

Eurolines (UK) Limited
Annual Report and Financial Statements
For the year ended 31 December 2016



Eurolines (UK) Limited

Contents of the Annual Report and Financial Statements

	Page
Strategic Report	3 - 4
Directors' Report	5 – 8
Directors' Responsibilities Statement	9
Independent Auditor's Report	10 - 11
Profit and Loss Account	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 – 27

Eurolines (UK) Limited

Strategic Report

The Directors present the Strategic Report for the year ended 31 December 2016.

Principal activities

The Company administers and markets express coach services to Europe. The Company's website, www.eurolines.co.uk, provides information on timetables, fares and further information on the business.

Review of business and outlook

The Company has made a loss in the year which is a result of increased competition and the impact of the Paris (2015) and Brussels (2016) terrorist attacks. The competitive landscape has become more challenging with increased competition from other operators and low cost airlines entering the market.

On 30th June 2017 the Company gave notice to exit from the Eurolines Organisation and its pool partners. The Company will cease trading on 31st December 2017, any future opportunities in this market will be put through National Express Limited, a sister company of the Company.

Results and dividend

Revenue has decreased in the year by 31% to £6,268,000 compared to £9,120,000 in 2015. This was largely as a result of increased competition in the market and terrorism attacks in Europe.

The loss for the year after taxation amounted to £566,000 (2015 profit: £1,018,000). Retained loss for the year of £566,000 (2015 retained profit: £1,018,000) has been transferred to reserves.

The Company has not paid any interim dividend in the year (2015: £nil). The Directors do not propose the payment of a final dividend (2015: £nil).

Key risks and uncertainties

The Company is subject to internal and external risk factors. External risks include general economic conditions, Brexit, fuel costs, currency fluctuations and regulatory changes. Internal risks include failure of internal controls, regulatory compliance and industrial disputes.

Economic conditions – Revenue for Eurolines (UK) Limited may be affected by lower passenger demand. This can be managed through proactive cost control, revenue management systems and the careful economic modelling of new and existing contracts.

Eurolines (UK) Limited

Strategic Report (continued)

Key risks and uncertainties (continued)

Fuel costs – Fuel costs constitute a high proportion of the costs of Eurolines (UK) Limited and consequentially, to the extent that price increases cannot be passed on to the customers, increases in fuel costs will affect profitability.

Exchange rate – The Company is exposed to the currency market fluctuations as the majority of the operators are paid in Euros rather than sterling.

The Directors evaluate the above risks and the results are discussed at management level prior to being presented to the Board.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided in the Business Review of the National Express Group PLC 2016 Annual Report and Consolidated Financial statements.

By order of the Board



Edward Lunt
Director
27 September 2017

Registered Office:
National Express House
Birmingham Coach Station
Mill Lane
Birmingham
B5 6DD

Eurolines (UK) Limited

Directors' Report

The Directors present the Annual Report and audited financial statements for the year ended 31 December 2016.

Principal activities and future developments

The principal activities, key risks, uncertainties and future developments of the Company are described in the Strategic Report.

Going concern

The Company will cease trading on 31st December 2017 and will no longer be going concern. There are sufficient funds available to settle all liabilities.

Post balance sheet event

The Company was established to primarily administer and market express services to Europe in partnership with the Eurolines Organisation and its European partners, the key partner been Transdev. In June 2017 the Company gave six months' notice to exit from its current contracts with Eurolines Organisation and its pool partners, and subsequently will cease trading from 31st December 2017.

Operational review

The network of services offered to over 600 destinations across Europe, in conjunction with the Company's Euroline partners, is continually being reviewed to drive improvements in terms of vehicle safety and the customer service experience. Investment in tracking and on board Wi-Fi provides a good customer experience which is a key focus as it aids customer retention and loyalty.

Eurolines (UK) Limited

Directors' Report (continued)

Health and Safety

The Company has continued to demonstrate continuous improvement in 2016 making good progress in improving safety through strong leadership commitment, evidence of continuous improvement and industry leading best practice. To underpin the success the Company has gained external recognition through the verification of its safety management system and associated arrangements to an internationally recognised standard through the British Safety Council.

The 'Driving Out Harm' safety management systems are externally verified annually and have been recognised during 2016 in the following areas:

- Attained certification to BS OHSAS18001 internationally recognised safety standard
- British Safety Council 5 Star recognition for excellence in safety management systems, demonstrating continuous improvement with an audit score of 98.51%
- British Safety Council 'Sword of Honour' Winner – 2nd consecutive year
- ROSPA Gold Award for Excellence in Safety – 2nd consecutive year

To benchmark the Company's achievements its British Safety Council audit score of 98.51% was one of only six organisations to exceed an overall score of 98.00% and it was successful in achieving the British Safety Councils 'Sword of Honour' for the second consecutive year, demonstrating a proven track record of excellence in managing risks to workers' health and safety from the organisations activities.

An excellent achievement which recognises the 'best of the best' in health and safety management and having attained the 5 Star status in September 2016 for the third consecutive year, the Company is eligible to apply for the 2017 Sword of Honour Award

Environment

The Company has been profiled to establish environmental risk, legal obligations, impacting activities, measurement and monitoring opportunities and tenancy arrangements to determine overall environmental impact for each site.

From the profiling, Preparedness Assessments have been conducted for the Company's owned operations sites. This assessment is designed to gauge each site's state of readiness prior to a third party assessment.

To manage the environment, synergies have been established within the current health and safety management system. Synergies have been established for the management elements of the environment, with environment specific process now being created.

Individual site environmental targets have been set to further improve performance of our key performance indicators relating to its significant environmental impacts such as energy, incidents and fuel; progress against these targets are published monthly to increase awareness and drive improvements.

Eurolines (UK) Limited

Directors' Report (continued)

Environment (continued)

Regular communications are still being provided which include summary of performance, improvement ideas, tips and general awareness.

Employees

The Company is a non-discriminatory employer operating an Equal Opportunities Policy which aims to eliminate unfair discrimination, harassment, and victimisation and bullying. The Company is committed to ensuring that all individuals are treated fairly, with respect and are valued irrespective of disability, race, gender, health, social class, sexual preference, marital status, nationality, religion, employment status, age, beliefs or membership or non-membership of a trade union.

The Company's policy is to continue to employ those who become disabled in service and recruitment policies ensure that disabled persons are considered fairly for positions within the Company. Training is adjusted to cater for an individual disability and disabled employees share the same conditions of service as other staff in relation to career development and promotion.

The Company uses consultative procedures agreed with its staff and elected representatives with a view to ensuring that employees are aware of the financial and economic factors which affect the Company's performance and prospects. In addition the Company issues a periodic briefing to all employees informing them of developments within the Company, whilst the National Express Group's magazine keeps employees in touch with the world wide activities of the Group. The Company maintains a companywide intranet service.

The Company participates in the Group wide annual Employee Survey to monitor employee satisfaction. Results are followed through using employee focus groups to understand the key issues raised in the survey. Each business area has an engagement champion who partners line managers to make improvements to positively influence the survey results in future and to address issues identified from the focus groups. The engagement champions attend engagement events held on a quarterly basis to share best practice and lessons learned from each business area.

The Company is also introducing a mediation scheme as an additional way for employees to resolve issues in an adult to adult manner before either party feels the need to invoke the formal grievance process. Mediation gives both parties to a dispute the chance to meet in a confidential environment to find a future focussed mutually agreeable solution. This has a more positive effect on ongoing relationships and gets rid of the win/lose outcomes associated with the grievance process as employees determine the outcome.

Eurolines (UK) Limited

Directors' Report (continued)

Directors

The Directors of the Company who served during the year and up to the date of signing were:

J Gilbert (resigned 31st December 2016)
T F Stables
E H Lunt
C J Hardy (appointed 12th January 2017)
E M Rickard (appointed 12th January 2017)

Directors' indemnity

The Company's Articles of Association include a provision indemnifying the Directors and officers in accordance with the provisions of the Companies Act 2006.

Auditor

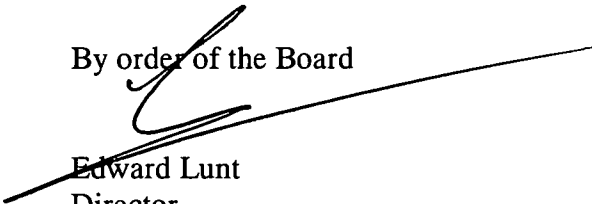
Deloitte LLP have indicated their willingness to be re-appointed for another term. Appropriate arrangements have been put in place for them to be re-appointed as auditor in the absence of an Annual General Meeting.

Directors' statement as to disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' Report confirms that:

- to the best of the Directors' knowledge there is no information relevant to the preparation of their audit report to which the Company's auditor is unaware; and
- the Directors have taken all steps that a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

By order of the Board



Edward Lunt
Director
27 September 2017

Registered Office:
National Express House
Birmingham Coach Station
Mill Lane
Birmingham
B5 6DD

Eurolines (UK) Limited

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

Independent Auditor's Report to the Members of Eurolines (UK) Limited

We have audited the financial statements of Eurolines (UK) Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report to the Members of Eurolines (UK) Limited (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as of 31 December 2016 and of its loss for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Peter Gallimore FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
29 September 2017

Eurolines (UK) Limited
Profit and Loss Account
For the year ended 31 December 2016

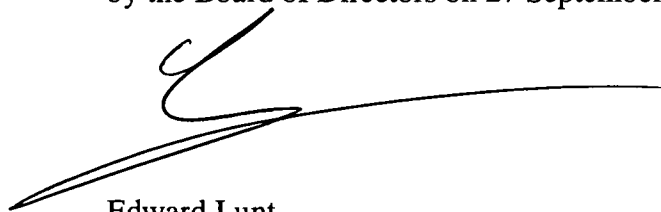
	Note	2016 £'000	2015 £'000
Turnover	3	6,268	9,120
Operating costs	4	<u>(7,039)</u>	<u>(7,951)</u>
Operating (Loss)/Profit		(771)	1,169
Interest (payable)/receivable	7	<u>(2)</u>	<u>14</u>
(Loss)/Profit before tax		(773)	1,183
Tax on loss/(profit)	8	<u>207</u>	<u>(165)</u>
(Loss)/Profit after tax		(566)	1,018

The Company had no recognised gains and losses other than the loss for the year of £566,000 attributable to the shareholders as stated above (2015 profit: £1,018,000), and therefore no separate Statement of Other Comprehensive Income has been prepared.

Eurolines (UK) Limited**Balance Sheet****As at 31 December 2016**

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	10	59	76
Deferred taxation	11	25	26
		<u>84</u>	<u>102</u>
Current assets			
Debtors	12	1,709	2,231
Cash at bank and in hand		1,298	1,977
		<u>3,007</u>	<u>4,208</u>
Creditors: amounts falling due within one year	13	(2,478)	(2,985)
Total assets less current liabilities		613	1,325
Provisions for liabilities	14	-	(154)
Net assets		<u>613</u>	<u>1,171</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account		513	1,071
Shareholders' funds		<u>613</u>	<u>1,171</u>

The financial statements of Eurolines (UK) Limited were approved and authorised for issue by the Board of Directors on 27 September 2017 and were signed on its behalf by:



Edward Lunt
Director
27 September 2017

Eurolines (UK) Limited
Statement of Changes in Equity
For the year ended 31 December 2016

	Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2015	100	45	145
Dividends paid (note 9)	-	-	-
Share-based payments (note 6)	-	8	8
Profit and total comprehensive income for the year	-	1,018	1,018
At 31 December 2015	<u>100</u>	<u>1,071</u>	<u>1,171</u>

	Share Capital £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2016	100	1,071	1,171
Dividends paid (note 9)	-	-	-
Share-based payments (note 6)	-	8	8
Loss and total comprehensive income for the year	-	(566)	(566)
At 31 December 2016	<u>100</u>	<u>513</u>	<u>613</u>

Eurolines (UK) Limited

Notes to the Financial Statements

For the year ended 31 December 2016

1. General information

Eurolines (UK) Limited is a private limited company, limited by shares incorporated in England and Wales under the Companies Act.

The financial information is presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of National Express Group PLC. The group financial statements of National Express Group PLC are available to the public and can be obtained as set out in note 20.

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable United Kingdom standards. The accounting policies have been applied consistently in the current and prior periods.

The entity has ceased trading since the end of the reporting period. The financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the entity's assets to net realisable value. Provision has also been made for any contractual commitments that have become onerous at the end of the reporting period. The financial statements do not include any provision for the future costs of terminating the business of the entity except to the extent that such costs were committed at the end of the reporting period.

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies (continued)

Cash flow statement

As the Company is a wholly owned subsidiary undertaking of National Express Group PLC, a company registered in England and Wales, the Company has taken advantage of the exemption provided under FRS 101 not to prepare a cash flow statement.

Significant accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates.

The key accounting estimates and judgements are:

Tax provisions

Assessing the outcome of tax uncertainties requires judgements to be made regarding the result of negotiations with and enquiries from tax authorities in a number of jurisdictions. Management assessments are supported by external advisors where appropriate, based on our business transaction facts and circumstances and the status of ongoing discussions with the relevant tax authorities.

Turnover

Turnover of the Company comprises revenue from road passenger transport and is recognised in the period in which the journeys take place. The Company is party to contracts with other European Eurolines organisations under the terms of which arrangements for the sharing of revenue are in place. Turnover for the last three months of the year therefore includes figures in respect of amounts earned under these contracts which had not been finalised at the year end. The subsequent finalisation of these figures after the year end has had no significant impact on the turnover figure.

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies (continued)

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provisions for impairment.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Plant and equipment	3-5 years
---------------------	-----------

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

The charge for taxation is based on the profit for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Pension costs

The Company is part of a multi-employer defined benefit pension scheme that also incorporates other companies within the National Express Group. In line with FRS 17 as the Company is unable to identify its share of the scheme, the Company treats the scheme as if it was a defined contribution scheme and recognises charges as and when contributions are due to the scheme.

Lease commitments

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Share based payments

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant by an external valuer using a stochastic model. Non-market-based performance-related vesting conditions are not taken into account when estimating the fair value; instead those non-market conditions are taken into account in calculating the current best estimate of the number of shares that will eventually vest and at each Balance Sheet date before vesting, the cumulative expense is calculated based on that estimate.

Market-based performance conditions are taken into account when determining the fair value. At each Balance Sheet date before vesting, the cumulative expense is calculated irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are met.

Eurolines (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

2. Significant accounting policies (continued)

Financial Instruments

The Company determines the classification of its financial instruments at initial recognition. The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Financial assets at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are presented in the Income Statement within finance costs in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Balance Sheet date which are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in the category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date.

Impairment of non-financial assets

All non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, except for indefinite life intangible assets and goodwill which are reviewed annually. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows.

In assessing value in use, the estimated risk adjusted future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

2. Significant accounting policies (continued)

Impairment of non-financial assets (continued)

assessments of the time value of money. Impairment losses are recognised in the Income Statement in expense categories consistent with the function of the impaired asset.

Except for goodwill impairments, a review is made at each reporting date of any previous impairment losses to assess whether they no longer exist or may have decreased. If such indication exists, the asset's recoverable amount is estimated and any previously recognised impairment loss is reversed only if there has been a change in the estimates used to assess the recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased, subject to a limit of the asset's net book value had no previous impairment loss been recognised. Such reversal is recognised in the Income Statement. Future depreciation or amortisation is then adjusted to allocate the asset's revised carrying amount over its remaining useful economic life. Impairment to goodwill cannot be reversed.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at the rates of exchange ruling at the Balance Sheet date. Any exchange differences arising are dealt with through the Profit and Loss Account.

Classification of debtors and creditors

Amounts owing to and from other European Eurolines organisations have been classified as trade debtors and creditors.

3. Turnover

Turnover comprises revenue from the one principal activity of road passenger transport and related activities. Revenue, all of which arises in the United Kingdom, is stated net of value added tax where applicable.

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

4. Operating costs

	2016	2015
	£'000	£'000
External charges	6,287	7,199
Audit of the company's financial statements	12	12
Staff costs (note 6)	693	664
Depreciation – Owned assets	27	43
Operating lease charges – Land and buildings	20	33
	<u>7,039</u>	<u>7,951</u>

5. Directors' emoluments

The remuneration of the Directors during the year comprised the following:

	2016	2015
	£'000	£'000
Directors		
Aggregate emoluments	150	196
Pension (1 director is a member of the pension scheme)	9	8
Number of Directors granted share options in respect of qualifying services	-	-
Number of Directors who exercised share options	-	1

One Director was remunerated in Eurolines (UK) Limited. Other Directors of the Company are also Directors of other companies in the National Express Group and are remunerated in these other group companies. The Directors consider that the levels of their qualifying services provided to this Company are inconsequential.

The defined benefit pension scheme finished in January 2011; no retirement benefits are accruing under defined benefit schemes operated on behalf of the Company.

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

6. Staff costs

	2016	2015
	£'000	£'000
Wages and salaries	625	593
Social security costs	48	55
Pension contributions (note 16)	20	16
	<u>693</u>	<u>664</u>

The average monthly number of full time equivalent employees during the year, including Directors, was:

	2016	2015
	Number	Number
Management and administration	6	10
Operational	4	7
	<u>10</u>	<u>17</u>

Share based payments

The charge in respect of share-based payment transactions included in the Profit and Loss Account for the year is as follows:

	2016	2015
	£'000	£'000
Charge arising from share and share options	<u>8</u>	<u>8</u>

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

7. Interest (payable)/receivable

	2016	2015
	£'000	£'000
Group interest	<u>(2)</u>	<u>14</u>

8. Taxation**(a) Analysis of taxation charge in the year**

	2016	2015
	£'000	£'000
<i>UK corporation tax:</i>		
UK Corporation tax on results for the year	(152)	234
Adjustments in respect of prior years	<u>(56)</u>	<u>(65)</u>
Total corporation tax	<u>(208)</u>	<u>169</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	1
Change in tax rate	1	4
Adjustments in respect of prior years	<u>-</u>	<u>(9)</u>
Total deferred tax (note 11)	<u>1</u>	<u>(4)</u>
Tax on (loss)/profit (note 8b)	<u>(207)</u>	<u>165</u>

(b) Factors affecting the total tax charge for the year

The tax assessed on the (loss)/profit for the year is different from the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are reconciled below.

	2016	2015
	£'000	£'000
(Loss)/Profit before taxation	(773)	1,183
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(155)	240
Effect of:		
Expenses not deductible for tax purposes	3	(4)
Effect of change in tax rate in the year	1	3
Adjustments in respect of prior years - CT	(56)	(65)
Adjustments in respect of prior years - DT	<u>-</u>	<u>(9)</u>
Total tax (credit)/charge (note 8a)	<u>(207)</u>	<u>165</u>

Eurolines (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Taxation (continued)

On 16 March 2016, the Chancellor of the Exchequer announced a reduction in the rate of UK corporation tax to 17% from 1 April 2020. At the balance sheet date, a rate of 17% (2015:18%) was substantively enacted.

9. Dividends

	2016 £'000	2015 £'000
There was no dividend declared or paid during the year (2015: £nil).	-	-

10. Tangible assets

	Plant and Equipment £'000
Cost	
At 1 January 2016	282
Additions	25
Disposals	(170)
At 31 December 2016	<u>137</u>
Depreciation	
At 1 January 2016	206
Charge for the year	27
Disposals	(155)
At 31 December 2016	<u>78</u>
Net Book Value	
At 31 December 2016	<u>59</u>
At 31 December 2015	<u>76</u>

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

11. Deferred taxation

The movements in the deferred taxation asset during the current year are as follows:

	£'000
At 1 January 2016	26
Credit in the profit and loss account (note 8(a))	(1)
At 31 December 2016	25

The deferred tax asset comprises:

	2016	2015
	£'000	£'000
Accelerated capital allowances	25	26

12. Debtors

	2016	2015
	£'000	£'000
Trade debtors	604	541
Amounts due from group undertakings	783	1,111
Other debtors	143	528
UK Corporation Tax	151	-
Prepayments and accrued income	28	51
	1,709	2,231

13. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Trade creditors	881	1,716
Amounts due to group undertakings	161	266
UK corporation tax	-	233
Other creditors and accruals	1,436	770
	2,478	2,985

Eurolines (UK) Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2016

14. Provision for liabilities

The movements in the exceptional provision in the year is as follows:

	Onerous Lease £'000
At 1 January 2016	154
Released to profit and loss in the year	(9)
Utilised during the year	(145)
At 31 December 2016	-

The provision related to the onerous lease following closure of the Luton office. The lease was surrendered 8th April 2016 and no further liability exists.

15. Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each, (2015: 100,000)	100	100

16. Pension commitments

The pension charge for the year amounted to £20,000 (2015: £16,000). Unpaid contributions at the year-end amounted to £nil (2015: £nil).

17. Contingent liabilities

The company is party to a series of cross guarantees relating to the bank accounts of fellow group companies amounting to £10,000,000 (2015: £10,000,000).

Eurolines (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

18. Annual commitments under non-cancellable operating lease agreements

At the Balance Sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2016	2015
	£'000	£'000
Leases expiring:		
In less than one year	6	6
Within two to five years	7	13
In more than five years	-	-
	<u>13</u>	<u>19</u>

19. Related party transactions

The company has taken advantage of the exemption in FRS 101 from disclosing transactions with related parties that are wholly owned subsidiaries of National Express Group PLC.

20. Ultimate parent and controlling Company

The Company is a wholly owned subsidiary undertaking of National Express Holdings Limited, registered in England and Wales.

The Company's ultimate parent and controlling Company and the largest and smallest Company in which the Company's results are consolidated is National Express Group PLC, registered in England and Wales. The Group financial statements are available to the public and may be obtained from:

The Company Secretary
National Express Group PLC
National Express House
Birmingham Coach Station
Mill Lane
Birmingham
B5 6DD