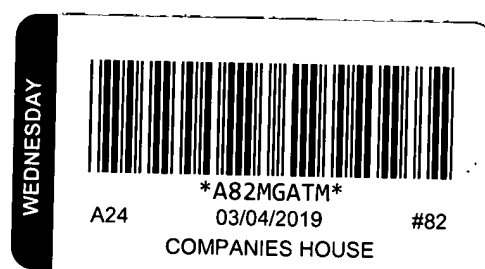


Ipswich Buses Limited Registered Number 2000058  
Annual report and financial statements  
Period ended 31<sup>st</sup> March 2018

**Ipswich Buses Limited**  
Annual report  
and financial statements  
Period ended 31<sup>st</sup> March 2018  
  
**Registered Number 2000058**



## CONTENTS

STRATEGIC REPORT	2
DIRECTORS' REPORT	4
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS	5
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPSWICH BUSES LIMITED	6
INCOME STATEMENT	8
BALANCE SHEET	9
STATEMENT OF CHANGES IN EQUITY	11
CASH FLOW STATEMENT	12
NOTES	13

## **STRATEGIC REPORT**

The directors present their annual report and the audited accounts for the 53 week period from 26<sup>th</sup> March 2017 to 31<sup>st</sup> March 2018 ("2017/18"). The comparative period is for the 52 week period from 27<sup>th</sup> March 2016 to 25<sup>th</sup> March 2017 ("2016/17").

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is bus operation.

### **BUSINESS REVIEW**

#### **PERFORMANCE AND DEVELOPMENT OF THE BUSINESS**

Ipswich Buses Limited 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.

The company has returned a loss for the period of £191k, compared to a profit for the previous period of £954k (restated – see note 24). This is due partly to the loss of the Park and Ride Contract, which has contributed to the reduction in turnover of £669k. Total expenses has reduced by £428k, due to mainly to the reduction in staff costs as a result of the loss of the Park and Ride contract in 2017/18.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties of the company are considered by the Board as part of the annual business planning process, and are concerned primarily with passenger numbers, loss of income from concessionary fares and the overall age of the fleet. All of these issues are considered in more detail below.

Passenger numbers have remained at a broadly similar level in 2017/18, which compares favourably to the national trend.

On 31<sup>st</sup> January 2018 Paulin McBride resigned as company secretary, and Jenny Mitchell was appointed as company secretary on the same date. Heath Williams has been appointed as Managing Director from the 14<sup>th</sup> May 2018, and Rob Bellamy resigned on the same date.

On the 18<sup>th</sup> February 2018, a new network was introduced, alongside fare increases which are estimated to deliver savings in the region of £320k per annum. Early indications are that the new network and fare changes are performing better than expected, which should lead to higher savings. In addition, all vehicles now accept contactless payment, providing another payment method for customers.

The insurance contract was renegotiated which is estimated to deliver further savings in excess of £100k per annum.

These changes should offset the reduction in the concessionary fares payment and begin to reverse the losses for 2018/19 and future years. With the appointment of the new managing director further opportunities for delivering savings and additional income will be investigated.

The impact of Brexit cannot be quantified at this time, as the shape of the final deal (or potential no deal) is not known. The company has sought to fix some of the major costs which could be impacted post Brexit. In particular, a fixed deal with the fuel supplier has been signed to mitigate any increase in cost.

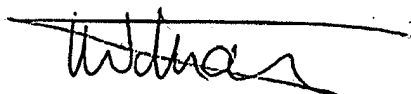
In 2017/18 the company acquired 18 six year old double decker buses from Scania, which have been introduced into the fleet late 2017/18, early 2018/19. This was financed through a new loan from Ipswich Borough Council for 14 of the vehicles, alongside two leases for 4 of the vehicles. This has replaced some

**STRATEGIC REPORT (CONT..)**

of the oldest vehicles in the fleet, and further work is underway to look at a longer term sustainable vehicle replacement programme.

Cash flow remains strong as we continue to meet 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



Heath Williams  
Managing Director

7 Constantine Road  
Ipswich  
Suffolk  
IP1 2DL

3 April 2019

## **DIRECTORS' REPORT**

The directors present their annual report and the audited accounts for the 53 week period from 26<sup>th</sup> March 2017 to 31<sup>st</sup> March 2018 ("2017/18"). The comparative period is for the 52 week period from 27<sup>th</sup> March 2016 to 25<sup>th</sup> March 2017 ("2016/17").

Disclosures relating to principal activities, business review and principal risks and uncertainties are included in the Strategic Report set out on page 1.

### **DIVIDEND**

The directors do not recommend a dividend payment for the period (2016/17 - £nil).

### **DIRECTORS**

The directors who held office during the year were as follows:

Ian Blofield	James Fairclough
Christopher Mole	Peter Gardiner
Inga Lockington	Kem Masinbo-Amobi
Robert Bellamy	

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The group made no political and charitable contributions during the period (2016/17 - £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**

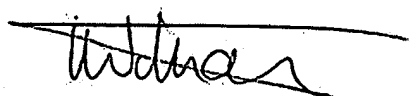
Payment days dictate the time to elapse between invoice date and payment date. Payment days vary between creditors, but company policy allows a maximum of 28 days to be applied. Payment runs are carried out every three weeks, at which time all invoices reaching the set number of days from the invoice 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.

### **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

7 Constantine Road  
Ipswich  
Suffolk  
IP1 2DL



Heath Williams  
Managing Director

3 April 2019

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE 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 financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (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 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPSWICH BUSES LIMITED**

### **Opinion**

We have audited the financial statements of Ipswich Buses Limited ("the company") for the year ended 31 March 2018 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and related notes, including the accounting policies in note 1.

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 International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill, valuation of investments and recoverability of debtors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPSWICH BUSES LIMITED (*continued*)**

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

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

3 April 2019



## Income Statement

For the period ended 31<sup>st</sup> March 2018

	Note	31/3/2018	25/3/2017 Restated*
		£000	£000
<b>Revenue</b>	2	<b>9,287</b>	9,956
<b>Other Income</b>	3	<b>536</b>	526
		<b>9,823</b>	10,482
<i>Changes in inventories of finished goods and work in progress</i>			
<i>Raw materials and consumables used</i>		<b>(2,180)</b>	(2,267)
<i>Staff costs</i>	4,24	<b>(5,517)</b>	(5,776)
<i>Depreciation and amortisation</i>	5	<b>(592)</b>	(640)
<i>Other expenses</i>	5	<b>(1,452)</b>	(1,486)
<b>Total Expenses</b>	24	<b>(9,927)</b>	(10,169)
<b>Operating (loss)/profit</b>		<b>(104)</b>	313
<i>Financial income</i>	7,24	<b>50</b>	776
<i>Financial expenses</i>	7,24	<b>(81)</b>	(99)
<b>Net financing (expense)/income</b>		<b>(31)</b>	677
<b>(Loss)/profit before tax</b>	24	<b>(135)</b>	990
<b>Taxation</b>	8	<b>48</b>	(36)
<b>(Loss)/profit from continuing operations</b>		<b>(87)</b>	954
<b>(Loss)/profit for the period</b>		<b>(87)</b>	954

A separate statement of total comprehensive income has not been prepared as all income and losses are included with the income statement above.

\* The 25 March 2017 balance has been restated, see note 24.

The notes on pages 13 to 34 form part of these accounts.

**Balance Sheet**  
**At 31st March 2018**

	Note	31/3/2018 £000	25/3/2017 Restated* £000	26/3/2016 Restated* £000
<b>Non-current assets</b>				
Property, plant and equipment	9	3,821	3,107	3,147
Deferred tax assets	24	-	-	-
Intangible Assets	10	177	198	-
Investments	11	183	183	-
Goodwill	12	91	91	-
		<u>4,272</u>	<u>3,579</u>	<u>3,147</u>
<b>Current assets</b>				
Inventories	13	117	111	98
Trade and other receivables	14	1,067	733	652
Cash and cash equivalents		1,230	2,028	1,845
		<u>2,414</u>	<u>2,872</u>	<u>2,595</u>
<b>Total assets</b>		<u>6,686</u>	<u>6,451</u>	<u>5,742</u>
<b>Current liabilities</b>				
Other interest-bearing loans and borrowings	15	(476)	(449)	(354)
Trade and other payables	16	(1,258)	(1,447)	(912)
		<u>(1,734)</u>	<u>(1,896)</u>	<u>(1,266)</u>
<b>Non-current liabilities</b>				
Employee benefits	24	-	-	-
Other interest-bearing loans and borrowings	15	(2,226)	(1,556)	(1,519)
Other financial liabilities	17,24	(385)	(571)	(1,483)
		<u>(2,611)</u>	<u>(2,127)</u>	<u>(3,002)</u>
<b>Total liabilities</b>		<u>(4,345)</u>	<u>(4,023)</u>	<u>(4,268)</u>
<b>Net assets</b>		<u>2,341</u>	<u>2,428</u>	<u>1,474</u>

\*The balances at 25 March 2017 and 26 March 2016 have been restated, see note 24.

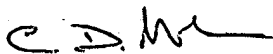
**Balance Sheet (Cont..)**  
**At 31st March 2018**

**Equity**

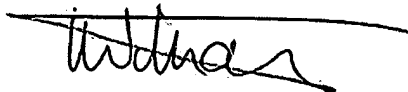
Share Capital	19	-	-	-
Retained Earnings		<u>2,341</u>	<u>2,428</u>	<u>1,474</u>
<b>Total Equity</b>		<u><b>2,341</b></u>	<u><b>2,428</b></u>	<u><b>1,474</b></u>

\* The balances at 25 March 2017 and 26 March 2016 have been restated, see note 24.

These financial statements were approved by the board of directors on 3 April 2019 and signed on their behalf by:



Christopher Mole  
Director



Heath Williams  
Director

Company registered number: 2000058

The notes on pages 13 to 34 form part of these accounts.

## Statement of Changes in Equity

	Share Capital	Retained earnings	Total equity
	£000	£000	£000
<i>Balance at 26<sup>th</sup> March 2017</i>	-	2,428	2,428
	<hr/>	<hr/>	<hr/>
<b><i>Total comprehensive income for the period</i></b>			
<i>Profit or loss</i>	-	(87)	(87)
	<hr/>	<hr/>	<hr/>
<i>Total comprehensive loss for the period</i>	-	(87)	(87)
	<hr/>	<hr/>	<hr/>
<b><i>Balance at 31<sup>st</sup> March 2018</i></b>	-	2,341	2,341
	<hr/>	<hr/>	<hr/>
<b><i>Balance at 26<sup>th</sup> March 2016</i></b>	-	162	162
<b><i>Restatement (see note 24)</i></b>	-	1,312	1,312
	<hr/>	<hr/>	<hr/>
<b><i>Balance at 26<sup>th</sup> March 2016 restated</i></b>	-	1,474	1,474
<b><i>Total comprehensive income for the period</i></b>			
<i>Profit or loss (restated)</i>	-	954	954
	<hr/>	<hr/>	<hr/>
<i>Total comprehensive profit for the period</i>	-	954	954
	<hr/>	<hr/>	<hr/>
<b><i>Balance at 25<sup>th</sup> March 2017</i></b>	-	2,428	2,428
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 34 form part of these accounts.

## Cash Flow Statement

For the period ended 31<sup>st</sup> March 2018

		53 weeks ended 31/3/2018	52 weeks ended 25/3/2017 Restated*
	Note	£000	£000
<b>Cash flows from operating activities</b>			
<b>(Loss)/profit for the period</b>		(87)	954
Depreciation, amortisation and impairment	5	592	627
Financial income	7	(4)	(4)
Financial expense	7	81	99
Gain on sale of property plant & equipment		(101)	(10)
Taxation	8	48	(36)
		<u>529</u>	<u>1,630</u>
 Increase in trade and other receivables	14	(334)	(81)
Increase in inventories	13	(6)	(13)
(Increase)/decrease in trade and other payables	16	(191)	571
(Increase)/decrease in other financial liabilities		<u>(186)</u>	<u>(912)</u>
		(188)	1,195
 Interest paid		(81)	(99)
Tax paid		(46)	-
<b>Net cash from operating activities</b>		<u>(315)</u>	<u>1,096</u>
 <b>Cash flows from investing activities</b>			
Proceeds from sale of property plant and equipment		109	18
Interest received		4	4
Acquisition of property plant and equipment		(1,293)	(595)
Acquisition of subsidiary net of assets acquired		-	(472)
<b>Net cash from investing activities</b>		<u>(1,180)</u>	<u>(1,045)</u>
 <b>Cash flows from financing activities</b>			
Payment of finance lease liabilities		(423)	(524)
Proceeds from new loan		1,120	656
<b>Net cash from financing activities</b>		<u>697</u>	<u>132</u>
 <b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(798)</u>	<u>183</u>
Cash and cash equivalents at the beginning of the period		2,028	1,845
<b>Cash and cash equivalents at the end of the period</b>		<u>1,230</u>	<u>2,028</u>

The notes on pages 13 to 34 form part of these accounts.

## 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 Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The 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 in note

#### **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.

#### **Going concern**

The Company'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 Company 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.

#### **Classification of financial instruments issued by the Company**

Following the adoption of IAS 32, financial instruments issued by the Company 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 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.

**Notes (continued..)**

**1 Accounting policies (continued)**

***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.

***Other financial liabilities***

Other financial liabilities are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

***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.

**Notes (continued..)**

**1 Accounting policies (continued)**

*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.

***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.

***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.

***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.



**Notes (continued..)**

**1 Accounting policies (continued)**

*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.

**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 2017)
- 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.

**Notes (continued..)**

**1. Accounting policies (continued)**

**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.

**2 Revenue**

	<b>53 Weeks ended 31/3/2018</b>	<b>52 Weeks ended 25/03/2017</b>
	<b>£000</b>	<b>£000</b>
Rendering of bus services	<b>8,792</b>	<b>9,454</b>
Sale of fuel	<b>383</b>	<b>417</b>
Sale of goods	<b>112</b>	<b>85</b>
	<hr/>	<hr/>
Total revenues	<b>9,287</b>	<b>9,956</b>
	<hr/>	<hr/>

**3 Other operating income**

	<b>53 Weeks ended 31/3/2018</b>	<b>52 Weeks ended 25/03/2017</b>
	<b>£000</b>	<b>£000</b>
Government grants	<b>536</b>	<b>526</b>
	<hr/>	<hr/>
	<b>536</b>	<b>526</b>
	<hr/>	<hr/>

The Government Grant represents BSOG (Bus Service Operator's Grant). The £536k 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 ITSO standard ticket machines and AVL (Global Positioning Systems).

**Notes (continued..)**

**4 Staff numbers and costs**

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

	53 Weeks ended 31/3/2018	52 Weeks ended 25/03/2017
	No.	No.
<b>Category</b>		
Drivers	169	161
Maintenance staff	30	25
Management and administration	14	27
	<u>213</u>	<u>213</u>

**The aggregate payroll costs of these persons were as follows:-**

	53 Weeks ended 31/3/2018	52 Weeks ended 25/03/2017 Restated*
	£000	£000
Wages and salaries	4,887	5,095
Social security costs	422	439
Pension costs	111	198
Other staff costs	237	44
	<u>5,657</u>	<u>5,776</u>

**5 Expenses and auditor's remuneration**

Included in the income statement are the following:

	53 Weeks ended 31/3/2018	52 Weeks ended 25/03/2017
	£000	£000
Other operating leases	100	87
Depreciation and other amounts written off tangible fixed assets		
Owned	327	420
Leased	244	208
Depreciation and other amounts written off intangible assets	21	12
<b>Auditor's remuneration:</b>		
Statutory Audit	18	23
Other work		
Taxation	6	5
Other audit work	-	4
	<u></u>	<u></u>

Notes (continued..)

6 Directors' remuneration

	53 Weeks ended 31/3/2018	52 Weeks ended 25/03/2017
	£000	£000
Directors' emoluments	87	179
Company contributions to money purchase pension plans	-	16
	<u>87</u>	<u>195</u>

Fees of £87k (25/03/2017: £179k) were paid to MEWS Environmental Limited for the service of the directors.

	2018 No.	2017 No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	2

7 Finance income and expense

Recognised in profit or loss

	53 Weeks ended 31/3/2018 £000	52 Weeks ended 25/03/2017 Restated* £000
Interest income on unimpaired financial assets	4	4
Net gain on financial instruments designated as fair value through the income statement	46	772
Total finance income	<u>50</u>	<u>776</u>

	53 Weeks ended 31/3/2018 £000	52 Weeks ended 25/03/2017 Restated* £000
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	(81)	(99)
Total finance expense	<u>(81)</u>	<u>(99)</u>

Notes (continued..)

8 Taxation

Recognised in the income statement

	53 Weeks ended 31/3/2018 £000	52 Weeks ended 25/03/2017 Restated* £000
Current tax expense		
Current period	(6)	48
Adjustments in respect of prior periods	(42)	-
	<hr/>	<hr/>
Current tax expense	(48)	48
	<hr/>	<hr/>
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	(12)
	<hr/>	<hr/>
Deferred tax credit	-	(12)
	<hr/>	<hr/>
Total tax (credit)/expense	(48)	36
	<hr/>	<hr/>

Reconciliation of effective tax rate

	53 Weeks ended 31/3/2018 2018 £000	52 Weeks ended 25/03/2017 (Restated) 2017 £000
(Loss)/profit for the period	(87)	954
Total tax (credit)/expense	(48)	36
	<hr/>	<hr/>
(Loss)/profit excluding taxation	(135)	990
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2016/17: 20%)	(26)	198
Non-deductible expenses	-	1
Over provided in prior periods	(41)	(2)
Deferred tax not recognised	16	(154)
Other	3	(7)
	<hr/>	<hr/>
Total tax (credit)/expense	(48)	36
	<hr/>	<hr/>

Notes (continued..)

9 Property, plant and equipment

	<i>Buses, Plant and equipment £000</i>	<i>Total £000</i>
<b>Cost</b>		
Balance at 27 <sup>th</sup> March 2016	9,318	9,318
Acquisitions	595	595
Disposals	(1,301)	(1,301)
	<hr/>	<hr/>
Balance at 25 <sup>th</sup> March 2017	8,612	8,612
	<hr/>	<hr/>
Balance at 26 <sup>th</sup> March 2017	8,612	8,612
Acquisitions	1,293	1,293
Disposals	(368)	(368)
	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March 2018	9,537	9,537
	<hr/>	<hr/>
<b>Depreciation and impairment</b>		
Balance at 27 <sup>th</sup> March 2016	6,171	6,171
Depreciation charge for the period	627	627
Disposals	(1,293)	(1,293)
	<hr/>	<hr/>
Balance at 25 <sup>th</sup> March 2017	5,505	5,505
	<hr/>	<hr/>
Balance at 26 <sup>th</sup> March 2017	5,505	5,505
Depreciation charge for the period	571	571
Disposals	(360)	(360)
	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March 2018	5,716	5,716
	<hr/>	<hr/>
<b>Net book value</b>		
At 26 <sup>th</sup> March 2016	3,147	3,147
	<hr/>	<hr/>
At 25 <sup>th</sup> March 2017	3,107	3,107
	<hr/>	<hr/>
At 31 <sup>st</sup> March 2018	3,821	3,821
	<hr/>	<hr/>

*Leased plant and machinery*

At 31<sup>st</sup> March 2018 the net carrying amount of leased plant and machinery was £2,120,764 (2016/17: £2,318,842). The leased equipment secures lease obligations (see note 15).

Notes (continued..)

10 Intangible Assets

	<i>Customer Relationships £000</i>	<i>Total £000</i>
<b>Cost</b>		
Balance at 27 <sup>th</sup> March 2016	-	-
Acquisitions	210	210
Disposals	-	-
Balance at 25 <sup>th</sup> March 2017	210	210
Balance at 26 <sup>th</sup> March 2017	210	210
Acquisitions	-	-
Disposals	-	-
Balance at 31 <sup>st</sup> March 2018	210	210
<b>Amortisation and impairment</b>		
Balance at 27 <sup>th</sup> March 2016	-	-
Amortisation charge for the period	12	12
Disposals	-	-
Balance at 25 <sup>th</sup> March 2017	12	12
Balance at 27 <sup>th</sup> March 2017	12	12
Amortisation charge for the period	21	21
Disposals	-	-
Balance at 31 <sup>st</sup> March 2018	33	33
<b>Net book value</b>		
At 25 <sup>th</sup> March 2017	198	198
At 31 <sup>st</sup> March 2018	177	177

11 Investments

The Company has the following investments in subsidiaries:

	<i>£000</i>	<i>Total £000</i>
<b>Cost</b>		
Balance at 25 <sup>th</sup> March 2017	183	-
Acquisitions	-	183
Balance at 31 <sup>st</sup> March 2018	183	183

Notes (continued..)

11 Investments (continued..)

Company	Registered office address	Class of shares held	Ownership	
			31/03/2018	25/03/2017
Carters Coach Services Limited	7 Constantine Road, Ipswich, Suffolk, IP1 2DL	Ordinary	100%	100%

Carters Coach Services Limited was dissolved on the 26<sup>th</sup> February 2019.

12 Goodwill

	<i>Total £000s</i>
<b>Cost</b>	
Balance at 27 <sup>th</sup> March 2016	-
Acquisitions	154
Balance at 25 <sup>th</sup> March 2017	154
<b>Cost</b>	
Balance at 26 <sup>th</sup> March 2017	154
Acquisitions	-
Balance at 31 <sup>st</sup> March 2018	154
<b>Amortisation and impairment</b>	
Balance at 27 <sup>th</sup> March 2016	-
Impairment charge for the period	63
Balance at 25 <sup>th</sup> March 2017	63
Balance at 26 <sup>th</sup> March 2017	63
Impairment charge for the period	-
Balance at 31 <sup>st</sup> March 2018	63
<b>At 25<sup>th</sup> March 2017</b>	<b>91</b>
<b>At 31<sup>st</sup> March 2018</b>	<b>91</b>

Goodwill acquired relates to Carters Coach Services Limited acquisition. Carters Coach Services Limited trade and assets were hived up into the parent company on 31st August 2016, 3 months after acquisition. The impairment charge of £63,000 in 2016/17 is in relation to the loss made in Carters Coach Services Limited for the three month period it was operated as a separate subsidiary of the parent company.



**Notes (continued..)**

**13 Inventories**

	<b>31/03/2018</b>	<b>25/03/2017</b>
	<b>£000</b>	<b>£000</b>
<i>Raw materials and consumables</i>	<b>117</b>	<b>111</b>
	<b>117</b>	<b>111</b>

**14 Trade and other receivables**

	<b>31/03/2018</b>	<b>25/03/2017</b>
	<b>£000</b>	<b>£000</b>
<i>Trade receivables due from related parties</i>	<b>64</b>	<b>42</b>
<i>Trade receivables</i>	<b>226</b>	<b>316</b>
<i>Other Receivables</i>	<b>326</b>	<b>75</b>
<i>Prepayments</i>	<b>451</b>	<b>300</b>
	<b>1,067</b>	<b>733</b>

**15 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.

	<b>31/03/2018</b>	<b>25/03/2017</b>
	<b>£000</b>	<b>£000</b>
<b>Non-current liabilities</b>		
<i>Finance lease liabilities</i>	<b>987</b>	<b>1,335</b>
<i>Debenture loan from parent</i>	<b>252</b>	<b>252</b>
<i>Loan from parent company</i>	<b>987</b>	<b>-</b>
<i>Carters long term loan</i>	<b>-</b>	<b>10</b>
	<b>2,226</b>	<b>1,556</b>
<b>Current liabilities</b>		
<i>Current portion of finance lease liabilities</i>	<b>342</b>	<b>408</b>
<i>Current portion of loan from parent</i>	<b>134</b>	<b>-</b>
	<b>476</b>	<b>449</b>

**Notes (continued..)**

**15 Other interest-bearing loans and borrowings (continued..)**

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

*Finance lease liabilities*

Finance lease liabilities are payable as follows:

	<b>Minimum lease payments 2017/18 £000</b>	<b>Interest 2017/18 £000</b>	<b>Principal 2017/18 £000</b>
<i>Less than one year</i>	<b>400</b>	<b>58</b>	<b>342</b>
<i>Between one and five years</i>	<b>1,045</b>	<b>77</b>	<b>968</b>
<i>More than five years</i>	<b>24</b>	<b>4</b>	<b>20</b>
	<b>1,469</b>	<b>139</b>	<b>1,330</b>

	<b>Minimum lease payments 2016/17 £000</b>	<b>Interest 2016/17 £000</b>	<b>Principal 2016/17 £000</b>
<i>Less than one year</i>	<b>486</b>	<b>78</b>	<b>408</b>
<i>Between one and five years</i>	<b>1,277</b>	<b>135</b>	<b>1,142</b>
<i>More than five years</i>	<b>197</b>	<b>4</b>	<b>193</b>
	<b>1,960</b>	<b>217</b>	<b>1,743</b>

**16 Trade and other payables**

	<b>31/03/2018 £000</b>	<b>25/03/2017 £000</b>
<b>Current</b>		
<i>Trade payables due to related parties</i>	<b>42</b>	<b>23</b>
<i>Other trade payables</i>	<b>133</b>	<b>298</b>
<i>Non-trade payables and accrued expenses</i>	<b>745</b>	<b>787</b>
<i>Amounts payable to group undertakings</i>	<b>183</b>	<b>183</b>
<i>Tax payable</i>	<b>155</b>	<b>156</b>
	<b>1,258</b>	<b>1,447</b>

**17 Other financial liabilities**

	<b>31/03/2018 £000</b>	<b>25/03/2017 *Restated £000</b>
<b>Non-current</b>		
<i>Financial liabilities designated as fair value through profit or loss</i>	<b>385</b>	<b>571</b>
	<b>385</b>	<b>571</b>

**Notes (continued..)**

**17 Other financial liabilities (continued..)**

In March 2011, Ipswich Borough Council (the "Council") and the Company signed a Deed which committed the Company to make annual payments to the Council until February 2035, in respect of any sums due to Suffolk County Council in relation to the portion of the former Local Government Pension Scheme (LGPS) which relates to the Company. The deed requires that the obligations of the Company to the pensioners and deferred members of the former LGPS are fully funded by 31<sup>st</sup> March 2035. The financial liability recognised on Balance Sheet represents the fair value of this liability.

**18 Capital and reserves**

The Company operates a number of other defined contribution pension plans.

The total expense relating to these plans in the current period was £135,064 (2016: £222,661)

**19 Capital and reserves**

**Share capital**

*In number of shares*

*On issue at 31<sup>st</sup> March 2018*

**Ordinary shares**

**No. shares**  
**2**

	<b>31/03/2018</b>	<b>25/03/2017</b>
	<b>£</b>	<b>£</b>
<i>Two allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<b>2</b>	<b>2</b>
	<hr/>	<hr/>
	<b>2</b>	<b>2</b>
	<hr/>	<hr/>
Shares classified in shareholders' funds	<b>2</b>	<b>2</b>
	<hr/>	<hr/>
	<b>2</b>	<b>2</b>
	<hr/>	<hr/>

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..)**

**20 Financial instruments**

**20 (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.

*Other financial liabilities*

The fair value of other financial liabilities is estimated based on the 31 March 2016 formal valuation of the pension fund, rolled forward for cash flows and estimates of investment returns.

*Derivative financial instruments*

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..)

20 (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:

	Carrying amount 2017/18 £000	Fair value 2017/18 £000	Level 1 2017/18 £000	Level 2 2017/18 £000	Level 3 2017/18 £000	Carrying amount 2016/17 £000	Fair value 2016/17 £000	Level 1 2016/17 £000	Level 2 2016/17 £000	Level 3 2016/17 £000
<b>Loan and receivables</b>										
Cash and cash equivalents	1,230	1,230	-	-	-	2,028	2,028	-	-	-
Other loans and receivables (note 15)	1,067	1,067	-	-	-	733	733	-	-	-
<b>Total loans and receivables</b>	<b>2,297</b>	<b>2,297</b>	-	-	-	<b>2,761</b>	<b>2,761</b>	-	-	-
<b>Total financial assets</b>	<b>2,297</b>	<b>2,297</b>				<b>2,761</b>	<b>2,761</b>	-	-	-
<b>Financial liabilities designated as fair value through profit or loss (note 17)</b>										
Other financial liabilities	385	385	-	-	385	571	571	-	-	571
<b>Total financial liabilities at fair value through profit and loss</b>	<b>385</b>	<b>385</b>	-	-	<b>385</b>	<b>571</b>	<b>571</b>	-	-	<b>571</b>
<b>Financial liabilities measured at amortised cost</b>										
Other interest-bearing loans and borrowings (note 15)	2,702	2,702	-	-	-	1,995	1,995	-	-	-
Trade and other payables (note 16)	1,258	1,258	-	-	-	1,447	1,447	-	-	-
<b>Total financial liabilities measured at amortised cost</b>	<b>3,960</b>	<b>3,960</b>	-	-	-	<b>3,442</b>	<b>3,442</b>	-	-	-
<b>Total financial liabilities</b>	<b>4,345</b>	<b>4,345</b>	-	-	<b>385</b>	<b>4,013</b>	<b>4,013</b>	-	-	<b>571</b>
<b>Total financial instruments</b>	<b>(2,048)</b>	<b>(2,048)</b>	-	-	<b>385</b>	<b>(1,252)</b>	<b>(1,252)</b>	-	-	<b>571</b>

**Notes (continued..)**

**20 (a) Fair values of financial instruments (continued..)**

*Fair value reconciliation*

The reconciliation of the carrying amount for Level 3 financial instruments is set out as follows:

**31 March 2018**

	Other financial liabilities 2017/18 £000	Total 2017/18 £000	Other financial liabilities 2016/17 £000	Total 2016/17 £000
Opening Balance	571	571	1,483	1,483
Total gains or losses - in profit or loss – Financial income*	(46)	(46)	(772)	(772)
Payments	(140)	(140)	(140)	(140)
Closing Balance	385	385	571	571

\*Gains or losses included in profit or loss attributable to assets and liabilities still held as at the balance sheet date.

*Valuation technique*

The following table show the valuation techniques used for Level 3 fair values, as well as the significant unobservable inputs used for Level 3 items

Financial instruments measured at fair value	Valuation technique	Significant unobservable inputs (Level 3 only)
Other financial liabilities	The fair value of other financial liabilities is estimated by discounting the funding position within the Suffolk Pension Fund at the balance sheet date.	The key financial assumptions adopted in the basis of valuation at the balance sheet date included: <ul style="list-style-type: none"> <li>- Discount rate of 3.5% (2016/17: 3.5%)</li> <li>- Salary increases of 2.6% (2016/17: 2.7%)</li> <li>- Benefit increases of 2.3% (2016/17: 2.4%)</li> </ul>

**Notes (continued..)**

**20 (b) Credit risk**

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:

	31/03/2018 £000	25/03/2017 £000
Local District and County Authorities	290	299
Other miscellaneous trade receivables	-	59
	<u>290</u>	<u>358</u>

*Credit quality of financial assets and impairment losses*

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

	Gross 2011/7/8 £000	Impairment 2017/18 £000	Gross 2016/17 £000	Impairment 2016/17 £000
Not past due	139	-	97	-
Past due 0-30 days	136	-	180	-
Past due 31-120 days	1	-	78	-
More than 120 days	14	-	3	-
	<u>290</u>	<u>-</u>	<u>358</u>	<u>-</u>

**20 (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..)

20 Financial instruments (continued)

20 (c) Liquidity risk (continued)

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

	Carrying amount £000	31/03/2018					Carrying amount £000	25/03/2017				
		Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000		Contractual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000
<b>Non-derivative financial liabilities</b>												
Finance lease liabilities	1,330	1,330	342	266	702	20	1,743	1,743	408	336	776	193
Trade and other payables	1,075	1,075	1,075	-	-	-	1,264	1,264	1,264	-	-	-
Other financial liabilities	385	385	140	140	105	-	571	571	140	140	140	151

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	31/03/2018 £000	25/03/2017 £000
Annual commitments		
Less than one year	62	62
Between one and five years	79	67
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 1<sup>st</sup> July 2018. Included is a rental bus that expires Aug 2019.



**Notes (continued..)**

**22 Related parties**

*Identity of related parties with which the Company has transacted.*

The company had the following transactions with Ipswich Borough Council

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Payments in respect of other financial liabilities	<b>140</b>	<b>140</b>
Car Parks Servicing Income	<b>39</b>	<b>35</b>
Contracts	<b>38</b>	<b>12</b>
Fuel Distribution Income	<b>381</b>	<b>378</b>
Various	<b>5</b>	<b>12</b>
Rent payable	<b>80</b>	<b>80</b>
Debenture Loan		
Payable at the period end	<b>252</b>	<b>252</b>
Interest payable in the period	<b>4</b>	<b>4</b>

In the year the Company undertook a 7-year loan with Ipswich Borough Council

Loan amount	<b>1,120</b>	<b>0</b>
Interest payable in period	<b>5</b>	<b>0</b>

At the end of the period the netted off balance owed to Ipswich Borough Council was £37k (2016/2017 - £98k).

Transactions with key management personnel.

The key management personnel for the purposes of this disclosure is 1 executive director, R Bellamy. The key management personnel emoluments and money purchase pension plan contributions are detailed in note 6.

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

**23 Ultimate parent company**

The Company is a subsidiary undertaking of Ipswich Borough Council which is the ultimate parent company incorporated in England in the UK. The ultimate controlling party is Ipswich Borough Council.

The largest group in which the results of the Company are consolidated is that headed by Ipswich Borough Council, Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE. The consolidated financial statements of the group are available to the public and may be obtained from Grafton House, 15-17 Russell Road, Ipswich, IP1 2DE.

**Notes (continued..)**

**24 Prior period adjustment**

During the period, it was identified that the Company had entered into a Deed with Ipswich Borough Council and Suffolk County Council in March 2011, releasing it from its obligation arising under the former Local Government Pension Scheme (LGPS) in consideration for the Company making ongoing payments to the fund.

The adjustment arises because, since signing of the Deed in March 2011, the Company continued to account for the LGPS as a defined benefit scheme in accordance with IAS 19, instead of a financial liability measured at fair value through profit or loss in accordance with IAS 39. The effect of the restatement is as follows:

**Income Statement**

For the period ended 25<sup>th</sup> March 2017

	25 March 2017 as previously stated	Restatement	25 March 2017 as restated
	£000	£000	£000
Staff costs	(5,751)	(25)	(5,776)
Total Expenses	(10,144)	(25)	(10,169)
<b>Operating profit</b>	<b>338</b>	<b>(25)</b>	<b>313</b>
Finance income <sup>1</sup>	4	772	776
Finance expense <sup>1</sup>	(214)	115	(99)
<b>Net financing (expense)/income</b>	<b>(210)</b>	<b>887</b>	<b>677</b>
<b>Profit before tax</b>	<b>128</b>	<b>862</b>	<b>990</b>
Tax on profit	(36)	-	(36)
<b>Profit for the period</b>	<b>92</b>	<b>862</b>	<b>954</b>

**Statement of Comprehensive Income**

For the period ended 25<sup>th</sup> March 2017

	25 March 2017 as previously stated	Restatement	25 March 2017 as restated
	£000	£000	£000
Profit for the period	92	862	954
Actuarial gains and losses on defined benefit pension plans <sup>1</sup>	(802)	802	-
Deferred tax on actuarial losses and gains on defined benefit pension plans <sup>1</sup>	35	(35)	-
<b>Other comprehensive expense for the period, net of income tax</b>	<b>(767)</b>	<b>767</b>	<b>-</b>
<b>Total comprehensive (expense)/income for the period</b>	<b>(675)</b>	<b>1,629</b>	<b>954</b>

<sup>1</sup> Removal of net interest cost from finance expense (as measured on an IAS 19 basis) and remeasurements (and associated deferred tax) from other comprehensive income with replacement of fair value gain on movement in fair value of the financial liability in finance income.

Notes (continued..)

24 Prior period adjustment (continued..)

Balance Sheet At 26 <sup>th</sup> March 2016	26 <sup>th</sup> March 2016 as previously stated £000	Restatement £000	26 <sup>th</sup> March 2016 as restated £000
Deferred tax assets <sup>2</sup>	692	(692)	-
<b>Non-current assets</b>	<b>3,839</b>	<b>(692)</b>	<b>3,147</b>
<b>Total assets</b>	<b>6,434</b>	<b>(692)</b>	<b>5,742</b>
Employee benefits <sup>3</sup>	(3,464)	3,464	-
Other financial liabilities <sup>4</sup>	-	(1,483)	(1,483)
<b>Non-current liabilities</b>	<b>(4,983)</b>	<b>1,981</b>	<b>(3,002)</b>
<b>Total liabilities</b>	<b>(6,272)</b>	<b>2,004</b>	<b>(4,268)</b>
Retained earnings	162	1,312	1,474
<b>Total equity</b>	<b>162</b>	<b>1,312</b>	<b>1,474</b>

Balance Sheet At 25 <sup>th</sup> March 2017	25 <sup>th</sup> March 2017 as previously stated £000	Restatement £000	25 <sup>th</sup> March 2017 as restated £000
Deferred tax assets <sup>2</sup>	705	(705)	-
<b>Non-current assets</b>	<b>4,284</b>	<b>(705)</b>	<b>3,579</b>
<b>Total assets</b>	<b>7,156</b>	<b>(705)</b>	<b>6,451</b>
Employee benefits <sup>3</sup>	(4,216)	4,216	-
Other financial liabilities <sup>4</sup>	-	(571)	(571)
<b>Non-current liabilities</b>	<b>(5,813)</b>	<b>3,645</b>	<b>(2,127)</b>
<b>Total liabilities</b>	<b>(7,668)</b>	<b>3,645</b>	<b>(4,023)</b>
Retained earnings	(512)	2,940	2,428
<b>Total equity</b>	<b>(512)</b>	<b>2,940</b>	<b>2,428</b>

<sup>2</sup>Removal of deferred tax asset arising on the defined benefit obligation which has been removed

<sup>3</sup>Removal of defined benefit obligation from the balance sheet.

<sup>4</sup>Inclusion of financial liability on balance sheet in relation to ongoing payments to the pension fund.