

Reading Transport Limited

Report and Consolidated Financial Statements

Year Ended

23 September 2018

Company Number 02004963

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COMPANIES HOUSE

Reading Transport Limited

Company Information

Directors	Mr D Sutton (Chair) Mr A Pettitt Ms C Anscombe Mr M Adams Mr F Connolly Mr K Moffatt Mrs J Stanford-Beale Mr P Woodward Ms T Thomas Mr M Townend Mr R Williams
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Company secretary	Mr A Pettitt
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Registered number	02004963
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Registered office	Great Knollys Street Reading Berkshire RG1 7HH
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Independent auditor	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX
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Reading Transport Limited

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Reading Transport Limited

Group Strategic Report For the Year Ended 23 September 2018

The directors present their group strategic report together with the audited consolidated financial statements for the year ended 23 September 2018.

Principal activities

The main activities of the group remain:

(a) the provision of local bus services within the greater Reading and Newbury areas and on strategic corridors in the wider travel-to-work area; and

(b) the provision of vehicles and drivers for private hire and regular contract work.

In the directors' opinion these activities comprise only one class of business.

Review of business and future developments

The year was a period of accelerating regional network development for Reading Transport Limited "the company". The underlying trading conditions for public transport operations continued to improve with growth in the local economy but at the same time, the overall increase in demand for travel by all modes brought further evidence of the corrosive effect of congestion in deteriorating journey times on key corridors. The company again secured a growing modal share, as measured by independent cordon surveys in Reading, ensuring that passenger numbers increased by more than the base level of economic demand. Previous investment in supporting front-line service operation and developer-funded service enhancements once again enabled delivery of an overall growth in turnover. Passenger journeys on the overall network increased by 0.65m trips, up 2.5% year on year and revenue on all routes was up £2.47m (+7.6%). Revenues on the core network marginally increased (by 0.1%) although passenger numbers fell by 2.6% reflecting the withdrawal of some services and reductions in concessionary travel validity.

Congestion on the highway network has continued to have a significant impact on service delivery, as well as increasing the cost of service recovery during disruption. Lost mileage has, for most of the year, been kept very low and punctuality overall has been in line with the Traffic Commissioner's current guideline limits. The continuing commitment of the drivers and the network control team has helped to mitigate the worst effects of this disruption on our customers.

Only relatively minor changes to our core services were implemented in September 2017. These included the extension of the Leopard to Bracknell to serve the new Lexicon shopping centre, later evening journeys on the Lion 4/X4, also responding to the Lexicon and associated increased night time economic activity in the town, and changes to our school bus services to better reflect demand and more closely align them with our mainstream bus network. An interim contract for Woodley community services was awarded to us by Wokingham Borough Council in September 2017.

In line with the previously approved fleet replacement strategy new buses were introduced on the Purple 17 in December 2017 (17 x ADL E400CNG dual-door, double deck buses, bringing the total number of gas-powered vehicles in our fleet to 62). The introduction of these additional gas vehicles was supported by the commissioning of an expanded and relocated gas compression facility (the "Station in the Sky") which was installed above the link road between the east and west parking yards at Great Knollys Street, at the northern end of the workshop buildings. The new vehicles triggered a cascade of re-powered and re-furbished buses across the fleet (in part dealing with the hybrid warranty issue previously reported) that has continued throughout the year. Our objective remains to replace approximately 10% of the front-line fleet each year, in order to maintain the average age of the vehicles deployed on the core services at around five years. This approach includes the concurrent refurbishment of mid-life vehicles enabling us to deliver two tranches of route upgrades whenever new vehicles are brought into the fleet.

Reading Transport Limited

Group Strategic Report (continued) For the Year Ended 23 September 2018

Review of business and future developments *(continued)*

The 2017/18 financial year was a period of rapid development for the Company. Significant network changes implemented in the year included:

- Introducing the Leopard shuttle service to Thames Valley Science Park (October 2017);
- Taking over operation of First in Berkshire's Green Line 702 "coach-class" local bus service between Bracknell and London Victoria in December 2017;
- Award of emergency contracts to secure other services being withdrawn by First in Slough and Windsor (with an additional short-lived commercial operation – Service 2 - between Windsor & Slough) from January 2018;
- Establishing a low-cost out-station for the new Slough operation (branded as Thames Valley Buses);
- The difficult implementation of route revisions and frequency reductions to the Caversham (Pink) routes in February 2018, after extended consultation;
- Acquisition from Stagecoach of part of Route 7 between Fleet and Reading (introduced April 2018);
- Modification of Green Line services to create a Bracknell-Heathrow (703) service, with a residual tourist Windsor-London route 702, in May 2018;
- Launch of the Henley Town Service (contract awarded by the Town Council) in August 2018;
- Re-launch of the supported Woodley services branded "little oranges" from the beginning of September 2018 under a new substantive contract with Wokingham Borough Council;
- A further round of revisions to Caversham services, to help bring costs into line with the revenue being achieved, from September 2018;
- Relaunch of Route 7 as "tiger 7" from September 2018;
- Launching the operation of the Woking 925 RailAir service, under contract to National Express, from September 2018; and
- The acquisition of local bus operator Newbury & District Ltd in September 2018.

Whilst underlying trading conditions remained relatively stable, and the significant increases in patronage previously in evidence across most parts of the core commercial network continued, the year also saw significant one-off costs associated with mobilisation of the new routes. As services were adjusted, and new routes introduced, at various points throughout the year, a substantial overhead in terms of planning and marketing activity was incurred, although by year-end the new routes were cumulatively making a positive contribution to the financial position. Taken together with the late conclusion of pay negotiations (and the subsequent back-dating of the pay award) which resulted in a delay to the implementation of some of the management actions planned to offset rising wage costs and the substantial cost of maintaining additional resource to deliver timetables during Q2, when congestion and roadworks were at the worst, it was a challenging year.

Longer-term investments, particularly the supported services south of the M4 and on the A33 corridor, have continued to develop as anticipated.

The migration to longer period smartcard products, and the advances in ticketing technology, mobile phone payment applications and contactless bank card acceptance, all continue to play their part in improving boarding times. The first sections of Red Route in Reading were introduced in February 2018 and will eventually cover the full length of the Purple 17, also helping to improve journey times on that corridor. Our mobile phone app, which supports journey planning, ticket purchase and provides real time information, was re-launched on a more robust platform during the year.

Acquisition of Newbury & District Ltd increased establishment by 33 full time equivalent staff. Other staff joined the business during the year as service levels outside the core area increased adding a further 24 employees. Despite difficult operating conditions high levels of customer satisfaction are still being reported in independent surveys, a direct outcome of the award-winning work of the Academy in preparing new drivers.

Reading Transport Limited

Group Strategic Report (continued) For the Year Ended 23 September 2018

Review of business and future developments *(continued)*

In challenging circumstances, with a lot of fleet movement and refurbishment to accommodate, The Engineering team has continued to deliver good levels of bus availability, although the progress made previously in reducing the number of road calls has not been maintained this year. The company continues to support and maintain high-profile vehicles on behalf of other operators utilising spare capacity in the workshop.

Digital communications offer a fast and effective way of informing our customers of the status of our services during periods of traffic disruption and adverse weather and we continue to refine messaging and provide updates 24/7. Our commitment remains to providing comprehensive digital information to customers via an improved website and mobile applications and through the established social media channels such as Facebook and Twitter. Work on the new website and integrating the mobile phone application to deliver better information on our services is still being progressed and now relies on a single, consolidated data source for all channels, ensuring the consistency of customer messaging.

The company continues to be recognised as an outstanding operator at a national level and in 2018 was shortlisted and/or successful in the following awards:

Award title	Category	Result
Nat West Venus Awards Thames Valley	Marketing & PR (Nikki Ball)	WON
Nat West Venus Awards National	Marketing & PR (Nikki Ball)	Finalist
Reading Cultural Awards	Business Champion of the Arts	WON
CILT Annual Awards for Excellence	Diversity Champion	Shortlisted
routeOne Operators Excellence Awards	Operator Training Award	Shortlisted
routeOne Operators Excellence Awards	Best Use of Technology	Shortlisted
routeOne Operators Excellence Awards	Environment Award	Shortlisted
routeOne Operators Excellence Awards	Large Bus Operator of the Year	Shortlisted
routeOne Operators Excellence Awards	Manager of the Year (Dan Bassett)	Shortlisted
routeOne Operators Excellence Awards	Engineer of the Year (John Bickerton)	Shortlisted
Pride of Reading Awards	Smile of the Year	Shortlisted
UK Bus Awards	Bus & the Community	Finalist
UK Bus Awards	Innovation in Road Safety	Silver Award
UK Bus Awards	Top Shire Operator	Silver Award
European Diversity Awards	Company of the Year	Shortlisted

Reading Transport Limited

Group Strategic Report (continued) For the Year Ended 23 September 2018

Review of business and future developments *(continued)*

The two defined benefit pension schemes have been less of a source of balance sheet volatility in recent years but remain a substantial P&L cost burden. It is still the case that factors outside of the company's and the Trustees' control, such as movements in bond yields and long-term inflation forecasts, can lead to large, short-term fluctuations in the pension schemes' estimated asset values and liabilities.

As at the accounting disclosure valuation (September 2018) the Company's proportion of the Local Government Pension Scheme funding deficit had improved at £17.78m (£19.70m twelve months ago). There has however been a steady uplift in the additional payments required as part of the original 30-year recovery plan to eliminate this deficit. Payroll contributions being made by the Company are currently 21.5% overall, with additional contributions in the current recovery plan of £487,000 for 2018/19 and £604,000 in 2019/20, rising to £643,000 in 2020/21. On the current schedule additional contribution levels are expected to increase annually, peaking at £1.4m pa at the end of the recovery plan in 2039/40.

The actuarial assessment of the funding position of the Reading Transport Staff Retirement Scheme at the company's year-end, on a formal FRS102 disclosure basis, showed that the value of that scheme's assets continued to exceed liabilities (that is, on the limited terms of an FRS102 disclosure, the scheme was fully funded). Based on the assessed present value of funded obligations of £50.98m and a fair value of fund assets of £58.39 there was a balance sheet surplus of £7.41m. The Trustee has agreed a self-sufficiency target for future funding levels with an expectation of reasonable additional contributions from the Company. Recovery contributions will continue to be made by the Company on a declining basis as the LGPS payments increase and are currently set at a base level of £222,000 per annum with provision for administration expenses to be met and for further performance-related additional contributions to be made each year.

The result for the year was a net loss after taxation of £82,000 (2017 - profit £74,000). One-off costs incurred in the year (congestion mitigation, delays in opening a town centre driver facility to reduce walk time payments, mobilisation of new routes) have all had an impact on financial performance.

However, with steady increases forecast in customer numbers and passenger revenues, particularly outside of the core operating area, and robust management action to eliminate the prior year one-off cost pressures, the outlook for Reading Transport Limited in 2018/19 is more encouraging.

Subsequent events

A further acquisition was completed after the year end. In April 2019 the company acquired 100% of the share capital of three associated Courtney Buses businesses, Courtney Coaches Ltd, Courtney ATF Centre Ltd and Courtney Bodyworks Ltd, for a consideration of £4.7m. Courtney Buses began trading in 1973 and has 60 vehicles and 109 driving staff providing local bus and school/corporate contract services across the Wokingham, Bracknell, Windsor & Maidenhead and Slough areas.

Risks and uncertainties faced by the company

Congestion and road works

This has been a growing problem in 2017/18 with additional vehicles being added to cycles to maintain reliable service delivery. Increasing local economic activity brings with it a rising demand for travel by all modes and consequently greater congestion on a fixed capacity road network. This, coupled with the impact of essential or emergency street-works, has made it progressively more difficult for the company to operate services to timetable. Understandably this inefficiency increases costs, reduces reliability and punctuality, increases journey times and, in the longer term, discourages bus use.

The resources available to local councils to deal with these effects on the highway network are severely constrained but we will continue to work with local transport authority Network Managers to identify and wherever possible address short- and longer-term sources of congestion on our network and secure future operational performance through the provision and extension of bus lanes, bus gates and selective detection at signalised junctions.

Reading Transport Limited

Group Strategic Report (continued) For the Year Ended 23 September 2018

Risks and uncertainties faced by the company (*continued*)

Competitive pressures

We seek to address the impact of the prime competitive threat by focusing on making bus travel a viable alternative to the car and have continued to work with local authorities to introduce bus priority measures and supporting infrastructure changes that reduce journey times and improve reliability wherever possible. We are working hard to promote the environmental and economic benefits of public transport travel. We also acknowledge the potential for on-the-road bus competition on some parts of our network. Where this has been encountered in the past we have responded with a quality based offer but each incidence will be assessed on its merit and an appropriate strategy will be deployed. Maintaining a comprehensive network in the core area provides some protection against competitive operations.

Fuel costs

Historically fuel costs have represented around 8% of operating costs but have been significantly lower in recent years. Open market diesel prices have now reverted to their pre-2014 levels. The company continuously monitors the movement in oil and gas prices and will contract to secure its future fuel requirement at favourable prices where market conditions indicate that this is viable. Diesel prices for 2017/18 were hedged to ensure a stable and predictable cost base and this approach will continue in future years. Biomethane for gas buses is secured through a long-term contract.

Customer expectations

Revenues are at risk if the company does not maintain or exceed the level of service expected by customers and our strong focus on customer service in driver recruitment and training and the commitment to high vehicle standards ensures that we continue to meet customer expectations. Changes in economic activity show a direct correlation with passenger numbers and hence operational requirements. While we will always aim to modify our services to meet revealed and predicted demand, introducing longer-term strategic network enhancements where supported by developers, there is often a time lag before we can respond to any trends. The strategic approach of investing in growing routes and increasing service frequencies where possible within existing or supported resource constraints is intended to ensure that the available peak hour seating grows in line with demand on core or emerging market corridors. Even short periods of insufficient seating capacity can have a disproportionate negative impact on customer perceptions.

Staffing

The company has not yet experienced any difficulty in attracting and retaining suitable staff and has so far been able to respond to operational needs. In the case of driver recruitment this is helped by targeting experienced service or retail sector trainees rather than appointing existing vocational licence holders. The company maintains a waiting list of applicants broadly equivalent to a year's recruitment and training requirement based on historic levels of staff turnover.

Where staff have transferred into the business time has been taken to ensure that they have suitable induction training. This will be particularly relevant in future where we are integrating subsidiary operations.

Reading Transport Limited

Group Strategic Report (continued) For the Year Ended 23 September 2018

Risks and uncertainties faced by the company (*continued*)

The introduction of facilities for mass rapid transit operations on key corridors, currently being progressed by local authorities and the Local Enterprise Partnership, is delivering reliability benefits and is welcomed.

UK withdrawal from the European Union

There is still considerable uncertainty over the basis on which the UK's exit from the European Union will take place. Whilst there is no approved Withdrawal Agreement or alternative approach the potential impact or existence of any transition period is hard to predict. Two key areas of concerns exist for local bus operators; supply chain disruption and economic downturn. Both have financial implications.

In respect of potential supply-chain issues we have reviewed stock levels and ensured that adequate levels of common parts are being held to mitigate against longer lead times. Some component costs are likely to increase through import tariffs and customs delays under most exit scenarios. A wider economic downturn will also reduce developer activity and the short- to medium-term demand for travel. Past experience suggests that bus travel is often a lagging indicator of local economic trends and the company will continue to closely monitor demand and development across our operating area to assess future service requirements.

Main Business Key Performance Indicators (KPIs)

The company monitors the following KPIs to manage its operational and financial activities:

	2017/18	2016/17
Number of PSVs	206	191
Average Fleet Age	5.8 years	5.6 years
Turnover/vehicle	£178,105	£177,824
Turnover/employee	£60,147	£57,960
Wage cost as a % of turnover	60.00%	61.70%
Fuel cost as a % of turnover	7.42%	6.81%
Depreciation as a % of turnover	8.63%	8.14%
Fleet % conforming to low emission hybrid, gas or Euro 6 standards	56%	59%

Approval

This report was approved by the board on and signed on its behalf by:



Mr A Pettitt
Director

27th June 2019

Reading Transport Limited

Directors' Report For the Year Ended 23 September 2018

The directors present their report together with the prepare group and company financial statements for the year ended 23 September 2018. The nature of the group's operations and its principal activities are set out in the group strategic report on pages 1 to 6. The group strategic report includes details of the principal risks and uncertainties, key performance indicators and summary of the 2018 performance.

Consolidated financial statements

Consolidated financial statements have been prepared for Reading Transport Limited and its subsidiaries ("the Group") for the first time for the year ended 23 September 2018, including the comparatives for the year ended 24 September 2017 due to the acquisition of Newbury & District Limited on 13 September 2018. Previous financial statements were prepared on a standalone basis by Reading Transport Limited as an individual entity. The directors had previously taken advantage of the exemption not to include its dormant subsidiary companies within consolidated financial statements because their net assets would not have been material to the financial statements.

Results and dividends

The consolidated income statement of the company is set out on page 14 and shows the result for the year.

An interim dividend of £Nil was paid during the year (2017 - £Nil). The directors do not recommend the payment of a final dividend (2017 - £Nil).

Difference between market value and book value of land and buildings

In the opinion of the directors the written down values of the land and buildings are not significantly different from the market values of those assets.

Charitable and political contributions

The company raises funds for an annual charity chosen by employees and during 2018 we supported Autism Berkshire.

No political contributions were made during the year (2017 - £Nil).

Employees

The commitment of employees is essential to the successful achievement of our business objectives relying on the delivery of excellent customer service. We ensure engagement with staff through appropriate training and development, regular communication via static and digital signage around the depot, publication of the weekly Bulletin, route reviews with drivers and through the Star of the Month employee recognition scheme. We maintain an open style of management and formally recognise, and communicate regularly with, Unite the Union. The company values highly the contribution made by all employees.

Our driver recruitment and training programme continues to focus on finding and developing people with strong inter-personal skills or a customer service background. As part of this approach the company positions public service vehicle driving as a responsible professional role which provides vital levels of accessibility and mobility to people in the communities we serve.

From the information provided by applicants and interviews undertaken, Reading Buses did not receive any applications for employment by disabled people during the year. Any applications that might be received will be assessed in accordance with our equal opportunities policy, which confirms the company's commitment to employment criteria which are fair, equitable and consistent regardless of an applicant's gender, sexual orientation, race, ethnic origin or disability.

Members of staff with a disability are encouraged to partake in the career development and training programmes which are available to all.

Reading Transport Limited

Directors' Report (continued) For the Year Ended 23 September 2018

Employees (continued)

Our equality and diversity statistics confirm that our current establishment and on-going recruitment figures largely reflect the ethnic distribution of the Reading population. The company is proud of its record in seeking to treat all employees and potential recruits in the same way. We remain determined to attract more women into bus-driving as a career.

Our records demonstrate that health and safety awareness remains at a high level and that the per capita rate of personal injuries at work has steadily declined in recent years. In 2007/08 we recorded 18 injuries per 100 employees per annum and in the year to September 2018 this figure stood at just below nine injuries per 100 people. In absolute terms we recorded 55 incidents. There were no deaths, specified injuries, occupational diseases or dangerous occurrences reported. In absolute terms there were six over-seven-day incapacitations of employees reported which again represented less than 1 incident per 100 employees. The company retains expert, independent safety advice and continues to take a proactive approach to Health and Safety, engaging staff, union representatives and managers through the H&S Committee. Employees have a direct involvement in the setting of company policy through consultation, formal and informal input to the Leadership Team and through the presence of a worker-nominated director who sits on the Board.

We remain committed to providing employees with a safe, healthy and supportive environment in which to work. The company recognises the importance of the physical health and mental wellbeing of all employees and we have committed to providing a supportive workplace culture where healthy lifestyle choices are valued and encouraged.

The company successfully retained its SafeContractor accreditation based on its documented and evidenced approach to improving workplace safety and environmental standards.

Financial risk

The company's policy in respect of interest rate risk and liquidity risk is to utilise a mixture of long and short-term debt finance and readily accessible bank deposits to ensure that the company has sufficient funds for its operations, in line with the Senior Traffic Commissioner's regulatory guidance. The cash deposits are held in current and deposit accounts which earn interest at a floating rate.

Debt is maintained at fixed interest rates.

Fuel price rises remain a concern and future purchases have now been hedged in full until the end of the 2018/19 financial year, and in part for the subsequent year, to secure medium-term benefit from low forward prices. Facilities are in place to hedge additional diesel volumes in the 2019/20 financial year and further ahead should market conditions appear favourable.

Future developments

The company will continue to target investment on those parts of the network demonstrating potential for increasing passenger numbers and revenues or in areas in the wider travel to work catchment where there is clear potential for long-term, supported and sustainable growth outside of the current network.

In order to maintain the average age of the fleet at around five years, taking advantage of improved fuel economy, advances in environmental performance and to mitigate increases in maintenance costs as vehicles age, the company seeks to replace approximately 10% of the frontline vehicles each year. This vehicle replacement capital expenditure strategy is required to maintain high service standards meeting customer expectations and to support growing revenues and improved margins in 2019/20 and beyond.

Reading Transport Limited

Directors' Report (continued) For the Year Ended 23 September 2018

Research and development activities

The company will in the coming year continue to invest in the key areas of low emission fuel technologies and also in the improved design, delivery and application of vehicle, passenger and operational information systems. The company has continued to encourage the wider use of its open data to benefit bus users in advance of pending regulatory requirement arising from the Bus Services Act 2017 and is committed to supporting and providing a platform for the development of emerging new technologies which may have an application in the passenger transport industry. Partnership opportunities will be pursued where these will help to deliver beneficial technological advances and where there is a proven strong underlying business case.

In conjunction with our technology partner we will investigate innovative single account multi-platform ticketing systems for the benefit of our customers.

Directors

The directors of the company during the year ended 23 September 2018, all of whom served throughout the year except where indicated, were:

Mr D Sutton (Chair)
Mr M Gilbert (resigned 31 July 2018)
Mr A Pettitt
Ms C Anscombe
Mr M Adams
Mr F Connolly
Mr K Moffatt
Mrs J Stanford-Beale
Mr P Woodward
Ms T Thomas
Mr M Townend

The Chief Executive Officer, Martijn Gilbert, left the business at the end of July 2018. Following a recruitment exercise, undertaken jointly by the Council and the company, he was replaced by Robert Williams post year end, with effect from 9 October 2018.

As at 23 September 2018 third party indemnity cover in respect of the company's directors was in force.

Reading Transport Limited

Directors' Report (continued) For the Year Ended 23 September 2018

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the group and company financial statements in accordance with applicable law and regulations.

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

In preparing these prepare group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the prepare group and company financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the prepare group and company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the group and company's auditor is aware of that information.

BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

Approval

This report was approved by the board and signed on its behalf by:



Mr A Pettitt
Director

27th June 2019

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited For the Year Ended 23 September 2018

Opinion

We have audited the consolidated financial statements of Reading Transport Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 23 September 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes In Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 and the parent company's affairs as at 23 September 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited For the Year Ended 23 September 2018 (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Responsibilities of directors

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

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

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited For the Year Ended 23 September 2018 (continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Gavin Crawford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading
United Kingdom

28 June 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Reading Transport Limited

Consolidated Income Statement For the Year Ended 23 September 2018

	Note	2018 £000	2017 £000
Turnover	4	36,683	33,964
Operating costs	5	(35,844)	(32,829)
Operating profit		839	1,135
Interest receivable and similar income		5	8
Interest payable and similar expenses	9	(577)	(614)
Other finance costs	10	(370)	(333)
(Loss)/profit before tax		(103)	196
Taxation on (loss)/profit	11	21	(122)
(Loss)/profit on ordinary activities after taxation		(82)	74

All amounts relate to continuing activities.

The notes on pages 26 to 54 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Comprehensive Income For the Year Ended 23 September 2018

	Note	2018 £000	2017 £000
(Loss)/profit for the financial year		(82)	74
Other comprehensive income			
Actuarial gain on defined benefit pension schemes	26	4,440	3,118
Deferred taxation in respect of items of other comprehensive income		(808)	(522)
Current tax adjustment in respect of pensions contributions		(53)	9
Other comprehensive income for the year		3,579	2,605
Total comprehensive income for the year		3,497	2,679

The notes on pages 26 to 54 form part of these financial statements.

Reading Transport Limited

Registered number: 02004963

Consolidated Balance Sheet As at 23 September 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible fixed assets	13	347	21
Tangible assets	14	35,280	29,498
		<u>35,627</u>	<u>29,519</u>
Current assets			
Stocks	16	422	329
Debtors: amounts falling due within one year	17	6,314	5,676
Cash at bank and in hand	18	3,309	2,745
		<u>10,045</u>	<u>8,750</u>
Current liabilities			
Creditors: amounts falling due within one year	19	(8,735)	(6,504)
		<u>1,310</u>	<u>2,246</u>
Net current assets		<u>1,310</u>	<u>2,246</u>
Total assets less current liabilities		<u>36,937</u>	<u>31,765</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	20	(24,064)	(17,885)
		<u>12,873</u>	<u>13,880</u>
Provisions for liabilities			
Deferred tax	22	(370)	(338)
Provisions	23	(556)	(337)
		<u>(926)</u>	<u>(675)</u>
Net assets excluding pension liability		<u>11,947</u>	<u>13,205</u>
Pension liability	26	(10,369)	(15,124)
Net assets/(liabilities)		<u><u>1,578</u></u>	<u><u>(1,919)</u></u>

Reading Transport Limited

Registered number: 02004963

Consolidated Balance Sheet (continued) As at 23 September 2018

	Note	2018 £000	2017 £000
Capital and reserves			
Called up share capital	24	3,974	3,974
Profit and loss account	28	(2,396)	(5,893)
Equity attributable to owners of the parent company		<u>1,578</u>	<u>(1,919)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on:



Mr A Pettitt
Director

27th June 2019

The notes on pages 26 to 54 form part of these financial statements.

Reading Transport Limited

Registered number: 02004963

Company Balance Sheet As at 23 September 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	13	35	21
Tangible assets	14	35,280	29,498
Investments	15	1,991	96
		<u>37,306</u>	<u>29,615</u>
Current assets			
Stocks	16	409	329
Debtors: amounts falling due within one year	17	6,150	5,676
Cash at bank and in hand	18	2,250	2,745
		<u>8,809</u>	<u>8,750</u>
Creditors: amounts falling due within one year	19	(9,178)	(6,600)
Net current (liabilities)/assets		<u>(369)</u>	<u>2,150</u>
Total assets less current liabilities		<u>36,937</u>	<u>31,765</u>
Creditors: amounts falling due after more than one year	20	(24,064)	(17,885)
Provisions for liabilities			
Deferred tax	22	(326)	(338)
Provisions	23	(556)	(337)
		<u>(882)</u>	<u>(675)</u>
Net assets excluding pension scheme asset and pension scheme liability		<u>11,991</u>	<u>13,205</u>
Pension liability	26	(10,369)	(15,124)
Net assets/(liabilities)		<u><u>1,622</u></u>	<u><u>(1,919)</u></u>

Reading Transport Limited

Registered number: 02004963

Company Balance Sheet (continued)

As at 23 September 2018

	Note	2018 £000	2017 £000
Capital and reserves			
Called up share capital	24	3,974	3,974
Profit and loss account brought forward		(5,893)	(8,572)
(Loss)/profit for the year		(38)	74
Other changes in the profit and loss account		3,579	2,605
Profit and loss account carried forward	28	(2,352)	(5,893)
		<u>1,622</u>	<u>(1,919)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Mr A Pettitt
Director

27th June 2019

The notes on pages 26 to 54 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Changes in Equity For the Year Ended 23 September 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 25 September 2017	3,974	(5,893)	(1,919)
Comprehensive income for the year			
Loss for the year	-	(82)	(82)
Actuarial gains on defined benefit pension schemes	-	4,440	4,440
Current tax adjustment in respect of pension contributions	-	(53)	(53)
Deferred taxation in respect of items of other comprehensive income	-	(808)	(808)
Other comprehensive income for the year	-	3,579	3,579
Total comprehensive income for the year	-	3,497	3,497
Total transactions with owners	-	-	-
At 23 September 2018	3,974	(2,396)	1,578

The notes on pages 26 to 54 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Changes in Equity For the Year Ended 24 September 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 September 2016	3,974	(8,572)	(4,598)
Comprehensive income for the period			
Profit for the period	-	74	74
Actuarial gains on pension scheme	-	3,118	3,118
Current tax adjustment in respect of pension contributions	-	9	9
Deferred taxation in respect of items of other comprehensive income	-	(522)	(522)
Other comprehensive income for the period	-	2,605	2,605
Total comprehensive income for the period	-	2,679	2,679
At 24 September 2017	3,974	(5,893)	(1,919)

The notes on pages 26 to 54 form part of these financial statements.

Reading Transport Limited

Company Statement of Changes in Equity For the Year Ended 23 September 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 25 September 2017	3,974	(5,893)	(1,919)
Comprehensive income for the period			
Loss for the year	-	(38)	(38)
Actuarial gains on pension scheme	-	4,440	4,440
Current tax adjustment in respect of pension contributions	-	(53)	(53)
Deferred taxation in respect of items of other comprehensive income	-	(808)	(808)
Other comprehensive income for the year	-	3,579	3,579
Total comprehensive income for the year	-	3,541	3,541
At 23 September 2018	3,974	(2,352)	1,622

The notes on pages 26 to 54 form part of these financial statements.

Reading Transport Limited

Company Statement of Changes in Equity For the Year Ended 24 September 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 September 2016	3,974	(8,572)	(4,598)
Comprehensive income for the period			
Profit for the period	-	74	74
Actuarial gains on pension scheme	-	3,118	3,118
Current tax adjustment in respect of pension contributions	-	9	9
Deferred taxation in respect of items of other comprehensive income	-	(522)	(522)
Other comprehensive income for the period	-	2,605	2,605
Total comprehensive income for the period	-	2,679	2,679
At 24 September 2017	3,974	(5,893)	(1,919)

The notes on pages 26 to 54 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Cash Flows For the Year Ended 23 September 2018

	2018 £000	2017 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(82)	74
Adjustments for:		
Amortisation of intangible assets	29	7
Depreciation of fixed assets	3,154	2,764
Net interest payable	942	938
Amortisation of grants received	(155)	(51)
Taxation (income) / expense	(21)	122
Increase in stocks	(80)	(44)
Increase in debtors	(1,282)	(6)
Increase in creditors	670	435
Increase/(decrease) in provisions	219	(101)
Difference between net pension expense and cash contribution	(315)	(283)
Profit on disposal of tangible fixed assets	(233)	(329)
Net cash generated from operating activities	2,846	3,526
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	2,644	784
Purchase of tangible fixed assets	(2,215)	(2,172)
Receipt of government grants	80	1,678
Purchase of subsidiary undertaking	(1,745)	-
Cash acquired with subsidiary undertaking	1,058	-
Interest received	5	-
Net cash from investing activities	(173)	290
Cash flows from financing activities		
Capital element of lease repaid	(1,162)	(3,064)
Interest paid	(947)	(605)
Net cash used in financing activities	(2,109)	(3,669)
Net increase in cash and cash equivalents	564	147

Reading Transport Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 23 September 2018

	23 September 2018 £000	24 September 2017 £000
Cash and cash equivalents at beginning of year	2,745	2,598
Cash and cash equivalents at the end of year	3,309	2,745
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,309	2,745

The notes on pages 26 to 54 form part of these financial statements.

The cash at bank and in hand balance includes restricted cash of £656,000 (2017 - £656,000).

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

1. General information

Reading Transport Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Group Strategic Report.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the parent company;
- Disclosures in respect of the parent company's income, expense, net gains and net losses and financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

2. Accounting policies (continued)

Going concern

The group's business activities together with the factors likely to affect its future development, its cash flows and liquidity position are set out in the group strategic report and directors' report on pages 1 to 10.

The group made a loss after tax for the year of £82,000 (2017 - profit £74,000) and at 23 September 2018 had net assets of £1,578,000 (2017 - net liabilities of £1,919,000). At 23 September 2018 the company had net current liabilities of £369,000 (2017 - net assets of £2,150,000) and net assets excluding the pension scheme asset and liability of £11,991,000 (2017 - £13,205,000).

Whilst the group currently operates without an agreed bank facility, the company's cash reserves held at 23 September 2018 were £2,250,000 (2017 - £2,745,000).

The directors have prepared projected cash flow information for a period including twelve months from the date of approval of these financial statements and have reviewed this information as at the date of approval of these financial statements. The projections show that the group will be able to continue to trade without the requirement of any additional facilities for at least twelve months from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover, which excludes value added tax, represents amounts receivable by the company for services provided in the ordinary course of business. Turnover is recognised on the day of travel or, where appropriate, over the duration of the contract to supply travel services. Income from travel cards is apportioned and recognised in turnover according to the period for which the travel card is valid.

Interest income and expense

Interest income and expense is recognised in the Consolidated Income Statement using the effective interest method.

Finance costs

Finance costs are charged to the Consolidated Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Accident claims

The company maintains insurance cover against third party liability claims for the amount on each claim that exceeds the excess. Any claims below the excess or those disputed by the insurers are charged to profit and loss in the year in which they arise subject to an annual aggregated maximum charge.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

2. Accounting policies (continued)

Grants

Grants in respect of capital expenditure are credited to deferred income and are released to profit and loss over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to other income so as to match them with the expenditure to which they relate.

Pension costs

Employees of the company were eligible to join one of the two defined benefit schemes to which the company contributes, depending upon date of appointment as follows:

(a) Employees at 20 October 1986 have been deemed to be employees of Reading Borough Council for pension purposes and are members of the Local Government Pension Scheme, to which the company contributes in accordance with the Local Government Pension Scheme Regulations.

(b) Employees who joined the company after 20 October 1986, together with any employees who were eligible for the local government scheme who wished to leave that scheme, were eligible to join the Reading Transport Staff Retirement Scheme.

The schemes are now closed to new members.

The funds are valued every three years by independent qualified actuaries, the rates of contribution payable being determined by the actuaries. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the year during which the company benefits from employees' services. Variations in pension cost are spread over the expected service lives of current employees.

The difference between the fair value of the assets held in the company's defined benefit pension schemes and the schemes' liabilities measured on an actuarial basis using the projected unit credit method, are recognised in the company's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

The company also operates a defined contribution pension scheme for the benefit of employees. The pension costs charged against profits relating to this scheme represent the amount of contributions payable to the scheme in respect of the accounting period.

The company provides no other post retirement benefits to its employees.

Finance and operating leases

Assets held under finance leases are treated as if they had been purchased outright and are capitalised at an amount equal to the fair value of the asset at the inception of the lease and depreciated on a systematic basis over the shorter of the lease term and its useful life. The capital element of the leasing commitments is shown as obligations under finance leases. Finance charges are allocated to accounting years so as to produce a constant periodic rate of charge on the remaining balance of the obligation. Costs in respect of operating leases are charged to profit and loss on a straight line basis over the lease term.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

2. Accounting policies (continued)

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are stated at cost, net of amortisation. Amortisation is on straight-line basis over their useful economic lives and provision is made for any impairment.

The estimated useful lives range as follows:

Customer contracts	- 6 years
Goodwill	- 10 years
Trademarks	- 15 years
Other intangibles	- 5 years

Impairment of fixed assets and intangibles

The need for fixed assets impairment is assessed by comparison of the carrying value of the asset against the higher of its realisable value and value in use.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

2. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land and buildings	- 2% to 4%
Long leasehold land and buildings	- over the period of the lease
Plant and machinery	- 10% to 20%
Buses and coaches	- 6.5%
Capital and work in progress	- 10% to 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

Depreciation is not calculated on capital work in progress until these assets are brought into use.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Stocks

Stocks are stated at the lower of cost, including transport and handling costs, and net realisable value. Net realisable value is determined by a review of forecast future use. A provision is made where necessary for obsolete, slow moving and defective stocks.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

2. Accounting policies (continued)

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Functional and presentation currency

The company's functional and presentation currency is GBP and the figures have been rounded to the nearest £1,000.

Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Income Statement in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine the appropriate underlying assumptions of the defined benefit pension schemes and the related pension assets and liabilities. In doing this the directors utilise the expertise of third party actuaries in order to agree these judgements.

Other key sources of estimation uncertainty

- *Tangible and intangible fixed assets*

Tangible and intangible fixed assets are depreciated over their useful lives taking into account their residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing assets lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and projected disposal values.

4. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

5. Operating costs

	2018	2017
	£000	£000
Raw materials and consumables	4,408	3,939
Other external charges	6,648	5,487
Staff costs (see note 6)	22,588	21,718
Depreciation	3,154	2,750
Amortisation	29	7
Profit on disposal of tangible fixed assets	(233)	(329)
	<u>36,594</u>	<u>33,572</u>

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Wages and salaries	19,091	18,443	19,091	18,443
Social security costs	1,941	1,809	1,941	1,809
Other pension costs	1,556	1,466	1,556	1,466
	<u>22,588</u>	<u>21,718</u>	<u>22,588</u>	<u>21,718</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group	Group	Company	Company
	2018	2017	2018	2017
	No.	No.	No.	No.
Traffic	494	472	494	472
Engineering	71	71	71	71
Administration	45	43	45	43
	<u>610</u>	<u>586</u>	<u>610</u>	<u>586</u>

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

7. Directors' remuneration

Directors' emoluments consisted of:

	2018 £000	2017 £000
Fees and remuneration for management services	367	336
Company contributions to pension schemes	15	15
	<u>382</u>	<u>351</u>

During the year retirement benefits were accruing to no directors (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £96,909 (2017 - £121,200).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £3,876 (2017 - £3,821).

The total accrued pension provision of the highest paid director at 23 September 2018 amounted to £Nil (2017 - £Nil).

The amount of the accrued lump sum in respect of the highest paid director at 23 September 2018 amounted to £Nil (2017 - £Nil).

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

8. Operating profit

The operating profit is stated after charging/(crediting):

	2018 £000	2017 £000
Depreciation	3,154	2,756
Amortisation	29	7
Hire of plant and machinery - operating leases	132	101
Hire of other assets - operating leases	15	19
Grants receivable	(205)	(51)
Defined contribution pension cost	249	178
Defined benefit pension cost (see note 26)	1,120	1,722
Auditor's remuneration:		
- audit services	44	35
- services relating to taxation	8	8
- all other services	17	1
	<u>5,450</u>	<u>5,074</u>

9. Interest payable and similar expenses

	2018 £000	2017 £000
Finance leases and hire purchase contracts	577	614
	<u>577</u>	<u>614</u>

10. Other finance costs

	2018 £000	2017 £000
Net interest on pension scheme liabilities	370	333
	<u>370</u>	<u>333</u>

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

11. Taxation on (loss)/profit on ordinary activities

	2018 £000	2017 £000
Corporation tax		
Current tax on (loss)/profit for the year	(53)	9
Total current tax	<u>(53)</u>	<u>9</u>
Deferred tax		
Origination and reversal of timing differences	25	113
Adjustments in respect of prior periods	7	-
Total deferred tax	<u>32</u>	<u>113</u>
Taxation on (loss)/profit on ordinary activities	<u>(21)</u>	<u>122</u>

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

11. Taxation on (loss)/profit on ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year/period is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.51%). The differences are explained below:

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before tax	(103)	196
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.51%)	(20)	38
Effects of:		
Non-taxable income	(84)	(57)
Fixed asset differences	40	72
Non deductible expenditure	87	77
Adjustment to deferred tax rates	2	(17)
Adjustments to tax charge in respect of previous periods - deferred tax	7	-
Current tax adjustment in respect of pension contributions	(53)	9
Total tax (credit)/charge for the year	(21)	122

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a credit of £808,000 (2017 - credit of £522,000).

Factors that may affect future tax charges

The effect of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2016 (on 7 September 2016) include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a credit of £808,000 (2017: credit of £522,000).

The group has trading tax losses of approximately £186,000 (2017 - £186,000) to carry forward for offset against future taxable profits of the same trade and a non-trade loan relationship deficit of £572,000 (2017: £Nil).

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

12. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss after tax of the parent company for the year was £38,000 (2017 - profit £74,000).

13. Intangible assets

Group

	Other intangibles £000	Trade- marks £000	Customer contracts £000	Goodwill £000	Total £000
Cost					
At 25 September 2017	35	-	-	-	35
Additions	43	138	124	50	355
At 23 September 2018	78	138	124	50	390
Amortisation					
At 25 September 2017	14	-	-	-	14
Charge for the year	29	-	-	-	29
At 23 September 2018	43	-	-	-	43
Net book value					
At 23 September 2018	35	138	124	50	347
At 24 September 2017	21	-	-	-	21

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

13. Intangible assets (continued)

The brought forward other intangible asset was acquired when the company took over the operations of the Reading-Bracknell service previously operated by First in Berkshire. The additions during the year were in respect of service operation rights for Route 7 which the company acquired from Stagecoach.

The trademarks, customer contracts and goodwill additions for the year were acquired as part of the acquisition of Newbury & District Ltd on 13 September 2018 (see note 29 Business combinations). All are amortised on a straight-line basis; trademarks over a useful life of 15 years, customer contracts over 6 years and the goodwill over 10 years. Newbury & District Ltd is an established company in West Berkshire, England and there are no plans to rebrand this business in the foreseeable future.

No amortisation has been recognised for trademarks, customer contacts and goodwill as these arose from acquisition of Newbury & District Ltd which was completed just before year end.

Company

	Other intangibles £000
Cost	
At 25 September 2017	35
Additions	43
	<hr/>
At 23 September 2018	78
	<hr/>
Amortisation	
At 25 September 2017	14
Charge for the year	29
	<hr/>
At 23 September 2018	43
	<hr/>
Net book value	
At 23 September 2018	35
	<hr/> <hr/>
At 24 September 2017	21
	<hr/> <hr/>

The brought forward other intangible asset was acquired when the company took over the operations of the Reading-Bracknell service previously operated by First in Berkshire. The additions during the year were in respect of service operation rights for Route 7 which the company acquired from Stagecoach.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

14. Tangible fixed assets

Group and Company

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Buses and coaches £000	Capital work in progress £000	Total £000
Cost or valuation						
At 25 September 2017	770	5,431	7,024	37,612	2,058	52,895
Additions	-	-	2,538	8,809	-	11,347
Disposals	-	-	(782)	(3,598)	(861)	(5,241)
At 23 September 2018	770	5,431	8,780	42,823	1,197	59,001
Depreciation						
At 25 September 2017	251	1,706	5,157	16,283	-	23,397
Charge for the year on owned assets	45	86	716	-	-	847
Charge for the year on financed assets	-	-	-	2,307	-	2,307
Disposals	-	-	(239)	(2,591)	-	(2,830)
At 23 September 2018	296	1,792	5,634	15,999	-	23,721
Net book value						
At 23 September 2018	474	3,639	3,146	26,824	1,197	35,280
At 24 September 2017	519	3,725	1,867	21,329	2,058	29,498

Included within freehold and buildings is freehold land at cost of £195,000 (2017 - £195,000).

The net book value of buses and coaches includes an amount of £25,686,191 (2017 - £19,557,516) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the year was £2,013,510 (2017 - £1,752,354).

The net book value of plant and machinery includes an amount of £564,181 (2017 - £274,434) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the year was £361,652 (2017 - £335,567).

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 25 September 2017	96
Additions	1,895
At 23 September 2018	<u>1,991</u>

On 13 September 2018, the company acquired the entire share capital of Newbury & District Ltd for a consideration of £1,895,000.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Newbury & District Ltd	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Greater Reading Omnibus Company Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Reading Rovers Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Reading Minibuses Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Reading Buses Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Newbury Buses Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Reading Transport Pension Trustees Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

16. Stocks

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Spare parts and consumables	422	329	409	329

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors: amounts falling due within one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade debtors	1,522	1,133	1,379	1,133
Amounts owed by group undertakings	408	379	408	379
Other debtors	1,375	788	1,375	788
Prepayments and accrued income	1,246	805	1,225	805
Deferred taxation	1,763	2,571	1,763	2,571
	6,314	5,676	6,150	5,676

The majority of deferred tax asset in respect of the pension schemes included above is due after more than one year, that proportion being dependent on the rate of reversal of the pension scheme deficit set out in note 26.

18. Cash at bank and in hand

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Cash at bank and in hand	3,309	2,745	2,250	2,745

Cash at bank at the year end includes a balance amounting to £656,000 (2017 - £656,000) being restricted funds relating to a letter of credit facility, issued to the insurance underwriters which allows the equivalent funds available to be drawn by the underwriters on demand. This covers the full liability the company could face in respect of ongoing claims.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

19. Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade creditors	1,795	1,207	1,553	1,207
Amounts owed to subsidiary undertakings	-	-	1,447	96
Other taxation and social security	1,003	367	439	367
Corporation tax	184	-	-	-
Amounts owed to parent undertakings	1,015	894	1,015	894
Obligations under finance lease and hire purchase contracts	3,728	3,068	3,728	3,068
Other creditors	1,010	968	996	968
	<u>8,735</u>	<u>6,504</u>	<u>9,178</u>	<u>6,600</u>

20. Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Net obligations under finance leases and hire purchase contracts	20,646	14,645	20,646	14,645
Government grants received	1,855	1,958	1,855	1,958
Accruals and deferred income	1,563	1,282	1,563	1,282
	<u>24,064</u>	<u>17,885</u>	<u>24,064</u>	<u>17,885</u>

The aggregate amount of creditors repayable in whole or in part after more than five years is £24,373,000 (2017 - £17,546,000). These liabilities are repayable in instalments at rates of interest ranging between 2.12% and 6.05% and in the case of finance lease and hire purchase contracts are secured on the underlying assets.

Obligations under finance leases are due as follows:

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Within one year	3,728	3,068	3,728	3,068
Between 1-5 years	14,442	10,843	14,442	10,843
Over 5 years	6,204	3,802	6,204	3,802
	<u>24,374</u>	<u>17,713</u>	<u>24,374</u>	<u>17,713</u>

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

21. Financial instruments

	Group 2018 £000	Group (Restated) 2017 £000	Company 2018 £000	Company (Restated) 2017 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>5,863</u>	<u>5,876</u>	<u>6,628</u>	<u>5,141</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(29,755)</u>	<u>(22,722)</u>	<u>(30,975)</u>	<u>(22,722)</u>

Financial assets measured at amortised cost comprise investments, cash, trade debtors, other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, finance lease obligations and amounts owed to parent undertakings and related parties.

Financial assets and liabilities measured at fair value include pension scheme assets and liabilities. The pension scheme liability for the group and company at 23 September 2018 was £10,371,000 (2017 - 15,124,000).

22. Deferred taxation

Group

	2018 £000	2017 £000
At beginning of year	2,233	2,868
Charged to profit or loss	(32)	(113)
Charged to other comprehensive income	(808)	(522)
At end of year	<u>1,393</u>	<u>2,233</u>

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

22. Deferred taxation (continued)

Company

	2018 £000	2017 £000
At beginning of year	2,233	2,868
Charged to profit or loss	12	(113)
Charged to other comprehensive income	(808)	(522)
At end of year	1,437	2,233

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Asset relating to pension schemes (included in debtors)	1,763	2,571	1,763	2,571
Analysed below	(370)	(338)	(326)	(338)
	1,393	2,233	1,437	2,233

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Accelerated capital allowances	520	378	476	378
Short term timing differences	(21)	(8)	(21)	(8)
Tax losses carried forward and other deductions	(129)	(32)	(129)	(32)
Liability	370	338	326	338

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

23. Provisions

Group

	Uninsured claims £000	Total £000
At 25 September 2017	337	337
Charged to profit or loss	69	69
Arising on business combinations	150	150
At 23 September 2018	556	556

The uninsured claims provision represents the estimated amount payable at the year end by the company, in respect of outstanding insurance claims below the company's excess of £20,000 (2017 - £20,000) per claim. It is secured by a fixed charge amounting to £656,000 (2017 - £656,000) over the company's assets, see note 18.

Company

	Uninsured claims £000	Total £000
At 25 September 2017	337	337
Charged to profit or loss	69	69
Arising on business combinations	150	150
At 23 September 2018	556	556

24. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
3,974,000 Allotted, called up and fully paid ordinary shares of £1.00 each	3,974	3,974

Each share is entitled to one vote in any circumstances, has equal rights to dividends and is entitled to participate in a distribution.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

25. Capital commitments

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Contracted for but not provided for tangible assets	2,128	6,648	2,128	6,648

26. Pension commitments

The company operates two defined benefit pension schemes funded both by employer's and employees' contributions with assets held in separate, trustee administered funds. These schemes are referred to in note 2.

(a) Reading Transport Staff Retirement Scheme

This scheme was established under an irrevocable Deed of Trust by Reading Transport Limited for its employees. The scheme is managed by a corporate trustee accountable to the pension scheme members. This scheme is closed to new members.

(b) Local Government Pension Scheme

Employees at 20 October 1986 have been deemed to be employees of Reading Borough Council for pension purposes and are members of the Local Government Pension Scheme, to which the company contributes in accordance with the Local Government Pension Scheme Regulations.

The liabilities set out in this note have been calculated by independent actuaries based on the most recent full actuarial valuation at June 2014 for the Reading Transport Staff Retirement Scheme and June 2013 for the Local Government Pension Scheme, updated to 23 September 2018. The results of the calculations and the assumptions adopted are shown below.

The company also operates defined contribution pension schemes for the benefit of employees. The pension costs charged against profits relating to this scheme represent the amount of contributions payable to the scheme in respect of the accounting period.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

26. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	85,902	89,178
Current service cost	1,334	1,707
Interest cost	2,316	1,843
Actuarial gains	(3,346)	(4,135)
Contributions by participants	64	63
Benefits paid	(2,462)	(2,725)
Unfunded pension payments	(28)	(29)
At the end of the year	83,780	85,902

Reconciliation of present value of plan assets:

	2018 £000	2017 £000
At the beginning of the year	70,778	70,986
Interest income on plan assets	1,946	1,510
Actuarial gains/(losses)	1,094	(1,017)
Administrative expenses	(14)	(16)
Contributions by company	2,033	2,006
Contributions by participants	64	63
Benefits paid	(2,490)	(2,754)
At the end of the year	73,411	70,778

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

26. Pension commitments (continued)

Composition of plan assets:

	2018 £000	2017 £000
Equities	22,501	21,570
Gilts	-	-
Other bonds	13,012	13,031
Property	6,451	6,136
Cash	30,018	28,677
Target return portfolio	601	782
Commodities	291	258
Infrastructure	989	1,039
Longevity insurance	(452)	(715)
Total plan assets	73,411	70,778

	2018 £000	2017 £000
Fair value of plan assets	73,411	70,778
Present value of plan liabilities	(83,780)	(85,902)
Net pension scheme liability	(10,369)	(15,124)

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £000
Included in other finance costs		
Interest on obligation	(370)	(333)
Included in administrative expenses		
Current service costs	1,334	1,707
Administrative expenses	14	15
	1,348	1,722

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

26. Pension commitments (continued)

Amounts recognised in other comprehensive income

	2018 £000	2017 £000
Actuarial gains recognised	<u>4,440</u>	<u>3,118</u>

Overall expected rate of return on plan assets is based upon the long term expectation for each asset class at the beginning of the accounting period.

	2018 £000	2017 £000
Actual return on plan assets	<u>3,026</u>	<u>714</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2018 %	2017 %
Discount rate	2.7	2.8
Future salary increases	2.4	2.7
Inflation assumption (RPI)	3.4	3.7
CPI increases	2.4	2.7
Future pension increases - pre 1997*	2.4	2.4
Future pension increases - 1997 - 2006*	2.7	2.9
Future pension increases	2.3	2.4
Mortality rates		
- for a male aged 65 now	21.2	21.4
- at 65 for a male aged 45 now	24.0	23.1
- for a female aged 65 now	22.6	24.2
- at 65 for a female member aged 45 now	25.5	26.0

*applicable to the Reading Transport Staff Retirement Scheme only.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

27. Commitments under operating leases

At 23 September 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Not later than 1 year	111	82	111	82
Later than 1 year and not later than 5 years	318	376	318	376
	<u>429</u>	<u>458</u>	<u>429</u>	<u>458</u>

28. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

29. Business combinations

On 13 September 2018, the company acquired the entire share capital of Newbury & District Ltd for a consideration of £1,895,000.

Recognised amounts of identifiable assets acquired and liabilities assumed

	13 September 2018 Book value £000	13 September 2018 Fair value adjustment £000	23 September 2018 Fair value £000
Fixed assets			
Tangible assets	2,830	-	2,830
Intangibles fixed assets	-	262	262
	<u>2,830</u>	<u>262</u>	<u>3,092</u>
Current assets			
Stocks	13	-	13
Debtors	165	-	165
Cash at bank and in hand	1,058	-	1,058
	<u>4,066</u>	<u>262</u>	<u>4,328</u>
Total assets			
Liabilities			
Creditors	(1,004)	-	(1,004)
Finance leases	(1,479)	-	(1,479)
	<u>1,583</u>	<u>262</u>	<u>1,845</u>
Total identifiable net assets			
Goodwill			50
Total purchase consideration			<u>1,895</u>

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

29. Business combinations (continued)

Consideration

	£000
Equity	1,664
Deferred consideration	150
Directly attributable costs	81
Total purchase consideration	1,895

Cash inflow on acquisition

	£000
Directly attributable costs	(81)
	(81)
Less: Cash and cash equivalents acquired	1,058
Net cash inflow on acquisition	977

Reading Transport Limited

Notes to the Financial Statements For the Year Ended 23 September 2018

30. Related party transactions and controlling party

The company is wholly owned by Reading Borough Council, which is the company's ultimate controlling party and is incorporated in the United Kingdom. The consolidated financial statements of the council are available to the public.

The following related party transactions took place between the company and Reading Borough Council during the year:

- the company received income of £3,628,155 (2017 - £3,788,821) as its share of a concessionary fares scheme and received income totalling £531,947 (2017 - £951,164) under other contracts and agreements with them; and
- the company paid £221,994 (2017 - £226,362) for other services.

At the year end, the company was owed £408,575 by Reading Borough Council (2017 - £379,178) and the company owed Reading Borough Council £1,014,800 (2017 - £893,080).

The company has a loan facility with Reading Borough Council. The total outstanding on the loan at the year end was £Nil (2017 - £Nil).

On 28 September 2014, the company consolidated a number of intercompany loans into a new finance lease. The total obligation to Reading Borough Council at the year end under the finance lease was £6,858,603 (2017 - £5,721,192). Repayments are being made on a quarterly basis and interest is charged at 2.42% per annum until 31 March 2016 and at 3.35% per annum thereafter. These amounts are included within obligations under finance lease and hire purchase contracts disclosed in notes 19 and 20.

Interest payable on these loans and finance leases with Reading Borough Council during the year totalled £169,289 (2017 - £255,323).

31. Subsequent events

A further acquisition was completed after the year end. In April 2019 the company acquired 100% of the share capital of three associated Courtney Buses businesses, Courtney Coaches Ltd, Courtney ATF Centre Ltd and Courtney Bodyworks Ltd, for a consideration of £4.7m. Courtney Buses began trading in 1973 and has 60 vehicles and 109 driving staff providing local bus and school/corporate contract services across the Wokingham, Bracknell, Windsor & Maidenhead and Slough areas.