisition book values were determined based on applicable IFRS, immediately prior to the acquisition. The values of assets recognised on acquisition are their estimated fair values. For the buses acquired this is based on the directors' assessment of the age and condition of each of the vehicles and their knowledge of disposal values for equivalent vehicles. The buildings were valued by professional valuers on an existing use basis.

The directors have made an assessment of whether any intangible assets have been acquired with the business. The trading name of the business has been changed and so no value has been attributed to it. The sales and purchase agreement includes standard non-compete clauses, but the vendors have no intention of re-entering the area and therefore no value can be attributed to these clauses. No licenses were acquired with the business. There was no evidence that the contracts performed by the business had historically contributed any material profits and therefore no value could be attributed to these. On this basis no separate intangible assets have been identified. The acquisition expenses incurred by the group amounted to £38,000 and have been expensed in the Consolidated Income Statement in Administrative Expenses.

Wings Luxury Travel

As set out in the Chairman's Statement, on 1 June 2015 the group acquired the business and certain assets of Wings Luxury Travel Limited. The Chairman's Statement describes the reasons for the acquisition and should be consulted for a detailed description of all the relevant factors. The consideration for the acquisition was £1.5 million in cash. The book value of the assets acquired is set out below. There were no fair value adjustments.

	Book and fair value on acquisition £'000
Fixed assets	
Vehicles	1,106
Net assets acquired	1,106
Goodwill	376
Acquisition costs (note 11)	8
Total cash consideration paid	1,490

Because the acquired business was immediately folded in to the existing operations of the group in the same localities, it is not possible to distinguish revenues and profits for the acquired business in the period to 30 November 2015. Pre-acquisition book values were determined based on applicable IFRS, immediately prior to the acquisition. The values of assets recognised on acquisition are their estimated fair values. For the buses acquired this is based on the directors' assessment of the age and condition of each of the vehicles and their knowledge of disposal values for equivalent vehicles. The directors have made an assessment of whether there are any intangible assets acquired with the business. The business has no underlying contracts. The directors do not consider that the brand name has any separable value in its market of private hire.

The sales and purchase agreement includes standard non-compete clauses; however this was a sale on retirement and therefore no value can be attributed to this aspect. No licenses were acquired with the business. On this basis no separate intangible assets have been identified. The goodwill generated by the acquisition arose from the benefit of synergies with the existing business. The acquisition expenses incurred by the group amounted to £8,000 and have been expensed in the Consolidated Income Statement in Administrative Expenses.

34. Capital commitments

As at 30 November 2015 the group had placed orders for undelivered vehicles with a capital value of £2.555 million (2014: £nil). A property acquisition of £0.4 million was completed shortly after the year end.

35. Post balance sheet events

On 7 January 2016 the group acquired from OFJ Connections Limited ("OFJ") that part of OFJ's business which is conducted in and around Heathrow airport. The consideration for this acquisition was £1.3 million. The group acquired, through the acquisition, a vehicle fleet which has a fair value of £0.65 million, but has not assumed any other assets or liabilities of any materiality. Management is in the process of assessing the goodwill and any other intangibles generated by this acquisition. Acquisition costs to be recognised as an expense will total about £40,000.

The acquisition is estimated to have revenues of approximately £5.5 million and is not initially expected to make a material contribution to the profits of Rotala. The acquisition will, over time, be fully integrated with Rotala's existing business of the same general nature in the Heathrow area. The integration of operations and overheads is expected to have been fully implemented by the end of 2016. The business acquired has a long-established presence in and around Heathrow. Its principal activity is the movement of crew for a large number of airlines from their aircraft to their hotels and other destinations, including Gatwick airport. Other work is carried out for local educational institutions and for a number of private clients. The acquisition uses a 70 strong fleet of vehicles matched to the characteristics of this work. These vehicles, with key operating management and about 120 staff, will become part of Rotala's existing business structure at Heathrow Airport.

36. Audit exemption for subsidiary undertakings

For the year ended 30 November 2015, the group has taken advantage of the exemption offered in sections 479A – 479C of the Companies Act 2006 and, with the exception of Preston Bus Limited, its subsidiary undertakings have not been subject to an individual annual audit. Rotala Plc has given a statutory guarantee to each of these subsidiary undertakings guaranteeing their liabilities, a copy of which will be filed at Companies House

The companies which have taken this exemption are as follows:

Name	Company number
Wessex Bus Limited	4327651
Shady Lane Property Limited	3506681
Diamond Bus Limited	2531054
Hallmark Connections Limited	4390228
Hallbridge Way Property Limited	6504654
Green Triangle Buses Limited	3037228
Diamond Bus Company Holding Limited	6504657

Company Balance Sheet

As at 30 November 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	3	31,480	30,539
Tangible assets	4	248	49
		31,728	30,588
Current assets			
Debtors	5	9,698	5,826
Creditors: amounts falling due within one year	6	(10,247)	(4,973)
Net current assets / (liabilities)		(549)	853
Total assets less current liabilities		31,179	31,441
Creditors: amounts falling due after more than one year	7	(5,600)	(6,300)
Provisions for liabilities	8	(1,759)	(566)
Net assets		23,820	24,575
Capital and reserves			
Called up share capital	10	9,794	9,794
Share premium account	12	8,603	8,603
Shares in treasury	12	(622)	(380)
Profit and loss account	12	6,045	6,558
Shareholders' funds	13	23,820	24,575

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2016.

Simon Dunn
Chief Executive

Kim Taylor
Group Finance Director

The accompanying notes form an integral part of these financial statements.

Notes to the Company Financial Statements

For the year ended 30 November 2015

1. Accounting policies

The following principal accounting policies have been applied in the preparation of the parent company financial statements:

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with United Kingdom applicable accounting standards.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Where possible, advantage is taken of the merger relief rules and shares issued for acquisitions are accounted for at nominal value.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of all assets, less the estimated residual value, over the useful economic life of the assets, as follows:

Plant and machinery - 33% straight line

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are measured on an undiscounted basis at 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.

Convertible debt

The proceeds received on issue of the company's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium account, as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

1. Accounting policies (continued)

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with members of the group headed by Rotala Plc on the grounds that 100% of the voting rights in the company are controlled within that group and that the company is included in the consolidated financial statements.

Provisions

The company has a number of fuel commodity forward contracts at the year end which will require settlement in the future and therefore the company has recognised a liability in respect of these contracts.

2. Profit/(loss) for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group's profit for the year includes a profit after taxation of £184,000 (2014: profit £4,506,000) which is dealt with in these parent company financial statements.

3. Investments

	Subsidiary undertakings £'000
Cost and net book value	
At 1 December 2014	30,539
Additions	
At cost	941
Net book value	
At 30 November 2015	31,480
Net book value	
At 30 November 2014	30,539

3. Investments (continued)

The principal undertakings (all held directly except where indicated), in which the company's interest at the year end is 20% or more, are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Diamond Bus Limited*	England	100%	Transport
Green Triangle Buses Limited	England	100%	Transport
Hallbridge Way Property Limited	England	100%	Property holding
Hallmark Connections Limited	England	100%	Transport
Preston Bus Limited	England	100%	Transport
Shady Lane Property Limited	England	100%	Property holding
Wessex Bus Limited	England	100%	Transport
Diamond Bus Company Holding Limited	England	100%	Holding company
Flights Hallmark Limited	England	100%	Dormant

* Held indirectly

4. Tangible assets

	Plant and machinery
Cost:	
At 1 December 2014	72
Additions	59
Disposals	(6)
Transfers	243
At 30 November 2015	**368**
Depreciation:	
At 1 December 2014	23
Charge for the year	38
Disposals	(6)
Transfers	65
At 30 November 2015	**120**
Net book value:	
At 30 November 2015	**248**
At 30 November 2014	49

5. Debtors

	2015 £'000	2014 £'000
Prepayments and accrued income	466	256
Taxation	46	8
Deferred tax (note 9)	366	136
Amounts due from subsidiary undertakings	8,820	5,426
	9,698	5,826

All amounts shown under debtors fall due for payment within one year.

6. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts (note 7)	9,522	3,939
Convertible unsecured loan stock	-	595
Trade creditors	287	51
Taxation and social security	27	4
Accruals and deferred income	148	124
Other creditors	263	260
	10,247	4,973

7. Creditors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Bank loan	5,600	6,300
	5,600	6,300

Convertible debt

The convertible unsecured loan stock issued in 2008 expired on 31 December 2014. Of the £595,000 outstanding at that date, holders of £435,000 chose to convert into ordinary shares of the company at a price of 45.0p per share and holders of £160,000 chose to be re-paid at par.

7. Creditors: amounts falling due after more than one year (continued)

Bank borrowings

The group renewed its Senior Term and Revolving Facilities Agreement with its bankers on 31 October 2014. This agreement provides a revolving £9.0 million facility combined with a mortgage facility of up to £7.0 million and an overdraft facility of £2.5 million. It is for an initial term of three years and six months, renewable at 30 April 2018. The group entered into a cross-guarantee and floating charge agreement on 27 May 2010 covering its overdraft facilities.

The bank loans are secured on the group's freehold property. The annual mortgage repayments are calculated such that the mortgage facilities amortise in a straight line over a term of 10 years which is considered to give a reasonable approximation to the effective interest rate

Analysis of maturity

	Convertible debt 2015 £'000	Bank loans and overdrafts 2015 £'000	Total 2015 £'000
In one year or less, or on demand	-	9,522	9,522
In more than one year but not more than two years	-	700	700
In more than two years but not more than five years	-	4,900	4,900
	-	15,122	15,122

	Convertible debt 2014 £'000	Bank loans and overdrafts 2014 £'000	Total 2014 £'000
In one year or less, or on demand	595	3,939	4,534
In more than one year but not more than two years	-	700	700
In more than two years but not more than five years	-	5,600	5,600
	595	10,239	10,834

8. Provisions

	2015 £'000	2014 £'000
Fuel commodity forward contracts liability	(1,759)	(566)

9. Deferred tax

The deferred tax asset included in the company balance sheet is analysed as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	(1)	2
Arising on derivative financial instruments	352	119
Losses	15	15
Asset	366	136

The movements in the deferred tax asset in the year are as follows:

	2015 £'000	2014 £'000
Balance brought forward at 1 December	136	-
Recognised in profit or loss	230	136
Balance carried forward at 30 November	366	136

At 30 November 2015 there were £nil (2014: £nil) temporary differences or unused tax losses for which deferred tax has not been provided.

10. Share capital

	Allotted and called up and fully paid			
	2015 Number	2015 £'000	2014 Number	2014 £'000
Ordinary shares of 25p each	39,175,003	9,794	39,175,003	9,794

Issued Share Capital	Number	Nominal Value £'000
As at 1 December 2013	35,270,888	8,818
21 July 2014	80,000	20
29 September 2014	88,889	22
6 October 2014	55,556	14
16 October 2014	55,556	14
20 October 2014	111,112	28
23 October 2014	3,290,780	823
20 November 2014	222,222	55
As at 30 November 2014 and 2015	39,175,003	9,794

Ordinary shares participate fully in the rights to vote, receive dividends and take part in any distribution of capital. There are no restrictions on ordinary shares nor are there any redeemable shares of any kind.
At 30 November 2015 812,313 ordinary shares were held in treasury (2014: 700,000).

11. Share options and warrants

As at 30 November 2015 the following share options had been issued and were outstanding under the company's employee share option schemes:

Date of grant	Number of options granted	Earliest exercise date	Date of expiry	Exercise price
30 March 2006	440,000	30 March 2009	29 March 2016	37.50p
24 July 2007	160,000	24 July 2010	23 July 2017	62.50p
6 September 2007	880,000	6 September 2010	5 September 2017	62.50p
5 September 2008	655,000	5 September 2011	4 September 2018	50.00p
24 September 2012	31,905	24 September 2015	1 May 2016	40.05p
24 November 2014	2,685,000	24 November 2017	23 November 2024	54.00p

The Rotala Plc SAYE Share Option Scheme (the "Scheme") is an HM Revenue & Customs approved share option scheme, administered by the Yorkshire Building Society ("YBS"), open to all employees. The issue of share options of 24 September 2012 is at present the only issue in relation to this Scheme. The Scheme runs for an initial three year period. Employees will subscribe, through payroll deductions, a monthly sum which will accumulate in their individual savings accounts at YBS. At the end of the three year period the employee will have the option to purchase ordinary shares of 25p in the company ("Ordinary Shares") at a price fixed at the start of each three year period. Under the rules of the Scheme, the board is free to price the share option at a discount to the market price of the Ordinary Shares, at the time the option is granted. Opportunities to subscribe for further options under the Scheme will arise every six months, within a period of approximately 42 days after the announcement of the Interim and Annual Results of the company. In the initial phase of the Scheme the board has decided that it is prepared to allocate up to 1 million options over Ordinary Shares of the company for this purpose.

The company also operates an unapproved equity-settled share based remuneration scheme for group executive directors and senior management. The only vesting condition is that the individual remains an employee of the group until the option is exercised, except for the issue of 24 November 2014. Here the option issue is split into three equal tranches. For a tranche to be exercisable the share price of the company must have reached 65p, 80p and 95p respectively.

	2015 Weighted average exercise price (p)	**2015** Number	**2014** Weighted average exercise price (p)	**2014** Number
Outstanding at beginning of the year	53.06	5,157,858	60.97	2,955,498
Forfeited during the year	(52.80)	(69,931)	(48.47)	(69,307)
Extinguished	-	-	(135.50)	(333,333)
Exercised	(40.05)	(236,022)	(37.5)	(80,000)
Issued during the year	-	-	54.00	2,685,000
Outstanding at the end of the year	**53.69**	**4,851,905**	**53.06**	**5,157,858**

The exercise price of options outstanding at the end of the year ranged between 37.5p and 62.5p (2014: 37.5p and 62.5p) and their weighted average remaining contractual life was 5.77 years (2014: 6.45 years).

Of the outstanding options at the reporting date 2,166,905 (2014: 2,197,000) were exercisable. The weighted average exercise price was 53.31p (2014: 53.54p).

11. Share options and warrants (continued)

The fair value of options granted was determined using a binominal valuation model. Significant assumptions used in the calculations included:

- an exercise price of 65p, 80p and 95p for three tranches each of 895,000 shares;
- a share price volatility of 15% based on expected and historical price movements;
- a weighted average share price of 54p;
- a dividend per share of 1.1p;
- a risk-free interest rate of 3%; and
- a period to maturity of three years from the date of grant of the options.

The weighted average fair value of options granted in the period was 1.75p.

12. Reserves

	2015 Share Premium Account £'000	**2015** Profit and Loss Account £'000	**2015** Shares in treasury £'000
At 1 December 2014	8,603	6,558	(380)
Profit for the year	-	184	-
Shares issued	-	-	529
Employee share schemes	-	16	-
Share buyout	-	-	(771)
Dividends paid	-	(713)	-
As at 30 November 2015	**8,603**	**6,045**	**(622)**

13. Reconciliation of movements in shareholders' funds

	2015 £'000	**2014** £'000
Profit for the year	184	4,506
Share based payment charge credited to reserves	16	7
Dividends paid	(713)	(564)
Share buyout	(771)	(380)
Shares issued	529	1,751
Net (reduction in)/addition to shareholders' funds	(755)	5,320
Opening shareholders' funds	24,575	19,255
Closing shareholders' funds	23,820	24,575

14. Pensions

The company does not have a pension scheme of any nature.

15. Capital commitments

As at 30 November 2015 the company had placed orders for undelivered vehicles with a capital value of £2.555 million (2014: £nil).

16. Commitments under operating leases

The company had the following annual operating lease commitments:

	Other **2015** £'000	Other **2014** £'000
Expiry date		
- up to one year	9	22
- between two and five years	12	23

17. Contingent liabilities

The company has entered into a cross-guarantee and floating charge agreement with its subsidiaries. At 30 November 2015 the contingent liability amounted to £14,000 (2014: £70,000).

The company has guaranteed the hire purchase obligations of its subsidiaries. At 30 November 2015 the contingent liability amounted to £8,513,000 (2014: £8,530,000).

18. Related parties and transactions

1. The services of J H Gunn were provided by Wengen Limited, a company controlled by J H Gunn, and invoiced by that company to Rotala, as set out in note 7. At the year end £nil (2014: £nil) of the amount charged was unpaid and included within creditors. During the year J H Gunn received from Rotala a total of £116,948 (2014: £99,451) in dividends on ordinary shares.

2. The services of R A Dunn were provided by motorBus Limited, a company controlled by R A Dunn, and invoiced by that company to a subsidiary undertaking of Rotala, as set out in note 7. At the year end £20,966 (2014: £10,060) of the amount charged was unpaid and included within creditors. During the year R A Dunn received from Rotala a total of £16,825 (2014: £14,551) in dividends on ordinary shares.

3. The services of F G Flight were provided by Central Coachways Limited, a company controlled by F G Flight, and invoiced by that company to Rotala, as set out in note 7. At the year end £2,750 (2014: £2,500) of the amount charged was unpaid and included within creditors. During the year F G Flight received from Rotala a total of £22,200 (2014: £21,201) in dividends on ordinary shares.

4. During the year S L Dunn received from Rotala a total of £25,458 (2014: £10,990) in dividends on ordinary shares and £nil (2014: £16,843) in interest on convertible unsecured loan stock.

5. During the year K M Taylor received from Rotala a total of £7,642 (2014: £5,720) in dividends on ordinary shares and £nil (2014: £1,620) in interest on convertible unsecured loan stock.

6. J H Gunn is a director of The 181 Fund Limited ("The Fund"), a company incorporated in Jersey. The Fund held an interest in 1,802,443 ordinary shares of Rotala as at 30 November 2015 (2014: 1,802,443 ordinary shares). Under Jersey law, Mr Gunn, as a non-resident of that state, is unable to exercise his vote at board meetings of The Fund. At 30 November 2015 Mr. Gunn and his beneficial interests held 29.4% (2014: 28.3%) of the ordinary share capital of The Fund. During the year The Fund received from Rotala a total of £33,345 (2014: £31,684) in dividends on ordinary shares and £nil (2014: £3,563) in interest on convertible unsecured loan stock.

4 Shareholder Information

Notice of Annual General Meeting

AGM

NOTICE IS HEREBY given that the Annual General Meeting ("AGM") of Rotala plc (the "Company") will be held at 12 pm on 26 May 2016 at the offices of the Company at Cross Quays Business Park, Hallbridge Way, Tipton, Oldbury, West Midlands, B69 3HW for the purpose of considering, and if thought fit, passing the following Resolutions with or without modifications and of which Resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions and Resolutions 6 to 7 will be proposed as special resolutions.

Ordinary Resolutions

1. THAT, the accounts of the Company for the financial period ended 30 November 2015, together with the directors' report and the auditor's report on those accounts, be received and considered.

2. THAT, Grant Thornton UK LLP be and are hereby re-appointed as auditors of the Company to hold office until the conclusion of the next general meeting of the Company before which statutory accounts are laid and that the directors of the Company be and are hereby authorised to fix the auditors' remuneration from time to time.

3. THAT, Kim Taylor, who is retiring by rotation in accordance with the Company's articles of association and, being eligible, offers himself for re election as a director of the Company, be re elected as a director of the Company

Special Business

4. THAT, in accordance with section 366 of the Companies Act 2006 ("CA 2006"), the Company and its subsidiaries are hereby authorised to:-

   4.1 make political donations to political organisations or independent election candidates, as defined in sections 363 and 364 of CA 2006, not exceeding £25,000 in total; and

   4.2 incur political expenditure, as defined in section 365 of CA 2006, not exceeding £25,000 in total,

   during the period commencing on the date of this Resolution and ending on the earlier of the conclusion of the next annual general meeting of the Company and 31 May 2017.

5. THAT, in substitution for all existing such authorities, the directors be and are hereby generally and unconditionally authorised pursuant to section 551 of CA 2006 to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into shares in the Company up to an aggregate nominal amount of £3,264,584 (being approximately one-third of the issued ordinary share capital of the Company as at 25 April 2016 being the last working day prior to the publication of the notice convening the meeting) provided that such authority, unless renewed or revoked by the Company in general meeting, shall expire on the earlier of the conclusion of the next annual general meeting of the Company and 31 May 2017 but the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares or grant rights in pursuance of that offer or agreement as if the authority conferred by this Resolution had not expired.

Special Resolutions

6. THAT, in substitution for all existing such authorities and subject to the passing of Resolution 5, the directors be generally empowered pursuant to section 570 of CA 2006 to allot equity securities (within the meaning of section 560 of CA 2006) for cash pursuant to the authority conferred by Resolution 5 or by way of sale of treasury shares as if section 561 of CA 2006 did not apply to the allotment or sale provided that this power:-

    6.1 is limited to the allotment of equity securities:-

        6.1.1 where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares of 25 pence each in the capital of the Company ("Ordinary Shares") in proportion (as nearly as may be) to their existing holdings of Ordinary Shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient to deal with equity securities representing fractional entitlements and/or to deal with legal and/or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory; and

        6.1.2 otherwise than pursuant to paragraph 6.1.1 up to an aggregate nominal value of £979,375 (representing approximately 10 per cent. of the issued ordinary share capital of the Company as at 25 April 2016);

    6.2 shall expire at the earlier of the conclusion of the next annual general meeting of the Company and 31 May 2017, but such authority shall extend to the making of an offer or agreement which would or might require equity securities to be allotted after such expiry date and the directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this Resolution had not expired;

7. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of CA 2006 to make market purchases (within the meaning of section 693(4) of CA 2006) of Ordinary Shares provided that:-

    7.1 the maximum number of Ordinary Shares which may be purchased is 3,917,500 (representing ten per cent of the Company's issued ordinary share capital as at 25 April 2016);

    7.2 the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is 25 pence;

    7.3 the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations of an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased;

    7.4 this authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of this Resolution and 31 May 2017 (unless previously renewed, varied or revoked by the Company in general meeting); and

    7.5 the Company may, before such expiry, enter into one or more contracts to purchase Ordinary Shares under which such purchases may be completed or executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board.

Kim Taylor

Secretary

Date: 26 April 2016

Notes to Members

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The proxy need not be a member of the Company. Please refer to the notes to the form of proxy for further information on appointing a proxy, including how to appoint multiple proxies (as the case may be).

2. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified Resolutions and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to Resolutions) which may properly come before the meeting.

3. Shareholders may appoint a proxy or proxies:-

   3.1 by completing and returning a form of proxy by post or by hand to the offices of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; or

   3.2 in the case of CREST members, through the CREST electronic proxy appointment service.

4. To be effective, the appointment of a proxy, or the amendment to the instructions given for a previously appointed proxy, must be received by the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by one of the methods in note 3 above not less than 48 hours before the time for holding the meeting. In addition, any power of attorney or other authority under which the proxy is appointed (or a notarially certified copy of such power or authority) must be deposited at the offices of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting. Any such power of attorney or other authority cannot be submitted electronically.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear UK & Ireland") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA 10) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

9. Completion and return of the Form of Proxy will not preclude a shareholder from attending and voting in person at the meeting.

10. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.

11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

12. Copies of the directors' service contracts and the terms and conditions of appointment of non-executive directors will be available for inspection at the registered office of the Company during usual business hours from the date of this notice until the date of the meeting and at the venue of the meeting for at least 30 minutes prior to and at the meeting.

13. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the register of members of the Company at the close of business on 24 May 2016 shall be entitled to attend and vote at the meeting or, if the meeting is adjourned, the close of business on such date being not more than two days prior to the date fixed for the adjourned meeting. Changes to entries on the register of members after such time shall be disregarded in determining the right of any person to attend or vote at the meeting.

Explanatory Notes to Notice of Annual General Meeting

At the Annual General Meeting the following will be proposed as explained below:

Resolution 4 – Authority to make donations to political organisations and to incur political expenditure

Part 14 of the Companies Act 2006 ("CA 2006"), amongst other things, prohibits the Company and its subsidiaries from making donations of more than £5,000 to an EU political party or other EU political organisation or to an independent election candidate in the EU in any 12 month period unless they have been authorised to make donations by the Company's shareholders.

CA 2006 defines 'political organisations', 'political donations' and 'political expenditure' widely. It includes organisations which carry on activities which are capable of being reasonably regarded as intended to affect public support for a political party or an independent election candidate in any EU Member State or to influence voters in relation to any referendum in any EU Member State. As a result, it is possible that the definition may include bodies, such as those concerned with policy review and law reform, which the Company and/or its subsidiaries may see benefit in supporting.

Accordingly, and as proposed to Shareholders at the Company's annual general meeting in 2015, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of CA 2006 through the undertaking of routine activities, which would not normally be considered to result in making political donations or incurring political expenditure. Neither the Company nor any of its subsidiaries has any intention of making any particular political donations under the terms of this Resolution.

Resolution 5 – Authority to allot relevant securities

Under section 549 of CA 2006, the directors of a company may not allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company unless authorised to do so. This resolution, if passed, will continue the directors' flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares, and renews the authority given at the last AGM.

This authority will allow the directors to allot new shares and to grant rights in respect of shares up to a nominal value of £3,264,584 which is equivalent to one third of the total issued ordinary share capital as at 25 April 2016. The directors have no current intention of exercising this authority.

This authority will expire at the conclusion of the next AGM, or 31 May 2017, whichever is the earlier.

Resolution 6 – Authority to disapply pre-emption rights

If equity securities (within the meaning of section 560 of CA 2006) are to be allotted for cash, section 561 of CA 2006 requires that those equity securities are offered first to existing shareholders in proportion to the number held by them at the time of the offer and otherwise in compliance with the technical requirements of CA 2006. However, it may be in the interests of the Company for the directors to allot shares and/or sell treasury shares other than to shareholders in proportion to their existing holdings or otherwise than strictly in compliance with those requirements.

A special resolution will be proposed to renew the authority of the directors to allot equity securities for cash without first being required to offer such securities to existing shareholders. This authority is limited to the allotment of equity securities and/or sale of treasury shares for cash up to a maximum nominal amount of £979,375 which is equivalent to 10 per cent of the total issued ordinary share capital of the Company as at 25 April 2016 and allotments of equity securities and/or sale of treasury shares in connection with a rights issue or other offer to shareholders, subject to the directors ability to make arrangements to deal with certain legal or practical problems arising in connection with such offer. This power will expire at the conclusion of the next AGM, or 31 May 2017, whichever is the earlier.

Resolution 7 – Authority to purchase own shares

The directors believe that it is in the interests of the Company and its members to continue to have the flexibility granted to the directors at the last AGM to purchase its own shares and this resolution seeks continued authority from members to do so. The directors intend only to exercise this authority where, after considering market conditions prevailing at the time, they believe that the effect of such exercise would be to increase the earnings per share and be in the best interests of shareholders generally.

The outcome of such purchases would either be to cancel that number of shares or the directors may elect to hold them in treasury pursuant to the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations").

This resolution would be limited to 3,917,500 ordinary shares, representing approximately 10 per cent of the issued share capital as at 25 April 2016. The directors intend to seek renewal of this power at each Annual General Meeting.

ROTALA
passenger transport

Rotala Plc, Hallbridge Way, Tipton Road, Tividale, West Midlands B69 3HW
Telephone: 0121 322 2222 Website: www.rotalaplc.com