Ipswich Buses Limited

Annual report
and Consolidated financial statements
Period ended 25th March 2017

Registered Number 2000058

Contents

COMPANY NUMBER 2000058

STRATEGIC REPORT FOR THE PERIOD TO 25th MARCH 2017

The directors present their annual report and the audited accounts for the 52 week period from 27th March 2016 to 25th March 2017. The comparative period is for the 52 week period from 29th March 2015 to 26th March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the group and company is bus operation.

BUSINESS REVIEW

PERFORMANCE AND DEVELOPMENT OF THE BUSINESS

Ipswich Buses Ltd is the principal provider of local bus services in Ipswich, running buses on local bus routes with a few private and public contracts, and hires. Its sole shareholder is Ipswich Borough Council, which continues to be committed to owning and investing in local bus services for the benefit of the local community.

Profit for the period has increased in comparison with the previous year, from £75k in 2015/16 to £129k in 2016/17. Revenue has increased by £595k due primarily to the impact of the acquisition of Carters Coach Services Limited on 27th May 2016, but this is offset by an increase in staffing cost of £330k partially as a result of this acquisition, and also due to holiday pay.

Passenger numbers have remained at a broadly similar level in 2016/17, showing a slight increase overall compared to 2015/16, reversing a downward trend that has been seen in recent years.

On 27th May 2016 the Board agreed to acquire the share capital of Carters Coach Services Ltd (company number 3373321), on the basis that the acquisition would strengthen the position of Ipswich Buses Ltd, as Carters was a reputable company and was projecting a substantial return for 2016/17.

On the 31st August 2016 the trade and net assets of Carters Coach Services Ltd were hived up into Ipswich Buses Ltd. At that point, the 11 employees were transferred under the TUPE regulations, and the 12 vehicles were acquired. As of the 1st September 2016 all routes operated by Carters Coach Services Ltd were transferred to the Ipswich Buses Operators Licence.

For the year ended 31st August 2016, Carters Coach Services Ltd was showing a profit after tax of £223k.

On the 23rd November Julie Dyson resigned as the company secretary and as a director. On the 31st December 2016 Jeremy Cooper resigned as a director.

On the 5th December Robert Bellamy was appointed as a director, and has taken up the position of Managing Director vacated by the resignation and departure of Jeremy Cooper. Pauline McBride has been appointed as company secretary, and James Fairclough has been appointed as a director.

On 13th December 2016 the Cabinet of Suffolk County Council decided to terminate the Park and Ride contract operated by Ipswich Buses. Formal notice was served on Ipswich Buses Ltd on the 30th December, with the contract coming to an end on the 1st July 2017. This contract contributes in the region of £150k - £200k profit to the group, employs 19 staff, and utilises 8 buses.

In additional, Suffolk County Council has indicated that from 2018/19 it will require Ipswich Buses to use the DfT calculator for concessionary fares in order for the payment to be calculated. This is likely to lead to a reduction in income estimated between £300k and £500k per annum.

Suffolk County Council has also indicated that it will cease the current shuttle bus service from July 2017. Although this service is loss making, it employs 2 staff and utilises 2 vehicles.

Approximately 60% of the Ipswich Buses fleet is over 12 years old. While the loss of the contracts above allow for the retirement of some of the older buses without the need to replace them with newer vehicles, the current age profile does mean that maintenance and fuel costs are higher than comparable bus operators.

In the light of the challenges described above, the Board has initiated a review of the current business, in order to ensure continued profitability into the future. In the first instance, the review is focussing on understanding the profitability of the routes currently operated, and the options for turning loss making routes into profitable ones. Consultants have been commissioned to work with the Ipswich Buses Management team, and proposals will be brought to the Board in 2017.

Alongside this, a procurement process has begun to replace the fleet on a phased basis, in order to reduce overall costs and to meet passenger expectations. This will take place in 2017, with new vehicles being delivered in 2018/19.

Cash flow remains strong as we continue to meet our going concern basis and the financial requirements of our Operators license. The Directors do not foresee any going concern issues at the present time or at any point in our next four year business planning projections, based on the work that is already underway. The business will maintain a going concern basis over the full life of the four year plan.

The Executive Directors look forward to working with the Board of non Executive Directors and our shareholders Ipswich Borough Council to continue to provide local affordable bus services which meet the travel needs of the people of Ipswich.

By Order of the Board

Rob Bellamy
Managing Director

7 Constantine Road
Ipswich
Suffolk
IP1 2DL

26 September 2017

COMPANY NUMBER 2000058

DIRECTORS' REPORT FOR THE PERIOD TO 25th MARCH 2017

DIVIDEND

The directors do not recommend a dividend payment for the period (2016 - £nil).

DIRECTORS

The directors who served during the period were:

Ian Blofield
Christopher Mole
Inga Lockington
Robert Bellamy (appointed 5 December 2016)
James Fairclough (appointed 15 March 2017)
Jeremy Cooper (resigned 31 December 2016)
Julie Dyson (resigned 23 November 2016)
Peter Gardiner
Kem Masinbo-Amobi

POLITICAL AND CHARITABLE CONTRIBUTIONS

The group made no political and charitable contributions during the period (2016 - £nil).

POST BALANCE SHEET EVENTS

The directors are not aware of any post balance sheet events that require reporting in the financial statements

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

Payment days dictate the time to elapse between invoice date and payment date. Payment days vary between creditors, but company policy allows a maximum of 28 days to be applied. Payment runs are carried out every three weeks, at which time all invoices reaching the set number of days from the invoice date are automatically paid. No trade payable would be outstanding for more than a maximum of 48 days, but, in practice, considerably less than this.

AUDITOR

Pursuant to Section 487 of the companies act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By Order of the Board

Pauline McBride
Company Secretary

7 Constantine Road
Ipswich
Suffolk
IP1 2DL

26 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Independent Auditor's Report to Members of Ipswich Buses Limited

We have audited the financial statements of Ipswich Buses Limited for the 52 week period ended 25th March 2017 set out on pages 7 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 25th March 2017 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Cont..........

KPMG

KPMG LLP
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

Mark Prince
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House, 100 Hills Road, Cambridge, CB2 1AR

27 September 2017

Consolidated Income Statement

For the period ended 25th March 2017

	Note	**52 weeks ended 25/3/2017 £000**	52 weeks ended 26/3/2016 £000
Revenue	3	**9,956**	9,391
Other Income	4	**536**	506
		10,492	9,897
Changes in inventories of finished goods and work in progress			
Raw materials and consumables used		**(2,266)**	(2,194)
Staff costs	6	**(5,751)**	(5,418)
Depreciation and amortisation	5	**(640)**	(646)
Other expenses	5	**(1,496)**	(1,377)
Total Expenses		**(10,153)**	(9,635)
Operating profit		**339**	262
Financial income	8	**4**	7
Financial expenses	8	**(214)**	(194)
Net financing expense		**(210)**	(187)
Profit before tax		**129**	75
Taxation	9	**(36)**	(7)
Profit from continuing operations		**93**	68
Profit for the period		**93**	68

The notes on pages 16 to 42 form part of these accounts.

Consolidated Statement of Comprehensive Income

For the period ended 25th March 2017

	Note	**52 weeks ended 25/3/2017 £000**	52 weeks ended 26/3/2016 £000
Profit for the period		***93***	*68*
Other comprehensive income			
Items of other comprehensive income that will not be charged to income statement			
Actuarial gains and losses on defined benefit pension plans	20	***(802)***	*924*
Deferred tax on actuarial losses and gains on defined benefit pension plans	9	***35***	*(185)*
Other comprehensive income, loss for the period, net of income tax		***(767)***	*739*
Total comprehensive profit, income for the period		***(674)***	*807*

The notes on pages 16 to 42 form part of these accounts.

Consolidated Balance Sheet
At 25th March 2017

	Note	25/3/2017 £000	26/3/2016 £000
Non-current assets			
Property, plant and equipment	11	**3,107**	3,147
Deferred tax assets	14	**705**	692
Intangible Assets	12	**198**	-
Goodwill	13	**91**	-
		4,101	3,839
Current assets			
Inventories	15	**111**	98
Trade and other receivables	16	**733**	652
Cash and cash equivalents		**2,028**	1,845
		2,872	2,595
Total assets		**6,973**	6,434
Current liabilities			
Other interest-bearing loans and borrowings	17	**(408)**	(354)
Trade and other payables	18	**(1,264)**	(935)
		(1,672)	(1,289)
Non current liabilities			
Other interest-bearing loans and borrowings	17	**(1,597)**	(1,519)
Employee benefits	20	**(4,216)**	(3,464)
		(5,813)	(4,983)
Total liabilities		**(7,485)**	(6,272)
Net (liabilities)/assets		**(512)**	162

Consolidated Balance Sheet (Cont..)

At 25th March 2017

	Note	***25/3/2017***	*26/3/2016*
		£000	*£000*
Equity			
Share Capital	*21*	**-**	-
Retained earnings		***(512)***	*162*
Total Equity		***(512)***	*162*

The notes on pages 16 to 42 form part of these accounts.

These statutory accounts under IFRS were approved by the board of directors on 26th September 2017 and signed on their behalf by:

Rob Bellamy Director

Ian Blofield Director

Company Balance Sheet
At 25th March 2017

	Note	25/3/2017	26/3/2016
		£000	£000
Non-current assets			
Property, plant and equipment	11	**3,107**	3,147
Deferred tax assets	14	**705**	692
Intangible Assets	12	**198**	-
Goodwill	13	**91**	-
Investments	10	**183**	-
		4,284	3,839
Current assets			
Inventories	15	**111**	98
Trade and other receivables	16	**733**	652
Cash and cash equivalents		**2,028**	1,845
		2,872	2,595
Total assets		**7,156**	6,434
Current liabilities			
Other interest-bearing loans and borrowings	17	**(408)**	(354)
Trade and other payables	18	**(1,447)**	(935)
		(1,855)	(1,289)
Non current liabilities			
Other interest-bearing loans and borrowings	17	**(1,597)**	(1,519)
Employee benefits	20	**(4,216)**	(3,464)
		(5,813)	(4,983)
Total liabilities		**(7,668)**	(6,272)
Net (liabilities)/assets		**(512)**	162

Balance Sheet (Cont..)

At 25th March 2017

	Note	***25/3/2017***	*26/3/2016*
		£000	*£000*
Equity			
Share Capital	21	-	-
Retained earnings		***(512)***	*162*
Total Equity		***(512)***	*162*

The notes on pages 16 to 42 form part of these accounts.

These statutory accounts under IFRS were approved by the board of directors on 26th September 2017 and signed on their behalf by:

Rob Bellamy Director

Ian Blofield Director

Consolidated Statement of changes in equity

	Share Capital	*Retained earnings*	*Total equity*
	£000	*£000*	*£000*
Balance at 26th March 2016	-	*162*	*162*
Total comprehensive income for the period			
Profit	-	*93*	*93*
Actuarial gains and losses on defined benefit pension plans	-	*(767)*	*(767)*
Total comprehensive income for the period	-	*(674)*	*(674)*
Balance at 25th March 2017	-	***(512)***	***(512)***
Balance at 28th March 2015	-	***(645)***	***(645)***
Total comprehensive income for the period			
Profit	-	*68*	*68*
Actuarial gains and losses on defined benefit pension plans	-	*807*	*807*
Total comprehensive income for the period	-	*(640)*	*(640)*
Balance at 26th March 2016	-	*162*	*162*

The notes on pages 16 to 42 form part of these accounts.

Company statement of changes in equity

	Share Capital	Retained earnings	Total equity
	£000	£000	£000
Balance at 26th March 2016	-	162	162
Total comprehensive income for the period			
Profit	-	93	93
Actuarial gains and losses on defined benefit pension plans	-	(767)	(767)
Total comprehensive income for the period	-	(674)	(674)
Balance at 25th March 2017	-	(512)	(512)
Balance at 28th March 2015	-	**(645)**	**(645)**
Total comprehensive income for the period			
Profit	-	68	68
Actuarial gains and losses on defined benefit pension plans	-	807	807
Total comprehensive income for the period	-	(640)	(640)
Balance at 26th March 2016	-	**162**	**162**

The notes on pages 16 to 42 form part of these accounts.

Consolidated Cash Flow Statement

For the period ended 25th March 2017

	Note	52 weeks ended 25/3/2017 £000	52 weeks ended 26/3/2016 £000
Cash flows from operating activities			
Profit/(loss) for the period		93	68
Adjustments for:			
Depreciation, amortisation and impairment	5	640	646
Financial income	8	(4)	(7)
Financial expense	8	214	194
Gain on the sale of property, plant and equipment	5	(10)	-
Taxation	9	36	7
		969	908
Decrease/(Increase) in trade and other receivables		21	(117)
(Increase)/decrease in inventories		(13)	4
Increase/(decrease) in trade and other payables		300	(60)
Adjustment for contributions in respect of employee benefits	20	(165)	(166)
		1,112	569
Interest paid		(99)	(60)
Tax paid		-	-
Net cash from operating activities		1,013	509
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		18	5
Interest received	5	4	7
Acquisition of property, plant and equipment		(109)	(246)
Acquisition of subsidiary net of cash acquired		(298)	-
Net cash from investing activities		(385)	(234)
Cash flows from financing activities			
Payment of finance lease liabilities		(445)	(313)
Net cash from financing activities		(445)	(313)
Net (decrease)/increase in cash and cash equivalents		183	(38)
Cash and cash equivalents at 26th March 2016		1,845	1,883
Cash and cash equivalents at 25th March 2017		2,028	1,845

Notes
(forming part of the statutory accounts under IFRS)

1 Accounting policies

Ipswich Buses Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 2000058 and the registered address is 7 Constantine Road, Ipswich, IP1 2DL.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group and Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments in line with IAS39. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Going concern

The group's forecasts and projections, taking account of expectations in positive changes in trading performance, show that the company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The group has prepared a four year business plan which was approved by the board. As part of that plan a four year cash flow graph indicated positive cash flow throughout. The plan was prepared using conservative assumptions but still remained positive throughout. The graph was prepared with two scenarios – with and without the payment of dividends. No dividends have been paid to shareholders recently.

Notes (continued..)

1 Accounting policies (continued)

Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Notes (continued..)

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment..

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- plant and equipment 2 - 10 years
- fixtures and fittings 2 - 10 years
- Conventional buses 15 years
- Midibuses 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Intangible assets 10 years

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the FIFO principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes (continued..)

1 Accounting policies (continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes (continued..)

1 Accounting policies *(continued)*

Revenue

All turnover and profit is derived from the company's principal activities and arose in its entirety in the UK. Turnover represents the amounts charged for services provided and is stated net of credits, allowances and Value Added Tax. Income relating to future periods is deferred and held within deferred income.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued..)

1. Accounting policies *(continued)*

New Standards and interpretations

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date.

Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 15 'Revenue from contracts with customers' (effective date financial year commencing on/after 1 January 2018)
- IFRS 9 'Financial Instruments' (effective date financial year commencing on/after 1 January 2018)

All standards and interpretations are not expected to have any significant impact on the financial statements when applied.

Business Combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

the fair value of the consideration transferred; plus

the recognised amount of any non-controlling interests in the acquiree; plus

the fair value of the existing equity interest in the acquiree; less

the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes (continued..)

2 Acquisition of subsidiary

On 31 May 2016, the Company acquired all of the ordinary shares in Carters Coach Services Limited for £337,450, satisfied in cash. The company is an operational bus services company. In the 3 months to 31 August 2016 the subsidiary contributed net loss of £63,000 to the consolidated net profit for the year, before the company's trade and assets were hived up into the parent company. If the acquisition had occurred on first day of accounting period, Group revenue would have been an estimated £748,000 higher and net profit would have been an estimated £13,000 higher. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on first day of accounting period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £000
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	**57**
Intangible assets	**210**
Trade and other receivables	**128**
Cash and cash equivalents	**4**
Interest-bearing loans and borrowings	**(57)**
Trade and other payables	**(85)**
Deferred tax liabilities	**(11)**
Net identifiable assets and liabilities	246
Consideration paid:	**337**

Consideration paid includes £35,000 payable within 2 years.

Goodwill has arisen on the acquisition because of the company's bus routes and brand name acquired and being used by Ipswich Buses Limited to generate sales. Goodwill will be assessed at each reporting period for impairment.

3 Revenue

	2017 £000	*2016 £000*
Rendering of bus services	***9,454***	*8,934*
Sale of fuel to Council & third parties	***417***	*404*
Sale of goods	***85***	*53*
Total revenues	***9,956***	*9,391*

4 Other operating income

	2017 £000	*2016 £000*
Government grants	***526***	*506*
Net gain on disposal of property, plant and equipment	***10***	*-*
	536	*506*

Notes (continued..)

4 Other operating income *(Continued...)*

The Government Grant represents BSOG (Bus Service Operator's Grant). The £526k grant is calculated based on a partial rebate of fuel duty in relation to scheduled, registered services. The figure is based on litres used on these services, calculated by the kilometres operated. This applies only to stage carriage services, and generally not to contracts and private hires etc. The Grant also includes a Government incentive for having the fleet fitted with IT.SO standard ticket machines and AVL (Global Positioning Systems).

5 Expenses and auditor's remuneration

Included in the income statement are the following:

	2017	2016
	£000	£000
Other operating leases	**87**	87
Depreciation and other amounts written off tangible fixed assets		
Owned	**419**	420
Leased	**208**	226
Depreciation and other amounts written off intangible assets	**12**	-
(Profit) on disposal of fixed assets	**(10)**	-
Auditor's remuneration:		
Statutory Audit of group and company accounts	**23**	15
Other work		
Taxation	**5**	5
Other audit work	**4**	3

6 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	2017	2016
	No.	No.
Category		
Drivers	**161**	153
Maintenance staff	**25**	21
Management and administration	**27**	28
	213	202

Notes (continued..)

6 Staff numbers and costs *(continued...)*

	2017	2016
	£000	£000
The aggregate payroll costs of these persons were as follows:-		
Wages and salaries	***5,095***	*4,767*
Social security costs	***439***	*424*
Pension costs	***173***	*174*
Other staff costs	***44***	*53*
	5,751	*5,418*

7 Directors' remuneration

	2017	2016
	£000	£000
Directors' emoluments	***179***	*143*
Company contributions to money purchase pension plans	***16***	*31*
	195	*174*

MEWS Environmental Ltd receives fees for the service of Directors

	2017	2016
	No.	No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	2

Notes (continued..)

8 Finance income and expense

Recognised in profit or loss

	2017 £000	2016 £000
Interest income on unimpaired financial assets	4	7
Total interest income on financial assets not at fair value through profit or loss	4	7
Total finance income	4	7

Finance expense	2017 £000	2016 £000
Total interest expense on financial liabilities measured at amortised cost	(99)	(60)
Interest on defined benefit pension plan obligation	(115)	(134)
Total finance expense	(214)	(194)

9 Taxation

Recognised in the income statement

	2017 £000	2016 £000
Deferred tax expense	(22)	7
Total tax expense/(credit)	(22)	7

Income tax recognised in other comprehensive income

	2017 £000	2016 £000
Actuarial gains and losses on defined benefit pension plans	135	185
Effect of change in Deferred tax rate	(100)	-
	35	185

Notes (continued..)

9 Taxation *(continued...)*

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit on ordinary activities before tax	**129**	75
Tax using the UK corporation tax rate of 20% (2016: 20%)	**26**	15
Effects of:		
Expenses not deductable/(non taxable)for tax purposes	**5**	-
Depreciation in period in excess of capital allowances	**15**	(13)
Depreciation in period on ineligible assets	**28**	3
Movements in Deferred Tax	**(96)**	6
Pension adjustments	**48**	(6)
Movement in pension tax asset	**10**	2
Total tax expense/(credit) (including tax on discontinued operations)	**36**	7

10 Investments

The Group and Company have the following investments in subsidiaries:

	Company £000	Total £000
Cost		
Balance at 27th March 2016	-	-
Acquisitions	**337**	**337**
Reallocation to Goodwill	**(154)**	**(154)**
Balance at 25th March 2017	**183**	**183**

	Principal place of business	Class of shares held	Ownership 2017	2016
Company				
Carters Coach Services	United Kingdom	Ordinary	**100%**	-

Notes (continued..)

11 Property, plant and equipment

	Group		Company	
	Buses, Plant and equipment £000	*Total £000*	*Buses, Plant and equipment £000*	*Total £000*
Cost				
Balance at 29th March 2015	*9,032*	*9,032*	*9,032*	*9,032*
acquisitions	*1,197*	*1,197*	*1,197*	*1,197*
Disposals	*(911)*	*(911)*	*(911)*	*(911)*
Balance at 26th March 2016	*9,318*	*9,318*	*9,318*	*9,318*
Balance at 27th March 2016	***9,318***	***9,318***	***9,318***	***9,318***
acquisitions	***595***	***595***	***595***	***595***
Disposals	***(1,301)***	***(1,301)***	***(1,301)***	***(1,301)***
Balance at 25th March 2017	***8,260***	***8,260***	***8,260***	***8,260***
Depreciation and impairment				
Balance at 29th March 2015	*6,431*	*6,431*	*6,431*	*6,431*
Depreciation charge for the period	*646*	*646*	*646*	*646*
Disposals	*(906)*	*(906)*	*(906)*	*(906)*
Balance at 26th March 2016	*6,171*	*6,171*	*6,171*	*6,171*
Balance at 27th March 2016	***6,171***	***6,171***	***6,171***	***6,171***
Depreciation charge for the period	***627***	***627***	***627***	***627***
Disposals	***(1,293)***	***(1,293)***	***(1,293)***	***(1,293)***
Balance at 25th March 2017	***5,153***	***5,153***	***5,153***	***5,153***
Net book value				
At 28th March 2015	*2,601*	*2,601*	*2,601*	*2,601*
At 26th March 2016	*3,147*	*3,147*	*3,147*	*3,147*
At 25th March 2017	***3,107***	***3,107***	***3,107***	***3,107***

Leased plant and machinery

At 25th March 2017 the net carrying amount of leased plant and machinery was £2,318,842 *(2016: £2,205,797)*. The leased equipment secures lease obligations (see note 17).

Notes (continued..)

12 Intangible Assets

	Group		Company	
	£000	Total £000	£000	Total £000
Cost				
Balance at 27th March 2016	-	-	-	-
Acquisitions	210	210	210	210
Disposals	-	-	-	-
Balance at 25th March 2017	210	210	210	210
Amortisation and impairment				
Balance at 27th March 2016	-	-	-	-
Amortisation charge for the period	12	12	12	12
Disposals	-	-	-	-
Balance at 25th March 2017	12	12	12	12
At 25th March 2017	198	198	198	198

13 Goodwill

	Group		Company	
	£000	Total £000	£000	Total £000
Cost				
Balance at 27th March 2016	-	-	-	-
Acquisitions	91	91	154	154
Balance at 25th March 2017	91	91	154	154
Amortisation and impairment				
Balance at 27th March 2016	-	-	-	-
Impairment charge for the period	-	-	63	63
Balance at 25th March 2017	-	-	63	63
At 25th March 2017	91	91	91	91

Goodwill acquired relates to Carters Coach Services Ltd acquisition. Carters Coach Services Ltd trade and assets were hived up into the parent company on 31st August 2016, 3 months after acquisition. The impairment charge of £63,000 (2016: £nil) is in relation to the loss made in Carters Coach Services Ltd for the three month period it was operated as a separate subsidiary of the parent company.

Notes (continued..)

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Movement in deferred tax asset during the period

	26th March 2016 £000	Recognised in income statement £000	Recognised in statement of comprehensive income £000	25th March 2017 £000
Employee benefits	692	**(22)**	**35**	**705**
	692	**(22)**	**35**	**705**

Movement in deferred tax during the prior period

	28th March 2015 £000	Recognised in income statement £000	Recognised in statement of comprehensive income £000	26th March 2016 £000
Employee benefits	884	(7)	(185)	692
	884	(7)	(185)	692

Deferred tax has been recognised at 20% (2016: 20%) to reflect the effective rate of corporation tax at which the timing differences giving rise to the deferred tax asset/liability are expected to reverse.

15 Inventories

	Group 2017 £000	Company 2017 £000	Group/Company 2016 £000
Raw materials and consumables	**111**	**111**	98
	111	**111**	98

Notes (continued..)

16 Trade and other receivables

	Group 2017 £000	Company 2017 £000	Group/ Company 2016 £000
Trade receivables due from related parties	**42**	**42**	45
Trade receivables	**316**	**316**	237
Other Receivables	**75**	**75**	149
Prepayments	**300**	**300**	221
	733	**733**	652

17 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2017 £000	Company 2017 £000	Group/ Company 2016 £000
Non-current liabilities			
Finance lease liabilities	**1,335**	**1,335**	1,267
Debenture loan from parent	**252**	**252**	252
Amounts owed to group undertaking	**10**	**10**	-
	1,597	**1,597**	1,519
Current liabilities			
Current portion of finance lease liabilities	**408**	**408**	354
	408	**408**	354

The debenture loan bears interest at base rate plus 1%. The debenture is repayable on 25th October 2031, or earlier at Ipswich Buses Ltd discretion.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2017 £000	Interest 2017 £000	Principal 2017 £000
Less than one year	**486**	**78**	**408**
Between one and five years	**1,277**	**135**	**1,142**
More than five years	**197**	**4**	**193**
	1,960	**217**	**1,743**

Notes (continued..)

17 Other interest-bearing loans and borrowings *(continued…)*

	Minimum lease payments 2016 £000	***Interest 2016 £000***	***Principal 2016 £000***
Less than one year	*425*	*71*	*354*
Between one and five years	*1,153*	*134*	*1,019*
More than five years	*257*	*9*	*248*
	1,835	*214*	*1,621*

18 Trade and other payables

	Group 2017 £000	***Company 2017 £000***	*Group/ Company 2016 £000*
Current			
Trade payables due to related parties	***23***	***23***	*22*
Other trade payables	***298***	***298***	*178*
Non-trade payables and accrued expenses	***787***	***787***	*631*
Amounts payable to group undertakings	***-***	***183***	*-*
Tax payable	***156***	***156***	*104*
	1,264	***1,447***	*935*

Included within trade and other payables is £nil *(2016:£nil)* expected to be payable in more than 12 months.

Notes (continued..)

19 Employee benefits

Pension plans

In January 2010 the company made the decision to close the Defined Benefit Local Government Pension Scheme to active membership. For those in the scheme at 31st December 1993 benefits are based on final pensionable pay. The assets of the scheme are held separately from those of the company. All scheme members are now pensioners or deferred. There is no active membership.

Pension scheme assets are measured using market values. Liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The surplus (to the extent it is considered recoverable) or deficit is recognised in full and presented on the face of the balance sheet.

The assets of this scheme are held separately from those of the company, being invested with the Suffolk County Council Superannuation Fund in accordance with the Local Government Superannuation Regulation. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent completed valuation was at 31st March 2010. In addition to the triennial valuation the company has annual IAS19 reviews carried out and the results of these are used in preparing the accounts of the company.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2017	*2016*
	£000	*£000*
Total defined benefit asset	***16,929***	*15,588*
Total defined benefit liability unfunded	***(352)***	*(366)*
Total defined benefit liability funded	***(20,793)***	*(18,686)*
Net liability for defined benefit obligations (see following table)	***(4,216)***	*(3,464)*
Total employee benefits	***(4,216)***	*(3,464)*

Notes (continued..)

20 Employee benefits (continued)

Pension Plans (continued)

Movement in net defined benefit liability/asset

	Defined benefit Obligation		***Fair value of plan assets***		***Net defined benefit (liability) asset***	
	2017	*2016*	***2017***	*2016*	***2017***	*2016*
	£000	*£000*	***£000***	*£000*	***£000***	*£000*
Fair value of employer assets	-	-	***15,588***	*16,266*	***15,588***	*16,266*
Present value of funded liabilities	***18,686***	*20,278*	-	-	***(18,686)***	*(20,278)*
Present value of unfunded liabilities	***366***	*408*	-	-	***(366)***	*(408)*
Opening position as at 31 March 2015	***19,052***	*20,686*	***15,588***	*16,266*	***(3,464)***	*(4,420)*
Net interest						
Interest income on plan assets	-	-	***515***	*490*	***515***	*490*
Interest cost on defined benefit obligation	***630***	*624*	-	-	***(630)***	*(624)*
Total net interest	***630***	*624*	***515***	*490*	***(115)***	*(134)*
Total defined benefit costs recognised in profit or (loss)	***630***	*624*	***515***	*490*	***(115)***	*(134)*
Cash flows						
Employer contributions	-	-	***140***	*140*	***140***	*140*
Contributions in respect of unfunded benefits	-	-	***25***	*26*	***25***	*26*
Benefits paid	***(999)***	*(1,071)*	***(999)***	*(1,071)*	-	-
Unfunded benefits paid	***(25)***	*(26)*	***(25)***	*(26)*	-	-
Expected closing position	***18,658***	*20,213*	***15,244***	*15,825*	***(3,414)***	*(4,388)*
Remeasurements						
Changes in demographic assumptions	***(218)***	-	-	-	***218***	-
Changes in financial assumptions	***2,712***	*(731)*	-	-	***(2,712)***	*731*
Other experience	***(7)***	*(430)*	-	-	***7***	*430*
Return on assets excluding amounts included in net interest	-	-	***1,685***	*(237)*	***1,685***	*(237)*
Total measurements recognised in other comprehensive income	***2,487***	*(1,161)*	***1,685***	*(237)*	***(802)***	*924*
Fair value of employer assets	-	-	***16,929***	*15,588*	***16,929***	*15,588*
Present value of funded liabilities	***20,793***	*18,686*	-	-	***(20,793)***	*(18,686)*
Present value of unfunded liabilities	***352***	*366*	-	-	***(352)***	*(366)*
Closing position as at 31st March 2016)	***21,145***	*19,052*	***16,929***	*15,588*	***(4,216)***	*(3,464)*

Although it is not specifically required by IAS 19R, the pro forma accounts have disclosed the subtotal of items recognised in profit or loss and other comprehensive income.

Notes (continued..)

20 Employee benefits (continued)

Pension Plans (continued)

The below asset values are at bid value under IAS 19.

	2017 £000	2016 £000
Equity securities :		
Consumer	**1,480**	1,213
Manufacturing	**460**	467
Energy and utilities	**309**	171
Financial institutions	**577**	648
Health and care	**482**	527
Information technology	**604**	419
Other	**211**	174
Debt securities:	**3,188**	3,059
Private equity		
All	**546**	483
Real estate:		
UK property	**1,576**	1,707
Investment funds and unit trusts:	**7,147**	6,576
Cash and cash equivalents:		
All	**349**	144
Totals	**16,929**	15,588

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA or AA rated. All other plan assets are not quoted in active markets.

Financial assumptions

	2017 %	2016 %
Pension increase rate	**2.4%**	**2.1%**
Salary increase rate	**2.7%**	**4.1%**
Discount rate	**2.5%**	**3.4%**

Life expectancy for non-pensioners is based on the PMA/PFA92 year of birth tables, with improvements from 2007 in line with the medium cohort and a 1% p.a. underpin.

Based on these assumptions the average future life expectancies at age 65 for pensioners and aged 45 for future pensioners are:

Current male pensioners 21.9 years, current female pensioners 24.4 years, future male pensioners 23.9 years, future female pensioners 26.4 years.

Notes (continued..)

20 Employee benefits (continued)

Pension Plans (continued)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by 0.5%.

Change in assumptions at 31 March 2017:	***Approximate % increase to employer liability***	***Approximate monetary amount (£000)***
	%	£
0.5% decrease in real discount rate	*6%*	*1,255*
0.5% increase in the salary increase rate	*0%*	-
0.5% increase in the pension increase rate	*6%*	*1,250*

The above sensitivities are based an the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31st March 2013 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current period was £222,661 *(2016: £173,950)*

Funding

The company expects to pay a minimum of £140k in contributions to its defined benefit plans in 2017.

Notes (continued..)

21 Capital and reserves

Share capital

	Ordinary shares
In number of shares	***No.***
On issue at 25th March 2017	***2***

	2017	*2016*
	£	*£*
Two allotted, called up and fully paid		
Ordinary shares of £1 each	**2**	2
	2	2
Shares classified in shareholders' funds	**2**	2
	2	2

There are 563,000 authorised ordinary shares of £1 each, of which only 2 allotted called up shares have been issued.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued..)

22 Financial instruments

22 (a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Derivative financial instruments

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

The company's income is mostly cash driven and most trade receivables are with Local Authorities, representing payment for contracted services. The carrying amounts and fair value amounts are considered to be the same.

Notes (continued..)

22 Financial instruments (continued)

22(a) Fair values of financial instruments (continued)

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

Company/ Group	***Carrying amount 2017 £000***	***Fair value 2017 £000***	*Carrying amount 2016 £000*	*Fair value 2016 £000*
IAS 39 categories of financial instruments				
Loans and receivables				
Cash and cash equivalents	***2,028***	***2,028***	*1,845*	*1,845*
Other loans and receivables (note 16)	***733***	***733***	*652*	*652*
Total loans and receivables 2	***733***	***733***	*652*	*652*
Total financial assets	***2,761***	***2,761***	*2,497*	*2,497*

Company/ Group	***Carrying amount 2017 £000***	***Fair value 2017 £000***	*Carrying amount 2016 £000*	*Fair value 2016 £000*
Financial liabilities measured at amortised cost				
Bank overdraft	-	-	-	-
Other interest-bearing loans and borrowings (note 17)	***1,995***	***1,995***	*1,873*	*1,873*
Trade and other payables (note 18)	***1,228***	***1,228***	*935*	*935*
Total financial liabilities measured at amortised cost	***3,223***	***3,223***	*2,808*	*2,808*
Total financial liabilities	***3,223***	***3,223***	*2,808*	*2,808*
Total financial instruments	***(462)***	***(462)***	*(311)*	*(311)*

Notes (continued..)

22 Financial instruments (continued)

22 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Exposure to credit risk

As the company's income is mostly cash driven and most trade receivables are with Local Authorities, the carrying amounts and fair value amounts are considered to be the same.

The maximum exposure to credit risk for trade receivables at the balance sheet date by type of counterparty was as follows:

	2017	*2016*
	£000	*£000*
Local District and County Authorities	***299***	***280***
Other miscellaneous trade receivables	***59***	***8***
	358	***288***

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross	***Impairment***	*Gross*	*Impairment*
	2017	***2017***	*2016*	*2016*
	£000	***£000***	*£000*	*£000*
Not past due	***97***	-	*170*	-
Past due 0-30 days	***180***	-	*111*	-
Past due 31-120 days	***78***	-	*7*	-
More than 120 days	***3***	-	-	-
	358	-	*288*	-

22 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The company carries out a cash flow projection four years forward to ensure that it is able to meet its financial obligations.

Notes (continued..)

22 Financial instruments *(continued)*

22 (c) Liquidity risk *(continued)*

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2017						2016					
	Carrying amount £000	**Contractual cash flows £000**	**1 year or less £000**	**1 to <2years £000**	**2 to <5years £000**	**5years and over £000**	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000
Non-derivative financial liabilities												
Finance lease liabilities	**1,743**	**1,743**	**408**	**366**	**776**	**193**	1,621	1,621	354	331	688	248
Trade and other payables	**1,228**	**1,228**	**1,228**	**-**	**-**	**-**	935	935	935	-	-	-

Notes (continued..)

23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	**62**	**63**
Between one and five years	**67**	**35**
Over 5 years	**5**	**-**

The company leases some small items of office equipment etc. on operating leases of 5 years maximum duration at an annual cost of £6k (2016 £8k). The company has a lease comprising offices, engineering facilities and vehicle parking (also of 1 years duration) at an annual cost of £56k (2016 £55k). This lease was renewed for 1st July 2018.

24 Related parties

Identity of related parties with which the Company has transacted.

The company had the following transactions with Ipswich Borough Council

	2017 £000	2016 £000
Pension contribution	**140**	140
Car Parks Servicing Income	**35**	35
Contracts	**12**	21
Fuel Distribution Income	**378**	402
Various	**12**	25
Rent payable	**80**	80
Debenture Loan		
Payable at the period end	**252**	252
Interest payable in the period	**4**	4

At the end of the period the netted off balance owed to Ipswich Borough council was £98k (2016 - £22k).

Ipswich Borough Council are guarantors to the defined benefit pension scheme as mentioned in note 16.

Transactions with key management personnel.

The key management personnel for the purposes of this disclosure are the 3 executive directors, J Cooper, J Dyson and R Bellamy. . The key management personnel emoluments and money purchase pension plan contributions are detailed in note 5.

Directors of the Company and their immediate relatives control 0% of the voting shares of the Company.

Notes (continued..)

25 Ultimate parent company and parent company of larger group

The Company's ultimate controlling party is Ipswich Borough Council. Ipswich Borough Council acquired the shares of Ipswich Buses Limited (formerly the transport arm of Ipswich Borough Council), under the Transport Act of 1985.

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council, who are the parent undertaking and the ultimate controlling party. The address of Ipswich Borough Council is:

Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

26 Result of Parent Company

The profit for the Parent Company for the 52 weeks period ended 25th March 2017 was £93,000 (2016: £68,000)