Registered No: 863658

Hedingham & District Omnibuses Limited

Report and Financial Statements

27 June 2015

Registered No: 863658

Directors
D A Brown
M R Dean
G C Hunter
S P Butcher

Secretary
C Ferguson

Auditor
Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers
The Royal Bank of Scotland plc
135 Bishopgate
London
EC2M 3UR

Solicitors
Bond Dickinson LLP
St Ann's Wharf
112 Quayside
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NE99 3UR

Registered office
3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

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Strategic Report

Results and dividends

The loss for the year, after taxation, amounted to £877,000 (loss for the year ended 28 June 2014 - £387,000). There are no dividends in the year.

Principal activities and review of the business

The principal activity of the company during the current and previous year was the provision of bus transport services. We carry around 1.5 million passengers a year throughout North Essex. The bus operation is a mix of school contracts, local authority contracts and commercial. The business has five depots at Clacton, Hedingham, Kelvedon, Sudbury and Tollesbury.

Key Performance Indicators

Turnover, operating profit and the number of passenger journeys are some of the key financial performance indicators used. Other performance indicators measured and monitored by management include employee absenteeism and turnover ratios.

Future developments

The company will continue to develop its commercial strategy by investing in vehicles and routes where a return can be made on the investment and by seeking to improve margins on existing services.

Financial risk management objectives and policies

The main risks associated with the company's financial assets and liabilities are set out below. Given that the majority of the risks below derive from transactions with other group companies, the company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

Interest rate risk

All surplus cash is swept by the ultimate parent company, which is invested at a group level. Interest is charged at a variable rate on group loans. Therefore, financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates. However, the exposure is reduced because of the group control.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates.

Credit risk

The company manages its debtors on an ongoing basis and significant resource is put into mitigating credit risk.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations in line with group policies. A cash sweeping facility exists with the ultimate parent company and therefore further information regarding the liquidity risk can be found in the group financial statements. Capital expenditure is approved at group level.

Foreign currency risk

The company has no foreign currency risk: all of the transactions, assets and liabilities are in sterling.

Events subsequent to the balance sheet date

Subsequent to the June 2015 year end, an internal investigation revealed anomalies in various balance sheet accounts that prompted a full review, assisted by the Group's internal auditors. This led to the restatement of a number of areas of the balance sheet to correct an historic build –up of amounts now considered overstated or unrecoverable. The local management team has now been strengthened and internal monitoring is in place to ensure no recurrence of the issues identified.

The strategic report was approved by the Board of Directors on 21 July 2016 and signed on their behalf by:

S P Butcher
Director

Directors' report

The directors present their report and financial statements for the year ended 27 June 2015.

Directors

The directors who served the company during the period were as follows:

D A Brown
K Down (resigned 06/12/2015)
M R Dean
J M Patterson (resigned 14/11/2014)
T C Harris (resigned 31/07/2015)
G C Hunter (appointed 03/11/2014)
S P Butcher (appointed14/03/2016)

Messrs Brown and Down were directors of the ultimate parent company, The Go-Ahead Group plc during the period.

Management and staff

It is the policy of the company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities.

Health and Safety

Health and Safety is at the forefront of every process and decision the company undertakes. This is managed through a process of policies and procedures, safe systems of work and risk assessments and monitored by the Fleet Engineer. There were no serious incidents or near misses relating to Health and Safety reported during the year.

Going Concern

The directors have considered the company's current and future prospects and its availability of financing from its ultimate group undertaking and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

Directors' responsibilities for audit information

Insofar as the directors are 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.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Registered office:
3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

By order of the board

S P Butcher
Director
21 July 2016

Statement of directors' responsibilities in respect of Financial Statements

The directors are responsible for preparing 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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.

Independent auditor's report

to the members Hedingham and District Omnibuses Limited

We have audited the financial statements of Hedingham and District Omnibuses Limited for the year ended 27 June 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. Due to the matter described in the Basis for disclaimer of opinion on the profit and loss account paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the profit and loss account.

Scope of the audit of the financial statements

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

Basis for disclaimer of opinion on the profit and loss account

Subsequent to the period ended 27 June 2015 an internal investigation by management revealed anomalies in various balance sheet accounts that prompted a full review, assisted by the Group's internal auditors. This led to the restatement of a number of areas of the balance sheet to correct an historic build-up of amounts now considered overstated or unrecoverable. However, the directors were unable to provide us with detailed support for the restatements and as a result, we have been unable to obtain sufficient appropriate audit evidence concerning the profit and loss account.

Disclaimer of opinion on the profit and loss account

Because of the significance of the matter described in the Basis for disclaimer of opinion on the profit and loss account paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the profit and loss account for the period ended 27 June 2015.

Opinion on the balance sheet

In our opinion, the balance sheet:

- gives a true and fair view of the state of the company's affairs as at 27 June 2015;
- has been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- has been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the profit and loss account, in our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the profit and loss account for the period ended 27 June 2015, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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

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

UK LLP

Sergio Cardoso
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
22 July 2016

Profit and loss account
for the year ended 27 June 2015

	Notes	*2015* *£000*	*2014* *£000*
Turnover	2	4,161	4,915
Operating costs	3	(5,392)	(5,456)
Operating loss	4	(1,231)	(541)
Interest receivable and similar income	6	115	70
		-	-
Loss on ordinary activities before taxation		(1,116)	(471)
Tax on profit on ordinary activities	7	239	84
Loss for the financial period transferred to reserves		(877)	(387)

All activities are continuing.

Statement of total recognised gains and losses
for the year ended 27 June 2015

	2015 *£000*	*2014* *£000*
Loss for the financial year	(877)	(387)
Total recognised gains and losses relating to the year	(877)	(387)

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Balance sheet

at 27 June 2015

	Notes	*2015* *£000*	*2014* *£000*
Fixed assets			
Tangible assets	8	1,295	785
		1,295	785
Current assets			
Debtors	9	2,893	1,959
Stocks		87	67
Cash at bank		4	1,698
		-	-
		2,984	3,724
Creditors: amounts falling due within one year	10	(1,302)	(704)
Net current assets		1,682	3,020
Total assets less current liabilities		2,977	3,805
Creditors: amounts falling due after more than one year		-	–
Provisions for liabilities	12	(121)	(72)
Net assets		2,856	3,733
Capital and reserves			
Equity share capital	13	51	51
Revaluation reserve	14	629	629
Profit and loss account	14	2,176	3,053
	14	2,856	3,733

Approved by the Board and signed on its behalf by:

S P Butcher
Director
21 July 2016

Notes to the financial statements
at 27 June 2015

1. Accounting policies

Basis of preparation
The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Subsequent to the June 2015 year end, an internal investigation revealed anomalies in various balance sheet accounts that prompted a full review, assisted by the Group's internal auditors. This led to the restatement of a number of areas of the balance sheet to correct an historic build –up of amounts now considered overstated or unrecoverable. The local management team has now been strengthened and internal monitoring is in place to ensure no recurrence of the issues identified

Going Concern
The directors have considered the company's current and future prospects and its availability of financing from its ultimate parent group undertaking, the Go-Ahead Group plc, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover
Turnover comprises revenue from bus transport services in the United Kingdom. Where appropriate, amounts are shown excluding value added tax. Bus revenue principally comprises amounts receivable from contracts with local authorities and is recognised as the services are provided.

Other bus revenue comprises amounts receivable from ticket sales and concessionary fare schemes. Concessionary amounts are recognised in the period in which the service is provided based on a predetermined formula as agreed with the relevant local authority.

Fixed assets and depreciation
Tangible fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset, as follows:

Freehold property	-	2% p.a. straight line basis
Plant and machinery	-	25% p.a. reducing balance basis
Rolling stock	-	25% or 12.5% (8 years) p.a. reducing balance basis

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

Investments
Fixed asset investments are stated at cost less provision for diminution in value.

Government grants
The company receives government grants and these are credited to the profit and loss account for the period to which they relate.

Stocks
Stocks are stated at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items.

Notes to the financial statements
at 27 June 2015

1. Accounting policies (continued)

Deferred taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided for on all timing differences which have originated but not reversed at the balance sheet date. Except where otherwise required by accounting standards, no timing differences are recognised in respect of:

- Deferred tax assets except to the extent that it is more likely than not that they will be recovered.
- Deferred tax is calculated at the enacted rates at which it is estimated the tax will be payable. The deferred tax provision is not discounted to net present value.

Leasing and hire purchase commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet.
The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

2. Turnover
The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2015	*2014*
	£000	*£000*
United Kingdom	4,161	4,915

3. Operating costs

	2015	*2014*
	£000	*£000*
Cost of sales	2,322	2,135
Staff costs (note 5)	2,865	2,983
Administrative expenses	205	338
	5,392	5,456

4. Operating Loss
This is stated after charging/(crediting):

	2015	*2014*
	£000	*£000*
Auditor's remuneration	6	7
Depreciation of owned fixed assets	147	199
Loss/(Profit) on disposal of fixed assets	(55)	11
	92	210
Director's remuneration	-	-

Notes to the financial statements
at 27 June 2015

5. Staff costs

	2015	*2014*
	£000	£000
Wages and salaries	2,629	2,742
Social security costs	218	241
Pension Costs	18	-
	2,865	2,983

The monthly average number of employees during the period was as follows:

	2015	*2014*
	No.	*No.*
Bus operations and other activities	123	128
Administration	7	6
	130	134

6. Interest receivable and similar income

	2015	*2014*
	£000	*£000*
Interest receivable	115	70

Notes to the financial statements
at 27 June 2015

7. Taxation on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015	*2014*
	£000	*£000*
Current tax:		
UK corporation tax	(273)	(66)
Total current tax	(273)	(66)
Deferred tax:		
Origination and reversal of timing differences	34	(18)
Tax on profit on ordinary activities	(239)	(84)

(b) Factors affecting current tax charge

The tax assessed on the profit / (loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.75% (2014 – 22.5%).

	2015	*2014*
	£000	*£000*
Loss on ordinary activities before tax	(1,116)	(471)
Profit on ordinary activities by rate of tax	(232)	(106)
Depreciation in excess of capital allowances	21	43
Expenses not deductible for tax purposes/income not taxable	-	(2)
Deferred tax movement due to rate change	-	2
Adjustment in respect of prior year	(62)	(3)
Total current tax	(273)	(66)

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 21% to 20% came into effect on 1 April 2015.

As proposed in the 2016 budget, the rates of corporation tax are going to be reduced to 17% in 2020, with an interim reduction to 19% in 2017. These proposals were not substantively enacted at the balance sheet date, therefore the currently enacted 20% rate has been applied to deferred tax liabilities/assets at the year end.

Notes to the financial statements
at 27 June 2015

8. Tangible fixed assets

	Freehold land & buildings £000	*Plant & machinery £000*	*Rolling Stock £000*	*WIP £000*	*Total £000*
Cost:					
At 28 June 2014	-	516	5,279	-	5,795
Additions	-	18	348	297	663
Disposals	-	(10)	(360)	-	(370)
Reclassified asset	-		-	-	-
At 27 June 2015	-	526	5,265	297	6,088
Depreciation:					
At 28 June 2014	-	421	4,589	-	5,010
Provided during the period	-	26	121	-	147
Disposals	-	(7)	(358)	-	(365)
At 27 June 2015	-	440	4,352	-	4,792
Net book value:					
At 27 June 2015	-	86	912	297	1,295
At 28 June 2014	-	95	690	-	785

Notes to the financial statements
at 27 June 2015

9. Debtors

	2015 £000	2014 £000
Trade debtors	2,232	-
Amounts owed from group undertakings	-	17
Corporation Tax	229	24
VAT	62	-
Prepayments and accrued income	370	1,918
	2,893	1,959

10. Creditors:amounts falling due within one year

	2015 £000	2014 £000
Finance leases	-	26
Other creditors	-	2
Amounts owed to group undertakings	834	-
Trade creditors	275	154
Other taxation and social security	92	102
VAT	-	334
Accrued expenses and deferred income	101	86
	1,302	704

11. Finance leases

The maturity of these amounts is as follows:

	2015 £000	2014 £000
Amounts payable:		
Within one year	-	26
	-	26

Notes to the financial statements
at 27 June 2015

12. Provisions for liabilities and charges

	Deferred tax	*Insurance claims*	*Total*
	£000	£000	£000
At 28 June 2014	(6)	78	72
Deferred tax credit in profit and loss account (note 7(a))	34	-	34
Insurance provision– Motor	-	15	15
At 27 June 2015	28	93	121

13. Share capital

	Allotted, called up and fully paid			
		2015		*2014*
	No.	*£000*	*No.*	*£000*
Ordinary shares of £1 each	51,300	51	51,300	51

14. Reconciliation of shareholders' funds and movement on reserves

	Equity share capital	*Revaluation*	*Profit and loss account*	*Total share-holders' funds*
	£000	*£000*	*£000*	*£000*
At 29 June 2013	51	629	3,440	4,120
Loss for the financial year	-	-	(387)	(387)
At 28 June 2014	51	629	3,053	3,733
Loss for the financial year	-	-	(877)	(877)
At 27 June 2015	51	629	2,176	2,856

15. Related party transactions

The company is a 100% subsidiary of The Go-Ahead Group plc. Advantage has been taken of the exemptions in paragraph 3 of Financial Reporting Standard 8 and transactions with entities that are wholly owned by the group have not been disclosed.

16. Ultimate parent company and controlling party

The company's immediate parent undertaking is Go-Ahead Holding Limited. In the directors' opinion the company's ultimate parent company and controlling party is The Go-Ahead Group plc which is also the parent undertaking of the group of undertakings for which group financial statements are drawn up. The Go-Ahead Group plc is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.