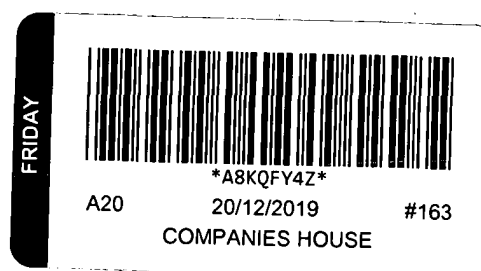


Company Registration No. 01961457

First Essex Buses Limited

Annual Report and Financial Statements

For the 52 week period ended 30 March 2019



First Essex Buses Limited

Annual report and financial statements

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First Essex Buses Limited

Strategic report

The directors have pleasure in submitting their strategic report for the 52 week period ended 30 March 2019.

Principal activity

The company's principal activity is the provision of bus and coach operations in Essex.

Business review

As shown in the company's profit and loss account, the company's turnover was £52.2 million, compared to £53.0 in the previous period, mainly due to the prior period being a week longer.

A decrease in passenger numbers was seen following the full year effect of the major service changes implemented in the prior period and withdrawal of the Clacton town services in July 2018. The prior period was affected by poor weather conditions which had an adverse effect on turnover. There was a continued shift towards heavily promoted mobile ticketing and away from cash fares during the period.

Operating costs have decreased from £55.9 million to £51.8 million.

In the prior period one-off costs of £3.1 million were incurred due to restructuring, closure of the Clacton depot and impairment of the old ticketing system. In the current period staff costs increased by £0.1 million. The main cause of this was the high court ruling in October 2018 which required all occupational pension schemes to equalise Guaranteed Minimum Pension benefits between men and women. This contributed to a £1.0 million increase in pension costs. This was offset by an increase in permanent driver headcount, which led to reduced costs associated with more expensive overtime and the use of agency staff. Efficiencies were also gained through renegotiation of terms where possible.

The balance sheet shows the company's financial position at the period end. Net liabilities have decreased from £6.6 million to net assets of £10.8 million in the current period, primarily as a result of a £20.0 million share issue. The actuarial loss in relation to the defined benefit pension scheme of £2.8 million (after associated tax impact) and the profit after tax of £0.1 million were transferred to reserves. The net pension liability recognised on the company's balance sheet has increased from £8.3 million to £12.2 million. Further details are set out in note 19.

Capital expenditure, including transfers from other group companies, was £1.1 million in the period. Further details are set out in note 10.

The key performance indicators for the company are considered to be turnover, net assets and operating profit, which have been discussed above. The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. FirstGroup plc ("the group") manages its operations on a divisional basis. The performance of the UK Bus Division of FirstGroup plc, which includes the company, and the key performance indicators for the group as a whole are discussed in the group's Annual Report which does not form part of this report. Details of where the group's Annual Report can be found are set out in note 20.

Safety remains the highest priority. The directors are continuously developing and improving processes to ensure that a 'Safety First' culture is embedded throughout the company, and strive to make our services as safe as possible for our passengers and our staff. Safety as a key performance indicator is discussed for the group as a whole in the group's Annual Report.

Future developments

The trading environment for the next 12 months is set to be challenging, however the directors expect turnover to continue to grow through expected commercial opportunities and strong marketing plans.

The directors remain confident that the company's activities will generate a satisfactory result in the coming period.

First Essex Buses Limited

Strategic report (continued)

Going concern

At 30 March 2019, the company had cash of £0.6 million, net current liabilities of £6.3 million, net assets of £10.8 million and made a profit of £0.1 million.

The company utilises working capital provided by the ultimate parent company, FirstGroup plc, which has provided the directors of the company with a letter confirming that it has the intention to make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The directors have made enquiries and understand that the ultimate parent company has adequate resources to be able to provide this financial support. This letter of support is conditional upon FirstGroup plc continuing to own the company.

The directors have prepared the financial statements on a going concern basis as they expect that adequate financing will be in place and that the company will continue to operate for the foreseeable future.

However, on 30 May 2019, FirstGroup plc announced that they would be pursuing strategic options, through a sale or other means, to separate First Bus from the group due to the limited synergies between First Bus and the other operations of the group.

The possibility of a change in ownership of the company within the next 12 months means that the directors are unable to assess or control all scenarios for the company's future. This includes its funding, a future owner's intentions for the company, the post-sale group structure or the impact on intercompany balances. The directors have concluded that this represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Principal risks and uncertainties

There are a number of potential risks and uncertainties that could have an impact on the company's long-term performance. The directors have established an ongoing process for identifying, evaluating and managing the significant risks and uncertainties faced by the company, and continue to assess these on a regular basis in the light of internal and external events.

Specific business risks faced by the company include the following:

Competition risk

The company faces the risk of loss of customers through other bus companies providing improved services or more competitive pricing. Management mitigate the competitive pressure by monitoring competitors' behaviour and strategies to ensure that the company acts appropriately under current market conditions.

Legal and regulatory risk

The directors are aware of the continual change in laws and other regulations and the increasing costs of compliance. The directors conduct regular reviews of safety procedures, equipment specifications, employment requirements, environmental procedures, insurance coverage and other areas to ensure they are appropriate and operating effectively.

Litigation and claims risk

The company has three main insurance risks: third party claims arising from vehicle and general operations; employee injuries; and property damage. FirstGroup plc has a very strong focus on safety, as one of its core values, the promotion of a 'Safety First' culture at all levels throughout the business minimises insurance premiums and other related claims.

Labour cost and employee relations and retention risk

Labour costs represent the most significant element of the company's operating costs. The directors continue to monitor employee recruitment, training, personal development and remuneration to ensure the company attracts and retains the right people.

To retain the right people, the company believes that good communication with employees is effected through regular briefing and negotiating meetings between the directors, the senior management and employee representatives on the central and depot negotiating committees. The briefing meetings enable senior management to consult employees and to ascertain their views on matters likely to affect their interests.

The company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirement which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain newly disabled employees and at the same time provide full and fair opportunities for the career development of disabled people.

Details of the number of employees and related costs can be found in note 4 to the financial statements.

First Essex Buses Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Fuel cost risk

Fuel costs represent a significant proportion of the company's cost base. Fuel prices are directly influenced by international, political and economic circumstances as well as natural disasters. Wherever possible, the group seeks to minimise the operational and financial impact of such events through fixed price forward contracts and other operational efficiency measures.

Environmental risk

FirstGroup plc recognises the importance of its environmental policies, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's annual report and do not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Through our core business activities we are committed to providing a safe, good quality, reliable and cost effective public transport to all our customers. Our core business strategy is to increase customer numbers and encourage a greater move towards the use of bus transport. This will support the needs of society to achieve more sustainable travel. We recognise the environmental impacts arising from our business activities and are committed to reducing these through effective environmental management.

General Political Risk

The UK's departure from the European Union may adversely impact the UK's economic position which in turn may have an adverse impact on the company's operations. A less positive economic outlook, or a disruptive exit from the EU could have a negative impact on our businesses in terms of reduced demand and reduced opportunities for growth or to retain or secure new business. The same factors could also affect our key suppliers. Economic conditions may also result in a tightening of labour markets resulting in employee shortages, rising pay, or affect the availability of public funding for transport services. The group has formed a Brexit Steering Committee to monitor and manage the potential impact of Brexit.

Approved by the board of directors and signed on its behalf by:



S A Wickers
Director

11 December 2019

First Essex Buses Limited

Directors' report

The directors have pleasure in submitting their annual report and audited financial statements for the period ended 30 March 2019.

Results and dividends

The results for the financial period are given in the profit and loss account on page 9.

No ordinary dividends were paid during the period (2018: £nil). The directors do not recommend the payment of a final dividend (2018: £nil).

Events after the balance sheet date

On 30 May 2019, FirstGroup plc announced that they would be pursuing strategic options, through a sale or other means, to separate first bus from the group due to the limited synergies between first bus and the other operations of the group.

Directors

The directors who held office during the period and up to the date of this report, are as follows:

S A Wickers
D B Alexander
A C Green

Directors' and officers' liability insurance

Directors' and officers' liability insurance is taken out by FirstGroup plc, the company's ultimate parent undertaking, for the benefit of the directors and officers of the company.

Directors' indemnity

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the period and up to and including the date of the directors' report for the benefit of the directors of the company.

Strategic report

In accordance with the Companies Act 2006, s.414C(11) the directors have chosen to include details of future developments in the strategic report rather than the directors' report.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The company's principal financial assets are trade debtors and bank balances.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over many customers.

The credit risk on liquid funds is limited because the counterparties are banks. Although certain risks, for example fuel price, are hedged on a group basis, the company does not directly enter into any derivative financial instruments.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intercompany finance.

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions. A number of significant purchases, such as commitments under operating leases are paid by direct debit.

First Essex Buses Limited

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriated training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through formal and informal consultation meetings with both employees and trade union representatives (where appropriate), and the inclusion of an employee director on FirstGroup plc's board of directors. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Two share plans are operated which are open to all employees. One is a HMRC approved Save As You Earn (SAYE) plan where employees may elect to make savings over a three-year period with an option at the end of this time to purchase FirstGroup plc shares at a 20% discount. The other is a HMRC approved Share Incentive Plan (SIP) which allows employees to purchase FirstGroup plc shares each month from gross earnings. Matching shares are awarded on a two for three basis on the first £30 contributed each month.

Audit information

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor.

FirstGroup plc intends to propose to shareholders, for approval at the Company's Annual General Meeting in 2020, the appointment of PricewaterhouseCoopers LLP as its new auditor with effect from the year commencing 1 April 2020.

Approved by the board of directors and signed on its behalf by:



S A Wickers
Director

11 December 2019

First Essex Buses Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST ESSEX BUSES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of First Essex Buses Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the possibility of a change in ownership of the company within the next 12 months means that the directors are unable to assess or control all scenarios for the company's future. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST ESSEX BUSES LIMITED (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 period 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

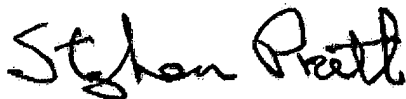
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Stephen Pratt CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

11 December 2019

First Essex Buses Limited

Profit and loss account

For the 52 week period ended 30 March 2019

	Note	52 weeks ended 30 March 2019 £000	53 weeks ended 31 March 2018 £000
Turnover	3	52,231	52,979
Operating costs	6	(51,845)	(55,915)
Operating profit/(loss)		386	(2,936)
Net finance costs	7	(298)	(332)
Profit/(loss) before taxation		88	(3,268)
Tax on profit/(loss)	8	(34)	459
Profit/(loss) for the period		54	(2,809)

All activities relate to continuing operations.

Statement of comprehensive income

For the 52 week period ended 30 March 2019

	Note	52 weeks ended 30 March 2019 £000	53 weeks ended 31 March 2018 £000
Profit/(loss) for the period		54	(2,809)
Remeasurement (loss)/gain recognised on net defined pension scheme	19	(3,365)	523
Movement on deferred tax relating to pension scheme	16	572	(89)
Total other comprehensive (loss)/income		(2,793)	434
Total comprehensive loss for the period		(2,739)	(2,375)

First Essex Buses Limited

Balance sheet

As at 30 March 2019

		30 March 2019		31 March 2018	
	Note	£000	£000	£000	£000
Fixed assets					
Intangible assets	9		12		
Tangible assets	10		32,266		35,421
Investments	11		3		3
			<u>32,281</u>		<u>35,424</u>
Current assets					
Stocks	12	704		783	
Debtors	13	6,326		7,147	
Cash at bank and in hand		574		1,567	
		<u>7,604</u>		<u>9,497</u>	
Creditors: amounts falling due within one period	14	(13,862)		(37,123)	
Net current liabilities			<u>(6,258)</u>		<u>(27,626)</u>
Total assets less current liabilities			<u>26,023</u>		<u>7,798</u>
Creditors: amounts falling due after more than one period	14		(1,042)		(1,176)
Provisions for liabilities	15		(14,200)		(13,190)
Net assets/liabilities			<u>10,781</u>		<u>(6,568)</u>
Capital and reserves					
Called-up share capital	17		20,550		550
Profit and loss account			(9,769)		(7,118)
Shareholder's funds/(deficit)			<u>10,781</u>		<u>(6,568)</u>

The financial statements of First Essex Buses Limited (registration number 01961457) were approved by the board of directors and authorised for issue on 11 December 2019.

They were signed on its behalf by:



S A Wickers
Director

First Essex Buses Limited

Statement of changes in equity 52 week period ended 30 March 2019

	Called-up share capital £000	Profit and loss account £000	Total £000
At 25 March 2017	550	(4,834)	(4,284)
Loss for the period	-	(2,809)	(2,809)
Other comprehensive income	-	434	434
Total comprehensive loss	-	(2,375)	(2,375)
Share-based payments	-	91	91
At 31 March 2018	550	(7,118)	(6,568)
Profit for the period	-	54	54
Other comprehensive loss	-	(2,793)	(2,793)
Total comprehensive loss	-	(2,739)	(2,739)
Share-based payments	-	88	88
Issue of share capital (note 17)	20,000	-	20,000
At 30 March 2019	20,550	(9,769)	10,781

First Essex Buses Limited

Notes to the financial statements

52 week period ended 30 March 2019

1. Principal accounting policies

The accounting policies have been applied consistently throughout the current and preceding period.

General information and basis of preparation

First Essex Buses Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The company's registered office is Bus Depot, Westway, Chelmsford, Essex, CM1 3AR. The nature of the company's operations and its principal activities are set out in the strategic report.

The financial statements for the period ended 30 March 2019 include the results and financial position of the company for 52 weeks ended 30 March 2019.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of First Essex Buses Limited is pound sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. The company is consolidated in the financial statements of its ultimate parent, FirstGroup plc, which may be obtained at 395 King Street, Aberdeen, AB24 5RP. Exemptions have been taken in relation to share-based payments, presentation of a cash flow statement, intra-group transactions, key management personnel and financial instrument disclosures.

Going concern

At 30 March 2019, the company had cash of £0.6 million, net current liabilities of £6.3 million, net assets of £10.8 million and made a profit of £0.1 million.

The company utilises working capital provided by the ultimate parent company, FirstGroup plc, which has provided the directors of the company with a letter confirming that it has the intention to make available such funds as may be required to enable the company to meet its obligations for a period of at least 12 months from signing the financial statements. The directors have made enquiries and understand that the ultimate parent company has adequate resources to be able to provide this financial support. This letter of support is conditional upon FirstGroup plc continuing to own the company.

The directors have prepared the financial statements on a going concern basis as they expect that adequate financing will be in place and that the company will continue to operate for the foreseeable future.

However, on 30 May 2019, FirstGroup plc announced that they would be pursuing strategic options, through a sale or other means, to separate First Bus from the group due to the limited synergies between First Bus and the other operations of the group.

The possibility of a change in ownership of the company within the next 12 months means that the directors are unable to assess or control all scenarios for the company's future. This includes its funding, a future owner's intentions for the company, the post-sale group structure or the impact on intercompany balances. The directors have concluded that this represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Group financial statements

Under the provisions of section 401 of the Companies Act 2006, and in accordance with paragraph 1.12 of Financial Reporting Standard 102, the company is exempt from preparing consolidated financial statements by virtue of the fact that the company is a subsidiary of another company which prepares group financial statements. The financial statements therefore present information about the company as an individual undertaking and not as a group.

First Essex Buses Limited

Notes to the financial statements (continued)

52 week period ended 30 March 2019

1. Principal accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less residual value of tangible fixed assets over their estimated useful economic useful lives as follows:

Freehold buildings	-	50 years straight-line
Long leasehold properties	-	50 years straight-line
Short leasehold properties	-	period of lease
Passenger carrying vehicles:		
Double and single decks	-	15 to 17 years straight-line
Coaches	-	7 or 12 years straight-line
Midibuses	-	12 or 15 years straight-line
Minibuses	-	9 years straight-line
Plant and equipment	-	3 to 15 years straight-line

No depreciation is provided on freehold land.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Intangible assets

Computer software is recognised separately as an intangible asset and is carried at cost less accumulated amortisation and accumulated impairment losses. Costs include software licences, website development, costs attributable to the development, design and implementation of the computer software and internal costs directly attributable to the software.

Intangible assets have a residual value of nil and are amortised on a straight-line basis over their estimated useful economic lives of 5 years.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Leases

All leases are operating leases and the rental charges are taken to the profit and loss account on a straight-line basis over the life of the lease.

Government grants and subsidies

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Amounts receivable for tendered services and concessionary fare schemes are included in turnover. Rebates in respect of duty paid on fuel are netted off against operating costs. Grant income is credited to other creditors and is released to the profit and loss account over the estimated useful lives of the assets to which they relate. The grant income is netted off against operating costs.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete and slow moving or defective items where appropriate.

First Essex Buses Limited

Notes to the financial statements (continued)

52 week period ended 30 March 2019

1. Principal accounting policies (continued)

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The taxation liability is reduced wholly or in part by the surrender of losses by group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertaking.

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted by the balance sheet date.

Pension costs

Group schemes

FirstGroup Pension Scheme

The company participates in a group multi-employer defined benefit scheme, the FirstGroup Pension Scheme. This scheme is disclosed in FirstGroup Holdings Limited's financial statements and is funded separately by defined contributions which have been expensed to the profit and loss account of FirstGroup Holdings Limited during the period to 30 March 2019. There is no charge in the company's profit and loss. The assets and liabilities of the scheme are held separately and cannot be allocated out, accordingly, the scheme is treated as a defined contribution scheme in the financial statements.

First UK Bus Pension Scheme

The company participates in a group defined benefit scheme, the First UK Bus Pension Scheme, which is held in separately administered funds. This scheme has been allocated across all participating employing entities based on the proportion of pensionable pay relating to the members employed by that entity. The amounts charged to operating profit regarding the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected return on the assets are shown as a net amount of other financial costs or credits included within interest payable. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Pension scheme assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The last formal actuarial valuation was at 5 April 2016. The funding level of the scheme on 5 April 2017 failed to reach a pre-agreed funding level, and as such, the scheme closed to defined benefit accrual on 5 April 2018.

Defined contribution pension scheme

The company operates a defined contribution pension scheme. Payments to the defined contribution scheme are charged as an expense as they fall due. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments. There is no legal or constructive obligation to pay additional contributions into the defined contribution scheme if the fund has insufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

Revenue recognition

Turnover principally comprises amounts receivable from ticket sales and concessionary fare schemes. Ticket sales are recognised in the period in which the service is provided. 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. Other bus and services revenue from contracts with government bodies and similar organisations are recognised as the services are provided.

First Essex Buses Limited

Notes to the financial statements (continued) **52 week period ended 30 March 2019**

1. Principal accounting policies (continued)

Share-based payments

The company's parent issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and is adjusted for the effects of non-market based vesting conditions.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group has allocated the expense amongst its trading subsidiary undertakings based on the number of employees participating in the scheme. The company has recognised a total expense of £88,000 (2018: £91,000) relating to equity-settled share-based payment transactions.

Insurance

FirstGroup plc's policy is to self-insure high frequency, low value claims within the businesses. To provide protection above these types of losses, cover is obtained through third-party insurance policies. The total provision is allocated to each subsidiary company based on the estimated cost of settling uninsured claims for incidents occurring prior to the balance sheet date within that company.

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, financing arrangements from banks and other third parties and balances due to and from related parties.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Restructuring provisions

A restructuring provision is recognised when the company has developed a formal detailed plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing the main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

First Essex Buses Limited

Notes to the financial statements (continued)

52 week period ended 30 March 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the accounting policies which are described above, management has made the following judgments and estimates that have the most significant effect on the amounts recognised in the financial statements.

Critical accounting judgements

Impairment of tangible fixed assets

The carrying values of the company's fixed assets, including passenger carrying vehicles, are reviewed at each balance sheet date to determine whether there is any indication of impairment. Particularly in relation to passenger carrying vehicles, management consider the future plans for the company and fellow subsidiaries in determining whether there is a use for the asset in the future. If any indication of impairment exists, the recoverable amount of the asset is estimated. An impairment is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The carrying value of the company's tangible fixed assets is £32.3 million (2018: £35.4 million).

Key sources of estimation uncertainty

Defined benefit pension arrangements

Measurement of defined benefit pension obligations requires estimation of a suitable discount rate, the expected return on scheme assets, expected rate of inflation of future salary and pension costs along with assumptions about mortality rates. The most significant of these are the discount rate and inflation rate assumptions. The gross pension liability, before deferred tax, as at the balance sheet date was £12.2 million (2018: £8.3 million) as set out in note 19.

Self-insurance

Provision is made for all known incidents for which there is self-insurance using management's best estimate of the likely settlement of these incidents. The estimated settlement is reviewed on a regular basis with independent actuarial advice and the amount provided is adjusted as required. The entity's total self-insurance provisions, including those classified within accruals, as at the balance sheet date were £2.8 million (2018: £3.0 million) as set out in note 15.

3. Turnover

Turnover represents the amounts receivable for services supplied to customers during the period.

The whole of the turnover derives from the company's principal activities within the United Kingdom. The company has one principal class of business, namely the provision of passenger transport services.

First Essex Buses Limited

Notes to the financial statements (continued)

52 week period ended 30 March 2019

4. Employee numbers and costs

The average monthly number of persons employed by the company (including directors) during the period was as follows:

	52 weeks ended 30 March 2019 No.	53 weeks ended 31 March 2018 No.
Drivers	857	832
Maintenance and traffic	130	151
Administration	18	19
	<u>1,005</u>	<u>1,002</u>

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 30 March 2019 £000	53 weeks ended 31 March 2018 £000
Wages and salaries	26,934	27,795
Social security costs	2,539	2,612
Pension costs	3,345	2,297
Share based payment	88	91
	<u>32,906</u>	<u>32,795</u>

The pension costs of £3,345,000 above include costs relating to participation in the First Group plc defined contribution scheme, as well as the defined benefit schemes set out in note 19.

5. Directors' remuneration

Two directors (2018: two) are employees of other FirstGroup companies and received remuneration from those companies totalling £548,000 (2018: £486,000). It is not considered practicable to allocate this between services provided to those companies, and services provided in their capacity as directors of First Essex Buses Limited.

The remuneration of the director who was remunerated by the company during the period was as follows:

	52 weeks ended 30 March 2019 £000	53 weeks ended 31 March 2018 £000
Aggregate emoluments	4	80
Compensation for loss of office	-	25
Company contributions to pension schemes	-	3
	<u>4</u>	<u>108</u>

Retirement benefits accrue to no directors under defined benefit schemes (2018: one), and no directors under defined contribution schemes (2018: none).

First Essex Buses Limited

Notes to the financial statements (continued) 52 week period ended 30 March 2019

6. Operating costs

		52 weeks ended 30 March 2019 £000	53 weeks ended 31 March 2018 £000
	Note		
Raw materials and consumables		11,646	13,655
Staff costs	4	32,906	32,795
Other external charges		7,159	6,002
Amortisation of intangible assets	9	4	-
Depreciation	10	3,422	3,639
Restructuring	15	-	2,788
Onerous lease provision	15	-	278
Impairment of fixed assets		-	63
Auditor's remuneration		15	15
Gain on disposal of fixed assets		(150)	(2)
Impairment of stock reversed		(19)	(94)
Government grants		(3,601)	(3,575)
Operating lease rentals		463	351
		<u>51,845</u>	<u>55,915</u>

There were no fees payable to Deloitte LLP and their associates for non-audit services to the company during the period (2018: £nil).

The company receives grants for the government for acquiring buses. Grants are amortised over the life of the bus.

7. Net finance costs

Other finance costs

	52 weeks ended 30 March 2019 £000	53 weeks ended 31 March 2018 £000
Unwinding of discount on provision	76	89
Net interest on net defined benefit pension scheme	222	243
	<u>298</u>	<u>332</u>

First Essex Buses Limited

Notes to the financial statements (continued) 52 week period ended 30 March 2019

8. Taxation

	52 weeks ended 30 March 2019 £000	53 weeks ended 31 March 2018 £000
Current taxation		
- Group relief	(163)	(1,178)
- Adjustments in respect of prior periods	6	1,113
Total current taxation	(157)	(65)
Deferred taxation		
- Origination and reversal of timing differences	224	552
- Adjustment in respect of prior periods	(33)	(946)
Total deferred taxation	191	(394)
Total tax on profit/(loss)	34	(459)

The standard rate of tax applied to reported profit is 19% (2018: 19%). Finance Act 2016 introduced legislation to reduce the main rate of corporation tax to 17% from 1 April 2020 and these rates have therefore been used to measure deferred tax assets and liabilities where applicable.

In the period commencing 31 March 2019, the net reversal of deferred tax asset is expected to decrease the corporation tax charge for the period by £80,000. This is primarily due to depreciation, capital allowances and capital grant amortisation.

There is no expiry date on timing differences, unused tax losses or tax credits.

The tax credit for the current and previous period differed from the standard rate for the reasons set out in the following reconciliation:

	52 weeks ended 30 March 2019 £000	53 weeks ended 31 March 2018 £000
Profit/(loss) before tax	88	(3,268)
Tax on profit/(loss) at standard UK corporation tax rate of 19% (2018: 19%)	17	(621)
Factors affecting charge		
- Expenses not deductible for tax purposes	70	60
- Prior period adjustments	(27)	167
- Effect of decrease in tax rate on origination and reversal of timing difference	(26)	(65)
Total tax on profit/(loss)	34	(459)

First Essex Buses Limited

Notes to the financial statements (continued) 52 week period ended 30 March 2019

9. Intangible assets

	Computer software £000
Cost	
At 1 April 2018	-
Additions	16
At 30 March 2019	16
Amortisation	
At 1 April 2018	-
Charge for period	4
At 30 March 2019	4
Net book value	
At 30 March 2019	12
At 31 March 2018	-

Amortisation of intangible assets is included in operating expenses.

10. Tangible fixed assets

	Land and buildings £000	Passenger carrying vehicle fleet £000	Plant and equipment £000	Total £000
Cost				
At 1 April 2018	14,253	57,142	3,375	74,770
Additions	35	96	99	230
Intra group transfers in	-	2,431	-	2,431
Intra group transfers out	-	(2,004)	-	(2,004)
Disposals	(525)	(3,674)	(1,031)	(5,230)
At 30 March 2019	13,763	53,991	2,443	70,197
Depreciation				
At 1 April 2018	2,178	34,052	3,119	39,349
Charge for period	285	3,052	85	3,422
Intra group transfers in	-	1,563	-	1,563
Intra group transfers out	-	(1,698)	-	(1,698)
Disposals	(111)	(3,566)	(1,028)	(4,705)
At 30 March 2019	2,352	33,403	2,176	37,931
Net book value				
At 30 March 2019	11,411	20,588	267	32,266
At 31 March 2018	12,075	23,090	256	35,421

First Essex Buses Limited

Notes to the financial statements (continued) For the 52 week period ended 30 March 2019

10. Tangible fixed assets (continued)

The net book value of land and buildings comprises:

	2019 £000	2018 £000
Freehold	10,370	11,034
Long leasehold	995	995
Short leasehold	46	46
	<u>11,411</u>	<u>12,075</u>

Depreciation is not provided on the land element of freehold property which amounts to £4.0 million (2018: £4.0 million).

11. Fixed asset investments

	Subsidiary undertakings £000
Cost	
At 1 April 2018 and 30 March 2019	<u>1,175</u>
Provisions for impairment	
At 1 April 2018 and 30 March 2019	<u>(1,172)</u>
Net book value	
At 30 March 2019 and 31 March 2018	<u>3</u>

The subsidiary undertakings at the end of the period, and the nature of their business are:

Subsidiary undertakings	Registered office	Principal activity	Holding	%
Airport Buses Limited	Bus Depot, Westway, Chelmsford, Essex, CM1 3AR	Dormant	Ordinary shares	100%
Airport Coaches Limited	As above	Dormant	Ordinary shares	100%
Lynton Bus & Coach Limited	As above	Dormant	Ordinary shares	100%
Lynton Company Services Limited	As above	Dormant	Ordinary shares	100%

12. Stocks

	2019 £000	2018 £000
Spare parts and consumables	<u>704</u>	<u>783</u>

There is no material difference between the balance sheet value of the stocks and their replacement cost.

First Essex Buses Limited

Notes to the financial statements (continued) 52 week period ended 30 March 2019

13. Debtors

	2019 £000	2018 £000
Amounts due within one period		
Trade debtors	1,324	1,556
Amounts owed by fellow group undertakings	36	250
Amounts owed by ultimate parent undertaking	337	258
Other debtors	659	692
VAT debtor	271	301
Prepayments	450	475
Accrued income	901	1,648
Deferred taxation asset (note 16)	2,348	1,967
	<u>6,326</u>	<u>7,147</u>

Amounts owed by fellow group undertakings and ultimate parent undertaking are repayable on demand and are interest free.

14. Creditors

	2019 £000	2018 £000
Amounts falling due within one period		
Bank overdrafts	352	24,043
Trade creditors	2,670	2,823
Amounts owed to fellow group undertakings	6,668	6,172
Other tax and social security	677	742
Other creditors	131	133
Accruals	1,666	1,567
Deferred income	1,698	1,643
	<u>13,862</u>	<u>37,123</u>
Amounts falling due after more than one period		
Deferred income	<u>1,042</u>	<u>1,176</u>

Amounts owed to fellow group undertakings and ultimate parent undertaking are repayable on demand and are interest free.

Included within deferred income are grants received for the acquisition of buses which are amortised over the life of the bus.

The amount of deferred income falling due after more than five periods is £507,000 (2018: £640,000).

First Essex Buses Limited

Notes to the financial statements (continued) 52 week period ended 30 March 2019

15. Provisions for liabilities

	Restructuring costs £000	Onerous lease £000	Insurance claims £000	Total £000
At 1 April 2018	2,706	278	1,953	4,937
Charged to the profit and loss account	-	-	321	321
Unwinding of discount	-	-	76	76
Utilised in the period / transferred to accruals	(2,577)	(278)	(520)	(3,375)
At 30 March 2019	129	-	1,830	1,959
Provision for net defined benefit scheme deficit (2018: £8.3 million) (note 19)				12,241
At 30 March 2019				14,200

Insurance claims accruals due within one period at the balance sheet date amounted to £986,000 (2018: £1,052,000) and are included in 'accruals' within note 14. The amount included within provisions above represents the estimate of amounts due after more than one period.

The insurance claims provision arises from estimated exposures for incidents occurring prior to the balance sheet date. It is anticipated that the majority of such claims will be settled within the next six years.

The majority of the restructuring provision arises from the share of estimated costs expected to be incurred due to the ongoing restructuring programme across the group. It is anticipated that the majority of these costs will be incurred within the next year.

16. Deferred taxation

The movements in the deferred taxation asset were as follows:

	Deferred taxation £000
At 1 April 2018	1,967
Charged to the profit and loss account	(191)
Credited to other comprehensive income	572
At 30 March 2019	2,348

Deferred taxation consists of the following amounts:

	2019 £000	2018 £000
Capital allowances in excess of depreciation	(40)	266
Pension	2,081	1,403
Other timing differences	307	298
Deferred tax asset	2,348	1,967

The opening and closing deferred tax asset is included in note 13 within debtors.

First Essex Buses Limited

Notes to the financial statements (continued) 52 week period ended 30 March 2019

17. Called-up share capital and reserves

	2019 £000	2018 £000
Allotted, called-up and fully paid		
20,550,000 (2018: 550,000) ordinary shares of £1 each	20,550	550

On 13 February 2019, the company issued 20,000,000 ordinary shares of £1 each.

The company has one class of ordinary shares which carry full voting, dividend and capital distribution rights.

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits and losses net of dividends paid.

18. Commitments

Capital commitments

The company had no capital commitments at 30 March 2019 or 31 March 2018.

Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019		2018	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Within one period	199	247	192	285
Between one and five periods	770	749	770	1,008
After five periods	535	-	725	-
	<u>1,504</u>	<u>996</u>	<u>1,687</u>	<u>1,293</u>

Other commitments

The company participates in an overdraft facility with its parent company, FirstGroup plc and other group companies. The company has jointly and severally guaranteed the liabilities of the other parties under these arrangements.

The company is a member of a Value Added Tax ("VAT") group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to HMRC. The value of the group commitment owed to HMRC can be found within the FirstGroup plc financial statements.

19. Pension schemes

First UK Bus Pension Scheme

The First UK Bus Pension Scheme is included as part of its disclosure under FRS 102. The scheme closed to defined benefit accrual on 5 April 2018 and so the disclosure has been based on the proportion of pensionable pay relating to First Essex Buses Limited members as at 31 March 2018. The scheme's assets are held and managed independently of the company's finances by independent investment managers appointed by trustees of the scheme.

The actuarial valuations are obtained at least triennially. The last formal actuarial valuation was at 5 April 2016. The valuations are updated at each balance sheet date for FRS 102 purposes.

First Essex Buses Limited

Notes to the financial statements (continued) 52 week period ended 30 March 2019

19. Pension schemes (continued)

The main financial assumptions used in this update were as follows:

	2019	2018
Rate of increase in salaries	2.15%	2.05%
Rate of increase of pensions in payment	2.15%	2.05%
Discount rate	2.40%	2.70%
Inflation	2.15%	2.05%
Post-retirement mortality (life expectancy in years):		
Current pensioners aged 65	19.1	19.8
Future pensioners at 65 aged 45 now	20.6	21.3

The assets in the scheme at the balance sheet date were:

	2019 £m	2018 £m
Equities	12.2	17.2
Fixed income/liability driven investment	41.9	41.5
Property	2.1	2.3
Cash	1.0	(1.8)
Other return seeking assets	15.2	13.5
	<u>72.4</u>	<u>72.7</u>

The balance sheet position for the company:

	2019 £m	2018 £m
Total fair value of assets	72.4	72.7
Present value of scheme liabilities	(84.6)	(81.0)
Deficit in the scheme	<u>(12.2)</u>	<u>(8.3)</u>

Amounts recognised in the profit and loss account:

	2019 £m	2018 £m
Net interest cost	(0.2)	(0.2)
Service cost (chargeable as operating cost)	(1.6)	(0.8)
	<u>(1.8)</u>	<u>(1.0)</u>

Amounts recognised in the statement of comprehensive income:

	2019 £m	2018 £m
Actual return on pension scheme assets	(0.1)	(0.1)
Experience gain arising on scheme liabilities	(0.3)	2.0
Changes in assumptions	(3.0)	(1.4)
	<u>(3.4)</u>	<u>0.5</u>

First Essex Buses Limited

Notes to the financial statements (continued)

52 week period ended 30 March 2019

19. Pension schemes (continued)

Movements in the present value of defined benefit obligations were as follows:

	2019 £m	2018 £m
Opening position	81.0	81.7
Current service cost	-	0.8
Past service cost	1.6	-
Interest cost	2.1	2.2
Employee contributions	-	0.5
Actuarial loss/(gain)	3.3	(0.6)
Benefits paid	(3.3)	(3.6)
Closing position as at balance sheet date	84.6	81.0

Movements in the fair value of scheme assets were as follows:

	2019 £m	2018 £m
Opening position	72.7	72.1
Interest income	1.9	2.0
Employer contributions	1.2	1.8
Employee contributions	-	0.5
Actuarial loss	(0.1)	(0.1)
Benefits paid	(3.3)	(3.6)
Closing position as at balance sheet date	72.4	72.7

FirstGroup Pension Scheme

The company participates in a group multi-employer defined benefit scheme, the FirstGroup Pension Scheme. This scheme is disclosed in FirstGroup Holdings Limited's financial statements and is funded separately by defined contributions which have been expensed to the profit and loss account of FirstGroup Holdings Limited during the period to 30 March 2019. There is no charge in the company's profit and loss. The assets and liabilities of the scheme are held separately and cannot be allocated out, accordingly, the scheme is treated as a defined contribution scheme in the financial statements.

The surplus on the FirstGroup Pension Scheme of £26.6 million (2018: £11.9 million) is reported within FirstGroup Holdings Limited financial statements.

20. Ultimate parent company

The company's immediate parent and controlling party is FirstBus (South) Limited.

The directors regard FirstGroup plc, a company incorporated in the United Kingdom and registered in Scotland, as the ultimate parent and controlling company, which is the smallest and largest group that includes the company's results and for which group financial statements are prepared.

Copies of the financial statements of FirstGroup plc can be obtained on request from 395 King Street, Aberdeen, AB24 5RP, which is the registered office of FirstGroup plc.

21. Events after the balance sheet date

On 30 May 2019, FirstGroup plc announced that they would be pursuing strategic options, through a sale or other means, to separate First Bus from the group due to the limited synergies between First Bus and the other operations of the group.