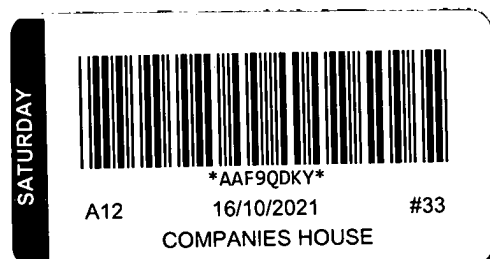


**COMPANY REGISTRATION NUMBER: 02001229**

**CARDIFF CITY TRANSPORT SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2021**



# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **FINANCIAL STATEMENTS**

**Year ended 31 March 2021**

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# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

Mr D J Conway  
Ms S Davies - (non-executive)  
Mr P G Dyer  
Mr G M Hill-John - (non-executive)  
Mr O L Jones - (non-executive)  
Mr C N Lay - (non-executive)  
Ms L Phillips - (non-executive)  
Ms E C Sandrey - (non-executive)  
Mr K Singh - (non-executive)  
Mr G Stevens  
Mr R A Souter-Payne - (non-executive)

### **Company secretary**

Delyth Evans

### **Registered office**

Leckwith Depot And Offices  
Sloper Road  
Leckwith  
Cardiff  
CF11 8TB

### **Auditor**

Kilsby & Williams LLP  
Chartered Accountants & statutory auditor  
Cedar House  
Hazell Drive  
Newport  
NP10 8FY

### **Solicitors**

Capital Law  
Capital Building  
Tyndall Street  
Cardiff  
CF10 4AZ

Eversheds Sutherland  
1 Callaghan Square  
Cardiff  
CF10 5BT

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **STRATEGIC REPORT *(continued)***

**Year ended 31 March 2021**

### **PRINCIPAL ACTIVITIES**

The principal activity of the company and the group is to provide road passenger transport services in Cardiff.

### **BUSINESS REVIEW**

The company was established in accordance with the Transport Act 1985, regulating transport undertakings wholly-owned by municipal authorities. The County Council of the City and County of Cardiff ("Cardiff Council") owns all the issued shares and is therefore the only shareholder of Cardiff City Transport Services Limited ("the Company").

The company's key measurements of the effectiveness of its operations are turnover and gross margin.

The group's revenue reduced to £10,910,000 (2020: £32,440,000) for the year ended 31 March 2021 due to the effect of the Covid 19 pandemic and passenger numbers. The company delivered a gross loss of £7,000 (2020: £1,745,000 profit).

During the year, the company made investments of £212,000 (2020: £62,000), relating to the purchase of fixtures and fittings and fleet replacement.

The company transitioned from previous FRS101 to FRS102 as at 1st April 2021. Transition adjustments have been recorded in the financial statements which are detailed in note 22.

The directors have reviewed the carrying value of the assets for impairment under the value in use and fair value less cost to sell. The value in use exceeds the fair value less costs to sell and as the value to the property, plant and equipment was lower than the carrying value in the balance sheet, an impairment reversal of £5,399,000 has been included in the year.

In common with many businesses, the company has been significantly impacted by the Covid-19 pandemic and the necessary measures put in place by government, which have affected travel patterns since March 2020. The company has continued to prioritise the safety and well-being of our people and our customers during this unprecedented period, and have taken decisive action to protect the long-term sustainability of the business.

During FY21 the Company entered into an agreement with Welsh Government to be provided with funding under the Bus Emergency Scheme (BES) which guaranteed funding until March 2021. The support received during the Covid 19 pandemic has been included in other operating income during FY21. The company has also taken advantage of the Coronavirus Job Retention Scheme throughout FY21.

The company operated its own pension scheme, the Cardiff City Transport Services Limited Pension Scheme, as well as contributing to the Cardiff and Vale of Glamorgan Pension Fund on behalf of employees who were formerly employed by The City of Cardiff Council Transport Department. In March 2021 the company entered a Flexible Apportionment Arrangement (FAA). Under this arrangement, the company ceased to be the employer of the schemes, Cardiff City Council became the Scheme's principal employer and the sole statutory employer of the schemes. The company will continue to recognise the pension obligations on its balance sheet but the day to day operation of the scheme has been passed to the shareholder.

In March 2021 a grant was received from the Department of Transport to part fund the purchase of the electric buses planned for 2021/22.

In October 2020 the Company, with oversight from the turnaround committee, performed a resizing exercise with 112 employees leaving the business as a result of a reduction in demand for the service provided.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## STRATEGIC REPORT *(continued)*

### Year ended 31 March 2021

Operating profit for the current year was £12,880,000 (2020: Operating loss of £10,726,000), which includes a reversal of an impairment of assets amount of £5,399,000, and a transfer of pension liability to parent of £6,533,000. The profit after taxation was £12,329,000 (2020: loss after tax of £10,892,000).

The company balance sheet on page 17 of the financial statements shows the net assets of £14,010,000 (2020: net liability £1,878,000).

### PRINCIPAL RISKS AND UNCERTAINTIES

The group's and the company's operations are exposed to a variety of financial and operational risks which could have a material impact on the company's long-term performance.

The group's key risks are considered to be as set out below:

#### Passenger numbers

**Risk:** changes in people's working patterns, shopping habits and/or other preference could affect demand for the transport service and affect the business' financial performance and financial position.

**Mitigation:** the Group monitors trends in revenue and passenger numbers across the business in forecasting future revenue and passenger numbers. This is embedded in the overall business plans and a detailed cash flow forecast to ensure that the future development of the Group during these unprecedented times. The business plan has also formed the basis of the assessment of the investment required for the business going forward over the short to medium term to continue to provide the service required for the city of Cardiff.

#### Fixed price contracts - Fuel

**Risk:** The group, like most other bus operators, is exposed to global fluctuations in fuel prices which could significantly affect operational costs and financial results.

**Mitigation:** The company continues to use fixed price fuel contracts wherever possible to manage the impact on its operations of large movements in fuel prices. This, however, cannot guarantee against any long-term price changes.

#### Political and regulatory

**Risk:** The political landscape that the group operates in is constantly changing. Any change to government policy, funding regimes, infrastructure initiatives, or the legal/regulatory framework may result in structural market changes or have an impact on the group's operations in terms of reduced profitability, increased costs and/or a reduction in operational flexibility or efficiency.

**Mitigation:** Through its associated transport bodies, the group engages with the relevant government bodies and their policy makers to enable it to respond to or react to any proposed changes.

#### UK decision to leave the European Union

**Risk:** The UK departure from the European Union may adversely affect costs associated with the supply of vehicles, vehicle parts and fuel.

**Mitigation:** To an extent, the Group is able to modify services and react to market changes.

#### Labour Costs

**Risk:** Employee costs represent the largest component of the group's operating costs. Pressure to increase wages and competition for employees in the region can increase costs. High employee turnover could lead to increased training costs in addition to operational disruption. Similarly, industrial action could adversely impact customer service in addition to having a financial impact.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## STRATEGIC REPORT *(continued)*

### Year ended 31 March 2021

**Mitigation:** The group has agreed a three-year pay deal which is agreed until April 2022. Additional resources have been employed to focus on the management of sickness and other forms of absence, working closely with the unions to achieve significant reductions on historical rates and costs incurred. The company is looking to improve communications and staff welfare. This is being supported through the Company's recruitment and retention policies, training schemes and working practices.

#### **Covid-19**

**Risk:** There is a risk to our workforce from contagion and the need to self-isolate. This could impact on the ability to mobilise the fleet. At the same time, our customer base might be reduced both through government restrictions on travel, illness and the desire to avoid close contact with possible carriers on public vehicles. Due to reduction in patronage there will be a significant drop in revenue, this will affect the financial viability of the company to continue to provide this service.

**Mitigation:** The company is implementing best practices as advised by Department for Transport and has continued to offer a reduced service during the pandemic period. For the 2020/21 year the company entered into an agreement with Welsh Government under the Bus Emergency Scheme (BES) to provide additional funding to continue the service required during the unprecedented period up to March 2021. Further BES funding has now been agreed under BES 2 to continue to assist the business until July 2022.

#### **Climate change**

**Risk:** Concerns about clean air is putting pressure on companies to utilise cleaner technologies and reduce carbon emissions. In June 2019 Cardiff Council published its Cardiff Clean Air Plan which was submitted to Welsh Government. The Welsh Government awarded Cardiff Council funding to implement a series of measures to improve air quality after approving its revised clean air proposals. It proposed a package of measures including, a bus retrofitting programme to lower emissions, taxi mitigations measures, city centre transport improvements and an active travel package making it easier for people to walk and cycle in the city centre.

**Mitigation:** The company is keen to improve its carbon footprint and the company's investment plans include the purchase of electric buses, the installation of the required infrastructure at the company's depot to support those buses and a bus retrofitting programme to lower emissions.

#### **Credit risk**

The group's principal financial assets are cash and cash equivalents (including Escrow Insurance bank accounts), and trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables and cash at bank. The trade receivables presented in the balance sheet are net of allowances for doubtful debts and an allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### **Liquidity risks**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company used during FY21 year a mixture of cash at bank, a secured loan and overdraft facility and lease finance.

Following the receipt of £7m in March 2021 in return for 7,000,000 £1 ordinary shares from the shareholder Cardiff Council, the loan was paid in full in March 2021.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **STRATEGIC REPORT** *(continued)*

**Year ended 31 March 2021**

### **FUTURE DEVELOPMENT**

With the impact of Covid - 19 pandemic continuing and the necessary measures put in place by government, to welcome back our customers, safety remains our absolute priority. Comprehensive hygiene measures are in place to meet industry Covid 19 guidelines to help customers feel safe and confident to travel.

The Company remains committed to its core value of providing reliable, safe, high quality and affordable public transport to the citizens of and visitors to Cardiff as well as seeking more efficient vehicles and to provide bus services to low-volume areas of the city in conjunction with Cardiff Council.

The capital developments at Central Square, which led to the closure of the Cardiff City bus station from August 2015, continued to affect the operational performance of the company during the year ended 31 March 2021 and will continue to impact the business until the new bus station for the City is operational. Provisions continue to be in place for alternative pick-up locations and parking for the buses in the city centre while this development is being completed

The Company continues to develop proposals in conjunction with Cardiff Council to enhance its capital investment programme in line with Cardiff Council's Clean Air priorities as laid out in its White Paper. The proposals include the use of electric buses and a joined-up approach to city transport linking bus services with rail, tram and other service providers. The company ordered its first electric buses in March 2021 which it expects to add to the fleet during November 2021 providing zero tail pipe emissions to a proportion of the fleet during the year. A number of the Euro 5 fleet have also been retrofitted to be Euro 6 emission compliant during 2021/22.

In September 2021, the company issued a further 6.6m ordinary shares in return for £6.6m from our Shareholder, to meet the Group and Company's cash requirements for investment in fleet and financial viability of the Group going forward.

The Turnaround Committee was re named during 2021 the Scrutiny and Overview Committee (SOC) and comprises of four Non-executive Directors and the Managing Director.

The main functions of the Committee includes, reviewing and contributing to the development of the Business Plan and any strategic, change or actions plans, and monitor progress against those plans.

The committee's functions also include the following:

- oversight and review of corporate governance matters, decision making process and delegations;
- scrutinise the effectiveness of the Executive; and
- develop strategy relating to pay, benefits and union relationships.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **STRATEGIC REPORT *(continued)***

**Year ended 31 March 2021**

### **GOING CONCERN**

As set out in the future developments section above, the Covid-19 pandemic has had a significant impact on the business. With the continued uncertainty of the Covid-19 situation, it remains difficult to predict the likely return of passenger numbers over the foreseeable future. We anticipate that it will be some time before demand returns to pre Covid-19 levels and during the year ended 31 March 2022 we have planned for a number of scenarios. It is expected that there will be a lasting effect of the Covid-19 pandemic on travel patterns with an acceleration of increased working and shopping from home.

To assess the ability of Cardiff City Transport Services Limited to continue as a going concern, the directors have prepared a business plan for the period to 31 March 2028 and a detailed cash flow forecast for the period to 31 March 2023 which, together, represent the directors' best estimate of the future development of the Group, during these unprecedented times. The business plan has also formed the basis of the assessment of the investment required for the business going forward over the short to to medium term to continue to provide the service required for the city of Cardiff.

The Group and Company has ordered its first electric buses, which are expected to be delivered in November 2021. The cost of the buses and the required infrastructure to support the electric bus fleet will be funded from a grant already received from the Department of Transport and the proceeds of issuing further shares to its shareholder for £6.6m in cash, which was received from Cardiff Council in September 2021.

During FY21 the Company entered into an agreement with Welsh Government to be provided with funding under the Bus Emergency Scheme (BES) which guaranteed funding until March 2021. The Company has now entered a second agreement with the Welsh Government for funding from 1 April 2021 to 31 July 2022 under the Bus Emergency Scheme, known as BES 2.

The directors' cash flow forecast over the going concern period to 31 March 2023 includes the BES 2 funding, the continued receipt of concession funding and Bus Services Support Grant levy. Having consulted with stakeholders, the directors consider that the Group and Company has a realistic prospect of securing and receiving the aforementioned funding.

Taking account of the continued Covid- 19 situation, and other relevant factors, the Directors conclude that it may adopt the going concern basis of accounting in preparing the financial statements, for a period of at least 12 months from the date of approval of this report.

This report was approved by the board of directors on 29/9/2021 and signed on behalf of the board by:



**Mr P G Dyer**  
**Director**



# CARDIFF CITY TRANSPORT SERVICES LIMITED

## DIRECTORS' REPORT

### Year ended 31 March 2021

The directors present their report and the financial statements of the group for the year ended 31 March 2021.

#### Directors

The directors who served the company during the year were as follows:

Ms S Davies  
Mr P G Dyer  
Mr G M Hill-John  
Mr O L Jones  
Mr C N Lay  
Ms L Phillips  
Ms E C Sandrey  
Mr K Singh  
Mr G Stevens  
Mr R A Souter-Payne  
Mr D J Conway (Appointed 24 August 2020)

#### Dividends

The directors do not recommend the payment of a dividend.

#### Streamlined Energy and Carbon Reporting

This is the second year of reporting under the UK Government's Streamlined Energy and Carbon Reporting (SECR) Policy.

The methodologies under SECR are:

Scope 1 relate to fuels utilised for the fleet operations such as company vehicle fleet.

Scope 2 relates to consumption of purchase electricity in day to day business operations.

Scope 3 relates to consumption and emissions from water supply to the site.

Scope 1,2 and 3 and CO2 emission has been calculated in line with the 2019 and 2020 UK Government environmental reporting guidance.

Intensity metrics have been calculated utilising the 2020/21 reportable figures for the following metrics, and tCO2c for both individual sources and total emissions were then divided by this figure to determine the tCO2e metric:

Turnover (£m) £11m

Greenhouse gas emissions and energy consumption:

	Unit	2021	2020
Emission resulting from liquid fuels (scope 1)	tCO2e	7,003,369	12,573,727
Emissions resulting from the purchase of electricity by the group for its own use (scope 2)	tCO2e	186,042	238,622
Emission resulting from water supply (scope 3)	tCO2e	2,475	3,261
Total emissions	tCO2e	7,191,886	12,815,610
Total energy consumption	kWh	797,986	933,575

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **DIRECTORS' REPORT** *(continued)*

### **Year ended 31 March 2021**

#### **Principal measures taken to increase energy efficiency**

Cardiff City Transport Services Limited are committed to year on year improvements in operational energy efficiency through improvements in fleet emission with a view of implementing these measures in the next 5 years with fleet investment.

#### **Measures ongoing and undertaken through 2020/21 and beyond**

A number of the Euro 5 fleet are being retrofitted to be Euro 6 emission compliant during 21/22 and the replacement of 36 vehicles to electric buses provides zero tail pipe emissions to a proportion of the fleet.

#### **Employment of disabled persons**

The company has a policy of encouraging the employment of disabled persons wherever this is practicable and attempt to provide equal opportunities to disabled persons. The company endeavours to ensure that disabled employees, and employees who might become disabled while being employed, benefit from training and career development programmes, in common with all employees.

#### **Employee involvement**

The group employed 630 people (over 81% of whom are bus drivers) during the year. The Board is committed to maintaining and increasing the involvement of all employees in the successful development and operation of the company and the group. The company actively encourages project teams, continuous learning including a comprehensive Certificate of Professional Competence (CPC) training programme for all drivers and associated staff, and personal and professional development to ensure that staff fulfil their full potential. The company has open communication channels with all its employees including the appointment of an Employee Director on the Board, a strategic forum with trade union partners, a company intranet site, periodic updates and through digital communications.

#### **Events after the end of the reporting period**

On the 16 September 2021, the company issued 6,600,000 £1 shares in return for £6.6m in cash. The proceeds were used for the acquisition of new Ultra Low Emission Vehicles.

#### **Qualifying indemnity provision**

The company and its subsidiary have made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report in the form of an insurance policy with Chubb European Group.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **DIRECTORS' REPORT** *(continued)*

### **Year ended 31 March 2021**

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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


#### **Auditor**

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

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

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on ...29/9/2021... and signed on behalf of the board by:



**Mr P G Dyer**  
**Director**



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF CITY TRANSPORT SERVICES LIMITED**

**Year ended 31 March 2021**

### **Opinion**

We have audited the financial statements of Cardiff City Transport Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated profit and loss account, consolidated balance sheet, balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



**KILSBY  
WILLIAMS**  
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF CITY  
TRANSPORT SERVICES LIMITED (continued)**

**Year ended 31 March 2021**

**Other information**

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

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

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which 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.



**KILSBY  
WILLIAMS**  
Chartered Accountants

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF CITY TRANSPORT SERVICES LIMITED (continued)**

**Year ended 31 March 2021**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF CITY  
TRANSPORT SERVICES LIMITED** *(continued)*

**Year ended 31 March 2021**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**KILSBY  
WILLIAMS**  
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIFF CITY  
TRANSPORT SERVICES LIMITED** *(continued)*

**Year ended 31 March 2021**

**Use of our report**

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

*Kilsby & Williams LLP*

11th October 2021

**Simon Tee (Senior Statutory Auditor)**

**For and on behalf of**

Kilsby & Williams LLP  
Chartered Accountants & statutory auditor  
Cedar House  
Hazell Drive  
Newport  
NP10 8FY



# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2021

		2021	2020 (restated)
	Note	£000	£000
<b>TURNOVER</b>	<b>4</b>	10,910	32,440
Cost of sales		(10,917)	(30,695)
<b>GROSS (LOSS)/PROFIT</b>		(7)	1,745
Administrative expenses		(17,674)	(1,586)
Other operating income		18,629	527
Transfer of pension liability to parent		6,533	–
(Impairment)/Impairment reversal of property, plant and equipment		5,399	(11,412)
<b>OPERATING PROFIT/(LOSS)</b>	<b>5</b>	12,880	(10,726)
Interest payable and similar expenses		(209)	(261)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		12,671	(10,987)
Tax on profit/(loss)	<b>9</b>	(342)	95
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>12,329</u>	<u>(10,892)</u>
Remeasurement of the net defined benefit plan		(5,129)	(103)
Tax relating to components of other comprehensive income		1,688	84
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(3,441)</u>	<u>(19)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>8,888</u>	<u>(10,911)</u>

All the activities of the group are from continuing operations.

The notes on pages 21 to 47 form part of these financial statements.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED BALANCE SHEET

31 March 2021

	Note	2021 £000	2020 (restated) £000
<b>FIXED ASSETS</b>			
Tangible assets	10	9,739	5,865
<b>CURRENT ASSETS</b>			
Stocks	12	476	442
Debtors	13	4,756	4,868
Cash at bank and in hand		12,590	81
		<u>17,822</u>	<u>5,391</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(3,962)	(4,600)
<b>NET CURRENT ASSETS</b>		<u>13,860</u>	<u>791</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>23,599</u>	<u>6,656</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	(2,589)	(2,340)
<b>PROVISIONS</b>	18	(913)	(2,781)
<b>ACCRUALS AND DEFERRED INCOME</b>		<u>(6,038)</u>	<u>(624)</u>
<b>NET ASSETS EXCLUDING DEFINED BENEFIT PENSION PLAN LIABILITY</b>		<u>14,059</u>	<u>911</u>
Defined benefit pension plan liability	20	—	(8,372)
Defined benefit pension plan asset	20	—	5,632
<b>NET ASSETS/(LIABILITIES) INCLUDING DEFINED BENEFIT PENSION PLAN LIABILITY</b>		<u>14,059</u>	<u>(1,829)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	11,618	4,618
Revaluation reserve	24	3,893	3,197
Profit and loss account	24	(1,452)	(9,644)
<b>SHAREHOLDERS FUNDS</b>		<u>14,059</u>	<u>(1,829)</u>

These financial statements were approved by the board of directors and authorised for issue on 29/9/2021, and are signed on behalf of the board by:

  
Mr P G Dyer  
Director

Company registration number: 02001229

The notes on pages 21 to 47 form part of these financial statements.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## BALANCE SHEET

31 March 2021

	Note	2021 £000	2020 (restated) £000
<b>FIXED ASSETS</b>			
Tangible assets	10	9,739	5,865
Investments	11	1	1
		<u>9,740</u>	<u>5,866</u>
<b>CURRENT ASSETS</b>			
Stocks	12	476	442
Debtors	13	4,756	4,893
Cash at bank and in hand		12,590	54
		<u>17,822</u>	<u>5,389</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(4,012)	(4,648)
<b>NET CURRENT ASSETS</b>		<u>13,810</u>	<u>741</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>23,550</u>	<u>6,607</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	(2,589)	(2,340)
<b>PROVISIONS</b>	18	(913)	(2,781)
<b>ACCRUALS AND DEFERRED INCOME</b>		<u>(6,038)</u>	<u>(624)</u>
<b>NET ASSETS EXCLUDING DEFINED BENEFIT PENSION PLAN LIABILITY</b>		<u>14,010</u>	<u>862</u>
Defined benefit pension plan liability	20	–	(8,372)
Defined benefit pension plan asset	20	–	5,632
<b>NET ASSETS/(LIABILITIES) INCLUDING DEFINED BENEFIT PENSION PLAN LIABILITY</b>		<u>14,010</u>	<u>(1,878)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	23	11,618	4,618
Revaluation reserve	24	3,893	3,197
Profit and loss account	24	(1,501)	(9,693)
<b>SHAREHOLDERS FUNDS</b>		<u>14,010</u>	<u>(1,878)</u>

The profit for the financial year of the parent company was £12,329,000 (2020: £10,892,000 loss).

These financial statements were approved by the board of directors and authorised for issue on 29/9/2021 and are signed on behalf of the board by:



Mr P G Dyer,  
Director

Company registration number: 02001229

The notes on pages 21 to 47 form part of these financial statements.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

		Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total
<b>AT 1 APRIL 2019</b>		4,618	3,149	1,315	9,082
Loss for the year				(10,892)	(10,892)
Other comprehensive income for the year:					
Remeasurement of the net defined benefit plan	20	–	–	(103)	(103)
Reclassification from revaluation reserve to profit and loss account		–	(22)	22	–
Tax relating to components of other comprehensive income	9	–	70	14	84
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		–	48	(10,959)	(10,911)
<b>AT 31 MARCH 2020</b>		4,618	3,197	(9,644)	(1,829)
Profit for the year				12,329	12,329
Other comprehensive income for the year:					
Remeasurement of the net defined benefit plan	20	–	–	(5,129)	(5,129)
Reclassification from revaluation reserve to profit and loss account		–	(22)	22	–
Tax relating to components of other comprehensive income	9	–	718	970	1,688
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		–	696	8,192	8,888
Issue of shares		7,000	–	–	7,000
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>		7,000	–	–	7,000
<b>AT 31 MARCH 2021</b>		<u>11,618</u>	<u>3,893</u>	<u>(1,452)</u>	<u>14,059</u>

The notes on pages 21 to 47 form part of these financial statements.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

		Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total £000
<b>AT 1 APRIL 2019</b>		4,618	3,149	1,266	9,033
Loss for the year				(10,892)	(10,892)
Other comprehensive income for the year:					
Remeasurement of the net defined benefit plan	20	—	—	(103)	(103)
Reclassification from revaluation reserve to profit and loss account		—	(22)	22	—
Tax relating to components of other comprehensive income	9	—	70	14	84
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		—	48	(10,959)	(10,911)
<b>AT 31 MARCH 2020</b>		4,618	3,197	(9,693)	(1,878)
Profit for the year				12,329	12,329
Other comprehensive income for the year:					
Remeasurement of the net defined benefit plan	20	—	—	(5,129)	(5,129)
Reclassification from revaluation reserve to profit and loss account		—	(22)	22	—
Tax relating to components of other comprehensive income	9	—	718	970	1,688
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		—	696	8,192	8,888
Issue of shares		7,000	—	—	7,000
<b>TOTAL INVESTMENTS BY AND DISTRIBUTIONS TO OWNERS</b>		7,000	—	—	7,000
<b>AT 31 MARCH 2021</b>		<u>11,618</u>	<u>3,893</u>	<u>(1,501)</u>	<u>14,010</u>

The notes on pages 21 to 47 form part of these financial statements.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2021

	Note	2021 £000	2020 (restated) £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) for the financial year		12,329	(10,892)
<i>Adjustments for:</i>			
Depreciation of tangible assets		1,727	2,057
Impairment of tangible assets		(5,399)	11,412
Interest payable and similar expenses		209	261
Gains on disposal of tangible assets		(4)	(9)
Defined benefit pension plan employer contributions		333	190
Tax on profit/(loss)		342	(95)
Transfer of pension liability to parent		(6,533)	-
<i>Changes in:</i>			
Stocks		(34)	(114)
Trade and other debtors		1,138	(1,028)
Trade and other creditors		(932)	145
Cash generated from operations		3,176	1,927
Interest paid		(128)	(261)
Tax received		65	-
Net cash from operating activities		<u>3,113</u>	<u>1,666</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of tangible assets		(212)	(62)
Proceeds from sale of tangible assets		14	-
Net cash used in investing activities		<u>(198)</u>	<u>(62)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary shares		7,000	-
Proceeds from borrowings		-	1,500
Repayments of borrowings		(1,500)	-
Repayments of loans from group undertakings		(376)	-
Government grant income		5,697	-
Payments of finance lease liabilities		(1,377)	(1,865)
Net cash from/(used in) financing activities		<u>9,444</u>	<u>(365)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		12,359	1,239
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		67	(1,172)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	14	<u>12,426</u>	<u>67</u>

The notes on pages 21 to 47 form part of these financial statements.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2021**

### **1. GENERAL INFORMATION**

The company is a private company limited by shares, registered in Wales. The address of the registered office is Leckwith Depot and Offices, Sloper Road, Leckwith, Cardiff, CF11 8TB.

### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Transition to FRS 102**

The group transitioned from previous FRS 101 to FRS 102 as at 1 April 2019. Transition adjustments have been recorded in the financial statements resulting in a restatement of the 31 March 2020 comparatives. There are detailed in note 22.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

### **Year ended 31 March 2021**

#### **Going concern**

The Covid-19 pandemic has had a significant impact on the business. With the continued uncertainty of the Covid-19 situation, the directors consider it remains difficult to predict the likely return of passenger numbers over the foreseeable future. They anticipate that it will be some time before demand returns to pre Covid-19 levels and during the year ended 31 March 2022 have planned for a number of scenarios. It is expected that there will be a lasting effect of the Covid-19 pandemic on travel patterns with an acceleration of increased working and shopping from home.

To assess the ability of Cardiff City Transport Services Limited to continue as a going concern, the directors have prepared a business plan for the period to 31 March 2028 and a detailed cash flow forecast for the period to 31 March 2023 which, together, represent the directors' best estimate of the future development of the Group, during these unprecedented times. The business plan has also formed the basis of the assessment of the investment required for the business going forward over the short to medium term to continue to provide the service required for the city of Cardiff.

The Group and Company has ordered its first electric buses, which are expected to be delivered in November 2021. The cost of the buses and the required infrastructure to support the electric bus fleet will be funded from a grant already received from the Department of Transport and the proceeds of issuing further shares to its shareholder for £6.6m in cash, which was received from Cardiff Council in September 2021.

During FY21 the Company entered into an agreement with Welsh Government to be provided with funding under the Bus Emergency Scheme (BES) which guaranteed funding until March 2021. The Company has now entered a second agreement with the Welsh Government for funding from 1 April 2021 to 31 July 2022 under the Bus Emergency Scheme, known as BES 2.

The directors' cash flow forecast over the going concern period to 31 March 2023 includes the BES 2 funding, the continued receipt of concession funding and Bus Services Support Grant levy. Having consulted with stakeholders, the directors consider that the Group and Company has a realistic prospect of securing and receiving the aforementioned funding.

Taking account of the continued Covid- 19 situation, and other relevant factors, the Directors conclude that it may adopt the going concern basis of accounting in preparing the financial statements, for a period of at least 12 months from the date of approval of this report.

#### **Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

#### **Consolidation**

The financial statements consolidate the financial statements of Cardiff City Transport Services Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.



# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**Year ended 31 March 2021**

### **3. ACCOUNTING POLICIES** *(continued)*

#### **Consolidation** *(continued)*

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Significant judgements**

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### **Funds on deposit**

Funds on deposit held as current assets include £2,111k (2020: £2,271k) held in escrow against future insured liabilities. The group expects to recover an element of this balance within one year of the balance sheet date, but as it is not possible to determine the value of the fund the company has a right to receive within this time period, the full balance is disclosed as a current asset.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**Year ended 31 March 2021**

### **3. ACCOUNTING POLICIES** *(continued)*

#### **Judgements and key sources of estimation uncertainty** *(continued)*

##### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### **Provision for insurance claims**

Provision is made for all known incidents for which there is self-insurance using a third party insurer's best estimate of the value of outstanding claims yet to be settled. The estimate is continually revised based on the claims history, the status of known claims and estimations of claims yet to be made. It can vary subject to third party activity in these areas.

Provision is also made, using a third party's best estimate of the value to settle a claim, for incidents that are above the Group's self-insurance cap.

Given the diversity of claim types, their size, the range of possible outcomes and the time involved in settling these claims, a material change could be required to the carrying value of claims provisions in the next financial year. These factors also make it impractical to provide sensitivity analysis on one single measure and its potential impact on overall insurance provisions.

The group's provision for insurance claims at the year-end is £913k (2020: £2,067k).

##### **Impairment testing**

The key sources of estimation uncertainty in relation to impairment of assets in CGUs relate to the cash flow forecasts including significant judgements in deciding what assumption to make regarding how the impact of the coronavirus pandemic might evolve over the coming months in our CGUs. In determining the fair value less cost to sell of the property plant and equipment the Directors considered the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and recorded an impairment to reflect the write down to the price expected to be achieved.

The Directors assessed the value in use of the property, plant and equipment to be lower than their carrying value in the balance sheet, but concluded that the carrying value was not lower than the fair value less costs to sell.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**Year ended 31 March 2021**

### **3. ACCOUNTING POLICIES *(continued)***

#### **Turnover**

Revenue is recognised when control of a good or service transfers to the customer. The point at which goods and services are transferred to the customer is based on the fulfilment of performance obligations. As the Group has the right to consideration corresponding directly with the value of performance completed to date, customer contract revenue is recognised consistent with the amount that the Group has a right to invoice. The Group is therefore exercising the practical expedient not to explain transaction prices allocated to unsatisfied performance obligations at the end of the reporting period.

Revenue is measured at the fair value of the consideration received or receivable and is derived from the provision of the passenger transport and other services falling within the company's ordinary activities after deduction of trade discounts and value added tax. Revenue is recognised in line with the period to which the service relates which is at a point in time when the service is provided, or over time in the case of a ticket that is more than one day.

Contract revenues are recognised as the services are provided over the length of the contract and based on a transactional price which is defined in the terms of the contract.

Property rental income is billed quarterly in advance and released to income on a monthly basis in accordance with the related contract. This is recognised as other operating income.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**Year ended 31 March 2021**

### **3. ACCOUNTING POLICIES** *(continued)*

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	40 years
Fixtures and fittings, plant and machinery	-	3 to 15 years on cost
Buses and motor vehicles	-	5 years on cost or 12 years on cost

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**Year ended 31 March 2021**

### **3. ACCOUNTING POLICIES *(continued)***

#### **Impairment of fixed assets *(continued)***

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

#### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

#### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

The Group's policy is to self-insure high frequency, low value claims within the business. In addition, there are typically a smaller number of more significant claims for which cover is obtained through third party insurance policies subject to an insurance excess. Provision is made for the estimated cost of settling uninsured claims for incidents occurring prior to the balance sheet date.

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS *(continued)***

**Year ended 31 March 2021**

### **3. ACCOUNTING POLICIES *(continued)***

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### **Defined benefit plans**

The company recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in profit or loss as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in profit or loss in the period in which they occur.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 31 March 2021

#### 3. ACCOUNTING POLICIES *(continued)*

##### Defined benefit plans *(continued)*

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in profit or loss.

##### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 4. TURNOVER

Turnover arises from:

	2021	2020 <i>(restated)</i>
	£000	£000
Rendering of services	10,910	32,440

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

#### 5. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2021	2020 <i>(restated)</i>
	£000	£000
Depreciation of tangible assets	1,727	2,057
Gains on disposal of tangible assets	(4)	(9)
Impairment of trade debtors	109	37
Furlough income	(3,649)	(37)
Bus Service Support Grant income	(1,517)	(1,603)
Bus Emergency Support income	(5,884)	-
Concession income	(7,880)	-
Economic Resilience Grant Fund income	(502)	-

The other operating income included in the accounts includes various government support arrangement in place during the Covid 19 pandemic including Bus Emergency Scheme (BES) and Furlough scheme. This support was to bridge the gap in income and costs due to lockdowns and reduced passenger numbers during the pandemic, and to ensure flexibility of our network to support key workers and essential travel in the city. The costs relating to this support that was previously included in costs of sales during normal operations has been transferred to operating costs in the 2020/21 accounts.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 6. AUDITOR'S REMUNERATION

	2021	2020 <i>(restated)</i>
	£000	£000
Fees payable for the audit of the financial statements	<u>21</u>	<u>115</u>

### 7. STAFF COSTS

The average number of persons employed by the group during the year, including the directors, amounted to:

	2021 No.	2020 No.
Administrative staff	62	60
Traffic staff	502	558
Engineering staff	<u>66</u>	<u>70</u>
	<u>630</u>	<u>688</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020 <i>(restated)</i>
	£000	£000
Wages and salaries	17,433	18,288
Social security costs	1,398	1,589
Other pension costs	<u>1,580</u>	<u>1,505</u>
	<u>20,411</u>	<u>21,382</u>

### 8. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020 <i>(restated)</i>
	£000	£000
Remuneration	327	341
Company contributions to defined contribution pension plans	<u>8</u>	<u>13</u>
	<u>335</u>	<u>354</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020 <i>(restated)</i>
	£000	£000
Aggregate remuneration	140	82
Company contributions to defined contribution pension plans	<u>-</u>	<u>3</u>
	<u>140</u>	<u>85</u>



# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 9. TAX ON PROFIT/(LOSS)

#### Major components of tax expense/(income)

	2021	2020 <i>(restated)</i>
	£000	£000
<b>Current tax:</b>		
Adjustments in respect of prior periods	(66)	–
<b>Deferred tax:</b>		
Origination and reversal of timing differences	408	(95)
<b>Tax on profit/(loss)</b>	<u>342</u>	<u>(95)</u>

#### Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(1,688,510) (2020: £(84,000)).

#### Reconciliation of tax expense/(income)

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020 <i>(restated)</i>
	£000	£000
Profit/(loss) on ordinary activities before taxation	12,671	(10,987)
Profit/(loss) on ordinary activities by rate of tax	2,408	(2,176)
Effect of expenses not deductible for tax purposes	118	32
Unused tax losses	–	2,100
Effect of tax rate changes	–	(62)
Adjustments in respect of prior periods corporation tax	(66)	–
Adjustments in respect of prior periods deferred tax	(2,128)	11
Non qualifying depreciation	10	–
<b>Tax on profit/(loss)</b>	<u>342</u>	<u>(95)</u>

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 10. TANGIBLE ASSETS

Group and company	Freehold property Freehold land and buildings £000	Plant and machinery Fixtures, fittings, plant and equipment £000	Motor vehicles Buses and motor vehicles £000	Total £000
<b>Cost</b>				
At 1 April 2020 (as restated)	5,150	6,880	34,697	46,727
Additions	–	72	140	212
Disposals	–	–	(1,771)	(1,771)
Other movements	–	–	(18)	(18)
<b>At 31 March 2021</b>	<b>5,150</b>	<b>6,952</b>	<b>33,048</b>	<b>45,150</b>
<b>Depreciation</b>				
At 1 April 2020	650	6,880	33,332	40,862
Charge for the year	101	361	1,265	1,727
Disposals	–	–	(1,761)	(1,761)
Reversal of impairment losses	(44)	(855)	(4,500)	(5,399)
Other movements	–	–	(18)	(18)
<b>At 31 March 2021</b>	<b>707</b>	<b>6,386</b>	<b>28,318</b>	<b>35,411</b>
<b>Carrying amount</b>				
<b>At 31 March 2021</b>	<b>4,443</b>	<b>566</b>	<b>4,730</b>	<b>9,739</b>
At 31 March 2020	4,500	–	1,365	5,865

The Group reviews property, plant and equipment at each reporting period end for indicators of impairment. Where indicators of impairment are identified, the recoverable amounts of the cash-generating units ('CGU') are determined from the higher of fair value less cost to sell and value in use calculations. The recoverable amount was compared to the assets' carrying values at 31 March 2021. For the purpose of the impairment review, the business is considered to be one cash generating unit.

The review resulted in the reversal of £5.399m of the impairment charge recognised in March 2020, as part of the Directors' review of the cash generating unit. The circumstance that have led to this reversal were the:

- Bus Emergency Scheme Funding agreement which was not in place at March 2020 which provides secure income up to July 2022;
- introduction of a new electric bus fleet providing future income beyond the life of the old diesel buses; and
- restructure of the business which will result in lower future operating costs.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 10. TANGIBLE ASSETS *(continued)*

#### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group and company	Motor vehicles Buses and motor vehicles £000
At 31 March 2021	3,277
At 31 March 2020	1,365

### 11. INVESTMENTS

The group has no investments.

Company	Shares in group undertakings £000
Cost	
At 1 April 2020 as restated and 31 March 2021	1
Impairment	
At 1 April 2020 as restated and 31 March 2021	-
Carrying amount	
At 1 April 2020 and 31 March 2021	1
At 31 March 2020	1

#### Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Registered office	Class of share	Percentage of shares held
Vale Busline Limited	Leckwith Depot and Offices Sloper Road Leckwith Cardiff CF11 8TB	Ordinary	100

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 12. STOCKS

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Stock	<u>476</u>	<u>442</u>	<u>476</u>	<u>442</u>

### 13. DEBTORS

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Trade debtors	124	507	124	507
Amounts owed by group undertakings	371	–	371	25
Deferred tax asset	1,280	714	1,280	714
Prepayments and accrued income	26	–	26	–
Other debtors	<u>2,955</u>	<u>3,647</u>	<u>2,955</u>	<u>3,647</u>
	<u>4,756</u>	<u>4,868</u>	<u>4,756</u>	<u>4,893</u>

### 14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	2021	2020 <i>(restated)</i>
	£000	£000
Cash at bank and in hand	12,590	81
Bank overdrafts	<u>(164)</u>	<u>(14)</u>
	<u>12,426</u>	<u>67</u>

### 15. CREDITORS: amounts falling due within one year

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Bank loans and overdrafts	164	1,514	164	1,514
Trade creditors	336	614	385	662
Amounts owed to group undertakings	–	5	2	5
Corporation tax	–	1	–	1
Social security and other taxes	306	358	306	358
Obligations under finance leases and hire purchase contracts	<u>1,226</u>	<u>1,352</u>	<u>1,226</u>	<u>1,352</u>
Other creditors	<u>1,930</u>	<u>756</u>	<u>1,929</u>	<u>756</u>
	<u>3,962</u>	<u>4,600</u>	<u>4,012</u>	<u>4,648</u>

Included within creditors due within one year is a balance of £1,226k (2020: £1,352k) relating to finance leases secured on the assets to which they relate.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 31 March 2021

#### 16. CREDITORS: amounts falling due after more than one year

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts	1,089	2,340	1,089	2,340
Other creditors	1,500	–	1,500	–
	<u>2,589</u>	<u>2,340</u>	<u>2,589</u>	<u>2,340</u>

Included within creditors due over one year is a balance of £1,089k (2020: £2,340k) relating to finance leases secured on the assets to which they relate.

#### 17. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Not later than 1 year	1,251	1,448	1,251	1,448
Later than 1 year and not later than 5 years	1,103	2,354	1,103	2,354
	<u>2,354</u>	<u>3,802</u>	<u>2,354</u>	<u>3,802</u>
Less: future finance charges	(39)	(110)	(39)	(110)
Present value of minimum lease payments	<u>2,315</u>	<u>3,692</u>	<u>2,315</u>	<u>3,692</u>

#### 18. PROVISIONS

Group and company	Deferred tax (note 19) £000	Insurance provision £000	Total £000
At 1 April 2020 (as restated)	714	2,067	2,781
Unused amounts reversed	(714)	–	(714)
Movement in the year	–	(1,154)	(1,154)
<b>At 31 March 2021</b>	<u>–</u>	<u>913</u>	<u>913</u>

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 19. DEFERRED TAX

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

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Included in debtors (note 13)	1,280	714	1,280	714
Included in provisions (note 18)	—	(714)	—	(714)
	<u>1,280</u>	<u>—</u>	<u>1,280</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Accelerated capital allowances	(45)	63	(45)	63
Revaluation of tangible assets	—	(714)	—	(714)
Unused tax losses	975	—	975	—
Pension plan obligations	17	520	17	520
Deferred tax - other timing differences	333	131	333	131
	<u>1,280</u>	<u>—</u>	<u>1,280</u>	<u>—</u>

### 20. EMPLOYEE BENEFITS

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £321,396 (2020: £340,113).

# **CARDIFF CITY TRANSPORT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**Year ended 31 March 2021**

### **20. EMPLOYEE BENEFITS** *(continued)*

#### **Defined benefit plans**

##### **Group and Company**

During the year the company operated its own pension scheme, the Cardiff City Transport Services Limited Pension Scheme, as well as contributing to the Cardiff and Vale of Glamorgan Pension Fund on behalf of employees who were formerly employed by The City of Cardiff Council Transport Department. Both schemes provide benefits based on final pensionable pay and the assets of the schemes are held separately from those of the company. Company contributions are determined by a qualified actuary on the basis of triennial valuations.

The schemes were:

##### **Cardiff City Transport Services Limited Pension Scheme**

Since June 2001, the Cardiff City Transport Services Limited Pension Scheme (defined benefit section) has been closed to new members and also to future accrual. The defined contribution section closed to new entrants from April 2013, from which date a money purchase section was introduced. This closed to new members in July 2013.

The most recent actuarial valuation of the Cardiff City Transport Services Limited Pension Scheme, as required under section 224(2)(a) of the Pensions Act 2014, was carried out as at 31 March 2018. For the purpose of the valuation of the defined benefit section, it was assumed that the investment returns on assets prior to pension liabilities coming into payment will be 0.85% per annum higher than the rate of future annual wage and salary growth and 0.85% per annum higher than the rate of future retail price inflation. The investment returns for pension liabilities once in payment was assumed to be 0.15% lower than the rate of future retail price inflation.

The defined benefit schemes are administered by a separate fund that is legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy regarding the assets of the fund.

##### **Cardiff City Transport Services Limited - Defined Contribution Scheme**

The defined contribution scheme carries a minimum guaranteed return and accordingly the scheme assets and liabilities are accounted for by the company.

##### **Cardiff and Vale of Glamorgan Pension Fund**

Cardiff Bus also participated in the Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary.

The latest complete minimum funding requirement valuation of the Cardiff and Vale of Glamorgan Pension Fund was made as at 31 March 2019.

The result of this valuation revealed that the company's required contributions to this scheme in respect of its employees who are members will be 25.4% of pensionable pay from 1 April 2017 continuing into 2019/20.

The most recent completed valuation was carried out as at 31 March 2019, and has been updated by independent actuaries to the Cardiff and Vale of Glamorgan Pension Fund (the Fund) to take account of the requirements of FRS102 in order to assess the liabilities of the Fund as at 31 March 2019. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 31 March 2021

#### 20. EMPLOYEE BENEFITS *(continued)*

The contribution rates certified for the company at the 31 March 2019 valuation are 25.4% of pensionable pay. These figures include the past service element of the contribution rate.

The scheme is now closed to the company's employees and the company's condition of continued participation is to pay contributions as required.

#### Events in the year

During the year the company's responsibility to these schemes altered as follows: In respect of

The Cardiff City Transport Services Limited Pension Scheme; and Cardiff City Transport Services Limited - Defined Contribution Scheme

On the 17 February 2021 the company entered into flexible apportionment arrangement relating to the these schemes with its parent company, The County Council of the City and County of Cardiff. The company ceased to be an employer in the scheme and the entirety of the Company's liabilities under the scheme were apportioned to Cardiff City Council. The Council became the Scheme's principal employer and sole statutory employer. The company also entered into a deed of agreement with Cardiff City Council which required it to reimburse the Council for all ongoing scheme payments under the schedule of contributions. At 31 March 2021 the schedule of contributions due under the deed of agreement was £1,750,000 payable at £250,000 per annum in equal monthly instalments until 31 March 2028.

The Cardiff and Vale of Glamorgan Pension Fund

On the 17 February 2021 the company entered into deed of agreement relating to the Cardiff City Transport Services Limited pension schemes with its parent company, The County Council of the City and County of Cardiff. The Deed confirmed the subsumption of the Cardiff City Transport Services Limited Local Government Pension Scheme (LGPS) pension liabilities as part of the Council's LGPS liabilities as originally intended on the creation of the Company in 1986. As part of the agreement the company agreed to pay Cardiff Council the deductions from the remuneration paid to each active employee and employer contributions that would be payable by the Company under the LGPS Regulations if it were admitted to the LGPS in respect of active employees.

The effect of these changes is summarised as:

	£,000
Net assets transferred	304
Net liabilities transferred	(8,587)
Future liability for schedule of contributions	1,750
Credit to the profit and loss account	<u>(6,533)</u>

The amounts recognised in the balance sheet are as follows:

	2021	2020 <i>(restated)</i>
	£000	£000
Defined benefit pension plan asset	—	5,632
Defined benefit pension plan liability	—	(8,372)
Net defined benefit liability	<u>—</u>	<u>(2,740)</u>



# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 20. EMPLOYEE BENEFITS *(continued)*

The balance sheet net defined benefit liability is determined as follows:

	Cardiff City Transport Services Limited Pension Scheme £000	Cardiff City Transport Services Limited - Defined Contribution Scheme £000	Cardiff and Vale of Glamorgan Pension Fund £000	Total £000
<b>At 31 March 2021</b>				
Present value of defined benefit obligations	-	-	-	-
Fair value of plan assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 March 2020</b>				
Present value of defined benefit obligations	(36,158)	(12,489)	(35,180)	(83,827)
Fair value of plan assets	41,790	12,337	26,963	81,090
	<u>5,632</u>	<u>(152)</u>	<u>(8,217)</u>	<u>(2,737)</u>

Changes in the present value of the defined benefit obligations are as follows:

	Cardiff City Transport Services Limited Pension Scheme £000	Cardiff City Transport Services Limited - Defined Contribution Scheme £000	Cardiff and Vale of Glamorgan Pension Fund £000	Total £000
At 1 April 2020 as restated	36,158	12,489	35,180	83,827
Current service cost	-	-	110	110
Interest expense	719	271	790	1,780
Benefits paid	(1,520)	-	(1,740)	(3,260)
Contributions by plan participants	-	-	20	20
Transfer to parent	(40,435)	(13,595)	(37,650)	(91,680)
Remeasurements:				
Actuarial gains and losses	5,078	835	3,290	9,203
<b>At 31 March 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 31 March 2021

#### 20. EMPLOYEE BENEFITS *(continued)*

Changes in the fair value of plan assets are as follows:

	Cardiff City Transport Services Limited Pension Scheme £000	Cardiff City Transport Services Limited - Defined Contribution Scheme £000	Cardiff and Vale of Glamorgan Pension Fund £000	Total £000
At 1 April 2020 as restated	41,790	12,337	26,960	81,087
Interest income	–	268	600	868
Benefits paid	(1,520)	–	(1,740)	(3,260)
Contributions by employer	404	–	60	464
Contributions by plan participants	–	–	20	20
Administration costs	(687)	–	–	(687)
Transfer to parent	(40,739)	(12,308)	(30,350)	(83,397)
Remeasurements:				
Actuarial gains and losses	(79)	(297)	4,450	4,074
Return on plan assets, excluding amount included in interest income	831	–	–	831
<b>At 31 March 2021</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

The total costs for the year in relation to defined benefit plans are as follows:

	Cardiff City Transport Services Limited Pension Scheme £000	Cardiff City Transport Services Limited - Defined Contribution Scheme £000	Cardiff and Vale of Glamorgan Pension Fund £000	Total £000
<b>At 31 March 2021</b>				
Recognised in profit or loss:				
Current service cost	–	–	110	110
Net interest income	112	(3)	(190)	(81)
Administration costs	(687)	–	–	(687)
	<b>(575)</b>	<b>(3)</b>	<b>(80)</b>	<b>(658)</b>
Recognised in other comprehensive income:				
Remeasurement of the liability:				
Actuarial gains and losses	(5,157)	(1,132)	1,160	(5,129)

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 20. EMPLOYEE BENEFITS *(continued)*

	Cardiff City Transport Services Limited Pension Scheme £000	Cardiff City Transport Services Limited - Defined Contribution Scheme £000	Cardiff and Vale of Glamorgan Pension Fund £000	Total £000
<b>At 31 March 2020</b>				
Recognised in profit or loss:				
Current service cost	-	-	110	110
Net interest income	43	(15)	(90)	(62)
Administration costs	(534)	-	-	(534)
	<u>(491)</u>	<u>(15)</u>	<u>20</u>	<u>(486)</u>
Recognised in other comprehensive income:				
Remeasurement of the liability:				
Actuarial gains and losses	3,753	539	(4,360)	(68)

The fair value of the major categories of plan assets are as follows:

	Cardiff City Transport Services Limited Pension Scheme		Cardiff and Vale of Glamorgan Pension Fund		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Equity instruments	-	-	-	17,874	-	17,874
Property	-	-	-	4,260	-	4,260
Cash and cash equivalents	-	12,671	-	377	-	13,048
Diversified growth funds	-	7,996	-	-	-	7,996
Bonds	-	21,124	-	4,421	-	25,545
Other	-	-	-	28	-	28
	<u>-</u>	<u>41,791</u>	<u>-</u>	<u>26,960</u>	<u>-</u>	<u>68,751</u>

The principal actuarial assumptions as at the balance sheet date were:

	Cardiff City Transport Services Limited Pension Scheme		Cardiff and Vale of Glamorgan Pension Fund	
	2021 %	2020 %	2021 %	2020 %
Discount rate	-	2.20	-	2.30
Expected rate of salary increase	-	2.70	-	3.10
Expected rate of increase in pensions	-	1.70	-	201.00
Mortality rates:				
Current pensioners at 65 - male	-	84.70	-	87.20
Current pensioners at 65 - female	-	86.60	-	89.60
Future pensioners at 65 - male	-	85.80	-	88.20
Future pensioners at 65 - female	-	87.80	-	91.00

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 21. GOVERNMENT GRANTS

The amounts recognised in the financial statements for government grants are as follows:

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Recognised in accruals and deferred income:				
Deferred government grants due within one year	127	–	127	–
Deferred government grants due after more than one year	5,570	–	5,570	–
	<u>5,697</u>	<u>–</u>	<u>5,697</u>	<u>–</u>

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 31 March 2021

#### 22. TRANSITION TO FRS102

These are the first financial statements that comply with FRS 102 and consequently these accounts for the year ended 31 March 2020 have been restated. The group and company transitioned to FRS 102 on 1 April 2019.

#### Group Reconciliation of equity

	At 1 April 2019			At 31 March 2020		
	As previously stated £,000	Effect of transition £'000	FRS102 £'000	As previously stated £'000	Effect of transition £'000	FRS102 (as restated) £'000
Fixed assets	19,302	(448)	18,854	5,865	-	5,865
	19,302	(448)	18,854	5,865	-	5,865
Stock	328	-	328	442	-	442
Debtors	4,425	-	4,425	4,866	-	4,866
Cash at hand	-	-	-	66	-	66
	4,753	-	4,753	5,374	-	5,374
Creditors - under 1 year	(7,217)	46	(7,171)	(6,654)	55	(6,599)
Creditors - over 1 year	(4,439)	446	(3,993)	(3,426)	411	(3,015)
Provisions	(833)	-	(833)	(714)	-	(714)
Pension scheme assets	1,929	-	1,929	5,632	-	5,632
Pensions scheme liabilities	(4,413)	-	(4,413)	(8,372)	-	(8,372)
Net assets/(liabilities)	9,082	44	9,126	(2,295)	466	(1,829)
Share capital	4,618	-	4,618	4,618	-	4,618
Revaluation reserve	3,149	-	3,149	3,197	-	3,197
Profit and loss reserves	1,315	44	1,359	(10,110)	466	(9,644)
	9,082	44	9,126	(2,295)	466	(1,829)

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 31 March 2021

#### 22. TRANSITION TO FRS102 *(continued)*

##### Group and company Reconciliation of profit or loss for the year

		Year ended 31 March 2020	
	As previously stated £,000	Effect of transition £'000	FRS102 (as restated) £'000
Turnover	32,440	-	32,440
Cost of sales	(30,752)	57	(30,695)
	<hr/>	<hr/>	<hr/>
	1,688	57	1,745
Administration expenses	(1,526)	60	(1,586)
Impairment of fixed assets	(11,860)	448	(11,412)
Other operating income	527	-	527
	<hr/>	<hr/>	<hr/>
	(11,171)	445	(10,726)
Interest payable	(282)	21	(261)
	<hr/>	<hr/>	<hr/>
Profit before tax	(11,453)	466	(10,987)
Tax on profits	95	-	95
	<hr/>	<hr/>	<hr/>
Profit after tax	(11,358)	466	(10,892)

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2021

### 22. TRANSITION TO FRS102 *(continued)*

#### Company Reconciliation of equity

	At 1 April 2019			At 31 March 2020		
	As previously stated £,000	Effect of transition £'000	FRS102 £'000	As previously stated £'000	Effect of transition £'000	FRS102 (as restated) £'000
Fixed assets	19,284	(448)	18,836	5,865	-	5,865
Investments	1	-	1	1	-	1
	<u>19,285</u>	<u>(448)</u>	<u>18,837</u>	<u>5,866</u>	<u>-</u>	<u>5,866</u>
Stock	328	-	328	442	-	442
Debtors	4,381	-	4,381	4,892	-	4,892
Cash at hand	-	-	-	40	-	40
	<u>4,709</u>	<u>-</u>	<u>4,709</u>	<u>5,374</u>	<u>-</u>	<u>5,374</u>
Creditors - under 1 year	(7,205)	46	(7,159)	(6,703)	55	(6,648)
Creditors - over 1 year	(4,439)	446	(3,993)	(3,427)	411	(3,016)
Provisions	(833)	-	(833)	(714)	-	(714)
Pension scheme assets	1,929	-	1,929	5,632	-	5,632
Pensions scheme liabilities	(4,413)	-	(4,413)	(8,372)	-	(8,372)
Net assets/(liabilities)	<u>9,033</u>	<u>44</u>	<u>9,077</u>	<u>(2,344)</u>	<u>466</u>	<u>(1,878)</u>
Share capital	4,618	-	4,618	4,618	-	4,618
Revaluation reserve	3,149	-	3,149	3,197	-	3,197
Profit and loss reserves	<u>1,266</u>	<u>44</u>	<u>1,310</u>	<u>(10,159)</u>	<u>466</u>	<u>(9,693)</u>
	<u>9,033</u>	<u>44</u>	<u>9,077</u>	<u>(2,344)</u>	<u>466</u>	<u>(1,878)</u>

The last financial statements prepared under FRS 101 were for the year ended 31 March 2020. The changes in accounting policies applied for the adoption of FRS102 were as follows:

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 31 March 2021

#### 22. TRANSITION TO FRS102 *(continued)*

##### Right of use assets

Under previous FRS 101 the group was required to apply IFRS 16. Under the policy the company capitalised operating leases as right to use assets with a relevant lease liability on the balance sheet. On transition to FRS 102 the group has removed these capitalised right to use assets and their respective liability. In the balance sheet the current liabilities and long term liabilities have reduced by £55k and £411k respectively. The loss for the period to 31 March 2019 has decreased by £466k which is due to a decrease in the fixed asset impairment of £448k, decrease in depreciation of £69k, increase in costs of £48k and a decrease in interest of £21k.

Reconciliations of profit and loss, for the year ended 31 March 2020, and total equity, at 1 April 2019 and 31 March 2020, between FRS101 as previously reported and FRS 102 are set out above.

#### 23. CALLED UP SHARE CAPITAL

##### Issued, called up and fully paid

	2021		2020 <i>(restated)</i>	
	No.	£000	No.	£000
Ordinary shares of £1 each	11,618,100	11,618	4,618,100	4,618

In March 2021, the company issued 7,000,000 £1 shares in return for £7m in cash. The proceeds were used to repay the bank loan in full and the remaining proceeds used to fund the business' costs.

#### 24. RESERVES

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

#### 25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£000	£000	£000
Cash at bank and in hand	81	12,509	12,590
Bank overdrafts	(14)	(150)	(164)
Debt due within one year	(2,857)	1,631	(1,226)
Debt due after one year	(2,340)	1,251	(1,089)
	<u>(5,130)</u>	<u>15,241</u>	<u>10,111</u>



# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### Year ended 31 March 2021

#### 26. OPERATING LEASES

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

	2021	Group 2020 <i>(restated)</i>	2021	Company 2020 <i>(restated)</i>
	£000	£000	£000	£000
Not later than 1 year	108	108	108	108
Later than 1 year and not later than 5 years	336	372	336	372
Later than 5 years	156	228	156	228
	<u>600</u>	<u>708</u>	<u>600</u>	<u>708</u>

#### 27. RELATED PARTY TRANSACTIONS

##### Group

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £450,121 (2020: £419,853).

##### Company

The City of Cardiff Council is a related party as it is the Company's 100% shareholder.

During the year, the company received £9,843,590 (2020: £9,471,000) from The City of Cardiff Council £9,082,849 of which was received under the WAG Across Wales Over 60 Free Travel scheme (2020: £8,564,000) which is receipt for provision of concession services for customers over the age of 60. The company incurred trading expenses of £298,659 (2020: £319,000), which included payments for rates, and other costs. At 31 March 2021, there was a balance of £474,000 (2020: £5,000) owed to The City of Cardiff Council and a balance of £1,000,000 (2020: £164,000) owed from Cardiff City Transport Services Limited.

#### 28. CONTROLLING PARTY

The immediate and ultimate controlling party is Cardiff Council.

The smallest and largest undertaking for which the company is a member and for which group financial statements are prepared is Cardiff Council. The consolidated financial statements are available to the public from Cardiff Council, County Hall, Atlantic Wharf, Cardiff CF10 4UW.

Both Cardiff City Transport Services Limited is registered at Leckwith Depot and Offices, Sloper Road, Leckwith, Cardiff CF11 8TB.