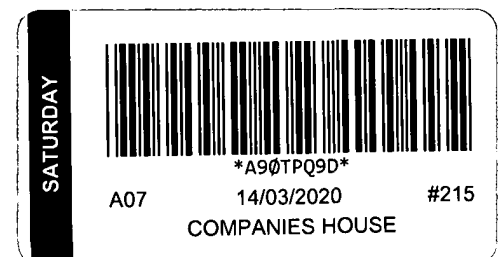


Registered No: 00863658

Hedingham & District Omnibuses Ltd.

Annual Report and Financial Statements

Year ended 29 June 2019



Registered No: 00863658

Directors

D A Brown
E Brian
J H Cooper
D H Golding
S D Tooth

Company secretary

C Ferguson

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Bankers

The Royal Bank of Scotland plc
250 Bishopsgate
London
EC2M 4AA

Solicitors

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 3UR

Registered office

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

Hedingham & District Omnibuses Ltd.

Registered No: 00863658

Strategic Report

The Directors present their strategic report for the year ended 29 June 2019 (comparative information is for the year ended 30 June 2018).

Hedingham & District Omnibuses Ltd. (the "Company") is a wholly owned subsidiary of The Go-Ahead Group plc (the "Group").

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 in North Essex. The bus operation is a mix of school contracts, local authority contracts and commercial. The business has three depots at Clacton, Sible Hedingham and Kelvedon. During the year the Company registered a number of routes in the Clacton area following the withdrawal of a competitor. In the current year, following a reorganisation of the East Anglian operations of The Go-Ahead plc, the Company's principal activity became the provision of bus driving services in Essex.

As a result of a reorganisation of the East Anglian operations of the Go-Ahead Group Plc, the assets, liabilities and trade of the Company were transferred to Konectbus Limited on 29 November 2018. Assets and liabilities were transferred at net book value. All employees of the Company were transferred to Konectbus Limited on 5 April 2019. Konectbus Limited is a wholly owned subsidiary of Go-Ahead Holding Limited, the Company's immediate parent company.

As a result of this reorganisation the Company is not expected to trade in the next financial year.

During the year ended 30 June 2018 the directors assessed the carrying value of rolling stock in light of its useful economic life and cash generating potential. As a result, a diminution in value of £648,000 was recognised.

The loss for the year, after taxation, amounted to £5,000 (2018: loss of £724,000).

Key performance indicators

The directors and management use a number of key performance indicators to measure the performance of the business and these are reviewed and discussed at monthly management meetings. These include revenue, operating profit and the number of passenger journeys.

Key performance indicators	2019	2018	Change %
Revenue	£3,489,000	£4,856,000	(28.2%)
Operating loss pre-exceptional items	£7,000	£236,000	(97.0%)
Passengers	718,000	1,338,000	(46.3%)

The primary reasons for the difference in the KPIs is the transfer of the trade and employees of the Company to Konectbus Limited during the Group restructure.

Future developments

The Company is not expected to trade in the next financial year.

Hedingham & District Omnibuses Ltd.

Strategic Report (*continued*)

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. The Company is exposed to commodity price risk as a result of fuel usage. The Company closely monitors fuel prices and uses fuel derivatives to hedge its exposure to increases in fuel prices, when it deems this to be appropriate.

The core policy is to be fully hedged for the next financial year before the start of that year, with at least 50% of the following year fixed and 25% of the year thereafter. This hedging profile is then maintained on a month by month basis. Additional purchases can be made to lock in future costs, subject to Group Board approval. Risk component hedging has been adopted under IFRS 9, meaning that the hedged price risk component of the purchased fuel matches that of the underlying derivative commodity. The hedged risk component is considered to be separately identifiable and reliably measurable. Gasoil is considered to be the risk component and there is a strong correlation between the movements in the price of the derivative and the fuel price purchased.

Variances in pricing between the derivative commodity and the purchased price relate to underlying costs such as duty and delivery and are excluded from the hedge relationship.

Credit risk

The Company's credit risk is primarily attributable to its financial assets, comprising trade and other receivables, cash and cash equivalents and fuel hedge derivatives. The maximum credit risk exposure comprises amounts from a number of unconnected parties.

In relation to provisions for impairments of trade receivables, the Company applies the IFRS 9 simplified approach and provisions are made based on the expected credit losses at each reporting date. Expected credit losses are assessed based on the number of days past due, the customer type, customer rating and past experience. Provisions for the impairment of trade receivables are recorded within operating costs within the income statement, with any subsequent recoveries being offset against these.

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.

The strategic report was approved by the Board of Directors on 20 November 2019 and signed on their behalf by:



E Brian
Director

Hedingham & District Omnibuses Ltd.

Directors' report

The directors present their annual report, along with the financial statements and auditor's report for the year ended 29 June 2019.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the Company's strategic report the following which the directors believe to be of strategic importance:

- Review of business
- Future developments
- Financial risk management objectives and policies.

Directors

The directors who served the Company during the year, and up to the date of approval of the financial statements unless stated otherwise, were as follows:

D A Brown	
M R Dean	(resigned 26 April 2019)
S P Butcher	(resigned 30 November 2018)
J H Cooper	
D H Golding	
S D Tooth	(appointed 4 February 2019)
E Brian	(appointed 5 June 2019)

D A Brown, S P Butcher and E Brian were directors of the ultimate parent company, The Go-Ahead Group plc during the year.

Dividends

The dividend paid and proposed in the year amounted to £nil (2018: £nil). The directors do not recommend a final ordinary dividend for the year.

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.

The Company also encourages employee involvement in the Company's performance through a number of share schemes including a Share Incentive Plan and Save As You Earn Scheme. Details of these schemes can be found in the notes to the financial statements.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the business. Communication with all employees continues through consultation with all employee representatives.

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 Head of Engineering. There were no serious incidents or near misses relating to Health and Safety reported during the year.

Heddingham & District Omnibuses Ltd.

Directors' report (continued)

Going Concern

As noted in the strategic report the assets, liabilities and trade of the Company were transferred to Konectbus Limited on 29 November 2018 and the Company is expected to be dormant going forward. Accordingly the financial statements have been prepared on a basis other than a going concern. There have been no adjustments to the financial statements as a result of preparing them on a basis other than a going concern. We have obtained confirmation from The Go Ahead Group plc that they will continue to provide financial support for at least 12 months from the date of the approval of the financial statements.

Events after the balance sheet date

There were no significant events occurring after the balance sheet date up to the date of approval of the financial statements requiring disclosure in these financial statements.

Directors' indemnities

The Go-Ahead Group plc ("Group") maintains directors' and officers' liability insurance, for both the plc and its subsidiaries, which gives appropriate cover for any legal action brought against its directors. The Group has also granted indemnities to each of its, and its subsidiaries, directors to the extent permitted by law. Qualifying third party indemnity provisions (as defined in Section 234 of the Act) were in force during the year ended 30 June 2018 and remain in force, in relation to certain losses and liabilities that the directors may incur to third parties in the course of acting as directors or employees of the Group or of any associated company. Neither the Group's indemnity nor its insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

Directors' responsibilities for audit information

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (this is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

A resolution to reappoint Deloitte LLP as auditor will be put to the members at the Annual General Meeting.

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

By order of the board



E Brian
Director
20 November 2019

Hedingham & District Omnibuses Ltd.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

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.

Hedingham & District Omnibuses Ltd.

Independent auditor's report

to the members of Hedingham & District Omnibuses Ltd.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Hedingham & District Omnibuses Ltd. (the 'company'):

- give a true and fair view of the state of the company's affairs as at 29 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 (the 'FRC's') Ethical Standard, 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.

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

We draw attention to note 2.3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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 respect of these matters.

Hedingham & District Omnibuses Ltd.

Independent auditor's report

to the members of Hedingham & District Omnibuses Ltd (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 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.

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

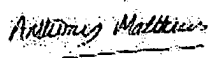
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our 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.



Anthony Matthews FCA, Senior Statutory Auditor
for and on behalf of Deloitte LLP, Statutory Auditor, London, United Kingdom
20 November 2019

Heddingham & District Omnibuses Ltd.

Income statement for the year ended 29 June 2019

	Notes	2019 £000	2018 £000
Revenue	3	3,489	4,856
Operating costs	4	(3,496)	(5,092)
Operating loss	5	(7)	(236)
Exceptional items	8	-	(648)
Loss before taxation		(7)	(884)
Tax on loss	9	2	160
Loss for the year from discontinued operations		(5)	(724)

Statement of comprehensive income for the year ended 29 June 2019

	2019 £000	2018 £000
Loss for the year from discontinued operations	(5)	(724)
Other comprehensive income		
<i>Items that may subsequently be reclassified to profit or loss</i>		
Unrealised gains on cashflow hedges	-	308
Gains/(losses) on cashflow hedges taken to income statement - operating costs	114	(23)
Tax relating to items that may be reclassified	33	(52)
Other comprehensive income for the year, net of tax	147	233
Reclassified to profit or loss in the year, net of tax	(147)	-
Total comprehensive losses for the year	(5)	(491)

Statement of changes in equity for the year ended 29 June 2019

	Share capital £000	Hedging reserve £000	Retained earnings £000	Total equity £000
At 1 July 2017	51	(86)	1,414	1,379
Loss for the financial year	-	-	(724)	(724)
Net movement on hedges, net of tax	-	233	-	233
At 1 July 2018	51	147	690	888
Loss for the financial year	-	-	(5)	(5)
Net movement on hedges, net of tax	-	(147)	147	-
At 29 June 2019	51	-	832	883

Hedingham & District Omnibuses Ltd.

Registered No: 00863658

Balance sheet

as at 29 June 2019

	Notes	2019 £000	2018 £000
Assets			
Non-current assets			
Tangible assets	10	-	392
Debtors: amounts due after more than one year	12	-	81
Deferred tax assets	9	-	110
		<u>-</u>	<u>583</u>
Current assets			
Inventories	11	-	56
Debtors: amounts due within one year	12	883	978
Cash at bank		-	14
		<u>883</u>	<u>1,048</u>
Total assets		<u>883</u>	<u>1,631</u>
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	13	-	(531)
Current tax liability	9	-	(5)
		<u>-</u>	<u>(536)</u>
Net current assets		<u>883</u>	<u>512</u>
Total assets less current liabilities		<u>883</u>	<u>1,095</u>
Non-current liabilities			
Deferred tax liabilities	9	-	(33)
Provisions	14	-	(174)
		<u>-</u>	<u>(207)</u>
Total liabilities		<u>-</u>	<u>(743)</u>
Net assets		<u>883</u>	<u>888</u>
Capital and reserves			
Share capital	15	51	51
Hedging reserve	15	-	147
Retained earnings		832	690
Total equity		<u>883</u>	<u>888</u>

Approved by the Board and signed on its behalf by:



E Brian
Director
20 November 2019

Hedingham & District Omnibuses Ltd.

Notes to the financial statements

For the year ended 29 June 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Hedingham & District Omnibuses Ltd. (the "Company") for the year ended 29 June 2019 were authorised for issue by the board of directors on 20 November 2019 and the balance sheet was signed on the board's behalf by E Brian. The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

2.1 Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, The Go-Ahead Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of The Go-Ahead Group plc are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and are available to the public and may be obtained from Companies House, Cardiff and The Go-Ahead Group plc website.

The financial statements have been prepared on a historical cost basis, as modified by financial instruments recognised at fair value. The presentation and functional currency used is sterling and amounts have been presented in round thousands ("£'000").

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures and standards not yet effective:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*
- the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - a) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - b) paragraph 118(e) of IAS 38 *Intangible Assets*;
- the requirements of paragraphs 10(d), 111 and 134 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirement of paragraph 17 of IAS 24 *Related Party Transactions*;
- the requirements in IAS 24 *Related Party Transactions* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based payments*;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66, B67 of IFRS 3 *Business Combinations*;
- the requirements of paragraphs 134 (d)-(f) and 135(c)-(e) of IAS 36 *Impairment of Assets*;
- the requirements of paragraphs 110 (2nd sentence), 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

2 Accounting policies (*continued*)

2.1 Basis of preparation (*continued*)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

New standards

The following new standards or interpretations are mandatory for the first time for the financial year ended 29 June 2019:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 4 (amendments) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- IAS 40 (amendments) Transfers of Investment Property
- IFRIC 22 Foreign Currency and Advance Consideration

IFRS 9 and IFRS 15 came into effect on 1 January 2018 and have been applied by the Company for the first time in the current year. The nature and effect of the changes from adopting these new accounting standards are described below. The other standards and interpretations also apply for the first time in the current year, but their adoption has not had any significant impact on the financial statements.

IFRS 9 Financial instruments

IFRS 9 is split into three areas: classification and measurement of financial assets and liabilities, impairment of financial assets and hedging. The classification and measurement of the Company's financial assets and liabilities has not changed under the new standard. IFRS 9 states that impairment provisions should be based on expected credit losses rather than incurred credit losses and the impact of this change in accounting policy is not material to the Company. The Company has also applied the standard on its hedging instruments, which comprise fuel derivatives; again there is no impact and the Company's hedging instruments continue to be effective and qualify as continuing hedges under IFRS 9.

The increased disclosure requirements of IFRS 9 have been reflected in these financial statements. The Company has applied the new rules prospectively from 1 July 2018.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes the principles that an entity is required to apply regarding the nature, amount, timing and uncertainty of revenue and cashflows arising from a contract with a customer. The new model is based on a five-step approach which identifies whether, how much and when revenue is recognised.

The standard has been applied prospectively from 1 July 2018, the adoption of the standard has not had a material impact on the Company's revenue recognition for the period and no adjustments were required to opening retained earnings. The disclosure requirements of IFRS 15 are set out in note 3 and the accounting policies in respect of each revenue stream are outlined in the revenue recognition policy.

Other new standards

Adoption of the other standards and interpretations had no material impact on the Company's financial position or related performance.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

2 Accounting policies (*continued*)

2.2 *Critical accounting judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (as detailed below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- *Uninsured liabilities*

The measurement of uninsured liabilities is based on an assessment provided by external advisors of the expected settlement of known claims and an estimate of the cost of claims not yet reported to the Company, as detailed in note 14.

Key sources of estimation uncertainty

In the directors' view, there are no key sources of estimation uncertainty that could have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year.

2.3 *Significant accounting policies*

Going Concern

As noted in the strategic report the assets, liabilities and trade of the Company were transferred to Konectbus Limited on 29 November 2018 and the Company is expected to be dormant going forward. Accordingly the financial statements have been prepared on a basis other than a going concern. There have been no adjustments to the financial statements as a result of preparing them on a basis other than a going concern. We have obtained confirmation from The Go Ahead Group plc that they will continue to provide financial support for at least 12 months from the date of the approval of the financial statements.

Revenue

The revenue of the Company mainly comprises income from road passenger transport and rail passenger transport. Revenue is recognised to the extent that it is probable that the income will flow to the Company and the value can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales taxes or duty. An explanation of the main revenue streams is set out below:

- *Passenger revenue*

Passenger revenue mainly relates to revenue from ticket sales. Revenue generated from ticket sales is recognised in income on receipt of cash or card payment. Passenger revenue is recognised by reference to the stage of completion of the customer's journey or for other services based on the proportion of services provided. The attributable share of season ticket or travel card income is deferred within liabilities and released to the income statement over the life of the relevant season ticket or travel card.

- *Contract revenue*

Revenue generated from services provided on behalf of local transport authorities is also recognised as income in the period to which it relates.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

2.3 Significant accounting policies (*continued*)

Revenue (*continued*)

- *Provision of driving services*
Revenue generated from providing drivers to other bus companies within the Go-Ahead Group is recognised as income in the period in which the services were provided.
- *Other revenue*
Other revenue mainly relates to revenue from commercial advertising on rolling stock. It also includes the provision of coach services for schools and colleges. Other revenue is recognised in the period to which it relates.

Fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation.

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:

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.

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount, being the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, and the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

Impairment losses (including goodwill impairment) of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Goodwill impairment losses are not reversed. The reinstated amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, on a systematic basis less any residual value, over its remaining useful life.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in operating costs within the income statement over the period necessary to match on a systematic basis to the costs that it is intended to compensate. Where the grant relates to a non-current asset, value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

2.3 *Significant accounting policies (continued)*

Inventories

Inventories of fuel and engineering spares are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost comprises direct materials and costs incurred in bringing the items to their present location and condition. Net realisable value represents the estimated selling price less costs of sale. Inventory is calculated using the first in first out method (FIFO).

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax base of assets and liabilities for taxation purposes and their carrying amounts in the financial statements. It is provided for on all temporary differences.

Deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Tax relating to items recognised outside the Income Statement is recognised in other comprehensive income or directly in equity in correlation with the underlying transaction. Otherwise, tax is recognised in the Income Statement.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and derivatives

The Company uses derivatives to hedge its risks associated with fuel price fluctuations, and interest derivatives to hedge its risks associated with interest rate fluctuations. Such derivatives are initially recognised at fair value by reference to market values for similar instruments, and subsequently re-measured at fair value at each balance sheet date.

Changes in the fair value of financial instruments that are designated and effective as hedges of future cashflows are recognised in other comprehensive income and the ineffective portion is recognised immediately in the income statement. When the cashflow hedge results in the recognition of a non-financial asset or a liability, then at the time that asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of that non-financial asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the period in which the hedged item affects net profit or loss.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement as they arise.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

2.3 Significant accounting policies (*continued*)

Financial instruments (*continued*)

Hedge accounting is discontinued when the derivative expires or is sold, terminated or exercised without replacement or rollover, or otherwise no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is kept in equity until the forecast transaction occurs, at which point it is taken to the income statement or included in the initial carrying amount of the related non-financial asset as described above. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, expected future cashflows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Insurance

The Company limits its exposure to the cost of motor, employer and public liability claims through third party insurance policies. These provide individual claim cover subject to high excess limits and an annual aggregate stop loss for total claims within the excess limits. An amount is recognised within Provisions for liabilities for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, subject to the overall stop loss.

The estimation of this liability is made after taking appropriate professional advice and is based on an assessment of the expected settlement on known claims, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but have not yet been reported to the Company.

Pensions

For the defined contribution scheme, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

2.3 Significant accounting policies (*continued*)

Share Based Payment

The Company participates in equity-settled share option schemes operated by the ultimate parent undertaking (The Go-Ahead Group plc), under which options are granted to employees (including directors). The cost of options granted to employees is measured by reference to the fair value at the date at which they are granted, determined by an external valuation using an appropriate pricing model. In valuing equity-settled options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of The Go-Ahead Group plc ('market conditions').

The cost of options is recognised in the income statement over the period from grant to vesting date on which the relevant employees become fully entitled to the award, with a corresponding increase in reserves. The cumulative cost recognised, at each reporting date, reflects the extent to which the period to vesting has expired and the directors' best estimate of the number of options that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above.

No cost is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised for the award is recognised immediately.

3. Revenue

The revenue and loss before tax are attributable to the one principal activity of the Company.

An analysis of revenue by class of business is given below:

	2019 £000	2018 £000
Passenger income	1,072	1,741
Contract income	1,304	3,050
Provision of driving services	1,079	-
Other income	34	65
	<u>3,489</u>	<u>4,856</u>

An analysis of revenue by geographical market is given below:

	2019 £000	2018 £000
United Kingdom	<u>3,489</u>	<u>4,856</u>

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

4. Operating costs

	2019 £000	2018 £000
Materials and external charges	827	2,187
Staff costs (note 6)	2,589	2,696
Depreciation of tangible fixed assets	83	211
Other operating income	(3)	(2)
	<u>3,496</u>	<u>5,092</u>

5. Operating loss

This is stated after charging/(crediting):

	2019 £000	2018 £000
Auditor's remuneration - audit fee for the audit of the financial statements	2	8
Depreciation of owned fixed assets	83	211
Diminution of tangible assets	-	648
Profit on disposal of tangible assets	(8)	(12)

6. Staff costs

	2019 £000	2018 £000
Wages and salaries	2,271	2,419
Social security costs	253	208
Pension Costs	65	69
	<u>2,589</u>	<u>2,696</u>

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

	2019 No.	2018 No.
Bus operations and other activities	97	99
Administration	10	9
	<u>107</u>	<u>108</u>

7. Directors' emoluments

The directors of the Company have received no emoluments during the year from the Company (2018: £nil).

Certain directors are also directors of Konectbus Limited. These directors received total remuneration of £142,000 (2018: £89,000) from Konectbus Limited during the year, but it is not practical to allocate this between their services as directors of Konectbus Limited and their services to the Company.

Certain directors are also directors of The Go-Ahead Group plc and are remunerated by The Go-Ahead Group plc. It is not practical to allocate their remuneration between their services as directors of The Go-Ahead Group plc and their services to the Group's subsidiaries. For details on the remuneration of the directors of The Go-Ahead Group plc please refer to the Go-Ahead Group plc's consolidated financial statements, available as described in note 20.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

8. Exceptional items

This note identifies items of an exceptional nature that have a significant impact on the results of the Company in the year.

The exceptional items are made up as follows:

	2019 £000	2018 £000
Diminution of tangible assets	-	(648)

During the year ended 30 June 2018 the directors assessed the carrying value of rolling stock with reference to its remaining useful economic life and cash generating potential. As a result, a diminution in value of £648,000 was recognised. For accounting policies in relation to this see 'Impairment of assets' in note 2.3.

9. Taxation

(a) Tax recognised in the income statement

The tax credit is made up as follows:

	2019 £000	2018 £000
<i>Current tax:</i>		
Current year UK corporation tax	-	(38)
Adjustments in respect of previous years current tax	(10)	-
Total current tax	(10)	(38)
<i>Deferred tax:</i>		
Accelerated capital allowances	-	(116)
Adjustments in respect of deferred tax of previous years	8	(6)
Total deferred tax	8	(122)
Tax reported in the income statement	(2)	(160)

(b) Income tax recognised in other comprehensive income

	2019 £000	2018 £000
Tax relating to items that may be reclassified	(33)	52
Total tax recognised in other comprehensive income	(33)	52

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

9. Taxation (*continued*)

(c) Reconciliation

The tax assessed on the loss for the year is the standard rate of corporation tax in the UK. The standard rate of corporation tax for the year ended 29 June 2019 was 19% (2018: 19%). A reconciliation of income tax applicable to accounting loss before tax at the statutory tax rates for the years ended 29 June 2019 and 30 June 2018 is as follows:

	2019 £000	2018 £000
Loss before tax	(7)	(884)
At United Kingdom tax rate of 19% (2018: 19%)	(2)	(168)
Effect of rate change on opening deferred tax balance	-	14
Adjustment in respect of prior year current tax	10	(6)
Adjustment in respect of prior year deferred tax	(8)	-
Other timing differences	2	-
Tax reported in the income statement	(2)	(160)

(d) Current tax liability

	2019 £000	2018 £000
Current tax (liability)/asset at start of year	(5)	107
Corporation tax reported in income statement (note 9(a))	10	38
Received in the year	(37)	(150)
Transferred to other group companies	32	-
Current tax liability at end of year	-	(5)

(e) Deferred tax assets and liabilities

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

Deferred tax liability

	2019 £000	2018 £000
On cashflow hedges	-	(33)
Provision for deferred taxation	-	(33)

Deferred tax asset

	2019 £000	2018 £000
Accelerated capital allowances	-	110
Deferred tax asset	-	110

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

9. Taxation (*continued*)

The movements in deferred tax in the income statement and in equity are as follows:

	<i>1 July 2017</i> <i>£000</i>	<i>Recognised in income</i> <i>£000</i>	<i>Recognised in equity</i> <i>£000</i>	<i>1 July 2018</i> <i>£000</i>
Accelerated capital allowances	(12)	122	-	110
On cashflow hedges	19	-	(52)	(33)
	<u>7</u>	<u>122</u>	<u>(52)</u>	<u>77</u>

	<i>1 July 2018</i> <i>£000</i>	<i>Recognised in income</i> <i>£000</i>	<i>Recognised in equity</i> <i>£000</i>	<i>Transfer of company charge</i> <i>£000</i>	<i>29 June 2019</i> <i>£000</i>
Accelerated capital allowances	110	(9)	-	(101)	-
On cashflow hedges	(33)	-	33	-	-
	<u>77</u>	<u>(9)</u>	<u>33</u>	<u>(101)</u>	<u>-</u>

(f) Factors that may affect future tax charge

The standard rate of UK corporation tax reduced from 20% to 19% from 1 April 2017. A rate of 19% therefore applies to the current tax charge arising during the year ended 29 June 2019.

In addition to the change in rate of UK corporation tax identified above, a further reduction in the rate to 17% from 1 April 2020 was substantively enacted prior to the balance sheet date and has been applied to the Company's deferred tax balance at the balance sheet date.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

10. Tangible fixed assets

	<i>Plant & machinery £000</i>	<i>Rolling Stock £000</i>	<i>Total £000</i>
Cost:			
At 1 July 2018	509	6,066	6,575
Inter group transfer	-	75	75
Disposals	-	(72)	(72)
Transferred to other Group undertakings	(509)	(6,069)	(6,578)
At 29 June 2019	-	-	-
Depreciation:			
At 1 July 2018	471	5,712	6,183
Inter group transfer	-	63	63
Provided during the year	19	64	83
Disposals	-	(72)	(72)
Transferred to other Group undertakings	(490)	(5,767)	(6,257)
At 29 June 2019	-	-	-
Net book value:			
At 29 June 2019	-	-	-
At 30 June 2018	38	354	392

Capital commitments

	<i>2019 £000</i>	<i>2018 £000</i>
Contracted but not provided for in the financial statements	-	-

11. Inventories

	<i>2019 £000</i>	<i>2018 £000</i>
Raw materials and consumables	-	56

The amount of any write down of inventory recognised as an expense during the year is disclosed is immaterial.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*) for the year ended 29 June 2019

12. Debtors

	2019 £000	2018 £000
<i>Amounts due within one year</i>		
Trade debtors	-	297
Amounts owed from Group undertakings (note 19)	883	392
VAT	-	85
Prepayments and accrued income	-	104
Other financial assets (note 16)	-	100
	<u>883</u>	<u>978</u>
	2019 £000	2018 £000
<i>Amounts due after one year</i>		
Other financial assets (note 16)	-	81

Amounts owed by Group undertakings are repayable on demand and non-interest bearing.

Accrued income and amounts receivable from central government principally comprises amounts relating to contracts with customers.

The credit risk associated with the Company's trade and other receivables and the impact of the adoption of IFRS 9 is explained in the Strategic Report.

13. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	-	356
Amounts owed to Group undertakings (note 19)	-	-
Other taxation and social security	-	108
Accruals and deferred income	-	67
	<u>-</u>	<u>531</u>

Deferred season ticket income and deferred income principally comprise amounts relating to contracts with customers.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

14. Provisions

	<i>Insurance claims £000</i>
At 1 July 2018	174
Released in the year	(174)
At 29 June 2019	<u>-</u>

Uninsured claims represent the cost to the Company to settle claims for incidents occurring prior to the balance sheet date based on an assessment of the expected settlement, together with an estimate of settlements that will be made in respect of incidents that have not been reported to the Company by the insurer, subject to the overall stop loss. It is estimated that the majority of uninsured claims will be settled within the next six years.

Both the estimate of settlements that will be made in respect of claims received, as well as the estimate of settlements made in respect of incidents not yet reported, are based on historic trends which can alter over time reflecting the length of time some matters can take to be resolved. No material changes to carrying values are expected within the next 12 months.

15. Share capital and reserves

Share capital:

		<i>Allotted, called up and fully paid</i>	
	<i>No.</i>	<i>2019 £000</i>	<i>2018 £000</i>
Ordinary shares of £1 each	51,300	<u>51</u>	<u>51</u>

Hedging reserve:

The hedging reserve records the movement in value of fuel price derivatives, offset by any movements recognised directly in equity.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

16. Derivatives and financial instruments

A derivative is a security whose price is dependent upon or derived from an underlying asset. The Company uses energy derivatives to hedge its risks associated with fuel price fluctuations.

(a) Fair values

The fair values of the Company's financial instruments carried in the financial statements have been reviewed as at 29 June 2019 and 30 June 2018 and are as follows:

	2019 £000	2018 £000
Current assets	-	100
Non-current assets	-	81
	<u>-</u>	<u>181</u>

The fair values shown above have been calculated by discounting cashflows at prevailing interest rates.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 29 June 2019, there were no transfers between valuation levels.

(b) Hedging activities

The Company is exposed to commodity price risk as a result of fuel usage. The Company closely monitors fuel prices and uses fuel derivatives to hedge its exposure to increases in fuel prices, when it deems this to be appropriate.

As a result of a reorganisation of the East Anglian operations the assets and liabilities and trade of the Company were transferred to Konectbus Limited on 29 November 2018. The value of the hedging reserve transferred was £147k (net of tax) (2018: £233k credit (net of tax) taken through comprehensive income).

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

17. Pension commitments

The Company participates in both a defined contribution scheme and a defined benefit scheme:

Defined contribution:

During the year ended 29 June 2019, the Company participated in the defined contribution scheme of The Go-Ahead Group Pension Plan (the Go-Ahead Plan). The defined contribution section of the Go-Ahead Plan is not contracted-out of the State Second Pension Scheme. The Money Purchase Section is now closed to new entrants, except by invitation from the Company, and has been replaced by the Workplace Saving Section, which is also defined contribution. The expense recognised in these financial statements for the defined contribution section of the Go-Ahead Plan is £nil (2018: £nil), being the contributions paid and payable. The expense recognised for the Workplace Saving Scheme is £65,000 (2018: £69,000), being the contributions paid and payable.

Defined Benefit:

During the year ended 29 June 2019, the Company participated in a scheme which is part of The Go-Ahead Group Pension Plan.

The defined benefit sections of the Go-Ahead Plan are contracted-out of the State Second Pension Scheme and provide benefits based on a member's final pensionable salary. The assets of the defined benefit sections are held in a separate trustee-administered fund. Contributions to these sections are assessed in accordance with the advice of an independent qualified actuary. The defined benefit sections of the Go-Ahead Plan have been closed to new entrants and closed to future accrual from 31 March 2014.

The Go-Ahead Plan is a plan for related companies within the Group where risks are shared. The overall costs of the Go-Ahead Plan have been recognised in the Group's financial statements according to IAS 19 (revised). Each of the participating companies accounts on the basis of contributions paid by that company. The Group accounts for the difference between the aggregate IAS 19 (revised) cost of the scheme and the aggregate contributions paid.

The Go-Ahead Plan is governed by a Trustee Company in accordance with a Trust Deed and Rules. It is also subject to regulation from the Pensions Regulator and relevant UK legislation. This regulatory framework requires the Trustees of the Go-Ahead Plan and the Group to agree upon the assumptions underlying the funding target, and the necessary contributions as part of each triennial valuation. The last actuarial valuation of the Go-Ahead Plan had an effective date of 31 March 2018, and the next will have an effective date of 31 March 2021.

The investment strategy of the Go-Ahead Plan, which aims to meet liabilities as they fall due, is to invest plan assets in a mix of equities, other return seeking assets and liability driven investments to maximise the return on plan assets and minimise risks associated with lower than expected returns on plan assets. Trustees are required to regularly review investment strategy.

The Go-Ahead Plan is a plan for related companies within the Group where risks are shared. As the scheme is closed for future accrual, no contributions have been made by the Company (2018: £nil). As it is not possible to identify the Company's share of the net assets and liabilities of the scheme on a consistent and reasonable basis due to the high volume of members/pensioners and the historic interaction between Group companies, and there is no contractual agreement or stated policy for charging to individual Group entities, the assets and liabilities are fully accounted for within the financial statements of The Go-Ahead Group plc. Further details of the Group defined benefit scheme are disclosed in the consolidated financial statements of the ultimate parent company, which are available as disclosed in note 20 below.

Hedingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

18. Share Based Payments

Share Incentive Plan

The Company participates in an HMRC approved share incentive plan, operated by the ultimate parent undertaking, known as The Go-Ahead Group plc Share Incentive Plan (the "SIP"). The SIP is open to all Group employees (including executive directors) who have completed at least six months' service with a Group company at the date they are invited to participate in the plan.

The SIP permits The Go-Ahead Group plc to make four different types of awards to employees (free shares, partnership shares, matching shares and dividend shares), although the Group has, so far, made awards of partnership shares only. Under these awards, the Group invites qualifying employees to apply between £10 and £150 per month in acquiring shares in the Group at the prevailing market price. Under the terms of the scheme, certain tax advantages are available to the Group and employees.

Sharesave Scheme

Shareholder approval was obtained at the 2013 AGM for Savings-Related Share Option Scheme, known as The Go-Ahead Group plc 2013 Savings-Related Share Option Scheme (the Sharesave scheme) for employees of the group and its operating companies.

The Sharesave scheme is open to all full time and part-time employees (including executive directors) who have completed at least six months of continuous service with a Go-Ahead Group company at the date they are invited to participate in a scheme launch. To take part, qualifying employees have to enter into a savings contract for a period of three years under which they agree to save a monthly amount, from a minimum of £5 to a maximum (not exceeding £500) specified by the group at the time of invitation. For the February 2016 launch (Sharesave 2016), the maximum monthly savings limit set by the group was £50. Participants were given the choice of taking their money back, or to purchase Go-Ahead Group Shares at a 20% discount of the market price set at the date of invitation. Sharesave 2016 participants have six months from the maturity date to exercise their options. Sharesave 2016 matured on 1 May 2019.

The fair value of equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The key assumptions input into the model are future share price volatility, future dividend yield, future risk free interest rate, forfeiture rate and option life.

There are savings-related options at 29 June 2019 as follows:

Scheme maturity	19 May 2019
Option price (£)	19.11
No. of options unexercised at 29 June 2019	-
No. of options exercised during the year	-
No. of options exercisable at 29 June 2019	-

The expense recognised for the scheme during the year to 29 June 2019 was nil (2018: < £1,000).

Heddingham & District Omnibuses Ltd.

Notes to the financial statements (*continued*)

for the year ended 29 June 2019

18. Share Based Payments (*continued*)

The following table illustrates the number and weighted average exercise price (WAEP) of share options for the Sharesave scheme:

	No.	2019 WAEP (£)	No.	2018 WAEP (£)
Outstanding at the beginning of the year	56	19.11	397	18.01
Forfeited during the year	(56)	19.11	(341)	17.83
Outstanding at the end of the year	-	19.11	56	19.11

The weighted average exercise price at the date of exercise for the options exercised in the year was £nil (2018: £nil).

The options outstanding at the end of the year have a weighted average remaining contracted life of nil years (2018: 0.83 years). These options are exercisable at a weighted average exercise price of £19.11 (2018: £19.11). This represents an exercise price of £19.11 (2018: £19.11).

19. Related party transactions

The Company is a 100% subsidiary of The Go-Ahead Group plc. Advantage has been taken of the exemption in paragraph 8 (k) of Financial Reporting Standard 101 and transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, have not been disclosed.

The following shows the amounts due from related parties as at the year-end:

	2019 Group subsidiaries £000	2018 Group subsidiaries £000
Amounts due from related parties	883	392

20. Ultimate parent company and controlling party

The Company's immediate parent undertaking is Go-Ahead Holding Limited, a company incorporated in England and Wales whose registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne, NE1 6EE. In the directors' opinion the Company's ultimate parent company and controlling party is The Go-Ahead Group plc, a company incorporated in England and Wales whose registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne, NE1 6EE.

The Go-Ahead Group plc is also the parent undertaking of the group of undertakings for which Group financial statements are drawn up, and it is also the largest and smallest parent company preparing Group financial statements. The Go-Ahead Group plc is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.