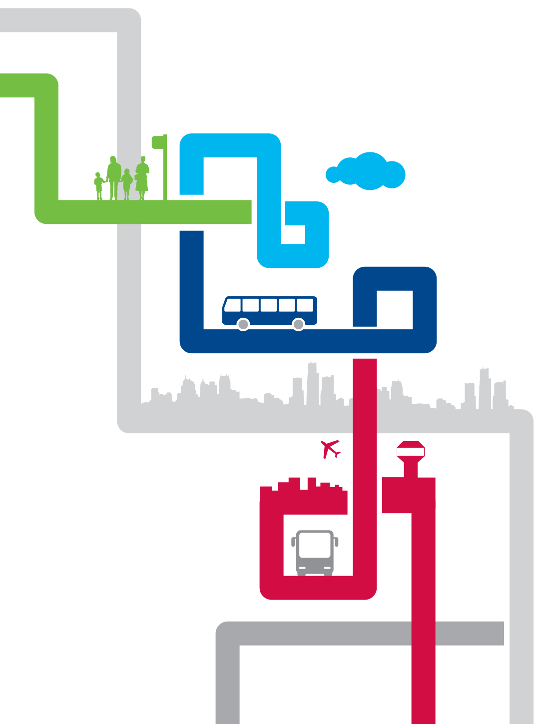
Annual Report

for year ended 30 November 2017

ROTALA
passenger transport



Rotala Plc

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

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1 Rotala at a Glance

Directors, Secretary & Advisers

Country of incorporation of parent company	England and Wales
Company registration number	5338907
Legal form	Public Limited Company
Directors	John Gunn (Non-Executive – Chairman) Graham Spooner (Non-Executive - Deputy Chairman) Simon Dunn (Chief Executive) Robert Dunn (Executive Director) Graham Peacock (Non-Executive Director) Kim Taylor (Group Finance Director)
Registered Office	Rotala Group Headquarters, Cross Quays Business Park, Hallbridge Way, Tividale, Oldbury, West Midlands, B69 3HW. Telephone: 0121 322 2222 Fax: 0121 322 2718
Company Secretary	Kim Taylor
Nominated Adviser and Broker	Cenkos Securities Plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Auditor	Mazars LLP Statutory Auditor 45 Church Street Birmingham B3 2RT
Registrars	Link Asset Services 65 Gresham Street London EC2V 7NQ
Bankers	HSBC Bank plc 120 Edmund Street Birmingham B3 2QZ

Financial Highlights

A glance at the highlights of the financial year ended 30 November 2017.

Revenue

£57,900,000
↑ 5%

2017	£57,900,000
2016	£55,000,000
2015	£50,889,000
2014	£51,674,000

Profit before Taxation

£3,200,000
↑ 20.0%
(before exceptional items)

2017	£3,200,000
2016	£2,680,000
2015	£2,460,000
2014	£2,263,000

Dividend

2.50p
↑ 8.7%

2017	2.50p
2016	2.30p
2015	2.10p
2014	1.85p

Contracted Revenue

£21.4m
↑ 9.0%

2017	£21.4m
2016	£19.7m
2015	£15.8m
2014	£17.9m

Commercial Revenue

£33.7m
↑ 3.0%

2017	£33.7m
2016	£32.9m
2015	£33.2m
2014	£30.6m

Charter Revenue

£2.8m
↑ 16.0%

2017	£2.8m
2016	£2.4m
2015	£1.9m
2014	£3.2m

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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 2017

Profit before Taxation

£3,200,000

↑20.0%

(before exceptional items)

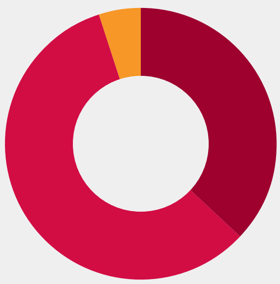
2017	£3,200,000
2016	£2,680,000
2015	£2,460,000
2014	£2,263,000

Revenue by Stream

37% Contracted

58% Commercial

5% Charter



I am pleased to be able to make this report to the shareholders of Rotala Plc for the year ended 30 November 2017. The company made good progress this year and the results clearly show the benefit of the three acquisitions we made in 2016. We have pursued our acquisition strategy in 2017 by making three more acquisitions in the year and one shortly after the year end. The two smaller acquisitions were aimed at enlarging our bus business, firstly in the West Midlands and secondly in Greater Manchester. The last and largest acquisition just before the year end, for our Heathrow depot, further increased our presence in this key market. Shortly after the year end we acquired another small bus business in the West Midlands area in order to extend our route network there. The seven acquisitions we have made since 2016 have very much enlarged the scale of the group's operations and considerably raised the group's prospects in a market which continues to undergo much change.

Results and review of trading

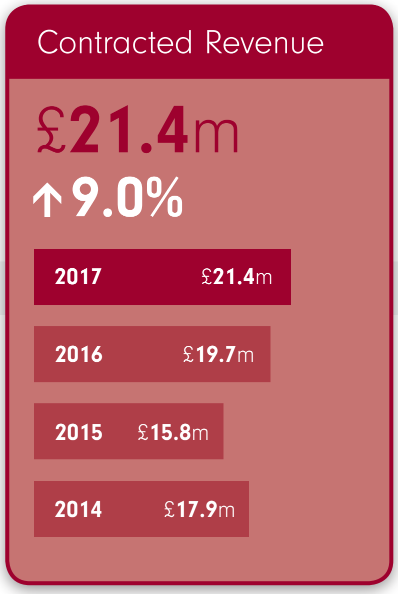
Revenues for the group as a whole for the year ended 30 November 2017 were £57.9 million. This represents an increase of 5% on the revenues of £55.0 million achieved in the previous year. Gross margin increased slightly to 19.1% (2016:18.3%). I am also pleased to report that pre-tax profits before exceptional items rose by 20% to £3.22 million (2016: £2.68 million) demonstrating our ability to manage cost and margin effectively.

Contracted Services

Revenues in Contracted Services rose overall by 9% to £21.4 million (2016: £19.7 million). Contracted Services comprised 37% of group revenues in 2017, compared to 36% in 2016. Revenues in this division fall under two broad headings, those from local authority contracts and those from corporate contracts. The latter stream of income benefited in particular from the full year effect of the acquisition we made at Heathrow in 2016 but also from the transportation contracts servicing Bicester Shopping Village, the full implementation of which began in April 2017. Corporate contracted income is now the largest component of the Contracted Services division and is set to grow further with the effect of the Hotel Hoppa acquisition which we made right at the end of the accounting year. A considerable proportion of Hotel Hoppa's revenue is delivered under contract to corporate bodies like airlines and hotels.

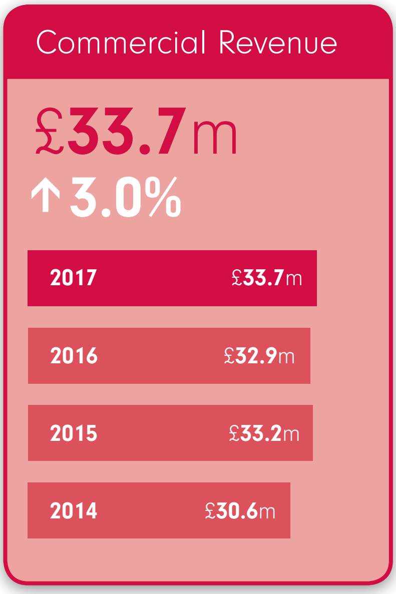
In the local authority arena the proportion of group revenues derived from this source increased slightly to about 16% (2016:15%). In monetary terms these revenues were in fact up some 9% compared to those seen in 2016. This rise reflected diverging trends in our various areas of operation. In the South West our income from local bus contracts fell considerably as the available contract base has shrunk in line with local transport budgets. But this reduction was more than made up for elsewhere in the country. From our Heathrow depot we began, as we announced in the early part of 2017, to operate bus contracts for Surrey County Council; in Greater Manchester we have been successful in growing incrementally the contracts we operate for Transport for Greater Manchester ("TfGM"); and in my report to you at this time last year I mentioned the contracts that we had at that time been recently awarded by Transport for the West Midlands ("TfWM") and which began operations also in April 2017.

I expect to see further growth in this source of revenue in 2018, partly as a result of the contracts brought in by the bus business acquisitions we have made in 2017 in the West Midlands and Manchester (for which see later in this statement). A key reason for making these acquisitions was to put the group in a position to obtain a greater share of the contracted markets in these regions by extending our operational reach. Furthermore we have recently been awarded new bus contracts in both Preston and Greater Manchester. In the Preston area Lancashire County Council, having previously reduced its transport budget, has now increased it again and we have been successful in winning a number of contracts which should bring in new revenues (combining both contracted and commercial elements) of some £1.6 million in a full year. These contracts began in December 2017. In Greater Manchester we have been awarded a series of new contracts, commencing in April 2018, which will bring new revenues (again combining both contracted and commercial elements) of £401,000 in a full year. Thus the overall contribution of Contracted Services revenues to the group will continue its upward trend of the last few years.

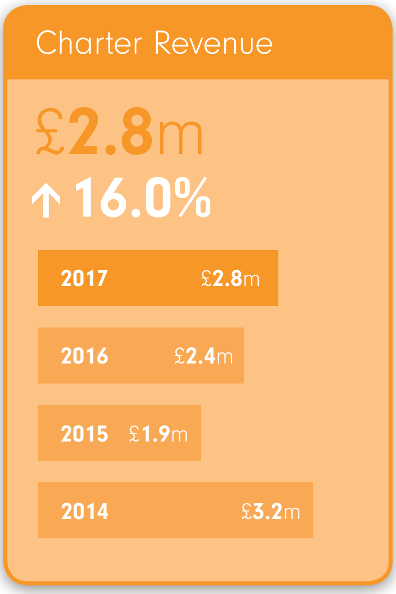


Commercial Services

Revenues in Commercial Services, at £33.7 million for the year, grew by 3% compared to the 2016 total of £32.9 million. Commercial Services comprised 58% of group revenues in 2017, compared to 60% in 2016. As mentioned above, the primary reason for the fall in the proportion of group revenues coming under this heading is the expansion of the Contracted Services division in the last two years. The growth in revenue in Commercial Services in 2017 largely reflected the regional pattern seen in Contracted Services. In the South West over the last few years we have slowly reduced our exposure to commercial revenues by curtailing the number of services we run. This has however enabled us to redeploy vehicles elsewhere in the group and expand our commercial revenues in the West Midlands, Surrey and Greater Manchester in the same time period, as we announced periodically throughout 2017. A further boost to commercial revenues will come from the acquisitions made in 2017 and the early part of 2018. The two bus business acquisitions in the West Midlands have a strong commercial element, as does the Hotel Hoppa acquisition at Heathrow Airport.



The new contracts awarded by Lancashire County Council and TfGM, mentioned above, have a commercial stream which will fall into this division. These revenues will provide another source of growth in the current year. In summary therefore I expect the division to show appreciable growth in 2018.The proportion of group revenues provided by this division should however be expected to continue to fall, reflecting the greater investment which the group is making in Contracted Services at the current time.



Chairman's Statement and Review of Operations

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Charter Services

Revenues in Charter Services rose by 16% compared to the previous year to £2.8 million (2016: £2.4 million). Charter Services comprised 4.8% of group revenues in 2017, compared to 4.4% in 2016. This increase reflects the contribution in the private hire stream of business of the two small acquisitions of Wigan Coachways and Elite Minibus and Coach Services completed in 2016. The year on year increase in revenues saw a significant contribution from the North West of the country, which was the target of the making of these two small acquisitions. We had identified that we had little or no penetration of this potentially lucrative market in that area of the country. The two acquisitions were designed to remedy this weakness and we are pleased with the progress we have made. There was also a strong contribution from private hire work associated with the Bicester Shopping Village contract. Revenues in Charter Services therefore are now 70% higher than they were two years ago, as a result of the three acquisitions we have made in that period to improve radically our presence in the private hire markets at Heathrow Airport and in the North West of England.

Strategy and the Bus Services Act 2017

In May 2017 the Bus Services Act 2017 received the Royal Assent. The Act enables the re-franchising of bus networks in any area with an elected mayor. The approach of the transport authorities in each of the regions affected by the Act in which we have a presence is however different. In both the South West and Greater Manchester it is clearly envisaged that the local authorities will use the legislation to achieve complete control over local bus networks by the franchise process. But in the West Midlands a more collaborative approach using bus alliances is favoured by the local authority. From our perspective both lines of approach offer the prospect of being able to increase our market shares to levels to which we could not possibly have aspired under the existing structure of the bus markets in these locations.

The speed with which changes are likely to happen is however difficult to gauge with any certainty. In the West Midlands we anticipate a gradual introduction of bus alliances covering a number of routes over the next few years. In Manchester TfGM seems to be positioning itself to implement any mayoral direction to take control of bus networks but this decision could be a year or two away. In the South West the rate of progress is uncertain and so it is difficult to formulate a definite view.

Our appreciation of these developments has however driven our acquisition strategy, as outlined below. In the West Midlands we have sought to increase our reach on the western and northern parts of the conurbation by making infill acquisitions of two smaller bus businesses. These acquisitions have increased our market shares in key locations. In Greater Manchester we decided that we needed to increase the size of our overall operation so that we could have a more meaningful part to play in bidding for any franchises that might come up. Thus we bought a small local bus operation on the western side of Manchester. In the South West the lack of clear direction has dissuaded us from making any further investment in the near term and we are content to await developments there.

Acquisitions

During the year the group made three acquisitions, followed shortly after the year end by a fourth. The first occurred at the end of July 2017 when we acquired Hansons (Wordsley) Limited for a cash consideration of £608,000. This company was based in Stourbridge between two of our existing depots and had a turnover of some £2 million per annum. It had about 50 staff and operated some 30 vehicles. We saw the opportunity through this acquisition to increase the size of our operation in this part of the West Midlands and to cement our position as the second largest operator in the West Midlands conurbation as a whole. In addition the acquisition made it possible to increase the utilisation of our existing overhead structure and so take advantage of economies of scale. Following acquisition we therefore immediately moved Hansons vehicles and drivers to our existing depots and put the Stourbridge property on the market. Completion of the sale of this property occurred at the end of January 2018 at a price of £320,000.

We followed this up in early September 2017 with an acquisition in the Eccles area of Greater Manchester. This acquisition was the bus business of Go Goodwins (Coaches) Limited and comprised a bus and minibus business turning over about £2 million per annum, with 28 staff and 18 buses. The cash consideration was £707,000 and included a well located freehold depot. Furthermore it brought with it the opportunity, which we have since taken up, to acquire the immediately adjacent freehold plot which will enable us to double the size of the depot and operate about 50 vehicles from there, a very similar size of operation to our existing depot in Atherton. By this acquisition we therefore put ourselves in a position to double the scale of our operations in Greater Manchester in anticipation of developments in the re-franchising of bus networks by TfGM.

Then, just before the year end, in late November 2017 we purchased for £2 million in cash the Hotel Hoppa bus business from National Express together with the fleet of 32 buses. This business, with revenues of about £6 million per annum and about 90 employees, comprises a passenger transport service between all the terminals of Heathrow Airport and hotels within a five mile radius of Heathrow Central Bus Station, delivered under contracts with those hotels and other airline customers. This acquisition enabled Rotala to strengthen significantly its operations in the Heathrow area. Many of the airline customers of the Hotel Hoppa business are already users of various airside and landside services provided by us in and around Heathrow Airport. No additional overheads were incurred as a result of the acquisition because the acquired business utilised spare capacity in the existing Rotala depots on the southern side of the airport.

Finally, in February 2018, we acquired from CEN Group Limited its entire bus business, trading as Central Buses, and 30-strong vehicle fleet for a cash consideration of £1.95 million. The business has annual revenues of approximately £2.8 million. Central Buses is a well-established operator of commercial and contracted bus services in the northern part of the West Midlands area. This business, with its 40 staff, has been folded into the existing depot infrastructure which Rotala already possesses in the West Midlands. The acquisition extends the group's network of bus services in the northern part of Birmingham, particularly in the Perry Barr area, and so adds further to our market presence in the key West Midlands conurbation.

Technology investment

On 23 April 2017 Rotala went live with new ticket machines equipped with the latest ticketing technology. We have invested £900,000 in this new ticketing system across the whole of the West Midlands and Worcestershire network operated by our Diamond Bus brand. The equipment was supplied by UK-based company Ticketer and, working closely with them, we were able to go from the decision to acquire the new ticket machines to implementation in approximately six months.

The investment means that Diamond Bus can now offer passengers a range of new features. From a passenger's perspective one key advantage is Contactless Payment, giving the customer a more convenient way to pay. Usage of this feature has been growing steadily since inception. From the operator's perspective this means less time purchasing a ticket and so better time keeping. Rotala is the first operator in the West Midlands area to offer contactless payment on a network-wide basis. We have also been able to make tracking information available to passengers through our own mobile app and website. This has been well received by users. In due course, in coordination with TfWM, Real Time Information ("RTI") will be passed from the new ticket machines to TfWM's RTI infrastructure.

We also extended the usage of Ticketer machines to the Hotel Hoppa business immediately after its acquisition in November 2017, as described above. Here the Contactless Payment function rapidly showed its worth. Uptake of this method of payment by passengers has grown steeply from a standing start and now forms a significant proportion of ticket sales revenue. Passengers can buy tickets by the contactless method both on bus and at automated kiosks which we have installed in their hotels. These kiosks also give passengers RTI about the location of their next bus.

From the business perspective the new ticket machines, equipped with the latest in tracking and communications technology, give live location and status feeds for each vehicle to depot traffic offices. This feature enables managers to report delays much more accurately to customers and liaise more easily with drivers to identify and rectify problems. Tickets are also printed with individual Quick Response ("QR") codes. The QR codes are scanned when boarding a bus and are unique to each ticket. This significantly reduces the risk of fraudulent ticket abuse, a perennial management problem for any bus operator.

Chairman's Statement and Review of Operations

(continued)

Fleet management

The focus of our fleet management activity in this accounting period was on the integration of the vehicles acquired with the three acquisitions we made during the year and then shaping the combined fleet to fit the on-going group requirements. This has resulted in the disposal of a large number of older vehicles this year, but, principally because of the ages of the fleets of the acquired businesses, the average age of the fleet has gone up to 9.50 years (2016: 8.45 years). This however is still a figure which is closely comparable to bus fleets outside Greater London. Since the year end we have acquired a 20 strong batch of second hand vehicles but we do not see the need for a significant number of new vehicles in the remainder of 2018 unless customer requirements change. New vehicles in these circumstances would be matched by significant additional revenues and so make commercial sense. We continue to manage the fleet actively in accordance with our policies and this will no doubt result in an on-going level of vehicle acquisition and disposal.

When acquiring any vehicle new to the fleet we are acutely conscious of its emission standards and relative fuel consumption. We believe that having a modern and efficient bus fleet is a key aspect of customer service. Management monitors each vehicle in the fleet for relative fuel consumption, reliability and maintenance cost. 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.

Dividend

As the company matures I expect the dividend to be progressive. The board is conscious of the importance of dividend flows to shareholders and has set a target dividend cover of 2.5 times earnings, to match underlying earnings and free cash flows.

The company paid an interim dividend of 0.85 pence per share in December 2017. The board will recommend to the forthcoming Annual General Meeting a final dividend in respect of 2017 of 1.65 pence per share making a total of 2.50 pence for the year (2016: 2.30 pence).

Banking

Just after the year end, the group changed its principal bankers to HSBC Bank plc and entered into new and enlarged facilities to support its greater scale of operation. These facilities are generally on more favourable terms than the ones they replaced but the borrowings of the group were initially unchanged. The new facilities comprise a term loan of £5.5m, a revolving facility of £15.5m and an overdraft facility of £3.5m, with a maturity date for all these facilities of 5 December 2021. Taking into account these new facilities and parallel asset finance facilities, the group has approximately £10 million of headroom with which it can finance further potential acquisitions.

Placing of New Shares

On 2 August 2017, the company raised £2 million, before fees and expenses, through a subscription by two existing shareholders at a price of 60p a share, and one of these subscribers, Graham Peacock, subsequently joined the board, as set out below. On 18 August 2017 a further £1.5 million was raised through a placing with certain other investors, also at 60p per share.

The net proceeds from these issues of equity were used to finance the acquisitions described above.

Board changes

As mentioned above, following his participation in the subscription for new shares on 2 August 2017, we were delighted to welcome Graham Peacock to the board as a non-executive director. Graham has significant expertise in the transport services sector and was previously Chief Executive Officer and a substantial shareholder of MRH (GB) Limited, the UK's largest independent owner and operator of petrol stations in the UK. The experience he brings will be invaluable to the company in executing its strategy of organic and acquisitive growth.

With effect from 1 June 2017 Graham Spooner, an existing non- executive director of the company, was appointed to the post of Deputy Chairman.

It is also my sad duty to report the sudden and most unexpected death of Geoff Flight last month. Geoff was an investor in and director of Rotala for a decade or more, until he stepped down in 2016. Geoff was a well-known figure in the coach industry. He will be sorely missed.

Fuel hedging

The fuel hedge position is little changed over the last year. Given the uncertain direction of oil prices during 2017, the board decided not to consider fuel hedging while this market uncertainty remains unresolved. The group does however have a fuel hedge in place for the whole of 2018. This covers about 78% of the fuel requirement at an average price of 91p a litre.

Financial review

Income Statement

The Consolidated Income Statement is set out on page 33. This section of the review addresses the results before the mark to market provision for fuel derivatives and other exceptional items. Revenues for the year rose by 5% compared to those of 2016. This increase was principally driven by the acquisitions made in the year. Cost of Sales also rose by 4%. Gross Profits therefore increased by 10%, whilst the gross profit margin rose slightly to 19.1% (2016: 18.3%) as the new acquisitions were integrated into the rest of the group. Administrative expenses increased by 7.6% as a result of the general expansion in the size of the group and its depot footprint. The Profit from Operations at £4.48 million (2016: £3.95 million) was 13% up on that achieved in the previous year. As a consequence adjusted EBITDA rose by 11% to £7.8 million (2016: £7.0 million). Finance expense however fell very slightly as borrowings were more or less static and interest expense overall was little changed. Profit before taxation therefore rose by 20% when compared to the previous year to £3.22 million (2016: £2.68 million).

Exceptional items represented by the mark to market provision on fuel derivatives and other exceptional costs are analysed in detail in note 10 to these financial statements. Profit from Operations after all exceptional items was £3.68 million (2016: £3.96 million). However in 2016 there was a much larger mark to market profit than in 2017. Similarly Profit before Taxation and after all exceptional items was in 2017 £2.42 million (2016: £2.69 million).

Basic earnings per share in 2017, after taking into account the mark to market provision and other exceptional items, were 4.73p per share (2016: 5.49p). However, the impact of the mark to market provisions and the other exceptional items make the basic earnings per share numbers very difficult to understand. A better guide to true comparability is to consider the adjusted basic earnings per share numbers. Adjusted basic earnings per share (before the mark to market provision and other exceptional items) were then 5.95p in 2017 (2016: 5.51p), giving an increase of 8% year on year.

Chairman’s Statement and Review of Operations

(continued)

Balance Sheet

The gross assets of the group grew by 9% in the year and stood at £68.9 million at 30 November 2017 (2016: £63.5 million). Goodwill and other intangible assets rose by £2.7 million as a result of the three acquisitions made during the year. Holdings of freehold property increased following the addition of a freehold depot with the acquisition of the Eccles – based business in September 2017. The bulk of the investment in plant and machinery was represented by new ticket equipment. The book value of the vehicle fleet also increased partly because of the acquisitions made in the year but also because of the reshaping of the group fleet that was required after the business acquisitions made during the year.

Stocks of parts, tyres and fuel were unchanged overall. However both Trade and Other Receivables rose considerably, both because of the increased size of the group but also because much of the new business of the year was delivered by contract, rather than being commercial income. These changes in the shape of the business also drove the increases in prepayments and accrued income, where the bulk of the increase was accounted for by amounts receivable in Bus Services Operators’ Grant, concessionary fares schemes and local authority run fares collection systems. Trade and Other Payables reflected the same business factors and showed a commensurate increase. The dollar/sterling exchange rate and the oil price rise of the latter part of 2017 moved the mark to market asset held in respect of the group’s fuel derivative position into even greater surplus at the period end.

The gross loans and borrowings of the group overall were very little changed from the previous year at £16.3 million (2016: £16.0 million), as the acquisitions made were largely financed by the new share issues. Because the group’s banking facilities were due to expire five months after the year end all borrowings were classified as current at that date. However within a few days of the year end the group banking facilities moved to HSBC Bank plc and assumed a more conventional shape as set out on a proforma basis in note 20 to these financial statements.

Obligations under hire purchase contracts also saw little change year on year: the present value stood at £11.5 million at 30 November 2017 compared to £11.3 million the year before. This position reflects the extensive fleet changes which occurred after the business acquisitions of the year and a number of hire purchase refinancing transactions. The pension obligations of the group (£427,000) now reflect the remaining contributions due to be paid to this defined benefit scheme, as certified by the scheme’s independent actuary. As can be seen from note 24 to these financial statements the scheme actually moved from an accounting deficit of £800,000 in 2016 to an accounting surplus of £894,000 at the end of 2017. The rules of this government – run scheme prevent at present the return of any surplus. This is why the remaining contributions to the scheme are recognised as a group liability.

The gross liabilities of the group were therefore 3% higher than the previous year at £36.6 million (2016: £35.7 million). Responding to the new share issues of £3.4 million net of expenses in August 2017, in addition to the positive factors described above, the net assets of the group rose to £32.4 million at the end of the year, compared to £27.8 million at the end of 2016, a rise of 16% year on year.

Cash Flow Statement

Cash flows from operating activities (before changes in working capital and provisions) were little changed from the previous year at £6.28 million (2016: £6.46 million). However the increased size of the group and the fact that the businesses acquired were largely in the contracted services sector, where revenues are billed by invoice rather than being collected at delivery as with commercial bus services, caused cash to be absorbed into working capital. This picture was much the same as it had been in 2016 and for similar reasons, though the extra working capital required was at a much lower level than was the case in the prior year. Interest paid on HP agreements was slightly increased when compared to the previous year. As a result of the above factors net cash flows from operating activities were much improved on 2016 at £3.34 million (2016: £1.45 million).

Cash used in investing activities in the year was much greater than the previous year. That year had seen the benefit of the sale of the Long Acre depot. There was no similar event in 2017. Investment in property, plant and equipment was lower than that made in 2016 at £1.80 million (2016: £2.56 million). Sales of surplus vehicles however raised a very similar sum to that of the previous year and so the net spend on property, plant and equipment was this year £0.8 million (2017: £1.5 million). The amount spent on the three acquisitions made in the year (£3.3 million) was much higher than that spent on a similar number of acquisitions in 2016 (£1.87 million) Thus cash used in investing activities was £4.13 million net of related proceeds (2016: £0.93 million net).

Financing activities were affected by a number of events. Once again in 2017 new shares were placed. This happened in August 2017 and raised £3.36 million (2016: £2.4 million). The sum raised in 2017 was almost exactly that expended on acquisitions, as laid out above. Dividends paid reflect both an increase in the dividend per share and the number of shares in issue. There was no share buy-back this year.

In 2017 £722,000 of bank loans were repaid in accordance with their standard terms and moderate drawings were made on the revolving facility such that bank borrowings changed little over the year as a whole. This was very like 2016 where new bank loans and repayments were geared around the receipt of the sale proceeds of the Long Acre depot. Bank interest paid in 2017 was also at a very similar level to that seen in 2016. Advantage was again taken this year of the unencumbered value represented by the vehicle fleet. By refinancing these vehicles with new hire purchase arrangements £700,000 of capital was released to invest in the business. The capital element of payments on hire purchase agreements fell somewhat in the year to £3.09 million (2016: £3.37 million). The cash absorbed by financing activities therefore rose slightly to £0.57 million net (2016: £0.27 million net).

Overall therefore cash and cash equivalents declined by £1.38 million in the year compared to an increase of £256,000 in the prior year. The closing overdraft, net of cash and cash equivalents, of £1.7 million (2016: £342,000 overdraft), was in line with management's expectations.

Outlook

The group performed well in 2017 and trading for the current year has begun in line with expectations. Following the four acquisitions which have been made in 2017 and in the early part of 2018, together with the more recent announcements of new business, turnover in the current year should show further significant growth. We have moreover underpinned the growth prospects of the group by successfully negotiating enlarged and more favourable banking facilities to provide the headroom and finance for further acquisitions. Rotala has grown predominantly through acquisition and we continue to be actively engaged in looking for attractive acquisition opportunities.

The group possesses a strong and very experienced management team which has demonstrated over the last decade that it has the right strategy and the skills to implement it. We have shaped our current strategy to take full advantage of the opportunities to be presented by the Bus Services Act 2017. The Act will potentially enable Rotala to increase its market shares significantly in areas where such ambitions would once have been thought to be unattainable. The Act also, taken together with the effects of other transport policy changes by government in recent years, continues to force change on the bus industry. Change brings opportunity to businesses like Rotala and we think we are very well positioned to take full advantage of any eventualities.

Overall therefore we are confident about the prospects of the group and excited about the possibility of expanding it considerably in the years ahead.

John Gunn
Non-Executive Chairman

Date: 11 April 2018

Strategic Report

For the year ended 30 November 2017

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

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

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

Areas of Operation

Our Goals

Rotala Plc pursues three key strategic goals:

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

These goals are measured by:

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

Our Values

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

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

Our brands signify consistency, reliability and employee commitment.

Our Mission

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

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

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

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

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

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

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

Strategic Report

For the year ended 30 November 2017

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:

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:

Local authorities: since bus denationalisation in the 1980's the bus market has evolved and the dominant operators are now more focused on creating profitable route networks, in contrast to the pre-denationalisation approach when size and breadth of service were the sole concerns. Thus commercial bus groups have, over time, either curtailed or withdrawn services and Local Authorities have made decisions that there is a social need to subsidise the on-going provision of bus services to locations which would not support a commercial bus route. Contracts for these subsidised services operate on a variety of different bases but the contracted element of the revenue is included under this heading. Major examples of these types of services during this accounting year were operated under contract to TfGM, TfWM, Lancashire County Council, Surrey County Council, 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 conducts in all of its operating areas.

Charter

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

Key performance indicators (KPIs)

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

	2017	2016
Gross profit margin	19.1%	18.3%
Profit from operations before mark to market provisions and other exceptional items	£4,479,000	£3,947,000
Profit before taxation and mark to market provisions and other exceptional items	£3,215,000	£2,680,000

The key performance indicators of the group (after all exceptional items) are considered to be:

	2017	2016
Gross profit margin	19.1%	18.3%
Profit from operations	£3,683,000	£3,955,000
Profit before taxation	£2,419,000	£2,688,000

These key performance indicators are used as follows:

1. Gross profit margin:

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

2. Profit from operations before exceptional items:

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

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

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

Strategic Report

For the year ended 30 November 2017

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 15. The group's results for the year are set out on page 33. The results of the year and the financial position as at 30 November 2017 are considered by the directors to be satisfactory.

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 (such as the Bus Services Act 2017) 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, as set out in the group's accounting policies. 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 2019. 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 available best practice, including those aspects of the Code considered appropriate. The board is responsible for the management and successful development of the group by:

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

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

The board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the group's assets. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.
The directors are responsible for the group's system of financial control and for reviewing its effectiveness. As the group continues to grow, the directors will review their compliance with the Code from time to time and will adopt such of the provisions as they consider to be appropriate.

Relationships with shareholders

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

By order of the Board.

Kim Taylor
Secretary

Date: 11 April 2018

Directors' Report

For the year ended 30 November 2017

The directors present their statutory report for the group for the year ended 30 November 2017

Directors

The following Directors have held office during the year:

J H Gunn

R A Dunn

S L Dunn

G F Peacock (appointed 11 August 2017)

G M Spooner

K M Taylor

Future developments and achievement of strategic goals

Likely future developments in the business and the progress that the group has made towards its strategic goals are dealt with in the Chairman's Statement and Review of Operations set out on pages 8 to 15.

Dividends and Share Price

An interim dividend in respect of 2017 of 0.85p per share was paid on 8 December 2017. The directors will propose a final dividend for the year to the Annual General Meeting of 1.65p per share. In respect of the year ended 30 November 2016, an interim dividend of 0.80p per share was paid on 8 December 2016. A final dividend of 1.50p per share was paid on 30 June 2017. The total cash outflow for dividends paid in the year was therefore £970,000.

The company's share price at 30 November 2017 was 55.50p (2016: 52.5p). The high and low prices in the year were 64.5p and 45.5p respectively.

Employment policies and employee involvement and communication

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

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

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

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

An SAYE scheme exists for the benefit of all employees. The details of the scheme are set out in note 27 to these financial statements.

Directors' interests

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

		2017 Ordinary shares of 25p each	2017 Options over ordinary shares of 25p each	2016 Ordinary shares of 25p each	2016 Options over ordinary shares of 25p each
J H Gunn	Beneficial	5,364,487	-	5,364,487	200,000
R A Dunn	Beneficial	931,925	1,046,007	931,925	1,046,007
S L Dunn	Beneficial	1,536,117	1,003,604	1,522,596	1,203,604
G F Peacock*	Beneficial	2,741,666	-	-	-
G M Spooner	Beneficial	50,000	-	50,000	-
K M Taylor	Beneficial	573,056	480,000	573,056	720,000

*from date of appointment.

J H Gunn is also a director of and shareholder in The 181 Fund Limited: see note 31 – Related Parties and Transactions.

	At 30 November 2016	Exercise Price	Lapsed	At 30 November 2017	Date Exercisable	Date of Expiry
J H Gunn	200,000	62.5p	(200,000)	-	-	-
	200,000		**(200,000)**	**-**		
R A Dunn	400,000	50.0p	-	400,000	05/09/2011	04/09/2018
	31,007	58.05p	-	31,007	01/12/2019	01/06/2020
	615,000	54.0p		615,000	24/11/2017	23/11/2024
	1,046,007		**-**	**1,046,007**		
S L Dunn	200,000	62.5p	(200,000)	-	-	-
	85,000	50.0p	-	85,000	05/09/2011	04/09/2018
	18,604	58.05p	-	18,604	01/12/2019	01/06/2020
	900,000	54.0p	-	900,000	24/11/2017	23/11/2024
	1,203,604		**(200,000)**	**1,003,604**		
K M Taylor	240,000	62.5p	(240,000)	-	-	-
	85,000	50.0p	-	85,000	05/09/2011	04/09/2018
	395,000	54.0p	-	395,000	24/11/2017	23/11/2024
	720,000		**(240,000)**	**480,000**		

The remuneration of the directors is set out in note 6 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 31 – Related Parties and Transactions.

Directors' Report

For the year ended 30 November 2017

Purchase of own shares

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

	2017 Number	2017 % of called up share capital	2017 £ Cost or proceeds	2016 Number	2016 % of called up share capital	2016 £ Cost or proceeds
Ordinary shares held in treasury at beginning of year	854,338	1.98	817,036	812,313	2.07	621,734
Acquired during the year	-	-	-	500,000	1.16	367,501
Issued for cash in respect of share option exercises	-	-	-	(457,975)	(1.06)	(172,199)
Ordinary shares held in treasury at end of year	854,338	1.75	817,036	854,338	1.98	817,036

The maximum number of ordinary shares held in treasury during the year was 854,338 (2016: 1,218,831), representing 1.98% of the called up share capital of the company (2016: 2.83%)

Substantial shareholdings

As at 11 April 2018 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	7,609,400	15.84
Close Asset Management Limited	6,628,543	13.80
Mr John Gunn	5,364,487	11.17
Mr Graham Peacock	2,741,666	5.71
Mrs S Tobbell	2,741,666	5.71
The 181 Fund Limited	1,802,443	3.75
Mr S L Dunn	1,536,117	3.20

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 30.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 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 applicable law and United Kingdom Generally Accepted Accounting Standards (United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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.

Directors' indemnity

The company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company. Appropriate directors' and officers' liability insurance cover is in place in respect of all the directors.

Auditors

Grant Thornton UK LLP resigned as auditors on 3 October 2017 and Mazars LLP were appointed to fill the casual vacancy. Mazars LLP 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 2017, the group has taken advantage of the exemption offered in sections 479A – 479C of the Companies Act 2006 and some of its subsidiaries have not been subject to an individual annual audit. Rotala Plc has given a statutory guarantee to each of these subsidiaries guaranteeing their liabilities, a copy of which will be filed at Companies House.

By order of the Board.

Kim Taylor
Secretary

Date: 11 April 2018
Company No: 05338907

Independent Auditor's Report

To the members of Rotala Plc

Opinion

We have audited the financial statements of Rotala Plc (the 'company') and its subsidiaries (the 'group') for the year ended 30 November 2017, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC") Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of the audit report

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Risk	Our Response
Revenue Recognition Revenue is a material balance for Rotala Plc and represents the largest balance in the consolidated statement of comprehensive income. An error in this balance could significantly affect a user's interpretation of the financial statements. There is risk of fraud or error in the financial reporting relating to revenue recognition due to the potential to inappropriately record revenue in the wrong period. We therefore consider cut-off on both the Contracted and Commercial revenue streams to be a key audit matter.	Our procedures over revenue recognition included, but were not limited to: • Review and testing of the controls in place around the recognition of revenue to ensure that revenue in the statutory accounts is accurately stated. • Detailed testing of a sample of revenue transactions pre and post year end to ensure they were accounted for in the correct period. • Reconciliation of cash received throughout the year to reported revenue. No material misstatements were identified as a result of the audit procedures performed.
Useful economic lives of vehicles Public service vehicles represent a significant proportion of the balance sheet, totalling £25.5m at 30 November 2017. Assessing the useful economic lives (UELs) of these assets is considered a key judgement area as changes to the UELs can result in significant variances in both carrying values and amounts charged to the Consolidated Income Statement.	Our procedures in relation to the useful economic lives of vehicles included, but were not limited to: • Review of any profit/(loss) made on the disposal of vehicles which may be indicative of inaccurate useful economic lives. • Review of management's calculations and the underlying assumptions. • Review of the consistency of the assumptions being applied and perform a comparison to other entities in the sector. As a result of procedures performed, UELs of the vehicles and assumptions adopted are considered reasonable and no material misstatements have been identified.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on the financial statements and our audit. Materiality is used so we can plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. The level of materiality we set is based on our assessment of the magnitude of misstatements that individually or in aggregate, could reasonably be expected to have influence on the economic decisions the users of the financial statements may take based on the information included in the financial statements.

Based on our professional judgement the level of overall materiality we set for the financial statements is outlined below:

Financial Statement materiality:	£866,000
Benchmark applied:	Materiality has been determined with reference to a benchmark of Revenue, of which it represents 1.5%.
Basis for chosen benchmark:	We used Revenue to calculate our materiality as, in our view, this is the most relevant measure of the underlying financial performance of the company.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was approximately 60 per cent of our financial statement materiality, namely £520,000.

We agreed with the Board of Directors that we would report to the Board all audit differences in excess of £26,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified during the course of assessing the overall presentation of the financial statements.

Audit work on subsidiary entities for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on individual statutory performance materiality which is lower than the consolidated materiality set out above. The performance materiality set for each subsidiary is based on the relative scale and risk of the subsidiary to the group as a whole and our assessment of the risk of misstatement at subsidiary level. In the current period, the performance materiality allocated to the sole subsidiary of the group subject to an audit was £146,000.

The company financial statement materiality has been set as 1.5% of Total Assets, namely £318,000. Performance materiality has been set at approximately 60 per cent of our financial statement materiality, namely £191,000.

An overview of the scope of our audit

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

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, all entities within the group were subject to full scope audit performed by the group audit team. At the parent company level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Louis Burns

(Senior Statutory Auditor) for and on behalf of Mazars LLP.

Chartered Accountants and Statutory Auditor, 45 Church Street, Birmingham B3 2RT

Date: 11 April 2018

3 Financial Statements

Consolidated Income Statement

For the year ended 30 November 2017

	Note	2017 Results before exceptional items £'000	2017 Exceptional items (note 10) £'000	2017 Results for the year £'000	2016 Results before exceptional items £'000	2016 Exceptional items (note 10) £'000	2016 Results for the year £'000
Revenue	4	57,906	-	57,906	54,975	-	54,975
Cost of sales		(46,828)	-	(46,828)	(44,895)	-	(44,895)
Gross profit		11,078	-	11,078	10,080	-	10,080
Administrative expenses		(6,599)	(796)	(7,395)	(6,133)	8	(6,125)
Profit from operations	7	4,479	(796)	3,683	3,947	8	3,955
Finance income	8	-	-	-	14	-	14
Finance expense	9	(1,264)	-	(1,264)	(1,281)	-	(1,281)
Profit before taxation	10	3,215	(796)	2,419	2,680	8	2,688
Tax expense	11	(595)	257	(338)	(468)	(14)	(482)
Profit for the year attributable to the equity holders of the parent		2,620	(539)	2,081	2,212	(6)	2,206
Earnings per share for profit attributable to the equity holders of the parent during the year:							
Basic (pence)	12	5.95		4.73	5.51		5.49
Diluted (pence)	12	5.94		4.72	5.46		5.44

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

Consolidated Statement of Comprehensive Income

For the year ended 30 November 2017

	Note	2017 £'000	2016 £'000
Profit for the year		2,081	2,206
Other comprehensive income:			
Items that will not subsequently be reclassified to profit or loss:			
Actuarial profit/(loss) on defined benefit pension scheme	24	58	(860)
Deferred tax on actuarial profit/loss on defined benefit pension scheme	25	(11)	163
Other comprehensive profit/(loss) for the year (net of tax)		47	(697)
Total comprehensive income for the year attributable to the equity holders of the parent		2,128	1,509

All of the activities of the group are classed as continuing.

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

Consolidated Statement of Changes in Equity

For the year ended 30 November 2017

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Shares in treasury £'000	Retained earnings £'000	Total £'000
At 30 November 2015	9,794	8,603	2,567	(622)	4,702	25,044
Profit for the year	-	-	-	-	2,206	2,206
Other comprehensive expense	-	-	-	-	(697)	(697)
Total comprehensive income	-	-	-	-	1,509	1,509
Transactions with owners:						
Dividends paid	-	-	-	-	(803)	(803)
Share based payment	-	-	-	-	16	16
Shares issued	968	1,272	-	172	-	2,412
Purchase of own shares	-	-	-	(367)	-	(367)
Transactions with owners	968	1,272	-	(195)	(787)	1,258
At 30 November 2016	10,762	9,875	2,567	(817)	5,424	27,811
Profit for the year	-	-	-	-	2,081	2,081
Other comprehensive income	-	-	-	-	47	47
Total comprehensive income	-	-	-	-	2,128	2,128
Transactions with owners:						
Dividends paid	-	-	-	-	(970)	(970)
Share based payment	-	-	-	-	20	20
Shares issued	1,458	1,904	-	-	-	3,362
Transactions with owners	1,458	1,904	-	-	(950)	2,412
At 30 November 2017	12,220	11,779	2,567	(817)	6,602	32,351

- Called up share capital represents the nominal value of shares which have been issued;
- The share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuance of shares are deducted from the share premium reserve;
- The merger reserve arose as a consequence of an acquisition in 2005 in which more than 90% of the share capital of the acquired companies was purchased and new shares formed part of the consideration;
- Shares in Treasury result from the acquisition by the company of its own shares. Shares are issued from Treasury to meet the requirement to satisfy the exercise of share options under the company's SAYE and unapproved share option schemes;
- Retained earnings include all current and prior period retained profits and losses.

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

Consolidated Statement of Financial Position

As at 30 November 2017

	Note	2017 £'000	2016 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	36,925	34,876
Goodwill and other intangible assets	14	14,759	12,033
Total non-current assets		51,684	46,909
Current assets			
Inventories	16	2,526	2,607
Trade and other receivables	17	13,646	11,483
Derivative financial instruments	22	450	327
Cash and cash equivalents	18	627	2,159
Total current assets		17,249	16,576
Total assets		68,933	63,485
Liabilities			
Current liabilities			
Trade and other payables	19	6,477	5,195
Loans and borrowings	20	16,278	11,096
Obligations under hire purchase contracts	21	3,158	3,034
Derivative financial instruments	22	-	285
Total current liabilities		25,913	19,610
Non-current liabilities			
Loans and borrowings	20	-	4,900
Obligations under hire purchase contracts	21	8,357	8,256
Provision for liabilities	23	1,203	1,653
Defined benefit pension obligation	24	427	800
Deferred taxation	25	682	455
Total non-current liabilities		10,669	16,064
Total liabilities		36,582	35,674
TOTAL NET ASSETS		32,351	27,811

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

	Note	2017 £'000	2016 £'000
Shareholders' funds			
Share capital	26	12,220	10,762
Share premium reserve		11,779	9,875
Merger reserve		2,567	2,567
Shares in treasury		(817)	(817)
Retained earnings		6,602	5,424
TOTAL EQUITY		32,351	27,811

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 April 2018.

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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 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit before taxation	2,419	2,688
Adjustments for:		
Depreciation	3,274	3,050
Acquisition expenses	47	125
Finance expense (net)	1,264	1,267
Gain on sale of property, plant and equipment	(446)	(342)
Contribution to defined benefit pension scheme	(337)	(350)
Goodwill amortisation	19	-
Notional expense of defined benefit pension scheme	22	7
Equity settled share-based payment expense	20	16
Cash flows from operating activities before changes in working capital and provisions	6,282	6,461
Decrease/(increase) in inventories	80	(500)
(Increase)/decrease in trade and other receivables	(2,056)	(3,330)
Decrease/(increase) in trade and other payables	396	(339)
Movement in provisions	(450)	1,437
Movement on derivative financial instruments	(408)	(1,801)
	(2,438)	(4,533)
Cash generated from operations	3,844	1,928
Interest paid on hire purchase agreements	(501)	(474)
Net cash flows from operating activities carried forward	3,343	1,454

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

	2017 £'000	2016 £'000
Cash flows from operating activities brought forward	3,343	1,454
Investing activities		
Purchases of property, plant and equipment	(1,799)	(2,558)
Acquisition of businesses	(3,329)	(1,871)
Sale of assets held for sale as at 30 November 2015	-	2,479
Sale of property, plant and equipment	1,002	1,023
Net cash (used in) investing activities	(4,126)	(927)
Financing activities		
Shares issued	3,362	2,412
Dividends paid	(970)	(803)
Own shares purchased	-	(367)
Proceeds of mortgage and other bank loans	1,105	2,775
Repayment of bank and other borrowings	(722)	(2,700)
Bank interest paid	(740)	(744)
Hire purchase refinancing receipts	717	2,522
Capital settlement payments on vehicles sold	(240)	-
Capital element of lease payments	(3,086)	(3,366)
Net cash used in financing activities	(574)	(271)
Net (decrease)/increase in cash and cash equivalents	(1,357)	256
Cash and cash equivalents at beginning of year	(342)	(598)
Cash and cash equivalents at end of year	(1,699)	(342)

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

Notes to the Consolidated Financial Statements

For the year ended 30 November 2017

1. General information

Rotala Plc is incorporated and domiciled in the United Kingdom. Its principal activity is the provision of bus services and all activities take place in the United Kingdom.

The financial statements for the year ended 30 November 2017 (including the comparatives for the year ended 30 November 2016) were approved by the Board of Directors on 11 April 2018. Amendments to the financial statements are not permitted after they have been approved.

2. Accounting policies

Basis of preparation

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

Overall considerations

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

Critical accounting estimates and judgements

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

Estimates

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

(a) Impairment of goodwill

The group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information about the impairment review and the reasons for the directors' assessment that there is but a single Cash Generating Unit is included in note 15.

(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 24 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.

2. Accounting policies (continued)

(d) Self-insurance

The estimation of insurance costs, under the group's self-insurance scheme, is based on premiums paid and claims experience. 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 and the insurance claims provision be considered inadequate in the light of claims experience, further appropriate provision would be made.

(e) Acquisition fair values and intangibles

In attributing value to intangibles on acquisition, management has made certain assumptions about the profitability of acquired businesses, brands and customer relationships. The key assumptions relate to the trading performance of the acquired business and the derivation of the fair value of assets or liabilities acquired, including any value attributable to intangible assets such as brands and contracts. Where a business acquired is loss-making, it is considered to be unlikely that brands or contracts have any value. Management uses valuation techniques and its knowledge of the market, combined with its experience of previous acquisitions, to determine the fair value of net assets acquired in business combinations. Management bases its assumptions on observable data as far as possible, but this is not always available. Where observable data is not available management uses the most suitable information it can identify. Estimated fair values may vary from the actual prices that would be achieved in an arms' length transaction at the reporting date.

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 13.

(b) Deferred tax assets

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

Basis of consolidation

The group financial statements consolidate the results of the company and all its subsidiary undertakings as at 30 November 2017.
The results of subsidiary undertakings acquired are included from the date on which control over the acquisition, the right to exercise that control, and exposure to variable returns from the acquisition passed to the group. Intercompany transactions and balances between group companies are therefore eliminated in full.

Business combinations

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

2. Accounting policies (continued)

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. 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. Currently these intangibles are amortised over a period of 3 years 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.

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.

2. Accounting policies (continued)

Property, plant and equipment

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

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

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

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

Freehold land	-	Not depreciated
Freehold buildings	-	Fifty years straight line
Long leasehold property	-	Shorter of the lease term or 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.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Inventories

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

Held for sale assets

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

Mark to market provision and other exceptional costs

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

2. Accounting policies (continued)

Taxation

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

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

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

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

Leased assets

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

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

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

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

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

Self-insurance

The group's policy is to self-insure high frequency, but low value, claims such as those for traffic accidents and to protect itself against high value claims through an insurance policy issued by a third party subject to an excess. Under this scheme, premiums to obtain the latter insurance are paid to QBE Insurance Limited ("QBE") in respect of each accounting period. These premiums are held by QBE in a trust separate from the assets of the company in order to meet those claims as and when they are settled. The company has no control over the assets of this trust. The administration of high frequency but low value claims is made by a claims handling specialist and the funding of the settlement of these claims is made by the company to the claims handler as and when required.

Provisioning for insurance claims is a major area of estimation in these financial statements and the approach used is described in detail in item (d) of the section on "Estimates" set out above. 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. Any provision made is discounted to take account of the expected timing of future payments.

2. Accounting policies (continued)

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.

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

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.

2. Accounting policies (continued)

Financial liabilities

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

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

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

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

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.

Dividends

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

Segmental reporting

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

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

3. Changes in accounting standards and interpretations

The adoption of the following accounting standards, amendments and interpretations in the current year has not had a material impact on the group's financial statements.

	EU effective date: Periods beginning on or after
Amendment to IAS 1 Presentation of Financial State-ments: Disclosure initiative	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer plants	1 January 2016
Amendment to IAS 19 Employee Benefits: Defined benefit plans - Employee contributions	1 February 2015
Amendment to IAS 27 Separate Financial Statements: Equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 Consolidated Financial State-ments, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment entities - Applying the consolidation exception	1 January 2016
Amendment to IFRS 11 Joint Arrangements: Accounting for acquisitions of interests in joint operations	1 January 2016
Annual Improvements to IFRSs (2010 - 2012)	1 February 2015
Annual Improvements to IFRSs (2012 - 2014)	1 January 2016

The adoption of the following standards, amendments and interpretations (including IFRS 9 and 15) in future years is not expected to have a material impact on the group's financial statements.

The group is however continuing to assess the full impact that adopting IFRS 16 will have on future financial statements, and therefore the full effect is yet to be determined.

	EU effective date: Periods beginning on or after	IASB effective date: Periods beginning on or after
IAS 7 Statement of Cash Flows: Amendment in respect of the disclosure initiative	1 January 2017	1 January 2017
IAS 12 Income Taxes: Amendment in relation to the recognition of deferred tax assets for unrealised losses	1 January 2017	1 January 2017
Annual Improvements to IFRSs (2014 - 2016): Clarification of the scope of IFRS 12 Disclosure of Interests in Other Entities	1 January 2017	1 January 2017
IAS 19 Employee Benefits: Amendment in relation to plan amendment, curtailment or settlement	1 January 2019†*	1 January 2019
IAS 28 Investments in Associates and Joint Ventures: Amend-ment in relation to Long-term interests in Associates and Joint Ventures	1 January 2019†*	1 January 2019
IAS 40 Investment Property: Amendment in relation to transfers of investment property	†**	1 January 2018
IFRS 2 Share-based Payment: Amendment in relation to classifi-cation and measurement of share-based payment transactions	†**	1 January 2018
IFRS 4 Insurance Contracts: Amendment in relation to applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	1 January 2018
IFRS 9 Financial Instruments	1 January 2018	1 January 2018
IFRS 9 Financial Instruments: Amendment in relation to Prepay-ment features with negative compensation	1 January 2019†*	1 January 2019
IFRS 15 Revenue from Contracts with Customers	1 January 2018	1 January 2018
IFRS 16 Leases	1 January 2019	1 January 2019
IFRS 17 Insurance Contracts	†**	1 January 2021
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018	1 January 2018
Annual Improvements to IFRSs (2015 - 2017)	1 January 2019†*	1 January 2019
IFRIC 22 Foreign Currency Transactions and Advance Consid-eration	†**	1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019†*	1 January 2019

Standards, amendments and interpretations cannot be adopted in the EU until they have been EU-endorsed.

† Pending endorsement *Expected to be endorsed by the IASB effective date. **Not expected to be endorsed by the IASB effective date.

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:

	2017 £'000	2016 £'000
Commercial	33,702	32,873
Contracted	21,415	19,707
Charter	2,789	2,395
Total Revenue	57,906	54,975

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 most depots in the group deliver 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 2017 and 2016 no customer constituted more than 10% of Revenues.

5. Staff costs

	2017 £'000	2016 £'000
Staff costs (including directors) comprise:		
Wages and salaries	29,824	28,921
Employer's national insurance contributions	2,727	2,591
Defined contribution pension costs	348	348
	32,899	31,860
Share-based payment expense	20	16
	32,919	31,876

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

	2017 Number	2016 Number
Management and administrative	82	90
Direct	1,282	1,180
	1,364	1,270

6. Directors' and key management personnel remuneration

	2017 £'000	2016 £'000
Salaries and other short term employee benefits	562	560
Social security costs	48	48
Contribution to defined contribution pension scheme (note 24)	12	12
Share based payment expense	11	11
	633	631

One director (2016: 1) is a member of the group's defined contribution pension scheme.

Emoluments of the highest paid director were £206,000 (2016: £217,000). Pension contributions of £11,817 (2016: £11,600) were made on his behalf.

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

The directors' remuneration was as follows:

	2017 £'000				2016 £'000			
	Remuneration	Share based payment expense	Pension	Total	Remuneration	Share based payment expense	Pension	Total
Executive								
S L Dunn	206	5	12	223	217	5	12	234
R A Dunn	131	4	-	135	121	4	-	125
K M Taylor	100	2	-	102	103	2	-	105
Non- Executive								
J H Gunn	80	-	-	80	80	-	-	80
G M Spooner	35	-	-	35	15	-	-	15
G F Peacock*	10	-	-	10	-	-	-	-
F G Flight*	-	-	-	-	24	-	-	24
	562	11	12	585	560	11	12	583

*from date of appointment or up to date of resignation

The services of John Gunn and certain of those of Robert Dunn are provided respectively by Wengen 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.

7. Profit from operations

	2017 £'000	2016 £'000
This is arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	3,274	3,050
Operating lease expense:		
- property	554	468
- plant and machinery	1,896	2,135
Profit on disposal of property, plant and equipment	(446)	(342)
Auditor's fees:		
- audit of the parent company and the group	40	42
- audit of the accounts of subsidiaries	10	12
- other non-audit services	-	-

8. Finance income

	2017 £'000	2016 £'000
Interest receivable on bank deposits	-	14

9. Finance expense

	2017 £'000	2016 £'000
Bank borrowings and overdraft interest	697	750
Hire purchase contracts	525	520
Net finance costs on pension scheme (note 24)	17	5
Other interest	25	6
	1,264	1,281

10. Exceptional items within profit before taxation

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

	2017 £'000	2016 £'000
Mark to market profit on fuel derivatives (note 30)	162	684
Acquisition costs	(47)	(125)
Provision against onerous leases resulting from acquisition	-	(310)
Revenue debtor written off (see note below)	(477)	-
Redundancy costs and costs of integration of acquisitions	(337)	(225)
Costs of change of principal bankers	(58)	-
Amortisation of intangible assets	(19)	-
Share based payment expense	(20)	(16)
(Loss)/profit within profit before taxation	(796)	8

As a result of its acquisition of Green Triangle Buses Limited (now renamed Diamond Bus (North West) Limited) in 2015, the group inherited a long standing dispute over the correct rate of concessionary fare re-imbursement. This dispute has now been amicably resolved but part of the settlement terms affected the pre-acquisition element of the revenue in question. Had the resolution of the dispute occurred before the end of the 2016 accounting year, the settlement of the dispute would have been reflected in a corresponding increase in positive goodwill arising on consolidation. However, since that window of adjustment is now closed, the item has had to be written off to the profit and loss account.

11. Tax expense

	2017 £'000	2016 £'000
Current tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	434	483
Prior year adjustments	(96)	13
Change in rate of tax	-	(14)
Total deferred tax (note 25)	338	482
Income tax expense	338	482

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

	2017 £'000	2016 £'000
Profit before taxation	2,419	2,688
Profit at the standard rate of corporation tax in the UK of 19% (2016: 20%)	460	538
Non-taxable items	(2)	(15)
Adjustments in respect of prior periods	(96)	13
Impact of changes in tax rates	(24)	(54)
Total tax expense	338	482

The main rate of corporation tax will fall further to 17% from 1 April 2020 (a change which has been substantively enacted).

Deferred tax has been measured at the average tax rates that are expected to apply in the accounting periods in which the timing differences are expected to reverse, based on the tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

12. Earnings per share

	2017 £'000	2016 £'000
Basic:		
Profit attributable to ordinary shareholders	2,081	2,206
Weighted average number of ordinary shares	44,001,465	40,164,072
Basic earnings per share	4.73p	5.49p

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.

	2017 £'000	2016 £'000
Adjusted basic before mark to market provision and other exceptional items:		
Profit before exceptional items attributable to ordinary shareholders	2,620	2,212
Weighted average number of ordinary shares	44,001,465	40,164,072
Basic before exceptional items earnings per share	5.95p	5.51p

	2017 £'000	2016 £'000
Diluted:		
Profit attributable to ordinary share holders	2,081	2,206
Profit for the purposes of diluted earnings per share	**2,081**	**2,206**
Weighted average number of shares in issue	44,001,465	40,164,072
Adjustments for:		
- exercise of options	111,164	369,473
Weighted average number of ordinary shares for the purposes of diluted earnings per share	44,112,629	40,533,545
Diluted earnings per share	**4.72p**	**5.44p**

12. Earnings per share (continued)

	2017 £'000 Diluted	2016 £'000 Diluted
Adjusted diluted before mark to market provision and other exceptional items		
Profit attributable to ordinary share holders	2,620	2,212
Profit for the purposes of diluted earnings per share	2,620	2,212
Weighted average number of shares in issue	44,001,465	40,164,072
Adjustments for:		
- exercise of options	111,164	369,473
Weighted average number of ordinary shares for the purposes of diluted earnings per share	44,112,629	40,533,545
Adjusted diluted earnings per share	5.94p	5.46p

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 potential ordinary shares take the form of share 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.

13. Property, plant and equipment

	Freehold land and buildings £'000	Long and short leasehold property £'000	Plant and machinery £'000	Public service vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost:						
At 1 December 2015	6,930	1,072	2,730	38,620	148	49,500
Acquisition	-	-	-	630	-	630
Additions	421	12	770	4,937	40	6,180
Disposals	-	-	(16)	(1,350)	-	(1,366)
At 30 November 2016	7,351	1,084	3,484	42,837	188	54,944
Acquisition	585	-	30	1,192	15	1,822
Additions	14	4	1,254	3,302	12	4,586
Disposals	(270)	-	(69)	(1,678)	(26)	(2,043)
At 30 November 2017	7,680	1,088	4,699	45,653	189	59,309
Depreciation:						
At 1 December 2015	302	172	1,044	16,116	68	17,702
Charge for the year	62	29	231	2,707	21	3,050
Disposals	-	-	(4)	(680)	-	(684)
At 30 November 2016	364	201	1,271	18,143	89	20,068
Charge for the year	62	29	284	2,880	19	3,274
Acquisitions	35	-	30	450	15	530
Disposals	(35)	-	(69)	(1,358)	(26)	(1,488)
At 30 November 2017	426	230	1,516	20,115	97	22,384
Net book value:						
At 30 November 2017	7,254	858	3,183	25,538	92	36,925
At 30 November 2016	6,987	883	2,213	24,694	99	34,876

Net book value held under hire purchase agreements :						
At 30 November 2017	-	-	1,026	15,521	-	16,547
At 30 November 2016	-	-	497	15,560	-	16,057
Depreciation charged thereon :						
In 2017	-	-	15	1,965	-	1,980
In 2016	-	-	24	1,406	-	1,430

14. Goodwill and other intangible assets

	Purchased brands £'000	Contracts £'000	Goodwill £'000	Total £'000
Cost:				
At 1 December 2015	250	312	10,581	11,143
Additions	-	-	1,452	1,452
At 30 November 2016	250	312	12,033	12,595
Additions	–	877	1,868	2,745
At 30 November 2017	**250**	**1,189**	**13,901**	**15,340**
Amortisation:				
At 1 December 2015	250	312	-	562
Charge for the year	-	-	-	-
At 30 November 2016	**250**	**312**	**-**	**562**
Charge for the year	-	19	-	19
At 30 November 2017	**250**	**331**	**-**	**581**
Net book value				
At 30 November 2017	**-**	**858**	**13,901**	**14,759**
At 30 November 2016	**-**	**-**	**12,033**	**12,033**

15. 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.

15. 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 2019. Major assumptions are as follows:

	CGU 2017 %	CGU 2016 %
Discount rate	12	12
Operating margin	8	8
Long term 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.

16. Inventories

	2017 £'000	2016 £'000
Fuel, tyres and spares	2,526	2,607

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 £13,575,000 (2016: £12,344,000). No inventory has been written down to fair value in 2017 or 2016 and therefore no associated expense was incurred.

17. Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	3,693	3,569
Tax and social security	369	215
Prepayments and accrued income	9,584	7,699
	13,646	11,483

17. 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.

In 2017 and 2016 all trade and other receivables have been reviewed for indicators of impairment. 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:

	2017 £'000	2016 £'000
Not more than 3 months overdue	16	63
More than 3 months but not more than 1 year	207	54
	223	117

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

	2017 £'000	2016 £'000
Balance brought forward at 1 December	-	-
Provided	-	-
Released	-	-
Balance carried forward at 30 November	-	-

18. Cash and cash equivalents

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

	2017 £'000	2016 £'000
Cash at bank	627	2,159
Bank Overdraft (note 20)	(2,326)	(2,501)
	(1,699)	(342)

19. Trade and other payables - current

	2017 £'000	2016 £'000
Trade payables	3,999	3,326
Taxation and social security	820	652
Other creditors	1,106	694
Accruals and deferred income	552	523
	6,477	5,195

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.

20. Loans and borrowings

	2017 £'000	2016 £'000
Current:		
Overdrafts	2,326	2,501
Bank loans	13,952	8,595
	16,278	11,096
Non-current		
Bank loans	-	4,900
	-	4,900

20. Loans and borrowings (continued)

Analysis of maturity

	2017 £'000 Bank loans and overdrafts	2017 £'000 Obligations under hire purchase	2017 £'000 Trade and other payables	2017 £'000 Total
In one year or less or on demand	16,568	3,590	5,105	25,263
In more than one year but not more than two years	-	3,249	-	3,249
In more than two years but not more than five years	-	5,098	-	5,098
Later than five years	-	619	-	619
	16,568	12,556	5,105	34,229

	2016 £'000 Bank loans and overdrafts	2016 £'000 Obligations under hire purchase	2016 £'000 Trade and other payables	2016 £'000 Total
In one year or less or on demand	11,474	3,448	4,020	18,942
In more than one year but not more than two years	4,982	3,165	-	8,147
In more than two years but not more than five years	-	4,679	-	4,679
Later than five years	-	974	-	974
	16,456	12,266	4,020	32,742

The analysis above represents minimum payments on an undiscounted basis.

Bank borrowings

The above analysis reflects the banking arrangements of the group as at 30 November 2017. These facilities were due to expire on 30 April 2018.

However, on 5 December 2017 the group engaged HSBC Bank plc as its principal bankers and all the group's facilities were transferred to that bank. This new Senior Facilities Agreement provides for a revolving facility of up to £15.5 million and a mortgage facility of £5.5 million, with a corresponding overdraft facility of up to £3.5 million. The group entered into a cross-guarantee and floating charge agreement on that same date covering these facilities. The facilities expire on 5 December 2021 but are renewable at that date.

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 20 years which is considered to give a reasonable approximation to the effective interest rate.

Had the new bank facilities been in place on 30 November 2017 the analysis of maturity would have been as follows:

20. Loans and borrowings (continued)

Pro forma analysis of maturity as at 30 November 2017:

	2017 £'000 Bank loans and overdrafts	2017 £'000 Obligations under hire purchase	2017 £'000 Trade and other payables	2017 £'000 Total
In one year or less or on demand	11,364	3,590	5,105	20,059
In more than one year but not more than two years	539	3,249	-	3,788
In more than two years but not more than five years	5,490	5,098	-	10,588
Later than five years	-	619	-	619
	17,393	12,556	5,105	35,054

21. Obligations under hire purchase contracts

Future lease payments are due as follows:

	2017 £'000 Minimum lease payments	2017 £'000 Interest	2017 £'000 Present value
Not later than one year	3,590	432	3,158
More than one but less than two years	3,249	287	2,962
More than two but less than five years	5,098	306	4,792
Later than five years	619	16	603
	12,556	1,041	11,515

	2016 £'000 Minimum lease payments	2016 £'000 Interest	2016 £'000 Present value
Not later than one year	3,448	414	3,034
More than one but less than two years	3,165	272	2,893
More than two but less than five years	4,679	261	4,418
Later than five years	974	29	945
	12,266	976	11,290

21. Obligations under hire purchase contracts (continued)

The present values of future lease payments are analysed as:

	2017 £'000	2016 £'000
Current liabilities	3,158	3,034
Non-current liabilities	8,357	8,256
	11,515	11,290

It is the group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3 years. For the year ended 30 November 2017, the average effective borrowing rate was 4 per cent (2016: 4 per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling.

The group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 20.

22. Derivative financial instruments

Derivative financial instruments are analysed as follows (see also note 30):

	2017 £'000	2016 £'000
Current assets	450	-
Current assets – debtors due in more than one year	-	327
Current liabilities	-	(285)
Asset/(liability)	450	42

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

The fair value of the commodity forward contracts is determined in accordance with the procedure described in note 30.

23. Provision for liabilities

	Insurance claims provision £'000	Provision for onerous leases arising as a result of acquisitions £'000	Total £'000
At 1 December 2016	1,301	352	1,653
Created during the year	-	-	
Utilised during the year in profit or loss	(98)	(338)	(436)
Released	-	(14)	(14)
Balance at 30 November 2017	1,203	-	1,203

23. Provision for liabilities (continued)

(a) Insurance claims provision

As set out in note 2 to these financial statements, the accounting policy of the group is to self-insure high frequency, but low value, claims such as those for traffic accidents and to protect itself against high value claims through an insurance policy issued by a third party subject to an excess. At the end of the 2016 accounting period responsibility for the administration of new claims passed to a third party claims handling specialist and QBE retained responsibility for settling all claims made up to 30 November 2016. At the same time QBE returned £1.3 million in cash to the company out of the trust fund which it held to settle claims made against the group, but the company assumed responsibility for funding those claims when they were settled.

In addition to the provision set out above, in order to meet claims as and when they are settled, QBE at 30 November 2017 retained a further £300,000 in cash (2016: £600,000). These funds are held in a trust account separate from the assets of the company. The company has no control over this trust account and accordingly does not recognise it as an asset.

As at 30 November 2016 and 2017 it is considered by the company that the provision held is sufficient to meet the settlement responsibility which falls on the company at those dates. Although the form of the manner in which insurance claims are made against the company and settled by the company has therefore changed, the substance has not changed and the accounting policy remains the same as in previous accounting periods.

Given the length of time which can elapse in dealing with insurance claims, it is probable that the above provision will be utilised gradually over the five year period in which claims can be made. Claims experience in the future will dictate the extent to which additions to the provision may be required and the extent of its utilisation in any accounting period.

(b) Onerous lease provisions

As part of the acquisition of the OFJ Business in 2016, the group re-organised its bases of operation in the Heathrow area. In this reorganisation the company vacated a property but was unable to sub-let it at terms which enabled it to recover the costs of the lease to expiry. Accordingly a provision was created to provide for the irrecoverable costs. In addition, in the same acquisition, the directors identified that certain vehicle operating lease contracts were at terms which were higher than market rates for that type of vehicle. Accordingly a provision was made at acquisition to recognise the liability which had been inherited with the acquisition of the business.

24. 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 £348,000 (2016: £348,000). Contributions amounting to £44,979 (2016: £39,441) 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 ("LGPR"). The group accounts for pensions in accordance with IAS 19 "Employee Benefits". Contributions amounting to £27,083 (2016: £44,554) were payable to the fund at the balance sheet date. Expected contributions for the year ending 30 November 2018 are £325,000.

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

Interest rate risk

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

Investment risk

The plan assets at 30 November 2017 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.

24. Pensions (continued)

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 2017 is 12 years (2016: 13 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 2017 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 **2017** %	30 November **2016** %
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment	2.4	2.3
Discount rate	2.3	2.7
Inflation	3.3	3.5
Expected long-term rate of return		
- Equities	6.5	6.5
- Government bonds	2.6	2.6
- Other bonds	3.6	3.6
- Cash	0.5	0.5

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

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

	30 November **2017** Years	30 November **2016** Years
Current pensioner aged 65 - male	21.8	21.6
Current pensioner aged 65 - female	23.9	24.5
Future pensioners at aged 65 (aged 45 now) - male	24.0	23.4
Future pensioners at aged 65 (aged 45 now) - female	26.2	26.4

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 1.2%
Inflation	Increase/decrease by 0.1%	Increase/decrease of 1.2%
Life expectancy	Increase by 1 year	Increase of 4.4%

24. Pensions (continued)

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 **2017** £'000	30 November **2016** £'000
Equities	4,810	4,605
Bonds	10,039	10,045
Other	4,429	3,887
Cash	143	127
Total market value of assets	19,421	18,664
Present value of scheme liabilities	(18,527)	(19,464)
Pension asset/(liability) before tax	894	(800)
Asset ceiling restriction	(1,321)	-
Pension liability after asset ceiling restriction and before tax	(427)	(800)
Related deferred tax asset	77	144
Net pension liability	**(350)**	**(656)**

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

The above analysis shows that, as at 30 November 2017, the group in principle possessed a net pension asset in respect of this scheme. However the LGPR at present do not offer to employers the facility to recover contributions once paid. Therefore an asset ceiling restriction applies and, in accordance with IAS 19, the pension liability of the group equates to the remaining total contributions to the scheme of £427,000, as certified by the scheme's actuary.

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

	2017 £'000	**2016** £'000
Administration expense	(5)	(7)
Finance cost		
- return on plan assets	496	566
- interest cost on pension liabilities	(513)	(571)
Net finance loss	**(17)**	**(5)**
Total defined benefit loss	(22)	(12)
Defined contribution costs	(348)	(348)
Total profit and loss charge	**(370)**	**(360)**

24. Pensions (continued)

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

	2017 £'000	2016 £'000
Return on assets (less interest)	830	1,673
Changes in assumptions underlying the present value of the scheme liabilities	549	(2,533)
Actuarial gain/(loss) before asset ceiling restriction	1,379	(860)
Asset ceiling restriction	(1,321)	-
Actuarial gain/(loss) after asset ceiling restriction	58	(860)

Actuarial gains/(losses) as a percentage of scheme assets and liabilities at 30 November 2017 were as follows:

	2017	2016	2015 (as restated)
Return on assets as a percentage of scheme assets	4.3	9.0	(0.9)
Total actuarial gain/(loss) recognised in statement of total comprehensive income as a percentage of the present value of scheme liabilities	0.3	(4.4)	(2.1)

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 £2,045,000 (2016: £2,087,000). The actual return on plan assets was £1,326,000 (2016: £2,239,000).

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

	2017 £'000	2016 £'000
Deficit in scheme at 30 November	(800)	(278)
Movement in period		
- Contributions	337	350
- Administrative expenses	(5)	(7)
- Actuarial gain/(loss)	1,379	(860)
- Return on plan assets	496	566
- Interest cost	(513)	(571)
Surplus/(deficit) in scheme at the end of the year	894	(800)

24. Pensions (continued)

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

	2017 £'000	2016 £'000
At 30 November	18,664	16,916
Expected return on plan assets	496	566
Actuarial gains	830	1,673
Employer contributions	337	350
Administrative expenses	(5)	(7)
Benefits paid	(901)	(834)
At end of year	19,421	18,664

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

	2017 £'000	2016 £'000
At 30 November	(19,464)	(17,194)
Interest cost	(513)	(571)
Actuarial gain/(loss) – changes in assumptions	549	(2,533)
Benefits paid	901	834
At end of year	(18,527)	(19,464)

25. Deferred taxation

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

	Accelerated capital allowances £'000	Arising on fair value adjustments on acquisitions £'000	Arising on defined benefit pension scheme £'000	Arising on derivative financial instruments £'000	Losses £'000	Total £'000
At 1 December 2015	(770)	114	55	352	113	(136)
Dealt with in the profit and loss account	(366)	(7)	(74)	(360)	325	(482)
Dealt with in other comprehensive income	-	-	163	-	-	163
At 30 November 2016	(1,136)	107	144	(8)	438	(455)
Dealt with in the profit and loss account	291	(61)	(56)	(73)	(439)	(338)
Dealt with in other comprehensive income	-	-	(11)	-	-	(11)
Dealt with in business combinations	-	-	-	-	122	122
At 30 November 2017	(845)	46	77	(81)	121	(682)

At 30 November 2017 there were £nil (2016: £nil) temporary differences or unused tax losses for which deferred tax has not been provided.

26. Share capital

	Allotted and called up and fully paid			
	2017 Number	**2017** £'000	**2016** Number	**2016** £'000
Ordinary shares of 25p each	48,880,918	12,220	43,047,584	10,762

Issued Shared Capital	Number	Nominal Value £'000
As at 1 December 2015	39,175,003	9,794
8 June 2016	3,872,581	968
As at 30 November 2016	43,047,584	10,762
2 August 2017	3,333,332	833
18 August 2017	2,500,002	625
	48,880,918	12,220

Share issue costs of £138,000 and £84,000 respectively were incurred in the share issues of 2017 and 2016, and were charged to the share premium account.

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 2017 854,338 ordinary shares were held in treasury (2016: 854,338).

27. Share options and warrants

As at 30 November 2017 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
5 September 2008	655,000	5 September 2011	4 September 2018	50.00p
24 November 2014	2,585,000	24 November 2017	23 November 2024	54.00p
17 October 2016	429,903	1 December 2019	1 June 2020	58.05p

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 on 17 October 2016 is at present the only issue in relation to this Scheme. The Scheme runs for a 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.

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.

	2017		2016	
	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	Number
Outstanding at beginning of the year	55.52	4,643,210	53.69	4,851,905
Forfeited during the year	58.05	(73,307)	(57.92)	(253,930)
Lapsed during the year	62.50	(900,000)	-	-
Exercised	-	-	(37.60)	(457,975)
Issued during the year	-	-	58.05	503,210
Outstanding at the end of the year	53.76	3,669,903	55.52	4,643,210

The exercise price of options outstanding at the end of the year ranged between 50.0p and 58.05p (2016: 50.0p and 62.5p) and their weighted average remaining contractual life was 5.38 years (2016: 5.19 years).

Of the outstanding options at the reporting date 1,516,667 (2016: 1,555,000) were exercisable. The weighted average exercise price of these options was 52.27p (2016: 57.23p).

The fair value of options granted in 2016 was determined under IFRS 2 using a binominal valuation model. Significant assumptions used in the calculations included:

- a share price volatility of 15% based on expected and historical price movements;
- a weighted average share price of 58.05p;
- a risk-free interest rate of 3%; and
- a period to maturity of three and a half years from the date of grant of the options.

The weighted average fair value of options granted was 3.46p

28. Dividends paid and proposed

	2017 £'000	2016 £'000
Declared and paid in the year		
Ordinary first interim dividend for 2016 of 0.80 pence per share (2015: 0.725 pence)	337	276
Final dividend for 2016 of 1.50 pence per share (2015: second interim dividend of 1.375 pence)	633	527
	970	803
Proposed for approval (not recognised as a liability at 30 November)		
Ordinary interim dividend for 2017 of 0.85 pence per share (2016: 0.80 pence)	408	337
Ordinary final dividend for 2017 of 1.65 pence per share (2016: 1.50 pence)	792	633
	1,200	970

29. Commitments under operating leases

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

	2017 £'000		2016 £'000	
	Land and buildings	Other assets	Land and buildings	Other assets
Operating lease commitments payable:				
Within one year	552	1,758	446	1,800
In two to five years	1,185	2,226	1,406	2,554
In more than five years	3,303	-	3,372	-
	5,040	3,984	5,224	4,354

Operating lease payments for land and buildings represent principally rentals payable by the group for certain of its depots. Short leases are negotiated for an average term of five years, where rentals are either fixed or increase in line with RPI. There were no lease incentives. Longer term leases range in length from 28 to 100 years. In these cases there are periodic rent reviews at the prevailing market rents.

Operating lease payments for other assets principally represent rentals payable by the group for a part of its vehicle fleet. Leases are negotiated for an average term of five years and rentals are fixed for those years with an option to extend for a further two years at an agreed continuation rate.

30. 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:

	2017 £'000 Carrying value	2016 £'000 Carrying value
Financial assets - loans and receivables		
Trade and other receivables	7,663	6,726
Cash and cash equivalents	627	2,159
	8,290	8,885
Financial liability – FVTPL		
Fuel commodity forward derivative contracts - asset	450	327
Fuel commodity forward derivative contracts – liability	-	285
Financial liabilities - at amortised cost		
Trade and other payables	5,657	4,478
Loans and borrowings	16,278	15,996
	21,935	20,474

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. These give the group certainty over a substantial proportion of its projected diesel expenditure up to November 2018.

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The allocation of the group's financial assets and financial liabilities at fair value is classified as Level 2.

30. 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:

	2017 £'000
Balance (asset) at 1 December 2016	42
Released to exceptional items within operating profit	162
Payments on matured instruments	246
Balance net (asset) at 30 November 2017	450

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 2017.

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 in the Strategic Report.

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

	2017 £'000			2016 £'000		
	‹ 6 months	6-12 months	› 12 months	‹ 6 months	6-12 months	› 12 months
Cash inflow/(outflow)	239	211	-	(126)	(159)	327

30. 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:

	2017 £'000		2016 £'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	16,257	11,515	16,087	11,199

In the year the group paid interest at a rate of between 2.85% and 3.50% (2016: between 2.85% and 3.25%) on the liabilities subject to floating rates of interest set out above. The financial liabilities set out above subject to fixed rates of interest (fixed for the whole year) were at rates between 3.3% and 4.45% (2016: between 3.3% and 4.45%) 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

TThe group is exposed to risk in the fluctuating price of diesel. It mitigates this risk when it considers it appropriate to do so 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:

	2017 £'000	2016 £'000
Share capital	12,220	10,762
Share premium reserve	11,779	9,875
Merger reserve	2,567	2,567
Shares in treasury	(817)	(817)
Retained earnings	6,602	5,424
At end of year	**32,351**	**27,811**

31. Related parties and transactions

- 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 6. At the year end £nil (2016: £nil) of the amount charged was unpaid and included within creditors. During the year J H Gunn received from Rotala a total of £123,383 (2016: £127,585) in dividends on ordinary shares.

- Certain of the services of R A Dunn were provided by motorBus Limited, a company controlled by R A Dunn, and invoiced by that company to subsidiary undertakings of Rotala, as set out in note 6. At the year end £23,417 (2016: £15,544) of the amount charged was unpaid and included within creditors. During the year R A Dunn received from Rotala a total of £21,434 (2016: £19,570) in dividends on ordinary shares.

- During the year S L Dunn received from Rotala a total of £35,223 (2016: £30,825) in dividends on ordinary shares.

- During the year K M Taylor received from Rotala a total of £13,180 (2016: £10,874) in dividends on ordinary shares.

- During the year G M Spooner received from Rotala a total of £1,150 (2016: £nil) in dividends on ordinary shares.

- 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 2017 (2016: 1,802,443 ordinary shares). Under Jersey law, Mr Gunn, as a non-resident of that state, is unable to exercise his vote at board meetings of The Fund. At 30 November 2017 Mr. Gunn and his beneficial interests held 30% (2016: 30%) of the ordinary share capital of The Fund. During the year The Fund received from Rotala a total of £41,456 (2016: £37,851) in dividends on ordinary shares.

32. Acquisitions

(a) Hansons (Wordsley) Limited

As set out in the Chairman's Statement, in July 2017 the group acquired Hansons (Wordsley) Limited. The Chairman's Statement describes the details of and the reasons for the acquisition, and should be consulted for a detailed description of all the relevant factors. The consideration for the acquisition (excluding acquisition costs) was £608,000 in cash. The book values of the assets acquired are set out below.

	Book value £'000	Fair value adjustment £'000	Fair value on acquisition £'000
Fixed assets			
Freehold property	277	(42)	235
Plant and equipment	162	-	162
Total fixed assets	439	(42)	397
Current assets			
Trade and other receivables	107	-	107
Cash	66	-	66
	173	-	173
Current liabilities			
Trade and other receivables	(843)	-	(843)
Taxation	(8)	8	-
	(851)	8	(843)
Non-current liabilities			
Obligations under hire purchase contracts	(53)	-	(53)
Loans and borrowings	(75)	-	(75)
Deferred taxation	(17)	140	123
	(145)	140	(5)
Net assets			(278)
Goodwill			886
Acquisition costs (note 10)			30
Total cash consideration paid			638

Because the acquired business was immediately folded into the existing operations of the group in the relevant locality, it is not possible to distinguish revenues and profits for the acquired business in the period to 30 November 2017. Pre-acquisition book values were determined based on applicable IFRS, immediately prior to the acquisition. The values of assets recognised on acquisition are their estimated fair values. For the vehicles acquired this is based on the directors' assessment of the age and condition of each of the vehicles and their knowledge of disposal values for equivalent vehicles.

32. Acquisitions (continued)

The directors have made an assessment of whether there are any intangible assets acquired with the business. No licenses were acquired with the business. The sales and purchase agreement includes a standard non-compete clause; however, the sellers had no intention of re-entering the respective markets at the acquisition date and so there could be no value attributable to this clause. Where there were contracts in place, there was no evidence that these contracts produced any immediately identifiable profits or positive cash flows in the hands of the previous owners. On these bases no separate intangible assets have been identified. The goodwill generated by the acquisition arose from the benefit of synergies with the existing business of the group in the respective location. As stated above the business acquired includes a vehicle fleet and these vehicles were immediately subsumed into existing operations following acquisition. The acquisition expenses incurred by the group amounted to £30,000 and have been expensed in the Consolidated Income Statement in Administrative Expenses.

b) Bus business of Go Goodwins (Coaches) Limited and the Hotel Hoppa business

As set out in the Chairman's Statement, in September and November 2017 the group acquired, respectively, the small bus business of Go Goodwins (Coaches) Limited in Eccles, Manchester and the Hotel Hoppa bus business in and around Heathrow airport. The Chairman's Statement describes the details of and the reasons for the acquisitions, and should be consulted for a detailed description of all the relevant factors. The aggregate consideration for these acquisitions was £2.8 million in cash. The book values of the assets acquired are set out below:

	Book value £'000	Fair value adjustment £'000	Fair value on acquisition £'000
Fixed assets			
Freehold property	500	(185)	315
Vehicles	633	(53)	580
Customer contracts	-	877	877
Total fixed assets	1,133	639	1,772
Current liabilities			
Other payables and accruals	-	-	(14)
	-	-	(14)
Net assets			1,758
Goodwill			982
Acquisition costs (note 10)			17
Total cash consideration paid			2,757

Because the acquired businesses were immediately folded into the existing operations of the group in the relevant localities, it is not possible to distinguish revenues and profits for the acquired businesses in the period to 30 November 2017. Pre-acquisition book values were determined based on applicable IFRS, immediately prior to the acquisition. The values of assets recognised on acquisition are their estimated fair values. For the vehicles acquired this is based on the directors' assessment of the age and condition of each of the vehicles and their knowledge of disposal values for equivalent vehicles.

The directors engaged Crowe Clark Whitehill LLP ("CCW") to make an assessment of the values of the intangible assets acquired with the businesses. Principally this involved an assessment of the value of the intangible asset attributable to the contracts inherited with these businesses. The values estimated by CCW are reflected in the above table.

32. Acquisitions (continued)

The directors do not consider that the brand names have any separable values. No licenses were acquired with the businesses. The sales and purchase agreements include standard non-compete clauses; however, the sellers had no intention of re-entering the respective markets at the acquisition date and so there could be no value attributable to these clauses. The goodwill generated by the acquisitions arose from the benefit of synergies with the existing businesses of the group in their respective locations. As stated above the businesses acquired include vehicle fleets and these vehicles were immediately subsumed into existing operations following acquisition. The acquisition expenses incurred by the group amounted to £17,000 and have been expensed in the Consolidated Income Statement in Administrative Expenses.

33. Capital commitments

As at 30 November 2016 and 2017 the group had no capital commitments.

34. Post balance sheet events

In February 2018 the group completed a further acquisition, from CEN Group Limited trading as Central Buses ("Central"), of its entire bus business, bus brand and 31-strong vehicle fleet for a total cash consideration of £1.95 million, funded from the group's existing debt facilities. The Central business is estimated to have annual revenues of approximately £2.8 million and its vehicle fleet a fair value of approximately £1.5 million. No other assets or liabilities of any materiality were assumed on acquisition. On this basis the acquisition is expected to generate about £0.45 million of positive goodwill on consolidation. No additional overheads are expected to be required as a result of the acquisition.

Central Buses was a well-established operator of commercial and contracted bus services in the northern part of the West Midlands area. This business, with its staff, was immediately integrated into the existing depot infrastructure which the group already possesses in the West Midlands. The acquisition extends the group's network of bus services in the northern part of Birmingham, particularly in the Perry Barr area.

35. Audit exemption for subsidiary undertakings

For the year ended 30 November 2017, 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 (North West) Limited	3037228
Diamond Bus Company Holding Limited	6504657

Company Statement of Financial Position

As at 30 November 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	4	32,126	31,480
Tangible assets	5	226	238
		32,352	31,718
Current assets			
Debtors	6	16,106	11,628
Cash and cash equivalents		1	1,301
		16,107	12,929
Creditors: amounts falling due within one year	7	(16,183)	(11,931)
Net current (liabilities)/assets		(76)	998
Total assets less current liabilities		32,276	32,716
Creditors: amounts falling due after more than one year	8	-	(4,900)
Deferred taxation	9	(49)	-
Provisions for liabilities	10	(1,203)	(1,301)
Net assets		31,024	26,515
Capital and reserves			
Share capital	11	12,220	10,762
Share premium account	13	11,779	9,875
Shares in treasury	13	(817)	(817)
Retained earnings	13	7,842	6,695
Shareholders' equity		31,024	26,515

The parent company profit for the year after taxation was £2,097,000 (2016: £1,437,000).

The parent company financial statements were approved by the Board of Directors and authorised for issue on 11 April 2018.

Simon Dunn
Chief Executive

Kim Taylor
Group Finance Director

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

Company Statement of Changes In Equity

For the year ended 30 November 2017

	Share Capital £'000	Share Premium Reserve £'000	Shares in Treasury £'000	Retained Earnings £'000	Total £'000
At 1 December 2015	9,794	8,603	(622)	6,045	23,820
Profit for the year	-	-	-	1,437	1,437
Dividends paid	-	-	-	(803)	(803)
Shares issued	968	1,272	172	-	2,412
Share based payment	-	-	-	16	16
Purchase of own shares	-	-	(367)	-	(367)
At 30 November 2016	10,762	9,875	(817)	6,695	26,515
Profit for the year	-	-	-	2,097	2,097
Dividends paid	-	-	-	(970)	(970)
Share based payment	-	-	-	20	20
Shares issued	1,458	1,904	-	-	3,362
At 30 November 2017	12,220	11,779	(817)	7,842	31,024

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

Notes to the Company Financial Statements

For the year ended 30 November 2017

1. Accounting policies

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

The principal activity of the Company is that of a holding company which has remained unchanged from the previous year.

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Functional and presentation currency

The financial statements are presented in British Pounds Sterling.

Financial Reporting Standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirement of IFRS 7 Financial Instruments Disclosure;
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - Paragraph 79(a)(iv) of IAS 1;
  - Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - Paragraph 118(e) of IAS 38 Intangible Assets;
  - Paragraph 76 and 79(d) of IAS 40 Investment Property;
- The requirements of paragraph 10(d), 10(f), 16, 38A, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures.

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.

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

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 company but is expected to provide reduced or minimal future economic benefits, it is considered to be impaired. Profits and losses on disposal are calculated by comparing the disposal proceeds with the carrying value of the asset, and the resultant gains or losses are included in the income statement. A gain or loss incurred at the point of derecognition is also included in the income statement at that point.

1. Accounting policies (continued)

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:

Plant and machinery - 33% per annum straight line

Financial assets
The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company 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.

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 company'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 company 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 method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding;

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

- The company 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.

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.

1. Accounting policies (continued)

Taxation

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

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

- 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.

Fuel commodity forward contracts

The company has a number of fuel commodity forward contracts at the year end, the settlement of which lies in the future; therefore the company has recognised both an asset and a liability in respect of these contracts, as appropriate.

Self- insurance

The company's policy is to self-insure high frequency, but low value, claims such as those for traffic accidents and to protect itself against high value claims through an insurance policy issued by a third party subject to an excess. Under this scheme, premiums to obtain the latter insurance are paid to QBE Insurance Limited ("QBE") in respect of each accounting period. These premiums are held by QBE in a trust separate from the assets of the company in order to meet those claims as and when they are settled. The company has no control over the assets of this trust. The administration of high frequency but low value claims is made by a claims handling specialist and the funding of the settlement of these claims is made by the company to the claims handler as and when required.

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. Any provision made is discounted to take account of the expected timing of future payments.

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.

Changes in accounting standards and interpretations

The adoption of the following accounting standards, amendments and interpretations in the current year have not had a material impact on the company's financial statements.

	EU effective date: Periods beginning on or after
Amendment to IAS 1 Presentation of Financial State-ments: Disclosure initiative	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer plants	1 January 2016
Amendment to IAS 19 Employee Benefits: Defined benefit plans - Employee contributions	1 February 2015
Amendment to IAS 27 Separate Financial Statements: Equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 Consolidated Financial State-ments, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment entities - Applying the consolidation exception	1 January 2016
Amendment to IFRS 11 Joint Arrangements: Accounting for acquisitions of interests in joint operations	1 January 2016
Annual Improvements to IFRSs (2010 - 2012)	1 February 2015
Annual Improvements to IFRSs (2012 - 2014)	1 January 2016

2. Profit 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 £2,097,000 (2016: profit £1,437,000) which is dealt with in these parent company financial statements.

3. Staff costs

	2017 £'000	**2016** £'000
Staff costs (including directors) comprise:		
Wages and salaries	1,106	1,113
Employer's national insurance contributions	109	127
Defined contribution pension costs	24	26
	1,239	1,266
Share-based payment expense	11	11
	1,250	1,277

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

	2017 Number	**2016** Number
Management and administrative	26	26

4. Investments

	Subsidiary undertakings £'000
Cost and net book value	
At 1 December 2016	31,480
Additions	
At cost	646
Net book value	
At 30 November 2017	32,126
Net book value	
At 30 November 2016	31,480

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

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

* Held indirectly

All subsidiary undertakings in the group are registered at the same address. This is:

Rotala Group Headquarters
Cross Quays Business Park
Hallbridge Way
Tividale
Oldbury
West Midlands
B69 3HW

5. Tangible assets

	Plant and machinery
Cost:	
At 1 December 2016	390
Additions	36
Disposals	(7)
At 30 November 2017	419
Depreciation:	
At 1 December 2016	152
Charge for the year	48
Disposals	(7)
At 30 November 2017	193
Net book value:	
At 30 November 2017	226
At 30 November 2016	238

6. Debtors

	2017 £'000	2016 £'000
Prepayments and accrued income	400	555
Taxation	23	12
Deferred tax (note 9)	-	175
Financial instruments (2016: Due in more than one year)	450	328
Amounts due from subsidiary undertakings	15,233	10,558
	16,106	11,628

All amounts shown under debtors fall due for payment within one year, except where indicated.

7. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank loans and overdrafts (note 8)	15,627	11,095
Trade creditors	171	118
Taxation and social security	63	31
Accruals and deferred income	85	132
Other creditors	237	270
Fuel commodity forward contracts liability	-	285
	16,183	11,931

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

	2017 £'000	2016 £'000
Bank loan	-	4,900
	-	4,900

Bank borrowings

The above analysis reflects the banking arrangements of the group as at 30 November 2017. These facilities were due to expire on 30 April 2018.

However, on 5 December 2017 the group engaged HSBC Bank plc as its principal bankers and all the group's facilities were transferred to that bank. This new Senior Facilities Agreement provides for a revolving facility of up to £15.5 million and a mortgage facility of £5.5 million, with a corresponding overdraft facility of up to £3.5 million. The group entered into a cross-guarantee and floating charge agreement on that same date covering these facilities. The facilities expire on 5 December 2021 but are renewable at that date.

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 20 years which is considered to give a reasonable approximation to the effective interest rate.

Analysis of maturity

	Bank loans and overdrafts 2017 £'000	Bank loans and overdrafts 2016 £'000
In one year or less, or on demand	15,627	11,095
In more than one year but not more than two years	-	700
In more than two years but not more than five years	-	4,200
	15,627	15,995

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

Had the new banking agreement with HSBC Bank plc been in place on 30 November 2017, the analysis of maturity set out above would have been as follows:

	Bank loans and overdrafts 2017 £'000	Bank loans and overdrafts 2016 £'000
In one year or less, or on demand	10,349	11,095
In more than one year but not more than two years	275	700
In more than two years but not more than five years	5,003	4,200
	15,627	15,995

9. Deferred tax

The deferred tax (liability)/asset included in the company balance sheet is analysed as follows:

	2017 £'000	2016 £'000
Accelerated capital allowances	(7)	3
Arising on derivative financial instruments	(81)	(8)
Losses	39	180
(Liability)/asset	(49)	175

All movements in each category of deferred tax asset or liability in the above table were dealt with in the profit and loss account.

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

	2017 £'000	2016 £'000
Balance brought forward at 1 December	175	366
Recognised in profit or loss	(224)	(191)
Balance carried forward at 30 November	(49)	175

At 30 November 2017 there were £nil (2016: £nil) temporary differences or unused tax losses for which deferred tax has not been provided.

The main rate of corporation tax will fall further to 17% from 1 April 2020 (a change which has been substantively enacted).

Deferred tax has been measured at the average tax rates that are expected to apply in the accounting periods in which the timing differences are expected to reverse, based on the tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

10. Provisions

	2017 £'000	2016 £'000
Insurance claims provision	1,203	1,301
	1,203	1,301

As set out in note 1 to the company financial statements, the accounting policy of the company is to self-insure high frequency, but low value, claims such as those for traffic accidents and to protect itself against high value claims through an insurance policy issued by a third party subject to an excess. At the end of the 2016 accounting period responsibility for the administration of new claims passed to a third party claims handling specialist and QBE retained responsibility for settling all claims made up to 30 November 2016. At the same time QBE returned £1.3 million in cash to the company out of the trust fund which it held to settle claims made against the group, but the company assumed responsibility for funding those claims when they were settled.

In addition to the provision set out above, in order to meet claims as and when they are settled, QBE at 30 November 2017 retained a further £300,000 in cash (2016: £600,000). These funds are held in a trust account separate from the assets of the company. The company has no control over this trust account and accordingly does not recognise it as an asset.

As at 30 November 2016 and 2017 it is considered by the company that the provision held is sufficient to meet the settlement responsibility which falls on the company at those dates. Although the form of the manner in which insurance claims are made against the company and settled by the company has therefore changed, the substance has not changed and the accounting policy remains the same as in previous accounting periods.

Given the length of time which can elapse in dealing with insurance claims, it is probable that the above provision will be utilised gradually over the five year period in which claims can be made. Claims experience in the future will dictate the extent to which additions to the provision may be required and the extent of its utilisation in any accounting period

11. Share capital

	Allotted and called up and fully paid			
	2017 Number	2017 £'000	2016 Number	2016 £'000
Ordinary shares of 25p each	48,880,918	12,220	43,047,584	10,762

Issued Share Capital	Number	Nominal Value £'000
As at 1 December 2015	39,175,003	9,794
8 June 2016	3,872,581	968
As at 30 November 2016	43,047,584	10,762
2 August 2017	3,333,332	833
18 August 2017	2,500,002	625
	48,880,918	12,220

11. Share capital (continued)

Share issue costs of £138,000 and £84,000 respectively were incurred in the share issues of 2017 and 2016, and were charged to the share premium account.

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 2017 854,338 ordinary shares were held in treasury (2016: 854,338).

12. Share options and warrants

As at 30 November 2017 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
5 September 2008	655,000	5 September 2011	4 September 2018	50.00p
24 November 2014	2,585,000	24 November 2017	23 November 2024	54.00p
17 October 2016	429,903	1 December 2019	1 June 2020	58.05p

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 on 17 October 2016 is at present the only issue in relation to this Scheme. The Scheme runs for a 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.

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.

	2017 Weighted average exercise price (p)	2017 Number	2016 Weighted average exercise price (p)	2016 Number
Outstanding at beginning of the year	55.52	4,643,210	53.69	4,851,905
Forfeited during the year	58.05	(73,307)	(57.92)	(253,930)
Lapsed during the year	62.50	(900,000)	-	-
Exercised	-	-	(37.60)	(457,975)
Issued during the year	-	-	58.05	503,210
Outstanding at the end of the year	**53.76**	**3,669,903**	**55.52**	**4,643,210**

12. Share options and warrants (continued)

The exercise price of options outstanding at the end of the year ranged between 50.0p and 58.05p (2016: 50.0p and 62.5p) and their weighted average remaining contractual life was 5.38 years (2016: 5.19 years).

Of the outstanding options at the reporting date 1,516,667 (2016: 1,555,000) were exercisable. The weighted average exercise price of these options was 52.27p (2016: 57.23p).

The fair value of options granted in 2016 was determined under IFRS 2 using a binominal valuation model. Significant assumptions used in the calculations included:

- a share price volatility of 15% based on expected and historical price movements;
- a weighted average share price of 58.05p;
- a risk-free interest rate of 3%; and
- a period to maturity of three and a half years from the date of grant of the options.

The weighted average fair value of options granted was 3.46p.

13. Reserves

- Called up share capital represents the nominal value of shares which have been issued;
- The share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuance of shares are deducted from the share premium reserve;
- Shares in Treasury result from the acquisition by the company of its own shares. Shares are issued from Treasury to meet the requirement to satisfy the exercise of share options under the company's SAYE and unapproved share option schemes;
- Retained earnings include all current and prior period retained profits and losses.

14. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension charge amounted to £24,000 (2016: £26,000). Contributions amounting to £989 (2016: £4,357) were payable to the scheme at the balance sheet date

15. Capital commitments

As at 30 November 2016 and 2017 the company had no capital commitments.

16. Commitments under operating leases

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

	Other Assets **2017** £'000	Other Assets **2016** £'000
Operating lease commitments payable:		
- Within one year	3	14
- In two to five years	-	4
	3	18

17. Contingent liabilities

The company has entered into a cross-guarantee and floating charge agreement with its subsidiaries. At 30 November 2017 the contingent liability amounted to £598,372 (2016: £1,503).

The company has guaranteed the hire purchase obligations of its subsidiaries. At 30 November 2017 the contingent liability amounted to £11,515,000 (2016: £11,290,000).

18. Related parties and transactions

- 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 6 of the group financial statements. At the year end £nil (2016: £nil) of the amount charged was unpaid and included within creditors. During the year J H Gunn received from Rotala a total of £123,383 (2016: £127,585) in dividends on ordinary shares.

- Certain of 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 6 of the group financial statements. At the year end £23,417 (2016: £15,544) of the amount charged was unpaid and included within creditors. During the year R A Dunn received from Rotala a total of £21,434 (2016: £19,570) in dividends on ordinary shares.

- During the year S L Dunn received from Rotala a total of £35,223 (2016: £30,825) in dividends on ordinary shares.

- During the year K M Taylor received from Rotala a total of £13,180 (2016: £10,874) in dividends on ordinary shares.

- During the year G M Spooner received from Rotala a total of £1,150 (2016: £nil) in dividends on ordinary shares.

- 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 2017 (2016: 1,802,443 ordinary shares). Under Jersey law, Mr Gunn, as a non-resident of that state, is unable to exercise his vote at board meetings of The Fund. At 30 November 2017 Mr. Gunn and his beneficial interests held 30% (2016: 30%) of the ordinary share capital of The Fund. During the year The Fund received from Rotala a total of £41,456 (2016: £37,851) in dividends on ordinary shares.

4 Shareholder Information

Notice of Annual General Meeting

AGM

NOTICE IS HEREBY given that the Annual General Meeting ("AGM") of Rotala Plc (the "Company") will be held at 12 pm on 29 May 2018 at the offices of the Company at Cross Quays Business Park, Hallbridge Way, Tividale, Oldbury, West Midlands, B69 3HW for the purpose of considering, and if thought fit, passing the following Resolutions with or without modifications and of which Resolutions 1 to 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 2017, together with the directors' report and the auditor's report on those accounts, be received and considered.

2. THAT, upon the recommendation of the Board of Directors, a dividend of 1.65p per ordinary share be declared as a final dividend in respect of the financial year ended 30 November 2017.

3. THAT, Mazars LLP, having been appointed by the Board to fill a casual vacancy, 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, Graham Peacock, who was appointed after the 2017 AGM and so must seek re-election as a director according to the Company's articles of association, 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 2019.

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 £4,073,410 (being approximately one-third of the issued ordinary share capital of the Company as at 11 April 2018 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 2019 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 £1,222,023 (representing approximately 10 per cent. of the issued ordinary share capital of the Company as at 11 April 2018);

8.2 shall expire at the earlier of the conclusion of the next annual general meeting of the Company and 31 May 2019, 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 4,888,092 (representing ten per cent of the Company's issued ordinary share capital as at 11 April 2018);

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 2019 (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
Secretary

Date: 11 April 2018

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, Link 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, Link 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, Link 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 27 May 2018 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 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 2017, 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 £4,073,410 which is equivalent to approximately one third of the total issued ordinary share capital as at 11 April 2018. The directors have no current intention of exercising this authority.

This authority will expire at the conclusion of the next AGM, or 31 May 2019, 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 £1,222,023 which is equivalent to approximately 10 per cent of the total issued ordinary share capital of the Company as at 11 April 2018 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 2019, 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 4,888,092 ordinary shares, representing approximately 10 per cent of the issued share capital as at 11 April 2018. The directors intend to seek renewal of this power at each Annual General Meeting.

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