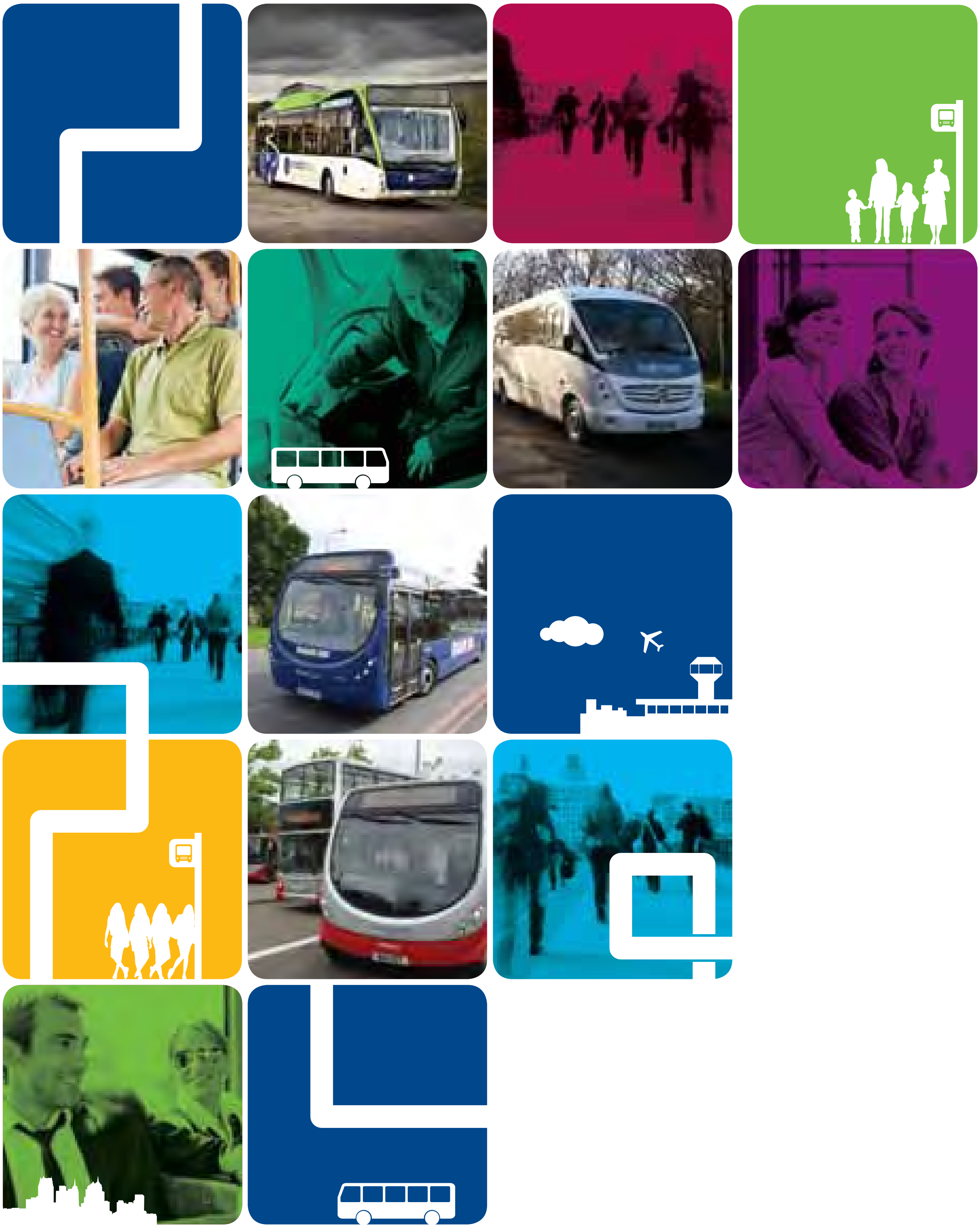

Annual Report

For year ended 30 November 2014

ROTALA
connecting people to places

Rotala Plc
Beacon House, Long Acre, Birmingham B7 5JJ
Telephone: 08458 382 382
Website: www.rotalaplc.com

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

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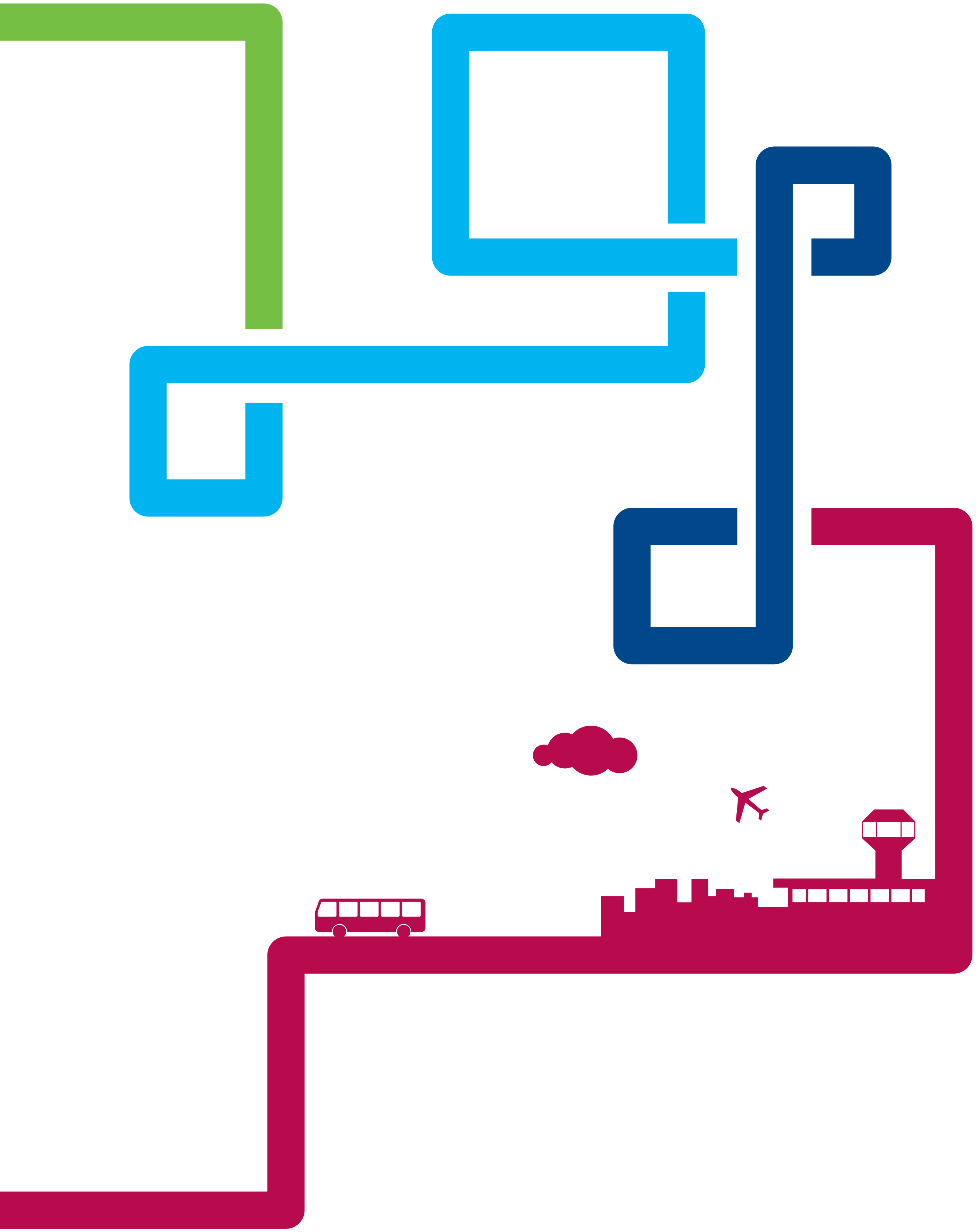


Rotala at a Glance

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	Beacon House, Long Acre, Birmingham B7 5JJ Telephone: 0121 322 2222 Fax: 0121 322 2718
Company Secretary	Kim Taylor
Nominated Adviser and Broker	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Colmore Plaza 20 Colmore Circus Birmingham B4 6AT
Solicitors	Squire Patton Boggs (UK) LLP Rutland House 148 Edmund Street Birmingham B3 2JR
Registrars	Capita Asset Services 34 Beckenham Road Beckenham BR3 4TU
Bankers	RBS/Natwest 1 St. Philips Place Birmingham B3 2PP

Financial Highlights

A glance at the highlights of the financial year ended 30 November 2014.

Revenue

£51,674,000
↓ 3.1%

2014	£51,674,000
2013	£53,303,000
2012	£54,813,000
2011	£56,077,000

Profit before Taxation

£2,263,000
↑ 8.0%
(before exceptional items)

2014	£2,263,000
2013	£2,094,000
2012	£2,086,000
2011	£1,878,000

Dividend

1.85p
↑ 15.6%

2014	1.85p
2013	1.60p
2012	1.40p
2011	1.20p

Contracted Revenue

£17.9m
↓ 13.0%

2014	£17.9m
2013	£20.6m
2012	£22.5m
2011	£21.9m

Commercial Revenue

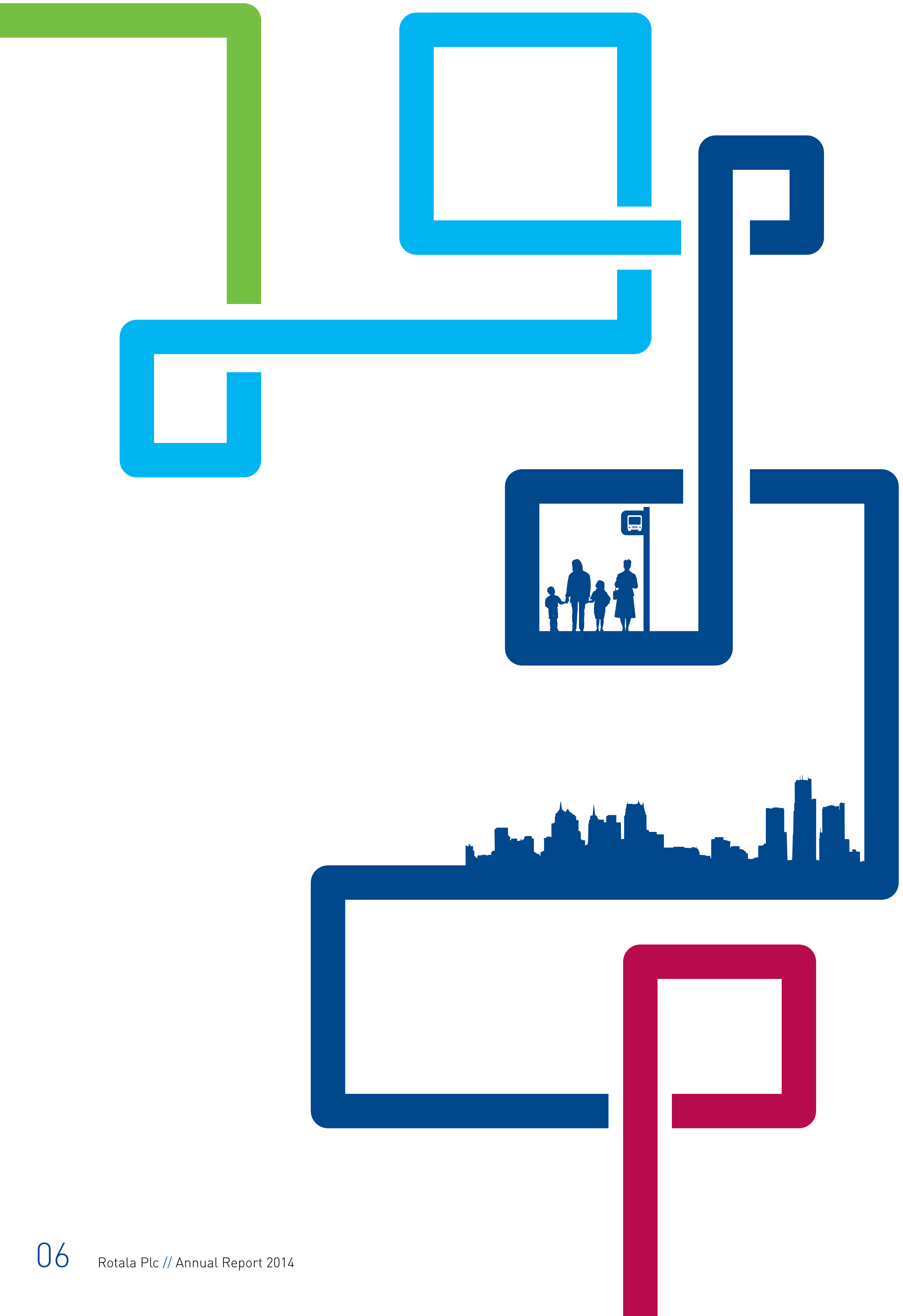
£30.6m
↑ 2.0%

2014	£30.6m
2013	£29.9m
2012	£29.6m
2011	£30.9m

Charter Revenue

£3.2m
↑ 14.0%

2014	£3.2m
2013	£2.8m
2012	£2.7m
2011	£3.3m



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 2014.

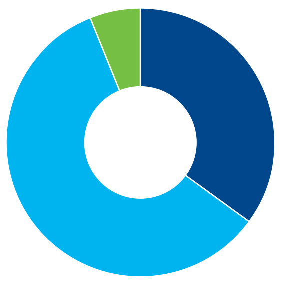
Profit before Taxation

£2,263,000
↑ 8.0%
(before exceptional items)

2014	£2,263,000
2013	£2,094,000
2012	£2,086,000
2011	£1,878,000

Revenue by Stream

35% Contracted
59% Commercial
6% Charter



Review of trading

It is encouraging to see that pre-tax profits for the year, on a slightly reduced level of turnover and before exceptional items, rose by 8% compared with those of 2013. These results reflect our determination to pursue profitable turnover rather than turnover regardless of margin. In this outcome we met our expectations for the year and fulfilled our objective of continuing to focus on increased operating efficiency and enhanced customer service. Exceptional items were largely comprised of the mark to market provisions for the derivative-based fuel hedges which the company has taken out to cover its future fuel requirements. Movements in mark to market provisions must be taken to profit or loss every year, but the fuel hedges are in reality in place to benefit the business in the future. The accounting therefore does not follow the economic reality and distorts the results. More information about the fuel hedging position is given below in the relevant paragraph covering that point.

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 2014 this proportion was 35% (2013: 39%). The reason for this reduction was twofold: first in 2013 there was still some revenue from the two National Express Limited ("NEL") route diagrams which we ceased to operate in March of that year. The legal dispute with NEL that resulted from the halting of these contracts was satisfactorily resolved in June 2014. Second, in the last quarter of 2014 the contracted services operated on behalf of the University of the West of England ("UWE") were, by mutual consent, converted into commercial bus services. Aside from these two factors revenues in Contracted Services were reasonably stable. In Preston we gained some local school and college contracts and in the South West and the West Midlands the gains and losses on local authority contracts more or less balanced each other out. Thus revenues in Contracted Services fell overall by 13% to £17.9 million (2013: £20.6 million). There are some signs that the substantial contraction in local authority transport budgets has levelled out. However it must be expected that any new round of budget reductions directed by Central Government after the upcoming General Election will have a further impact on available revenues in this area. Accordingly we will continue the policy we have adopted in recent years of focusing our energies in Contracted Services on gaining more private bus networks business with corporate customers.

Commercial Services

As revenues in Contracted Services have fallen, so the proportion of revenues from Commercial Services has risen, in 2014 to 59% of group turnover (2013: 56%). Part of the reason for this rise was a full year contribution from the Redditch and Kidderminster depots which we acquired in 2013. But here and in Preston revenues showed some underlying growth. In addition the change in status of services for UWE, as described above, had an impact. The UWE change will drive growth in Commercial Services further in 2015. To take advantage of this we have upgraded management in the South West by creating a Managing Director post with specific responsibility only for this region. In the West Midlands the commercial bus services of the group have largely been repositioned over the last couple of years to focus on the western side of the Birmingham conurbation and on Redditch and Kidderminster in the northern part of Worcestershire. In these areas we hold more significant market shares upon which we are focusing our investment and management attention. Furthermore in January 2015 Centro (the West Midlands Integrated Transport Authority) announced that their Oyster-style bus cards will be rolled out to all operators by the spring. Income from the Centro Network card was stable in 2014 but this opening out of the coverage offered by the Swift card should provide an opportunity for some modest growth in revenue in 2015 and beyond as, in concert with the multi-operator card introduced last year, travellers will now be offered increased flexibility and choice. Income from our own network cards continued to grow strongly in all our operational areas whilst income from concessionary fares remained steady year on year. Thus overall revenues in Commercial Services in 2014 rose by 2% to £30.6 million (2013: £29.9 million).

Charter Services

Revenues in Charter Services grew by 14% in 2014 to £3.2 million (2013: £2.8 million). Revenues in chauffeur car hire movements, which we carry out for our airline customers and which we sub-contract in their entirety, were little changed. In contrast revenues from private hire coaching work continued their strong recovery. Hire rates in this area of business have responded well to increased demand and we have been able to take advantage of the increased availability of work through the efficient deployment of our existing coach fleet.

Contracted Revenue

£17.9m
↓ 13.0%

2014	£17.9m
2013	£20.6m
2012	£22.5m
2011	£21.9m

Commercial Revenue

£30.6m
↑ 2.0%

2014	£30.6m
2013	£29.9m
2012	£29.6m
2011	£30.9m

Charter Revenue

£3.2m
↑ 14.0%

2014	£3.2m
2013	£2.8m
2012	£2.7m
2011	£3.3m

Chairman's Statement and Review of Operations

(continued)

Strategy and acquisitions

Rotala continues to hold a leading market position in Preston and be the number two bus operator in Bristol and Bath. In the West Midlands (the second largest bus market in the country after London), we are also the number two bus operator. Our strategic aim is to improve our position, based upon our current hubs of operation, wherever we can by organic growth or, more particularly, by acquisition.

With this aim in mind we, on 28 February 2015, acquired Green Triangle Buses Limited ("GTB") for a cash consideration of £900,000 and the repayment of its existing overdraft of £368,000. GTB has revenues of approximately £3.9 million and made a profit before tax and exceptional items of £107,000 in the year ended 31 August 2014. GTB operates 43 vehicles from a long leasehold depot in Atherton, Manchester and employs about 100 staff. The depot is well placed within the local transport network and capable of handling the expansion needs envisaged for GTB at the current time. The acquisition will enable the company to enhance its position in the Lancashire market and give it access for the first time to the Greater Manchester area which falls under the remit of Transport for Greater Manchester. Operationally GTB (which will be renamed Diamond Bus (North West) Limited) will be part of the North West division of Rotala, with its existing hub in Preston headed by Bob Dunn as Managing Director. The acquisition is not expected to have a material impact on earnings in the current financial year, but, following the integration of operations and overheads during the remainder of this year, is expected to have a beneficial effect on earnings in future years.

This acquisition was facilitated by the revised suite of banking facilities which we entered into with our principal bankers, RBS/Natwest in October 2014. These new facilities, totalling £18.0m, replaced the group's existing facilities of approximately £11.0m with the same bank. The new facilities comprise a Term Loan Facility of £7.0m, a Revolving Facility of £9.0m and an Overdraft Facility of £2.0m, with a maturity date for all facilities of 30 April 2018. In addition we possess substantial unused vehicle financing facilities. In the opinion of the board these facilities are ample for the current needs of the group. Taking into account these new facilities and the parallel asset finance facilities, the group has much headroom within which it can readily finance any further acquisitions.

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 2017.

For 2015, where hedges at about 108p a litre were already in place for almost all of the 10 million litre full year fuel requirement, recent oil price volatility will have little or no impact on the company's prospects. For 2016 the company has been able, taking advantage of recent falls in the oil price, to extend the coverage of its fuel hedge and reduce the average price per litre of that hedge. The company has now hedged about 84% of its fuel requirement for that year at an average price of about 102p a litre. For 2017 some 70% of the fuel requirement for that year has now been hedged at an average price of just under 96p 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. Oil prices continue to be volatile and the effect on fuel prices has been marked. But the fuel duty and delivery cost components of a litre of diesel are unchanged at some 58p and 3p respectively.

At the same time board policies in other areas have aided the reduction in overall levels of fuel consumption. 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. We continue to trial a number of prototypes in this area of development. The fuel consumption improvements which are promised certainly encourage further close study. These redesigns of accepted conventional bus power systems also promise interesting enhancements in service reliability and thus savings in maintenance cost.

Fleet management

Last year in my report to shareholders I said that we saw very little need to replace vehicles in the fleet unless specific new requirements arose. This expectation was borne out in practice and in the event only about 5% of the vehicle fleet needed to be replaced during the year. This meant that, by the end of the year, the average age of the fleet was extended to some 8.34 years (2013: 7.64 years), a figure which remains very competitive in industry terms. In the current year we once again foresee a low requirement for vehicle replacement unless new contract customers make specific requests or existing customers order upgrades, which would of course carry with them corresponding price increases.

The board monitors each vehicle in the fleet for relative fuel consumption, reliability and maintenance cost. We believe that having a modern and efficient bus fleet is a key aspect of customer service. Older vehicles also 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. Any replacements were a judicious mix of new and second hand, chosen so as to meet the criteria which we have set. The objective, to possess an efficient and effective fleet of the right age profile, continues to be met.

Convertible Loan Stock

The convertible loan stock issued in 2008 expired on 31st December 2014. Of the £2.32m loan stock outstanding at 30 November 2013, £2.16 million was converted into ordinary shares in accordance with the terms of the loan stock deed and the remainder has been repaid at par.

Share Options

On 24 November 2014 2,685,000 share options were issued to executive directors and senior managers below board level. At the same time certain share option issues nearing their expiry date were extinguished. The new share options are however entirely performance related; the new option issue is split into three equal tranches. For the options to be exercisable the share price must exceed the level set for each tranche, which is 65 pence, 80 pence and 95 pence respectively. Thus the interests of shareholders and management are completely aligned: for the share options to be worth anything, management must increase the market value of the company significantly, which must be in the interest of shareholders.

Financial review

The Consolidated Income Statement is set out on page 29. This section of the review addresses the results before the mark to market provision for fuel derivatives and other exceptional items. I have already highlighted the 3% decrease in revenues year on year and the reasons for this variance. Cost of Sales fell by 4%; the principal business reasons for this have been described above. Gross Profits were therefore up by just over 1% and the gross profit margin improved somewhat to 17.7% from the 17.1% of 2013. Administrative Expenses were a little higher than those of the previous year. The Profit from Operations at £3.55 million was therefore almost identical to that of 2013. Finance expense fell by 11% compared to the previous year. Hire purchase debt fell by some 6% year on year and so did the associated interest expense and the early conversion of the bulk of the convertible loan notes maturing at the end of 2014 also had a beneficial effect. The net finance cost on the defined benefit pension scheme was furthermore appreciably lower. Profit before taxation therefore rose by 8% when compared to the previous year to £2.26 million (2013: £2.09 million). Basic earnings per share in 2014, after taking into account the mark to market provision and other exceptional items, was 3.30p. Because of the mark to market provision and other exceptional items in 2014 it is very difficult to derive a meaningful and succinct comparison to a similar figure for 2013, where the earnings per share were distorted by a low tax charge, which resulted from a number of one-off prior year deferred tax adjustments. But the underlying earnings per share picture would, like for like, be roughly comparable to the increase in profit before taxation.

Chairman's Statement and Review of Operations

(continued)

Financial review (continued)

The gross assets of the group stood at £50.8 million at both 30 November 2013 and 2014. Holdings of Property, Plant and Equipment fell slightly as the result of depreciation. Trade Receivables were down a little year on year but there were no other variances worthy of mention in this caption. The reduction in Trade and Other Payables is largely accounted for by a fall in Trade Payables. This fall in turn reflects the strong cash flow throughout the year. The gross loans and borrowings of the group fell by almost £1m. This was however the product of a number of opposing movements. HP obligations fell by £0.6 million year on year to £8.5 million (2013: £9.1 million). The convertible debt fell by £1.7 million to a figure of £0.6 million at the balance sheet date. Bank debt rose by £1.4 million, as a result of the renegotiated banking facilities described above, to £10.3 million at the year end. However the bulk of this debt, totalling £7.0 million, is mortgage debt secured on the freehold properties of the group. Finally there was a further positive movement in the Preston pension fund as the funding outlook for the Scheme improved still more on an accounting basis so that the balance sheet liability stood at only £257,000 at 30 November 2014. The gross liabilities of the group were therefore 8% lower than the previous year at £25.2 million (2013: £27.3 million). Net assets reached £25.6 million at the year's end, compared to £23.6 million at the end of 2013.

Cash flows from operating activities before changes in working capital, at £5.5 million (2013: £5.8 million), were a little down on those generated in the previous year. As remarked above, advantage was taken of the strong cash flow this year to reduce trade and other payables. The unwinding of a tyre contract also meant that more tyres were taken on as stock, explaining the variance in this caption, but this was balanced out by a reduction in trade and other receivables. Cash Generated from Operations was therefore somewhat down on last year at £4.5 million (2013: £6.0 million).

Investment in property, plant and equipment fell back in 2014 to £1.1 million (2013: £2.6 million), as a result of the low need for replacement vehicles. Sale of vehicles, after taking account of the related hire purchase settlements, produced £0.3 million for the group (2013: £1.2 million). In addition the cash flow statement incorporates the amount expended on the purchase of own shares for the first time (£0.4 million). The wholesale refinancing of the group's banking facilities, described earlier in this statement, has a considerable positive impact on the cash flow, as does the net £1.1 million realised from refinancing some older hire purchase agreements. The capital element of payments on hire purchase agreements continued its downward path to £3.5 million (2013: £4.5 million). After taking account of rising dividends but lower bank interest payments, the group benefited from a positive cash inflow of £1.1 million for the year (2013: £0.2 million), and so a closing overdraft, net of cash and cash equivalents, of £0.1 million at the end of 2014 (2013: £1.2 million overdraft), in line with management's plans and expectations.

Dividend

The company paid an interim dividend of 0.65 pence per share in December 2014. At the forthcoming Annual General Meeting the board will recommend a final dividend in respect of 2014 of 1.20p per share, making 1.85p for the year as a whole.

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 which it will move as underlying earnings and free cash flows improve. 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.

Outlook

Trading for the current year has begun positively. However in the first half of the year the contract with British Airways, which the group has held for more than 10 years, will come to an end. This will of course have a negative impact on the results of the second half of the year. But the board is confident that this impact will be largely mitigated by the effect of new contracts and further gains in operating efficiencies.

The board intends to continue taking the opportunities currently on offer to fix fuel costs for a number of years ahead. Thus the board will extend the group's fuel hedges whenever that is possible in order to give certainty and predictability to a key operating cost over a three year time horizon. This policy should lock in a key operating cost at a much lower level than has been experienced for a number of years. It is a step which will also underpin the board's commitment to a progressive dividend policy. It is pleasing to note that our determination to deliver value for shareholders has been reflected in a stronger share price over the past two years and this strength should be bolstered by the certainty of lower fuel prices over the next three years as the result of our hedging activities.

Our strategic focus continues to be on the expansion of our Commercial Services revenue stream. The enhanced banking facilities which we announced in November 2014 leave us well placed to make further acquisitions like GTB and increase the size of the company considerably in the next few years. We have also strengthened operational management recently with key recruits at a senior level. We are confident that we can, strongly equipped as we are in both financial and management resources, implement our strategy successfully. We believe that the company has performed well in 2014 and that it has good prospects in the years to come.

John Gunn
Non-Executive Chairman

Date: 25 March 2015

Strategic Report

For the year ended 30 November 2014

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 participant 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 2014

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 1986 the bus market has evolved and the dominant operators are now more focused on creating profitable route networks, in contrast to the pre-1986 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, gains on acquisition, acquisition expenses and other exceptional items) are considered to be:

	2014	2013
Gross profit margin	17.7%	17.1%
Profit from operations before exceptional items	£3,554,000	£3,547,000
Profit before taxation and exceptional items	£2,263,000	£2,094,000

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 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:**

   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 13. The group's results for the year are set out on page 29.

The results of the year and the financial position as at 30 November 2014 are considered by the directors to be satisfactory.

Strategic Report

For the year ended 30 November 2014

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 42). 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 2016. 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 directors support the recommendations of the UK Corporate Governance Code. 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: 25 March 2015

Directors' Report

For the year ended 30 November 2014

The directors present their statutory report for the group for the year ended 30 November 2014.

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

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:

		2014 Ordinary shares of 25p each	2014 Options over ordinary shares of 25p each	2013 Ordinary shares of 25p each	2013 Options over ordinary shares of 25p each
J H Gunn	Beneficial	6,421,488	320,000	5,526,616	400,000
R A Dunn	Beneficial	909,454	1,037,471	909,454	422,471
S L Dunn	Beneficial	1,364,634	1,287,471	686,880	467,471
F G Flight	Beneficial	1,200,000	220,000	1,325,055	220,000
K M Taylor	Beneficial	413,056	880,000	357,500	565,000

J H Gunn is also a director of and shareholder in The 181 Fund Limited: see note 30 – Related Parties and Transactions.

		2014 Convertible Unsecured Loan Stock	2013 Convertible Unsecured Loan Stock
S L Dunn	Beneficial	-	£260,000
K M Taylor	Beneficial	-	£25,000

Directors' interests (Continued)

	At 1 December 2013	Price	Issued	Extinguished	At 30 November 2014	Date Exercisable	Date of Expiry
J H GUNN	80,000	125p	-	(80,000)	-	-	-
	120,000	37.5p	-	-	120,000	30/03/2009	29/03/2016
	200,000	62.5p	-	-	200,000	06/09/2010	05/09/2017
	400,000		**-**	**(80,000)**	**320,000**		
R A DUNN	400,000	50.0p	-	-	400,000	05/09/2011	04/09/2018
	22,471	40.05p	-	-	22,471	24/09/2015	24/03/2016
	-	54.0p	615,000	-	615,000	24/11/2017	23/11/2024
	422,471		**615,000**	**-**	**1,037,471**		
S L DUNN	80,000	162.5p	-	(80,000)	-	-	-
	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	24/09/2015	24/03/2016
	-	54.0p	900,000	-	900,000	24/11/2017	23/112024
	467,471		**900,000**	**(80,000)**	**1,287,471**		
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	80,000	125p	-	(80,000)	-	-	-
	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
	-	54.0p	395,000	-	395,000	24/11/2017	23/11/2024
	565,000		**395,000**	**(80,000)**	**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 30 – Related Parties and Transactions.

The company's share price at 30 November 2014 was 54.0p. The high and low prices in the year were 58.75p and 50.0p respectively.

Dividends

The directors will propose to the Annual General Meeting a distribution, by way of a final dividend, of 1.20p per share for the year ended 30 November 2014 (2013: 1.05p per share). An interim dividend of 0.65p per share (2013: 0.55p per share) was paid on 8 December 2014.

Purchase of own shares

At 30 November 2014 700,000 ordinary shares with a nominal value of £175,000 had been purchased for treasury at a total cost of £380,000. Loan note holders have the right, on or before 31 December 2014, to convert their holdings into ordinary shares. Ordinary shares were purchased for treasury in order to meet this need. Shares in treasury represent 1.79% of the called up share capital of the company as at 30 November 2014.

Directors' Report

For the year ended 30 November 2014

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 29.

Future developments

Likely future developments in the business of the group are dealt with in the Chairman's Statement and Review of Operations set out on pages 8 to 13.

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 and to continuing the employment 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 27 to these financial statements.

Political contributions

No political contributions were made by the group during the year ended 30 November 2014 (2013: £Nil).

Substantial shareholdings

As at 25 March 2015 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	17.04
Mr John Gunn	6,421,488	16.65
Close Asset Management Limited	2,251,404	5.84
The 181 Fund Limited	1,802,443	4.67
Mr S L Dunn	1,364,634	3.54
Mr F G Flight	1,200,000	3.11

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 2014, the group has taken advantage of the exemption offered in sections 479A – 479C of the Companies Act 2006 and certain 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: 25 March 2015

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 2014 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 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 23, 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 2014 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

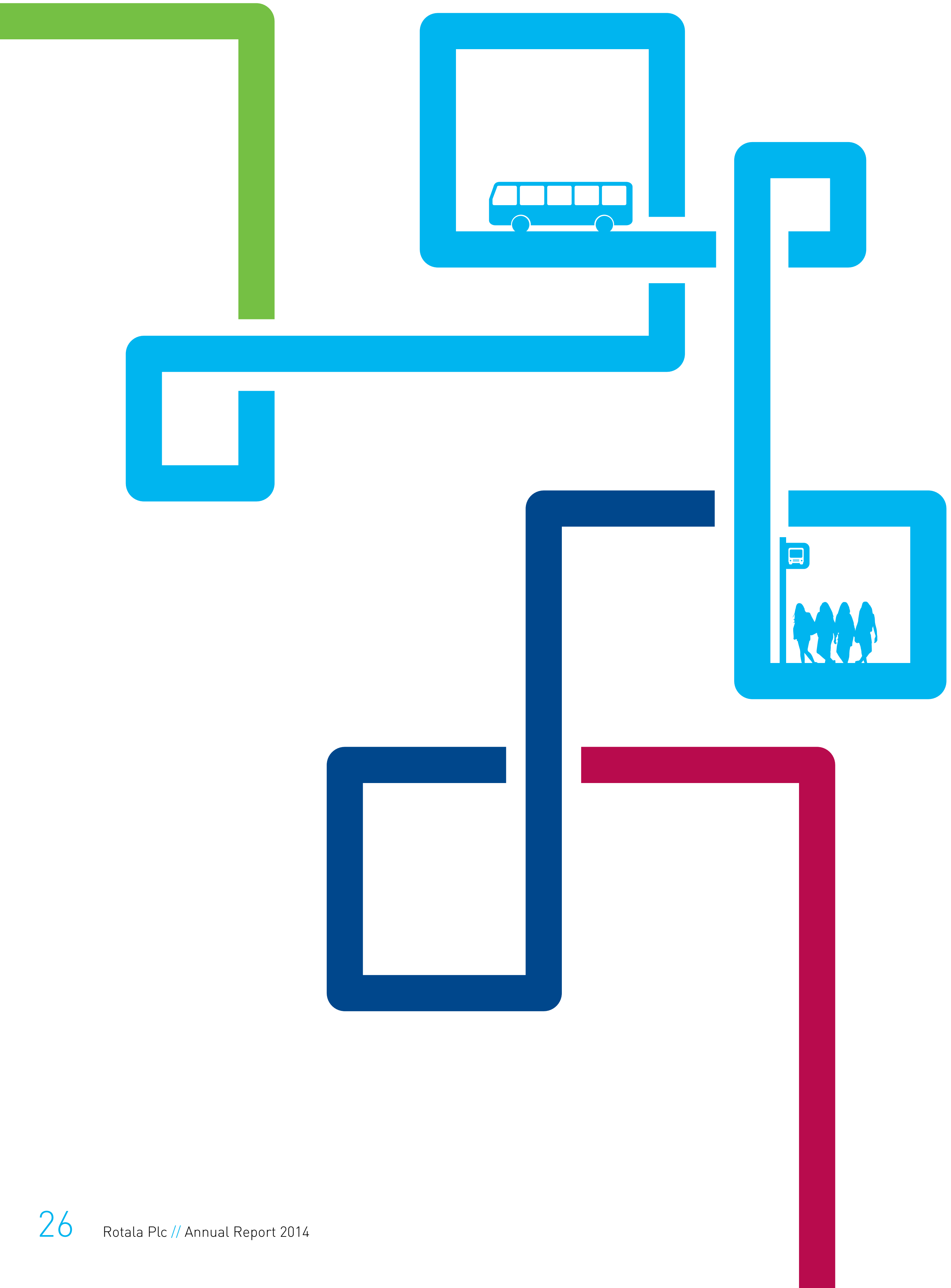
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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: 25 March 2015



Financial Statements

Consolidated Income Statement

For the year ended 30 November 2014

		2014 £'000			2013 (as restated) £'000		
	Note	Results before mark to market provision and other exceptional items £'000	Mark to market provision and other exceptional items (note 11) £'000	Results for the year £'000	Results before gain on acquisition, acquisition expenses and exceptional items £'000	Gain on acquisition, acquisition expenses and exceptional items (note 11) £'000	Results for the year £'000
Revenue	4	**51,674**	**-**	**51,674**	**53,303**	**-**	**53,303**
Cost of sales		(42,517)	-	(42,517)	(44,210)	-	(44,210)
Gross profit		**9,157**	**-**	**9,157**	**9,093**	**-**	**9,093**
Administrative expenses		(5,603)	(745)	(6,348)	(5,546)	(132)	(5,678)
Profit from operations	8	**3,554**	**(745)**	**2,809**	**3,547**	**(132)**	**3,415**
Finance income	9	11	-	11	8	-	8
Finance expense	10	(1,302)	-	(1,302)	(1,461)	-	(1,461)
Profit before taxation	11	**2,263**	**(745)**	**1,518**	**2,094**	**(132)**	**1,962**
Tax expense	12	(498)	156	(342)	(244)	119	(125)
Profit for the year attributable to the equity holders of the parent		**1,765**	**(589)**	**1,176**	**1,850**	**(13)**	**1,837**
Earnings per share for profit attributable to the equity holders of the parent during the year:							
Basic (pence)	13			3.30			5.21
Diluted (pence)	13			3.26			4.88

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

Consolidated Statement of Comprehensive Income

For the year ended 30 November 2014

	Note	2014 £'000	2013 (as restated) £'000
Profit for the year		1,176	1,837
Other comprehensive income:			
Items that will not subsequently be reclassified to profit or loss:			
Actuarial gain on defined benefit pension scheme	25	41	451
Deferred tax on actuarial gain on defined benefit pension scheme	24	(9)	(95)
Other comprehensive income for the year (net of tax)		32	356
Total comprehensive income for the year attributable to the equity holders of the parent		1,208	2,193

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

Consolidated Statement of Changes in Equity

For the year ended 30 November 2014

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Shares in treasury £'000	Retained earnings £'000	Total £'000
At 1 December 2012	8,818	7,828	2,567	-	2,663	21,876
Profit for the year	-	-	-	-	1,837	1,837
Other comprehensive income	-	-	-	-	356	356
Total comprehensive income	-	-	-	-	2,193	2,193
Transactions with owners:						
Dividends paid	-	-	-	-	(494)	(494)
Share based payment	-	-	-	-	9	9
Transactions with owners	-	-	-	-	(485)	(485)
At 30 November 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

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

Consolidated Statement of Financial Position

As at 30 November 2014

	Note	2014 £'000	2013 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	30,454	30,930
Goodwill and other intangible assets	15	9,482	9,482
Deferred taxation	24	73	424
Total non-current assets		**40,009**	**40,836**
Current assets			
Inventories	17	2,197	1,826
Trade and other receivables	18	7,506	7,863
Derivative financial instruments	19	-	3
Cash and cash equivalents	20	1,050	317
Total current assets		**10,753**	**10,009**
Total assets		**50,762**	**50,845**
Liabilities			
Current liabilities			
Trade and other payables	21	4,899	6,304
Loans and borrowings	22	4,604	5,462
Obligations under hire purchase contracts	23	3,479	3,318
Derivative financial instruments	19	566	-
Total current liabilities		**13,548**	**15,084**
Non-current liabilities			
Loans and borrowings	22	6,300	5,712
Obligations under hire purchase contracts	23	5,051	5,793
Defined benefit pension obligation	25	257	672
Total non-current liabilities		**11,608**	**12,177**
Total liabilities		**25,156**	**27,261**
TOTAL NET ASSETS		**25,606**	**23,584**

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

	Note	2014 £'000	2013 £'000
Shareholders' funds			
Share capital	26	9,794	8,818
Share premium reserve		8,603	7,828
Merger reserve		2,567	2,567
Shares in treasury		(380)	-
Retained earnings		5,022	4,371
TOTAL EQUITY		**25,606**	**23,584**

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2015

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 2014

	2014 £'000	2013 £'000
Cash flows from operating activities		
Profit before taxation	1,518	1,962
Adjustments for:		
Depreciation	3,136	3,253
Gain on acquisition	-	(387)
Acquisition expenses	-	155
Finance expense	1,291	1,453
Gain on sale of property, plant and equipment	(103)	(283)
Contribution to defined benefit pension scheme	(404)	(333)
Notional expense of defined benefit pension scheme	10	10
Equity settled share-based payment expense	7	9
Cash flows from operating activities before changes in working capital and provisions	**5,455**	**5,839**
Decrease/(increase) in trade and other receivables	361	(95)
(Increase)/decrease in inventories	(372)	66
(Decrease)/increase in trade and other payables	(1,468)	147
Movement on financial instrument provision	569	-
	(910)	**118**
Cash generated from operations	**4,545**	**5,957**
Interest paid on hire purchase agreements	(610)	(671)
Net cash flows from operating activities carried forward	**3,935**	**5,286**

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

	2014 £'000	2013 £'000
Cash flows from operating activities brought forward	**3,935**	**5,286**
Investing activities		
Purchases of property, plant and equipment	(1,065)	(2,564)
Acquisition of business	-	(1,714)
Sale of public service vehicles	435	1,941
Net cash (used in) investing activities	**(630)**	**(2,337)**
Financing activities		
Shares issued	30	-
Dividends paid	(564)	(494)
Own shares purchased	(380)	-
Proceeds of mortgage and other bank loans	9,650	3,927
Repayment of bank and other borrowings	(7,827)	(289)
Loan stock and bank loan interest paid	(601)	(706)
Hire purchase refinancing receipts	2,222	-
Hire purchase settlement payments	(1,103)	-
Capital settlement payments on vehicles sold	(105)	(702)
Capital element of lease payments	(3,522)	(4,489)
Net cash used in financing activities	**(2,200)**	**(2,753)**
Net increase in cash and cash equivalents	**1,105**	**196**
Cash and cash equivalents at beginning of year	**(1,214)**	**(1,410)**
Cash and cash equivalents at end of year	**(109)**	**(1,214)**

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

Notes to the Consolidated Financial Statements

For the year ended 30 November 2014

1. General information

Rotala Plc is incorporated and domiciled in the United Kingdom.

The financial statements for the year ended 30 November 2014 (including the comparatives for the year ended 30 November 2013) were approved by the Board of Directors on 25 March 2015. 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 18.

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 the new standard IFRS 13 Fair Value Measurement (effective 1 January 2013) during the year (see note 29). IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect the items that are required to be fair-valued. The scope of IFRS 13 is broad and applies for both financial and non-financial items for which other IFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of adoption.

The group has also adopted the revisions within IAS 19 Employee Benefits (Revised June 2011). The amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments: (1) eliminate the 'corridor method' and require the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income; (2) change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; (3) enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19 has been applied retrospectively in accordance with its transitional provisions. Consequently, the group has restated its reported results throughout the comparative periods presented; there was no cumulative effect to opening equity as at 1 December 2012. There was no effect on the statements of financial position at 1 December 2012 and 30 November 2013 resulting from the application of IAS 19, nor did the application of IAS 19 affect the statement of financial position at 30 November 2014.

2. Accounting policies (continued)

The effects of the application of IAS 19 on the statement of comprehensive income for the year ended 30 November 2013 and 30 November 2014 are as follows:

	Year to 30 November **2014** £'000	Year to 30 November **2013** £'000
Increase in finance costs	(120)	(86)
Increase in other financial items	(10)	(10)
Decrease in tax expense	27	20
(Decrease) in profit for the year	**(103)**	**(76)**
Other comprehensive income:		
Increase in actuarial remeasurement	130	96
Increase in income tax relating to items not reclassified	(27)	(20)
Increase in other comprehensive income	**103**	**76**
Increase / (decrease) in total comprehensive income	-	-

The effects on earnings per share for the year ended 30 November 2013 are as follows:

Earnings per share for profit attributable to the equity holders of the parent during the year:	**As originally reported**	**Effect of prior year adjustment**	**Restated**
Basic (pence)	5.42	(0.21)	5.21
Diluted (pence)	5.17	(0.29)	4.88

The application of IAS 19 did not have a material impact on the statement of cash flows for the year ended 30 November 2013 and 2014.

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.

2. Accounting policies (continued)

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 29.

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.

(c) Extinguishment accounting

Where there is an exchange of debt instruments, the future discounted cash flows are compared to those of the original liability in order to determine if extinguishment accounting is applicable, or alternatively whether the amendment is treated as a modification to the existing instrument. This involves a comparison under IAS 39.AG62, between the net present value of the cash flows under the revised terms versus the original terms, and whether the difference exceeds 10%. During the current period the refinancing of banking facilities generated a difference exceeding this threshold and therefore extinguishment accounting has been applied.

2. Accounting policies (continued)

Basis of consolidation

The group financial statements consolidate the results of the company and all its subsidiary undertakings as at 30 November 2014. The results of subsidiary undertakings acquired are included from the date on which control 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.

Other intangible assets - brands

Purchased brands, which are controlled through custody or legal rights and which could be sold separately from the rest of the business, are capitalised, where fair value can be reliably measured. Where intangible assets are regarded as having a limited useful economic life, the cost is amortised on a straight-line basis over that life in administrative expenses in the Consolidated Income Statement.

Other intangible assets - contracts

Where an acquisition is made which contains within it rights to contracted revenue, the present value of the profits inherent in those contracts is capitalised as an intangible asset. This asset is then amortised over the remaining life of those contracts in administrative expenses in the Consolidated Income Statement.

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 no 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 profit or loss. A gain or loss incurred at the point of derecognition is also included in profit or loss 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
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.

Exceptional Costs
Exceptional costs are items which the directors consider to be outside of the normal trading transactions of the group. They are highlighted separately on the Consolidated Income Statement to enable the underlying trading results of the group to be identifiable.

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:

2. Accounting policies (continued)

- 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.

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.

2. Accounting policies (continued)

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 payments.

Diesel pricing contracts
The group has entered into agreements to purchase agreed quantities of diesel over a period of time at a fixed price. Fixed price agreements with suppliers do not meet the definitions of a financial instrument under IAS 39 'Financial Instruments: Recognition and Measurement' as the contracts represent executory contracts to buy a non-financial asset for the use of the group. Therefore no financial asset or liability is recognised in respect of these contracts.

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.

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.

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.

2. Accounting policies (continued)

The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

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 balance sheet. 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.

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.

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.

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, but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below. Certain other new standards and interpretations have been issued, the impact of which has yet to be established by the directors.

- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2014)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (effective 1 January 2014)
- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)*;
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)*;
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)*;
- IFRIC Interpretation 21 Levies (IASB effective 1 January 2014);
- Defined Benefit Plans: Employee Contributions (amendments to IAS 19) (IASB effective 1 July 2014);
- Clarification of Acceptable methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)*;
- Annual improvements to IFRSs 2010-2012 Cycle (IASB effective date generally 1 July 2014);
- Annual improvements to IFRSs 2011-2013 Cycle (IASB effective date 1 July 2014);
- Annual improvement to IFRSs 2012-2014 Cycle (effective 1 January 2016)*;
- Amendments to IAS 16 and IAS 41: Bearer Plants (effective 1 January 2016)*;
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)*;

*not adopted by the EU (as at 2 March 2015)

Based on the group's current business model and accounting policies, management does not expect a material impact on the group financial statements when these standards and interpretations become effective.

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:

	2014 £'000	2013 £'000
Contracted	17,891	20,602
Commercial	30,623	29,937
Charter	3,160	2,764
Total Revenue	**51,674**	**53,303**

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 2014 and 2013 no customer constituted more than 10% of Revenues.

5. Other losses and gains

	2014 £'000	2013 £'000
Financial assets at fair value through profit or loss (note 29)	(559)	3

6. Staff costs

	2014 £'000	2013 £'000
Staff costs (including directors) comprise:		
Wages and salaries	23,571	24,139
Employer's national insurance contributions	2,062	2,072
Defined contribution pension costs	251	158
	25,884	**26,369**
Share-based payment expense	7	9
	25,891	**26,378**

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

	2014 £'000	2013 £'000
Management and administrative	93	92
Direct	962	981
	1,055	**1,073**

7. Directors' and key management personnel remuneration

	2014 £'000	2013 £'000
Salaries and other short term employee benefits	457	433
Social security costs	32	32
Contribution to defined contribution pension scheme	8	8
Share based payment expense	2	2
	499	**475**

One director (2013: 1) is a member of the group's defined contribution pension scheme.

Emoluments of the highest paid director were £168,569 (2013: £149,160). Pension contributions of £8,400 (2013: £8,400) were made on his behalf.

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

The directors' remuneration was as follows:

	2014 £'000			2013 £'000		
	Remuneration	Share based payment expense	Total	Remuneration	Share based payment expense	Total
Executive						
S L Dunn	169	1	170	149	1	150
R A Dunn	106	1	107	103	1	104
K M Taylor	82	-	82	81	-	81
Non- Executive						
J H Gunn	75	-	75	75	-	75
F G Flight	25	-	25	25	-	25
	457	**2**	**459**	**433**	**2**	**435**

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

	2014 £'000	2013 £'000
This is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	3,136	3,253
Operating lease expense:		
- property	295	299
- plant and machinery	1,720	1,941
Profit on disposal of property, plant and equipment	(103)	(283)
Auditor's fees:		
- audit of the parent company	48	52
- audit of the accounts of subsidiaries	3	3
- other non-audit services	12	-

9. Finance income

	2014 £'000	2013 (as restated) £'000
Interest receivable on bank deposits	**11**	**8**

10. Finance expense

	2014 £'000	2013 (as restated) £'000
Bank borrowings and overdraft interest	475	521
Interest payable on loan notes	155	185
Hire purchase contracts	650	699
Net finance costs on pension scheme (note 25)	20	50
Other interest	2	6
	1,302	**1,461**

11. Profit before taxation

Profit before taxation includes the following:

	2014 £'000	2013 £'000
	Mark to market provision and other exceptional items	**Gain arising on acquisition, acquisition expenses and exceptional items**
Acquisition costs	-	(155)
Gain arising on acquisition	-	387
Contract exit costs	-	(364)
Mark to market provision on fuel derivatives	(559)	-
Payments on fuel derivatives	(81)	-
Prior year fleet insurance payment (see below)	(105)	-
Loss within profit before taxation	**(745)**	**(132)**

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

	2014 £'000	2013 (as restated) £'000
Current tax		
Current tax on profits for the year	-	-
Total current tax	**-**	**-**
Deferred tax		
Origination and reversal of temporary differences	305	428
Change in rate of tax	37	22
Adjustments in respect of prior periods	-	(325)
Total deferred tax (note 24)	**342**	**125**
Income tax expense	**342**	**125**

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

	2014 £'000	2013 (as restated) £'000
Profit before taxation	1,518	1,962
Profit at the standard rate of corporation tax in the UK of 21% (2013: 23%)	319	451
Expenses not taxable	(14)	(23)
Adjustments in respect of prior periods	37	(303)
Total tax expense	**342**	**125**

13. Earnings per share

	2014 £'000	2013 (as restated) £'000
Basic		
Profit attributable to ordinary shareholders	1,176	1,837
Weighted average number of ordinary shares	35,659,541	35,270,888
Basic earnings per share	3.30p	5.21p

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.

	2014 £'000	2013 (as restated) £'000
	Diluted	Diluted
Profit attributable to ordinary share holders	1,176	1,837
Interest expense of convertible loan notes	38	142
Profit for the purposes of diluted earnings per share	**1,214**	**1,979**
Weighted average number of shares in issue	35,659,541	35,270,888
Adjustments for:		
- assumed conversion of convertible loan notes	1,322,222	5,146,333
- exercise of options	271,052	162,362
Weighted average number of ordinary shares for the purposes of diluted earnings per share	37,252,815	40,579,583
Diluted earnings per share	**3.26p**	**4.88p**

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	Short leasehold property £'000	Plant and machinery £'000	Public service vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 1 December 2012	5,274	902	2,656	33,567	816	43,215
Acquisition	1,939	-	61	342	-	2,342
Additions	1,996	-	463	3,474	56	5,989
Transfers	(283)	(2)	285	-	-	-
Disposals	-	-	(1,336)	(3,765)	(582)	(5,683)
At 30 November 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**
Depreciation						
At 1 December 2012	431	106	1,469	13,062	638	15,706
Charge for the year	95	21	316	2,726	95	3,253
Transfers	(107)	-	107	-	-	-
Disposals	-	-	(1,336)	(2,108)	(582)	(4,026)
At 30 November 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**
Net book value:						
At 30 November 2014	**8,435**	**752**	**1,516**	**19,534**	**217**	**30,454**
At 30 November 2013	**8,507**	**773**	**1,573**	**19,938**	**139**	**30,930**

The net book value of public service vehicles at 30 November 2014 held under hire purchase agreements was £12,793,000 (2013: £13,998,000). Depreciation of £1,363,000 (2013: £1,649,000) 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 2012 and 2013 and at 30 November 2013 and 2014	250	312	9,482	10,044
Amortisation				
At 1 December 2012	250	312	-	562
Charge for the year	-	-	-	-
At 30 November 2013	**250**	**312**	**-**	**562**
Charge for the year	-	-	-	-
At 30 November 2014	**250**	**312**	**-**	**562**
Net book value				
At 30 November 2014	**-**	**-**	**9,482**	**9,482**
At 30 November 2013	**-**	**-**	**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 2016. Other major assumptions are as follows:

	CGU 2014 %	CGU 2013 %
Discount rate	12	12
Operating margin	8	8
Growth rate	2	2
Inflation	3	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

	2014 £'000	2013 £'000
Fuel and spares	2,197	1,826

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 £13,869,000 (2013: £14,622,000). No inventory has been written down to fair value in 2014 or 2013 and therefore no associated expense was incurred.

18. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	3,202	2,948
Tax and social security	442	337
Prepayments and accrued income	3,862	4,578
	7,506	**7,863**

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. During the year certain trade receivables were found to be impaired and a provision of £80,000 was created (2013: no provision 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:

	2014 £'000	2013 £'000
Not more than 3 months overdue	124	24
More than 3 months but not more than 1 year	73	121
	197	**145**

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

	2014 £'000	2013 £'000
Balance brought forward at 1 December	-	-
Provided	(80)	-
Balance carried forward at 30 November	**(80)**	**-**

19. Derivative financial instruments

	2014 £'000	2013 £'000
Fuel commodity forward contract (liability) / asset (note 29)	(566)	3

Financial assets at fair value through profit or loss are presented within Operating Activities as 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 29.

20. Cash and cash equivalents

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

	2014 £'000	2013 £'000
Cash at bank	1,050	317
Bank overdraft	(1,159)	(1,531)
	(109)	(1,214)

21. Trade and other payables - current

	2014 £'000	2013 £'000
Trade payables	3,301	4,592
Taxation and social security	597	475
Other creditors	359	281
Accruals and deferred income	642	956
	4,899	**6,304**

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

	2014 £'000	2013 £'000
Current:		
Overdrafts	1,159	1,531
Bank loans	2,850	3,931
Convertible loan stock	595	-
	4,604	**5,462**
Non-current		
Convertible loan stock	-	2,316
Bank loans	6,300	3,396
	6,300	**5,712**

22. Loans and borrowings (continued)

Analysis of maturity

	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**

The analysis above represents minimum payments on an undiscounted basis.

	2013 £'000 Convertible debt	2013 £'000 Bank loans and overdrafts	2013 £'000 Obligations under hire purchase	2013 £'000 Trade and other payables	2013 £'000 Total
In one year or less or on demand	185	5,632	3,776	4,873	14,466
In more than one year but not more than two years	2,331	3,132	3,420	-	8,883
In more than two years but not more than five years	-	406	2,614	-	3,020
Later than five years	-	-	125	-	125
	2,516	**9,170**	**9,935**	**4,873**	**26,494**

Convertible debt

A convertible unsecured loan stock was issued on 3 March 2008. The loan stock was redeemable at par on 31 December 2014 or convertible into 25p ordinary shares of the company at a price of 45.0p per share by that date. By 30 November 2014, holders of £1,720,850 of loan stock had exercised their right to convert. Of the remainder, after the balance sheet date, holders of £435,000 also exercised their right to convert 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 £2.0 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:

	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**

	2013 £'000 Minimum lease payments	2013 £'000 Interest	2013 £'000 Present value
Not later than one year	3,776	458	3,318
More than one but less than two years	3,420	231	3,189
More than two but less than five years	2,614	132	2,482
Later than 5 years	125	3	122
	9,935	**824**	**9,111**

The present values of future lease payments are analysed as:

	2014 £'000	2013 £'000
Current liabilities	3,479	3,318
Non-current liabilities	5,051	5,793
	8,530	**9,111**

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

24. Deferred taxation

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

	2014 £'000	2013 £'000
Accelerated capital allowances	(611)	(275)
Arising on fair value adjustments on acquisitions	103	173
Arising on defined benefit pension scheme	60	170
Arising on derivative financial instruments	119	-
Losses	402	356
Asset	**73**	**424**

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

	2014 £'000	2013 £'000
Balance brought forward at 1 December	424	521
Recognised in business combination	-	123
Recognised in profit or loss	(342)	(125)
Recognised in other comprehensive income	(9)	(95)
Balance carried forward at 30 November	**73**	**424**

At 30 November 2014 there were £nil (2013: £nil) temporary differences or unused tax losses for which deferred tax has not been provided..

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 £251,000 (2013: £158,000). Contributions amounting to £28,134 (2013: £22,789) 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 (2013: £66,667) were payable to the fund at the balance sheet date. Expected contributions for the year ending 30 November 2015 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.

25. Pensions (continued)

Investment risk
The plan assets at 30 November 2014 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 2014 is 15.5 years (2013: 16.5 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 2014 by an independent professionally qualified actuary to take account of the requirements of IAS 19.

The principal actuarial assumptions used were as follows:

	30 November 2014 %	30 November 2013 %
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment	2.0	2.2
Discount rate	3.6	4.3
Inflation	2.0	2.2
Expected long-term rate of return		
- Equities	6.5	7.0
- Government bonds	2.6	3.4
- Other bonds	3.6	4.4
- Cash	0.5	0.5

The expected return on plan assets is 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 2014 Years	30 November 2013 Years
Current pensioner aged 65 - male	21.4	21.8
Current pensioner aged 65 - female	24.3	24.6
Future pensioners at aged 65 (aged 45 now) - male	23.2	23.9
Future pensioners at aged 65 (aged 45 now) - female	26.2	27.0

25. Pensions (continued)

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 2.2%

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.

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

	30 November 2014 £'000	30 November 2013 £'000
Equities	12,492	7,248
Bonds	4,739	8,858
Total market value of assets	17,231	16,106
Present value of scheme liabilities	(17,488)	(16,778)
Pension liability before tax	(257)	(672)
Related deferred tax asset	54	141
Net pension liability	**(203)**	**(531)**

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:

	2014 £'000	2013 (as restated) £'000
Administration expense	(10)	(10)
Finance cost		
- expected return on assets	682	607
- interest cost on pension liabilities	(702)	(657)
Net finance loss	**(20)**	**(50)**
Total defined benefit loss	(30)	(60)
Defined contribution costs	(251)	(158)
Total profit and loss charge	**(281)**	**(218)**

25. Pensions (continued)

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

	2014 £'000	2013 (as restated) £'000
Actual return less expected return on pension scheme assets	963	606
Changes in assumptions underlying the present value of the scheme liabilities	(922)	(155)
Actuarial gain	**41**	**451**

Actuarial (losses)/gains as a percentage of scheme assets and liabilities at 30 November 2014 were as follows:

	2014	2013 (as restated)	2012
Actual return less expected return on pension scheme assets as a percentage of scheme assets	5.6	3.8	4.2
Total actuarial gain/(loss) recognised in statement of total comprehensive income as a percentage of the present value of scheme liabilities	0.2	2.7	(5.9)

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 £865,000 (2013: £897,000). The actual return on plan assets was £1,644,000 (2013: £1,337,000).

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

	2014 £'000	2013 (as restated) £'000
Deficit in scheme at 30 November	(672)	(1,463)
Movement in period		
- Contributions	404	400
- Administrative expenses	(10)	(10)
- Actuarial gain	41	451
- Expected return on assets	682	607
- Interest cost	(702)	(657)
Deficit in scheme at the end of the year	**(257)**	**(672)**

25. Pensions (continued)

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

	2014 £'000	2013 (as restated) £'000
At 30 November	16,106	15,465
Expected return on plan assets	682	607
Actuarial gains	963	606
Employer contributions	404	400
Administrative expenses	(10)	(10)
Benefits paid	(914)	(962)
At end of year	**17,231**	**16,106**

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

	2014 £'000	2013 (as restated) £'000
At 30 November	(16,778)	(16,928)
Interest cost	(702)	(657)
Actuarial loss - changes in assumptions	(922)	(155)
Benefits paid	914	962
At end of year	**(17,488)**	**(16,778)**

26. Share capital

	Allotted and called up and fully paid			
	2014 Number	2014 £'000	2013 Number	2013 £'000
Ordinary shares of 25p each	39,175,003	9,794	35,270,888	8,818

26. Share capital (continued)

	Number	Nominal Value £'000
As at 30 November 2012 and 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	**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 2014 700,000 ordinary shares were held in treasury (2013: nil).

27. Share options and warrants

As at 30 November 2014 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	182,000	24 July 2010	23 July 2017	62.50p
6 September 2007	880,000	6 September 2010	5 September 2017	62.50p
5 September 2008	695,000	5 September 2011	4 September 2018	50.00p
24 September 2012	275,858	24 September 2015	24 March 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.

27. Share options and warrants (continued)

	2014		2013	
	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	Number
Outstanding at beginning of the year	60.97	2,955,498	60.21	3,067,399
Forfeited during the year	(48.47)	(69,307)	(40.05)	(111,901)
Extinguished	(135.50)	(333,333)	-	-
Exercised	(37.5)	(80,000)	-	-
Issued during the year	54.00	2,685,000	-	-
Outstanding at the end of the year	**53.06**	**5,157,858**	**60.97**	**2,955,498**

The exercise price of options outstanding at the end of the year ranged between 37.5p and 62.5p (2013: 37.5p and 162.5p) and their weighted average remaining contractual life was 6.45 years (2013: 3.28 years).

Of the outstanding options at the reporting date 2,197,000 (2013: 2,636,333) were exercisable. The weighted average exercise price was 53.54p (2013: 63.50p).

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 the period was 1.75p.

28. Commitments under operating leases

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

	2014 £'000		2013 £'000	
	Land and buildings	Other	Land and buildings	Other
Operating lease commitments payable:				
Within one year	277	1,838	282	1,924
In two to five years	882	4,661	532	5,463
In more than five years	1,517	154	1,441	875
	2,676	**6,653**	**2,255**	**8,262**

29. 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:

	2014 £'000	2013 £'000
	Carrying value	Carrying value
Financial assets - loans and receivables		
Trade and other receivables	3,202	2,948
Cash and cash equivalents	1,050	317
	4,252	**3,265**
Financial assets - FVTPL		
Fuel commodity forward derivative contract	**-**	**3**
Financial liability – FVTPL		
Fuel commodity forward derivative contracts	**(566)**	**-**
Financial liabilities - at amortised cost		
Trade and other payables	3,660	4,873
Loans and borrowings	10,904	11,174
	14,564	**16,047**

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 2017.

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 fair values of the group's financial assets are classified as Level 2.

29. Financial instruments - risk management (continued)

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:

	2014 £'000
Balance at 1 December 2013	3
Loss recognised in operating profit	(650)
Payments on matured instruments	81
Balance at 30 November 2014	**(566)**

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 2014.

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 18.

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:

	2014 £'000			2013 £'000		
	< 6 months	6-12 months	> 12 months	< 6 months	6-12 months	> 12 months
Cash outflow	(151)	(127)	(268)	(4)	-	-
Cash inflow	-	-	-	-	4	3

29. 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:

	2014 £'000		2013 £'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	11,516	7,918	8,346	11,938

In the year the group paid interest at a rate of between 3% and 3.75% (2013: between 3.5% and 4%) 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 4.4% and 8% (2013: 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:

	2014 £'000	2013 £'000
Share capital	9,794	8,818
Share premium reserve	8,603	7,828
Merger reserve	2,567	2,567
Shares in treasury	(380)	-
Retained earnings	5,022	4,371
At end of year	**25,606**	**23,584**

30. 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 (2013: £nil) of the amount charged was unpaid and included within creditors. During the year J H Gunn received from Rotala a total of £99,451 (2013: £77,373) 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 £10,060 (2013: £8,466) of the amount charged was unpaid and included within creditors. During the year R A Dunn received from Rotala a total of £14,551 (2013: £12,732) 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 £2,500 (2013: £7,500) of the amount charged was unpaid and included within creditors. During the year F G Flight received from Rotala a total of £21,201 (2013: £18,551) in dividends on ordinary shares.

4. During the year S L Dunn received from Rotala a total of £10,990 (2013: £9,616) in dividends on ordinary shares and £16,843 (2013: £20,800) in interest on convertible unsecured loan stock.

5. During the year K M Taylor received from Rotala a total of £5,720 (2013: £5,005) in dividends on ordinary shares and £1,620 (2013: £2,000) 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 2014 (2013: 1,980,221 ordinary shares). The Fund held £nil of the convertible loan stock of Rotala as at that date (2013: £55,000). 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 2014 Mr. Gunn and his beneficial interests held 28.3% (2013: 28.2%) of the ordinary share capital of The Fund. During the year The Fund received from Rotala a total of £31,684 (2013: £26,473) in dividends on ordinary shares and £3,563 (2013: £18,200) in interest on convertible unsecured loan stock.

31. Capital commitments

As at 30 November 2014 the group had placed orders for undelivered vehicles with a capital value of £nil (2013: £602,000).

32. Contingent liabilities

The group in 2012 received a grant of £683,000 from the Government's Green Bus Fund for the acquisition of 7 hybrid diesel electric vehicles. The principal condition of the grant is that the vehicles should be retained by the group for at least three years. If this condition is not observed the grant becomes repayable. The group has no intention of not meeting this condition of the grant.

33. Audit exemption for subsidiary undertakings

For the year ended 30 November 2014, 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
Diamond Bus Company Holding Limited	6504657

34. Post balance sheet events

On 28 February 2015 the company acquired Green Triangle Buses Limited ("GTB") for a cash consideration of £900,000 ("The Acquisition"). At completion Rotala also repaid approximately £368,000 to GTB's bankers to settle the outstanding overdraft. At the date of acquisition GTB had net assets of some £466,000 including Hire Purchase debt of £233,000. In the year ended 31st August 2014, GTB had revenues of approximately £3.9 million and a profit before tax and exceptional items of £107,000. On this basis the Acquisition is expected to generate about £434,000 of positive goodwill and intangible assets.

GTB operates 43 vehicles from a long leasehold depot in Atherton, Manchester and employs about 100 staff. The depot is well placed within the local transport network and capable of handling the expansion needs envisaged for GTB at the current time. The Acquisition will enable the company to enhance its position in the Lancashire market and give it access for the first time to the Greater Manchester area which falls under the remit of Transport for Greater Manchester. Operationally GTB (which will be renamed Diamond Bus (North West) Limited in due course) will be part of the North West division of Rotala, with its existing hub in Preston headed by Bob Dunn as Managing Director.

	Book value £'000
Fixed assets	
Vehicles	838
Leasehold land and buildings	260
Other fixed assets	39
Total fixed assets	**1,137**
Current assets	
Inventories	78
Trade and other receivables	220
Cash and cash equivalents	-
	298
Current liabilities	
Bank overdraft	(368)
Creditors due within one year	(407)
	(775)
Creditors due after more than one year	(54)
Deferred taxation	(140)
Net assets	**466**
Preliminary goodwill arising on acquisition	434
Acquisition costs	36
Total cash consideration paid	**936**

The Share Purchase Agreement provides for a period of 90 days within which closing assets and liabilities as at 28 February 2015 will be precisely ascertained and valued. At the date of these accounts it is not therefore possible to state what fair value adjustments, if any, will be required.

Company Balance Sheet

As at 30 November 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	3	30,539	25,539
Tangible assets	4	49	-
		30,588	**25,539**
Current assets			
Debtors	5	5,826	5,001
		5,826	**5,001**
Creditors: amounts falling due within one year	6	**(4,973)**	**(5,573)**
Net current assets / (liabilities)		**853**	**(572)**
Total assets less current liabilities		**31,441**	**24,967**
Creditors: amounts falling due after more than one year	7	(6,300)	(5,712)
Provisions for liabilities	8	(566)	-
Net assets		**24,575**	**19,255**
Capital and reserves			
Called up share capital	10	9,794	8,818
Share premium account	12	8,603	7,828
Shares in treasury	12	(380)	-
Profit and loss account	12	6,558	2,609
Shareholders' funds	13	**24,575**	**19,255**

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2015

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 2014

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 £4,506,000 (2013: profit £1,695,000) which is dealt with in these parent company financial statements.

3. Investments

	Subsidiary undertakings £'000
Cost and net book value	
At 1 December 2013	25,539
Additions	
At cost	5,000
At 30 November 2014	30,539
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
Wessex Bus Limited	England	100%	Transport
Hallmark Connections Limited	England	100%	Transport
Hallbridge Way Property Limited	England	100%	Property holding
Shady Lane Property Limited	England	100%	Property holding
Diamond Bus Limited *	England	100%	Transport
Preston Bus Limited	England	100%	Transport

* Held indirectly

4. Tangible assets

	Plant and machinery
Cost:	
At 1 December 2013	-
Additions	72
At 30 November 2014	**72**
Depreciation:	
At 1 December 2013	**-**
Charge for the year	**23**
At 30 November 2014	**23**
Net book value:	
At 30 November 2014	49
At 30 November 2013	**-**

5. Debtors

	2014 £'000	2013 £'000
Prepayments and accrued income	256	166
Taxation	8	-
Deferred tax (note 9)	136	-
Amounts due from subsidiary undertakings	5,426	4,835
	5,826	**5,001**

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

6. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts (note 7)	3,939	5,076
Convertible unsecured loan stock	595	-
Amounts due to subsidiary undertakings	-	-
Trade creditors	51	90
Taxation and social security	4	-
Accruals and deferred income	124	-
Other creditors	260	407
	4,973	**5,573**

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

	2014 £'000	2013 £'000
Convertible loan stock	-	2,316
Bank loan	6,300	3,396
	6,300	**5,712**

Convertible debt

A convertible unsecured loan stock was issued on 3 March 2008. The loan stock was redeemable at par on 31 December 2014 or convertible into 25p ordinary shares of the company at a price of 45.0p per share by that date. By 30 November 2014, holders of £1,720,850 of loan stock had exercised their right to convert. Of the remainder, after the balance sheet date, holders of £435,000 also exercised their right to convert 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 £2.0 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 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**

	Convertible debt 2013 £'000	Bank loans and overdrafts 2013 £'000	Total 2013 £'000
In one year or less, or on demand	-	5,076	5,076
In more than one year but not more than two years	2,316	3,008	5,324
In more than two years but not more than five years	-	388	388
	2,316	**8,472**	**10,788**

8. Provisions

	2014 £'000	2013 £'000
Fuel commodity forward contracts liability	(566)	-

9. Deferred tax

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

	2014 £'000	2013 £'000
Accelerated capital allowances	2	-
Arising on derivative financial instruments	119	-
Losses	15	-
Asset	**136**	**-**

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

	2014 £'000	2013 £'000
Balance brought forward at 1 December	-	-
Recognised in profit or loss	136	-
Balance carried forward at 30 November	**136**	**-**

At 30 November 2014 there were £nil (2013: £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			
	2014 Number	2014 £'000	2013 Number	2013 £'000
Ordinary shares of 25p each	39,175,003	9,794	35,270,888	8,818

Issued Share Capital	Number	Nominal Value £'000
As at 30 November 2012 and 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	**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 2014 700,000 ordinary shares were held in treasury (2013: nil).

11. Share options and warrants

As at 30 November 2014 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	182,000	24 July 2010	23 July 2017	62.50p
6 September 2007	880,000	6 September 2010	5 September 2017	62.50p
5 September 2008	695,000	5 September 2011	4 September 2018	50.00p
24 September 2012	275,858	24 September 2015	24 March 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.

	2014 Weighted average exercise price (p)	2014 Number	2013 Weighted average exercise price (p)	2013 Number
Outstanding at beginning of the year	60.97	2,955,498	60.21	3,067,399
Forfeited during the year	(48.47)	(69,307)	(40.05)	(111,901)
Extinguished	(135.50)	(333,333)	-	-
Exercised	(37.5)	(80,000)	-	-
Issued during the year	54.00	2,685,000	-	-
Outstanding at the end of the year	**53.06**	**5,157,858**	**60.97**	**2,955,498**

The exercise price of options outstanding at the end of the year ranged between 37.5p and 62.5p (2013: 37.5p and 162.5p) and their weighted average remaining contractual life was 6.45 years (2013: 3.28 years).

Of the outstanding options at the reporting date 2,197,000 (2013: 2,636,333) were exercisable. The weighted average exercise price was 53.54p (2013: 63.50p).

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

	2014 Share Premium Account £'000	2014 Profit and Loss Account £'000	2014 Shares in treasury £'000
At 1 December 2013	7,828	2,609	-
Profit for the year	-	4,506	-
Shares issued	775	-	-
Employee share schemes	-	7	-
Share buyout	-	-	(380)
Dividends paid	-	(564)	-
As at 30 November 2014	**8,603**	**6,558**	**(380)**

13. Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the year	4,506	1,695
Share based payment charge credited to reserves	7	9
Dividends paid	(564)	(494)
Share buyout	(380)	-
Shares issued	1,751	-
Net addition to shareholders' funds	5,320	1,210
Opening shareholders' funds	19,255	18,045
Closing shareholders' funds	**24,575**	**19,255**

14. Pensions

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

15. Capital commitments

As at 30 November 2014 the company had placed orders for undelivered vehicles with a capital value of £nil (2013: £602,000).

16. Commitments under operating leases

The company had the following annual operating lease commitments:

	Other 2014 £'000	Other 2013 £'000
Expiry date		
- up to one year	22	22
- between two and five years	23	45

17. Contingent liabilities

The company has entered into a cross-guarantee and floating charge agreement with its subsidiaries. At 30 November 2014 the contingent liability amounted to £70,000 (2013: £387,000).

The company has guaranteed the hire purchase obligations of its subsidiaries. At 30 November 2014 the contingent liability amounted to £8,530,000 (2013: £9,111,000).

The company in 2012 received a grant of £683,000 from the Government's Green Bus Fund for the acquisition of 7 hybrid diesel electric vehicles. The principal condition of the grant is that the vehicles should be retained by the company for at least three years. If this condition is not observed the grant becomes repayable. The company has no intention of not meeting this condition of the grant.

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. At the year end £nil (2013: £nil) of the amount charged was unpaid and included within creditors. During the year J H Gunn received from Rotala a total of £99,451 (2013: £77,373) 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. At the year end £10,060 (2013: £8,466) of the amount charged was unpaid and included within creditors. During the year R A Dunn received from Rotala a total of £14,551 (2013: £12,732) 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. At the year end £2,500 (2013: £7,500) of the amount charged was unpaid and included within creditors. During the year F G Flight received from Rotala a total of £21,201 (2013: £18,551) in dividends on ordinary shares.

4. During the year S L Dunn received from Rotala a total of £10,990 (2013: £9,616) in dividends on ordinary shares and £16,843 (2013: £20,800) in interest on convertible unsecured loan stock.

5. During the year K M Taylor received from Rotala a total of £5,720 (2013: £5,005) in dividends on ordinary shares and £1,620 (2013: £2,000) 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 2014 (2013: 1,980,221 ordinary shares). The Fund also held £nil of the convertible loan stock of Rotala as at that date (2013: £55,000). 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 2014 Mr. Gunn and his beneficial interests held 28.3% (2013: 28.2%) of the ordinary share capital of The Fund. During the year The Fund received from Rotala a total of £31,684 (2013: £26,473) in dividends on ordinary shares and £3,563 (2013: £18,200) in interest on convertible unsecured loan stock.

19. Post balance sheet events

On 28 February 2015 the company acquired Green Triangle Buses Limited ("GTB") for a cash consideration of £900,000 ("The Acquisition"). At completion Rotala also repaid approximately £368,000 to GTB's bankers to settle the outstanding overdraft. At the date of acquisition GTB had net assets of some £466,000 including Hire Purchase debt of £233,000. In the year ended 31st August 2014, GTB had revenues of approximately £3.9 million and a profit before tax and exceptional items of £107,000. On this basis the Acquisition is expected to generate about £434,000 of positive goodwill and intangible assets.

GTB operates 43 vehicles from a long leasehold depot in Atherton, Manchester and employs about 100 staff. The depot is well placed within the local transport network and capable of handling the expansion needs envisaged for GTB at the current time. The Acquisition will enable the company to enhance its position in the Lancashire market and give it access for the first time to the Greater Manchester area which falls under the remit of Transport for Greater Manchester. Operationally GTB (which will be renamed Diamond Bus (North West) Limited in due course) will be part of the North West division of Rotala, with its existing hub in Preston headed by Bob Dunn as Managing Director.

19. Post balance sheet events (continued)

	Book value £'000
Fixed assets	
Vehicles	838
Leasehold land and buildings	260
Other fixed assets	39
Total fixed assets	**1,137**
Current assets	
Inventories	78
Trade and other receivables	220
Cash and cash equivalents	-
	298
Current liabilities	
Bank overdraft	(368)
Creditors due within one year	(407)
	(775)
Creditors due after more than one year	(54)
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Goodwill arising on acquisition	434
Acquisition costs	36
Total cash consideration paid	**936**

The Share Purchase Agreement provides for a period of 90 days within which closing assets and liabilities as at 28 February 2015 will be precisely ascertained and valued. At the date of these accounts it is not therefore possible to state what fair value adjustments, if any, will be required.

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 21 May 2015 at the offices of the Company at Beacon House, Long Acre, Birmingham, B7 5JJ for the purpose of considering, and if thought fit, passing the following Resolutions with or without modifications and of which Resolutions 1 to 7 (inclusive) will be proposed as ordinary resolutions and Resolutions 8 to 9 will be proposed as special resolutions.

Ordinary Resolutions

1. THAT, the accounts of the Company for the financial period ended 30 November 2014, together with the directors' report and the auditor's report on those accounts, be received and considered.

2. THAT, upon recommendation of the directors, a dividend of 1.20p per ordinary share be declared as a final dividend in respect of the financial year ended 30 November 2014.

3. 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.

4. THAT, Simon Dunn 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.

5. THAT, Geoffrey Flight 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

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

   6.1 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

   6.2 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 2016.

7. 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 24 March 2015 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 2016 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

8. THAT, in substitution for all existing such authorities and subject to the passing of Resolution 7, 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 7 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:-

   8.1 is limited to the allotment of equity securities:-

      8.1.1 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

      8.1.2 otherwise than pursuant to paragraph 8.1.1 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 24 March 2015);

   8.2 shall expire at the earlier of the conclusion of the next annual general meeting of the Company and 31 May 2016, 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;

9. 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:-

   9.1 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 24 March 2015);

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

   9.3 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;

   9.4 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 2016 (unless previously renewed, varied or revoked by the Company in general meeting); and

   9.5 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
Company Secretary

Date: 25 March 2015

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 19 May 2015 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 2 – Declaration of a final dividend
Shareholder approval is required for the payment of a final dividend as recommended by the board of directors. Subject to shareholder approval this dividend will be paid on 26 June 2015 to those shareholders on the Company's register of members as at close of business on 5 June 2015.

Resolution 6 – 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 2014, 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 7 – 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 24 March 2015. The directors have no current intention of exercising this authority.

This authority will expire at the conclusion of the next AGM, or 31 May 2016, whichever is the earlier.

Resolution 8 – 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 24 March 2015 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 2016, whichever is the earlier.

Resolution 9 – 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 24 March 2015. The directors intend to seek renewal of this power at each Annual General Meeting.

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