

Company Registration No. 01994122 (England and Wales)

**HALTON BOROUGH TRANSPORT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

# HALTON BOROUGH TRANSPORT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A Cookson W Zygadlo B Stevenson A Macmanus M Wharton C Stafford K Morley
<b>Company number</b>	01994122
<b>Registered office</b>	Moor Lane Widnes Cheshire WA8 7AF
<b>Auditor</b>	Mitchell Charlesworth LLP Glebe Business Park Lunts Heath Road Widnes Cheshire WA8 5SQ
<b>Bankers</b>	National Westminster Bank plc 146 Widnes Road Widnes Cheshire WA8 6BB

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# HALTON BOROUGH TRANSPORT LIMITED

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# HALTON BOROUGH TRANSPORT LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **Fair review of the business**

The principal activity of the company continued to be the provision of commercial local bus services in the Halton (Widnes & Runcorn) area. Services extend to Liverpool, St Helens and Warrington. A number of tendered local bus services operate on behalf of Halton Borough Council and Merseytravel.

The company's balance sheet as detailed on page 9 shows a satisfactory position, shareholders' funds amounting to £269,102.

### **Principal risks and uncertainties**

The main risks to profitability of the business are large increases in diesel prices together with changes in government legislation both at a national level or locally that either has changed or is likely to which will restrict the operation of commercial bus services and indeed tendered services, during the the financial year we saw the introduction of the Bus Bill which was passed by government its affects to the industry and the business are yet to be quantified. In addition insurance costs and accident claim costs can be volatile.

The company uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable. The directors receive regular reports on these figures in order to manage the company's requirements.

The company is exposed to normal credit and cash flow risks associated with selling on credit and manages this through contractual arrangements with its customers and subcontractors.

### **Development and performance**

The Company's turnover for the year is £6,979,117 which is a decrease of £27,960 against the prior year (2017: £7,006,807). The profit margin has decreased by 4.45% to 7.71 (2017: 12.16%).

This reduction in margin is due to cost increases including insurance. We have a fuel hedge that was taken out locking the Company in at a fixed price, this is on 50% of our fuel usage.. Unfortunately insurance reserves were also increased during the year as a result of, more claims that came in, the Company is defending some of these in the courts, but there was increase in the claims generally in the year, and a change in law meant that settlements increased significantly.

Growth in the commercial local bus business is very restricted by a lack of opportunities in the region as the supply of bus services is adequate for the demand. We have also seen a slight growth within the Halton area as the Company has retained its commitment to quality with a modern, environmentally friendly, low floor fleet of buses on all regular bus services.

In late March 17 our fares within the Halton Region were increased, and we also increased wages of our staff. In the main cost lines are well controlled with increases only as a result of increased service provisions, however with the opening of the new Runcorn/Mersey Gateway bridge saw the closure of the Silver Jubilee Bridge which meant all Runcorn services had to be rerouted causing additional operating costs both to fuel and drivers..

Halton and Merseyside concessionary scheme passenger numbers have seen a slight decrease, which saw Merseyside reducing our reimbursement considerably however the Halton scheme remained the same as this was in a second year of a two year deal.

Performance through the year has been measured against cash flow forecasts which are reviewed regularly when important changes are identified (e.g. rapid fluctuations in fuel prices).

**HALTON BOROUGH TRANSPORT LIMITED**

**STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2018***

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C Stafford

**Director**

30 November 2018

# **HALTON BOROUGH TRANSPORT LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 MARCH 2018***

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The directors present their annual report and financial statements for the year ended 31 March 2018.

### **Principal activities**

The principal activity of the company continued to be the provision of commercial local bus services in the Halton (Widnes & Runcorn) area.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Cookson  
W Zygadllo  
B Stevenson  
A Macmanus  
M Wharton  
C Stafford  
K Morley

### **Results and dividends**

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Market value of land and buildings**

In the opinion of the directors, the market value of the land and buildings of the company is not significantly different than the book values of those assets.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Mitchell Charlesworth LLP be reappointed as auditor of the company will be put at a General Meeting.

### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

C Stafford

**Director**

30 November 2018

## **HALTON BOROUGH TRANSPORT LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2018***

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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). 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;
- 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.

# HALTON BOROUGH TRANSPORT LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HALTON BOROUGH TRANSPORT LIMITED

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#### Opinion

We have audited the financial statements of Halton Borough Transport Limited (the 'company') for the year ended 31 March 2018 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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



# **HALTON BOROUGH TRANSPORT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF HALTON BOROUGH TRANSPORT LIMITED**

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#### **Matters on which we are required to report by exception**

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 material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, 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.

#### **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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

**Robert Davies (Senior Statutory Auditor)**  
for and on behalf of Mitchell Charlesworth LLP

30 November 2018

**Chartered Accountants**  
**Statutory Auditor**

Glebe Business Park  
Lunts Heath Road  
Widnes  
Cheshire

**HALTON BOROUGH TRANSPORT LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF HALTON BOROUGH TRANSPORT LIMITED**

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WA8 5SQ

# HALTON BOROUGH TRANSPORT LIMITED

## PROFIT AND LOSS ACCOUNT

*FOR THE YEAR ENDED 31 MARCH 2018*

		2018	2017
	Notes	£	£
Turnover	3	6,979,116	7,006,808
Cost of sales		(6,441,329)	(6,155,009)
<b>Gross profit</b>		<b>537,787</b>	<b>851,799</b>
Administrative expenses		(823,699)	(844,977)
Other operating income		75,627	75,628
<b>Operating (loss)/profit</b>	4	<b>(210,285)</b>	<b>82,450</b>
Interest receivable and similar income	8	17	17
Interest payable and similar expenses	9	(224,726)	(153,269)
<b>Loss before taxation</b>		<b>(434,994)</b>	<b>(70,802)</b>
Tax on loss	10	73,172	20,275
<b>Loss for the financial year</b>		<b>(361,822)</b>	<b>(50,527)</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

## HALTON BOROUGH TRANSPORT LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2018*

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	2018	2017
	£	£
Loss for the year	(361,822)	(50,527)
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	(361,822)	(50,527)
	<hr/> <hr/>	<hr/> <hr/>

# HALTON BOROUGH TRANSPORT LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	11		1,844,143		2,297,464
<b>Current assets</b>					
Stocks	13	83,152		92,787	
Debtors	14	601,094		645,962	
Cash at bank and in hand		29,979		11,935	
		<u>714,225</u>		<u>750,684</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,291,692)</u>		<u>(1,384,778)</u>	
<b>Net current liabilities</b>			<u>(577,467)</u>		<u>(634,094)</u>
<b>Total assets less current liabilities</b>			1,266,676		1,663,370
<b>Creditors: amounts falling due after more than one year</b>	16		(974,601)		(936,300)
<b>Provisions for liabilities</b>	19		<u>(22,973)</u>		<u>(96,145)</u>
<b>Net assets</b>			<u>269,102</u>		<u>630,925</u>
<b>Capital and reserves</b>					
Called up share capital	22		430,100		430,100
Profit and loss reserves			<u>(160,998)</u>		<u>200,825</u>
<b>Total equity</b>			<u>269,102</u>		<u>630,925</u>

The financial statements were approved by the board of directors and authorised for issue on 30 November 2018 and are signed on its behalf by:

C Stafford  
Director

Company Registration No. 01994122

## HALTON BOROUGH TRANSPORT LIMITED

### STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 MARCH 2018*

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2016	430,100	251,349	681,449
Year ended 31 March 2017:			
Loss and total comprehensive income for the year	-	(50,527)	(50,527)
Balance at 31 March 2017	430,100	200,825	630,925
Year ended 31 March 2018:			
Loss and total comprehensive income for the year	-	(361,822)	(361,822)
Balance at 31 March 2018	430,100	(160,998)	269,102

# HALTON BOROUGH TRANSPORT LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	234,328	218,536
Interest paid		(224,726)	(153,269)
Income taxes (paid)/refunded		-	3,642
<b>Net cash inflow from operating activities</b>		9,602	68,909
<b>Investing activities</b>			
Purchase of tangible fixed assets		(5,197)	(283,105)
Proceeds on disposal of tangible fixed assets		2,000	55,145
Interest received		17	17
<b>Net cash used in investing activities</b>		(3,180)	(227,943)
<b>Financing activities</b>			
Repayment of debentures		(14,286)	(17,786)
Payment of finance leases obligations		(53,083)	2,910
<b>Net cash used in financing activities</b>		(67,369)	(14,876)
<b>Net decrease in cash and cash equivalents</b>		(60,947)	(173,910)
Cash and cash equivalents at beginning of year		5,374	179,284
<b>Cash and cash equivalents at end of year</b>		(55,573)	5,374
<b>Relating to:</b>			
Cash at bank and in hand		29,979	11,935
Bank overdrafts included in creditors payable within one year		(85,552)	(6,561)

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2018**

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### **1 Accounting policies**

#### **Company information**

Halton Borough Transport Limited is a private company limited by shares incorporated in England and Wales. The registered office is Moor Lane, Widnes, Cheshire, WA8 7AF.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The directors have considered the Company's business activities together with factors likely to affect future performance and financial position. These include outflows and the risks and uncertainties relating to the company's business activities.

The company's 99% shareholder has provided a letter of support to confirm their continued financial support should it be required.

After making appropriate enquires the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in the preparation of these financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% Straight Line
Plant and equipment	20% Straight Line
Computers	20% Straight Line
Vehicles	Straight Line over 15 Years/10 Years/5 Years



# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.16 Related party transactions

The directors have taken advantage of the exemption in Financial Reporting Standard 8 paragraph 3(c) and have not disclosed related party transactions with the company's parent undertaking, Halton Borough Council, which has a controlling interest in the company.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
	6,979,117	7,006,807
	<u>6,979,117</u>	<u>7,006,807</u>
<i>Analysis per statutory database</i>	<b>6,979,117</b>	<b>7,006,807</b>
<i>Statutory database analysis does not agree to the trial balance by:</i>	<b>1</b>	<b>1</b>
	2018	2017
	£	£
Other significant revenue		
Interest income	17	17
Grants received	75,627	75,628
	<u>75,644</u>	<u>75,645</u>

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

<b>3</b>	<b>Turnover and other revenue</b>	<b>(Continued)</b>	
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Turnover analysed by geographical market</b>		
	United Kingdom	6,979,117	7,006,807
		<u>          </u>	<u>          </u>
	<b>Analysis per statutory database</b>	<b>6,979,117</b>	<b>7,006,807</b>
	<b>Statutory database analysis does not agree to the trial balance by:</b>	<b>1</b>	<b>1</b>
<b>4</b>	<b>Operating (loss)/profit</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Operating (loss)/profit for the year is stated after charging/(crediting):		
	Government grants	(75,627)	(75,628)
	Depreciation of owned tangible fixed assets	458,520	497,691
	Profit on disposal of tangible fixed assets	(2,000)	(11,892)
	Cost of stocks recognised as an expense	5,998,012	5,679,686
	Operating lease charges	822	1,205
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Auditor's remuneration</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the company	9,000	9,000
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Employees</b>		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		<b>2018</b>	<b>2017</b>
		<b>Number</b>	<b>Number</b>
	Traffic	128	128
	Engineering	17	17
	Administration	13	13
		<u>          </u>	<u>          </u>
		158	158
		<u>          </u>	<u>          </u>

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

<b>6</b>	<b>Employees</b>	<b>(Continued)</b>	
	Their aggregate remuneration comprised:		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	4,039,086	3,916,253
	Social security costs	366,852	345,451
	Pension costs	5,406	5,235
		<hr/>	<hr/>
		4,411,344	4,266,939
		<hr/>	<hr/>
<b>7</b>	<b>Directors' remuneration</b>		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Remuneration for qualifying services	181,529	181,169
	Company pension contributions to defined contribution schemes	5,406	5,235
		<hr/>	<hr/>
		186,935	186,404
		<hr/>	<hr/>
<b>8</b>	<b>Interest receivable and similar income</b>		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Interest income</b>		
	Interest on bank deposits	17	17
		<hr/>	<hr/>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	17	17
		<hr/>	<hr/>
<b>9</b>	<b>Interest payable and similar expenses</b>		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on finance leases and hire purchase contracts	223,604	151,590
	<b>Other finance costs:</b>		
	Other interest	1,122	1,679
		<hr/>	<hr/>
		224,726	153,269
		<hr/>	<hr/>
<b>10</b>	<b>Taxation</b>		
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 10 Taxation (Continued)

#### Deferred tax

Origination and reversal of timing differences	(73,172)	(20,275)
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The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Loss before taxation	(434,994)	(70,802)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(82,649)	(14,160)
Effect of change in corporation tax rate	8,608	(7,030)
Depreciation on assets not qualifying for tax allowances	869	915
Taxation credit for the year	(73,172)	(20,275)

### 11 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Computers £	Vehicles £	Total £
<b>Cost</b>					
At 1 April 2017	300,784	147,810	155,231	6,574,244	7,178,069
Additions	439	3,746	554	458	5,197
Disposals	-	-	-	(7,330)	(7,330)
At 31 March 2018	301,223	151,556	155,785	6,567,372	7,175,936
<b>Depreciation and impairment</b>					
At 1 April 2017	128,786	142,634	129,327	4,479,856	4,880,603
Depreciation charged in the year	5,518	2,352	7,332	443,318	458,520
Eliminated in respect of disposals	-	-	-	(7,330)	(7,330)
At 31 March 2018	134,304	144,986	136,659	4,915,844	5,331,793
<b>Carrying amount</b>					
At 31 March 2018	166,919	6,570	19,126	1,651,528	1,844,143
At 31 March 2017	171,997	5,176	25,904	2,094,387	2,297,464



# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 11 Tangible fixed assets (Continued)

Included within the net book value of land and buildings is freehold land at £25,269 (2017 - £25,269) which is not depreciated.

The net book value of motor vehicles includes £1,095,239 (2017 - £1,298,320) in respect of assets held under finance leases and hire purchases. The depreciation charge for the year on leased assets amounted to £203,538 (2017 - £175,183).

### 12 Financial instruments

	2018	2017
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	144,099	198,900
	<u>144,099</u>	<u>198,900</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,940,620	1,942,914
	<u>1,940,620</u>	<u>1,942,914</u>

### 13 Stocks

	2018	2017
	£	£
Raw materials and consumables	83,152	92,787
	<u>83,152</u>	<u>92,787</u>

### 14 Debtors

	2018	2017
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	144,099	198,900
Corporation tax recoverable	183	183
Other debtors	89,674	87,026
Prepayments and accrued income	367,138	359,853
	<u>601,094</u>	<u>645,962</u>

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Debenture loans	17	14,286	14,286
Bank loans and overdrafts	17	85,552	6,561
Obligations under finance leases	18	177,020	282,691
Trade creditors		101,282	93,919
Other taxation and social security		109,572	88,866
Government grants		216,101	289,298
Other creditors		73,695	48,855
Accruals and deferred income		514,184	560,302
		<u>1,291,692</u>	<u>1,384,778</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Debenture loans	17	14,285	28,571
Obligations under finance leases	18	960,316	907,729
		<u>974,601</u>	<u>936,300</u>

The debenture loan is secured on the freehold land and buildings and is repayable by equal half yearly instalments from March 1992 at a rate of interest established by the Council under paragraph 15 of Schedule 13 of the Local Government Act 1972 and the final payment is due in 2020.

### 17 Loans and overdrafts

	2018 £	2017 £
Debenture loans	28,571	42,857
Bank overdrafts	85,552	6,561
	<u>114,123</u>	<u>49,418</u>
Payable within one year	99,838	20,847
Payable after one year	14,285	28,571
	<u>114,123</u>	<u>49,418</u>

The long-term loans are secured by fixed charges over the assets by which they relate to.

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 18 Finance lease obligations

	2018	2017
	£	£
Future minimum lease payments due under finance leases:		
Within one year	177,020	282,691
In two to five years	960,316	907,729
	<u>1,137,336</u>	<u>1,190,420</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 19 Provisions for liabilities

	Notes	2018	2017
		£	£
Deferred tax liabilities	20	22,973	96,145
		<u>22,973</u>	<u>96,145</u>

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2018	2017
	£	£
<b>Balances:</b>		
Fixed asset timing differences	83,612	119,729
Tax losses	(60,639)	(23,584)
	<u>22,973</u>	<u>96,145</u>

	2018
	£
<b>Movements in the year:</b>	
Liability at 1 April 2017	96,145
Credit to profit or loss	(73,172)
	<u>22,973</u>
Liability at 31 March 2018	<u>22,973</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

## HALTON BOROUGH TRANSPORT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

#### 21 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	5,406	5,235

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### Defined benefit schemes

Certain employees participate in the Cheshire Pension Fund, part of the local government pension scheme, a defined me Benefit scheme administered by Cheshire West and Chester Council in accordance with the Local Government Regulations 1997 as amended.

Halton Borough Transport Limited is a wholly owned subsidiary of Halton Borough Council and the liability of the Pension fund ultimately rests with Halton Borough Council.

Halton Borough Council have taken over liability of the past service cost but Halton Borough Transport Limited will Continue to be liable for future service costs. Therefore the Cheshire Pension Fund is treated as a multi employer Scheme and treated as a defined benefit contribution scheme and contributions payable charged to the profit and Loss account.

#### 22 Share capital

	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
430,100 Ordinary of £1 each	430,100	430,100

# HALTON BOROUGH TRANSPORT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 23 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	2,167	-
Between two and five years	14,111	10,835
In over five years	512,979	606,765
	<u>529,257</u>	<u>617,600</u>

### 24 Controlling party

The ultimate parent undertaking during the year was the majority shareholder, Halton Borough Council.

### 25 Cash generated from operations

	2018	2017
	£	£
Loss for the year after tax	(361,826)	(50,525)
<b>Adjustments for:</b>		
Taxation credited	(73,172)	(20,275)
Finance costs	224,726	153,269
Investment income	(17)	(17)
Gain on disposal of tangible fixed assets	(2,000)	(11,892)
Depreciation and impairment of tangible fixed assets	458,520	497,691
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	9,635	(26,282)
Decrease/(increase) in debtors	44,868	(131,142)
Increase/(decrease) in creditors	6,791	(95,967)
(Decrease) in deferred income	(73,197)	(96,324)
<b>Cash generated from operations</b>	<u>234,328</u>	<u>218,536</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.