

Reading Transport Limited

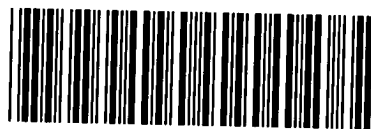
Annual Report and Consolidated Financial
Statements

Period Ended

5 April 2020

Company Number 02004963

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Reading Transport Limited

Company Information

Directors	F Connolly K Moffatt D Sutton C Anscombe T Thomas J Stanford-Beale M Adams R E Williams C Gavin R P Williams L Jenkins D Bassett
Company secretary	A Pettitt
Registered number	02004963
Registered office	Great Knollys Street Reading Berkshire RG1 7HH
Independent auditor	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX

Reading Transport Limited

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Reading Transport Limited

Group Strategic Report For the Period Ended 5 April 2020

The directors present their Group Strategic Report together with the audited consolidated financial statements for Reading Transport Limited ("the company") and its subsidiaries ("the group") for the period ended 5 April 2020.

The company's accounting reference date was extended from 23 September 2019 to 5 April 2020 and these financial statements are drawn up to within 7 days of this date.

Principal activities

The main activities of the group remain:

- a) the provision of local bus services within the greater Reading area, and the surrounding authorities of West Berkshire, Bracknell, Wokingham, Slough and Windsor & Maidenhead; 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

In order to align all companies across the expanded Reading Transport Limited group, the accounting reference dates of the company were changed and the 2018/19 financial year was extended to 5 April 2020.

COVID-19

The directors of the company and the group continue to assess the impact of COVID-19. The situation is evolving rapidly, and it is not possible to determine with certainty the impact on the group, its customers, employees and suppliers. The directors are continually reviewing their plans and forecasts and believe that the going concern basis is appropriate in the short term for a period of not less than twelve months from the date of approval of these financial statements. However, depending on the severity and length of the crisis there is a risk that the company and the group could require further funding or support. As disclosed in the Going Concern section of note 2, this represents a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

The response to the impact of COVID-19 is set out in the principal risks and uncertainties section below.

Performance and Business Review

Reading Transport Limited continues to be the principal public transport provider in the Greater Reading area. Following a year of rapid development for Reading Transport Limited in 2017/18, the extended 2018/19/20 financial year saw underlying trading conditions remain relatively stable until the very end of the period, when the COVID-19 pandemic struck.

Overall demand for travel continued to grow throughout most of the extended year, however overall passenger journeys on the Reading Buses network decreased by 0.84 million trips (-2.9%) in the 12 months to 05 April 2020 directly as a result of the COVID-19 pandemic severely impacting the final 4 weeks of the period.

Total revenue for the 18.5-month period to 05 April 2018 was £70.5m (12 months to 23 September 2018 - £36.7m) reflecting continued customer growth and the impact of company acquisitions. Loss after taxation in the same period was £1.9m (12 months to September 2018 - £82k).

Reading Transport Limited

Group Strategic Report (continued) For the Period Ended 5 April 2020

Review of business and future developments (continued)

Performance and Business Review (continued)

The effect of the global COVID-19 pandemic had significant impact on the financial performance of the group for the final month of the period as customer numbers reduced rapidly, directly impacting the group's revenue. Government support to compensate for the revenue loss, through the Coronavirus Bus Service Support Grant (CBSSG), was finalised after the balance sheet date and so could not be recognised in that period. However, the grant payments were received and will be recognised in the 2020/21 accounting period, mitigating a significant portion of losses incurred in the current accounting period.

The number of issues with roadworks and consequent congestion were significantly lower in the year following the completion of some major schemes in 2017/18 and the opening of Cow Lane bridge to two-way traffic in September 2018, but a number of very challenging schemes resumed from September 2019. 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 been kept very low and punctuality overall was consistent with the prior year and 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 any disruption on our customers.

Our September 2018 timetable changes included further revisions to services in Caversham to help better align our service provision to the travel demand, and the launch of the Tiger brand for route 7 between Reading and Fleet. Our emergency contract to run Thames Valley route 5 in Slough became a commercially sustainable service in January 2019, with supported early morning, evening and Sunday journeys. We also made some timetable changes to improve reliability on the Lime 2, Purple 17 and Yellow 26 in February 2019, and to coordinate and consolidate services in Newbury in April 2019.

In line with our strategy in relation to developing services across the wider Thames Valley area, and following our acquisition of local bus operator Newbury & District in September 2018, we completed the purchase of Courtney Buses in April 2019 operating a network of commercial and supported local bus services based from a depot in Bracknell, along with several out-stationed corporate contracts, a MoT centre (Courtney ATF Centre Limited) and a vehicle bodyshop (Courtney Bodyworks Limited).

Our September 2019 service changes focused on simplifying our network of school services in Reading, with simplified numbering and ticketing.

In November 2019, operation of the Thames Valley 5 service in Slough transferred to Courtney Buses along with the associated outstation. The driving team transferred under TUPE regulations. Courtney Buses now also provide Green Line route 703, between Bracknell and Heathrow, on Reading Buses behalf, supplementing London route 702 operated from Reading.

January and February 2020 changes sought to improve the efficiency of the rural Lion, Leopard and Tiger routes by tailoring services to better match demand and eliminating some duplication with Courtney Buses routes around Bracknell. A new section 106 funded extension of route 9 to Spencer's Wood was introduced as part of this package, with route 9 becoming part of the Leopard network.

Following the declaration of a climate emergency by Reading Borough Council in February 2019, and the resolve to reach a carbon-neutral position for Reading by 2030, the company is reviewing its strategy to align as far as possible.

Currently, 30% of the Reading Buses fleet runs on biomethane which generates a 84% CO₂ reduction. There is further capacity in the gas station, which has already been upgraded and can be upgraded further. Other alternative fuels are being considered and reviewed; a 'Bus of the Future' electric vehicle trial took place in Reading in November 2019, utilising a BYD/ADL Enviro200EV demonstrator with mirror-less technology on the 500 service between Central Reading and Winnersh Triangle. Whilst the trial was generally positive there are some specific factors to consider with electric, particularly on the limited range of the current electric vehicles on the market as well as the carbon footprint of the battery manufacture and disposal. Work will continue to assess options and follow industry and market developments in order to inform future strategy.

Reading Transport Limited

Group Strategic Report (continued) For the Period Ended 5 April 2020

Review of business and future developments (continued)

Performance and Business Review (continued)

Three Alexander Dennis Enviro200 MMC single deck buses were purchased in winter 2019/20 to upgrade Thames Valley 5 and Lower Caversham services as well as allowing us to standardise vehicle types across depots.

The company continues to be recognised as an outstanding operator at a national level and in 2019 was shortlisted and/or successful in the following awards:

Award title	Category	Result
Chartered Institute of Transport & Logistics (CILT) Annual Awards for Excellence	Passenger Service Innovation	Won
routeOne Operators Excellence Awards	Operator Training Award	Shortlisted
	Best Use of Technology	Shortlisted
	Environment Award	Shortlisted
	Manager of the Year (Dan Bassett)	Shortlisted
	Rising Star (Dan Moss)	Shortlisted
UK Bus Awards	Top National Bus Depot	Silver Award
	Bus in the Community	Finalist
	Making Buses a Better Choice	Finalist

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 (April 2020) the company's proportion of the Local Government Pension Scheme funding deficit had improved slightly at £17.2m (£17.8m eighteen 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 22.7% overall, with additional contributions in the current recovery plan of £602,000 for 2020/21, rising to £624,000 in 2021/22. On the current schedule additional contribution levels are expected to increase annually, peaking at £1.1m 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 £57.4m (2018 - £51.0m) and a fair value of fund assets of £68.6m (2018 - £58.4m) there was a balance sheet surplus of £11.3m (2018 - £7.4m). 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 at a level agreed following the next valuation.

The result for the period was a net loss after taxation of £1.9m (year ended 23 September 2018 - £82,000). Additional costs incurred in the period (congestion mitigation, mobilisation and consolidation of acquired business), as well as the emergence of COVID-19 towards the end of the period, have all had an impact on financial performance. However, revenue support through the Coronavirus Bus Services Support Grant relating to March 2020, has since been received in 2020/21 to mitigate the majority of this periods losses, of which £1.1m was received in relation to the 2020 period end. Of this amount £818,000 is not reflected in these financial statements as it did not meet the asset recognition criteria at the period end, accordingly the amount has been recognised in the 2021 period.

Reading Transport Limited

Group Strategic Report (continued) For the Period Ended 5 April 2020

Review of business and future developments (*continued*)

Performance and Business Review (continued)

There is a strong focus on returning the business to profitability following the COVID-19 pandemic, and with a mixture of cost control measures planned as well as initiatives to stimulate travel demand at the appropriate time, the outlook for the group remains positive.

Principal risks and uncertainties faced by the group

COVID-19

During the COVID-19 pandemic, the government has advised the public not to use public transport unless absolutely essential. This has impacted our customer volumes significantly, with only 12% of normal customer volumes travelling at the height of the first lockdown. The group adapted its services accordingly to reduce cost as much as possible and has made use of government schemes and grants including the Coronavirus Bus Services Support Grant (CBSSG) funding from the Department for Transport for the operation of commercial bus services and Coronavirus Job Retention Scheme (CJRS) funding for furloughed employees not required to work during the pandemic. As lockdown measures initially eased, the group stepped up its service provision, running a full service by Autumn 2020. This was temporarily varied again during the subsequent lockdowns in November 2020 and January to March 2021.

The Department of Transport have made a commitment that bus operators should be no better or worse off due to the pandemic and so have provided the Coronavirus Bus Services Support Grant (CBSSG) to cover operating losses whilst social distancing measures were in place. This has allowed the company to break even during this period.

Following the end of social distancing, a new 'Bus Recovery Grant' scheme was launched providing bus operators with further revenue support whilst customer numbers continue to grow, so long as a consistent level of service is provided. For this reason, the Directors' assessment of the impact during the pandemic is that the company will continue to break even. However, circumstances described in note 2 in relation to the ongoing COVID-19 pandemic, reduced demand from customers and uncertainty in relation to the extent of future government funding, represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

Once the pandemic and any associated funding schemes are over, we will monitor customer demand closely and match service provision to keep the network profitable. Planning is underway to cover a range of scenarios so that the group is prepared to efficiently serve the new demand, as well as developing campaigns to continue to stimulate demand for sustainable bus travel.

Congestion and road works

Congestion was extremely low during the pandemic, due to the reduced travel requirements across all modes, and this has had a positive impact on service reliability. However, it is noted that congestion in many areas has returned to pre-pandemic levels. Congestion has been a growing problem in recent years, resulting in additional vehicles being added to schedules in order to maintain frequencies and reliability. 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 Period Ended 5 April 2020

Principal risks and uncertainties faced by the group (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. The COVID-19 pandemic has created a lot of volatility in diesel prices. 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 2018/19/20 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 significant 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, with exceptional customer service skills, rather than appointing existing vocational licence holders. The company maintains a waiting list of applicants and training requirement based on historic levels of staff turnover. The company's in-house training school ensures that driving employees meet or exceed our customer's expectations. Where staff have transferred into the business time has been taken to ensure that they have suitable induction training.

The company has continued to communicate with its employees through Trade Union representatives, at meetings and also now using social media, to discuss matters likely to affect employee's interest, including company performance. The company is an equal opportunities employer.

UK withdrawal from the European Union

The United Kingdom formally left the European Union on 31 January 2020 with the transition period ending on 31 December 2020. The group's principal activity is exclusively performed in the United Kingdom and very few of its suppliers are based within the European Union. As such, the directors do not consider Brexit to trigger a significant risk on the group's performance.

Reading Transport Limited

Group Strategic Report (continued) For the Period Ended 5 April 2020

Subsequent events

COVID-19

As described above in relation to COVID-19, there were no significant events between the Balance Sheet date and the date of signing of the financial statements, affecting the company and group, which require adjustment to or disclosure in the financial statements. The containment and mitigation measures recommended by the World Health Organisation on 11 March 2020, in response to the global pandemic have not significantly curtailed the operations of the group and the group has been able to operate using COVID-safe measures.

United Kingdom leaving the European Union

The directors have considered the impact on the financial statements up to the date of signing and do not consider any adjustments are required in respect of this matter.

Main Business Key Performance Indicators (KPIs)

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

	2018/20	2017/18
Number of PSVs	287	206
Average Fleet Age	7.0 years	5.8 years
Turnover/vehicle	£245,648	£178,075
Turnover/employee	£91,441	£60,147
Wage cost as a % of turnover	51.36%	60.00
Fuel cost as a % of turnover	11.06%	7.42%
Depreciation as a % of turnover	8.34%	8.63%
Fleet % conforming to low emission hybrid, gas or Euro 6 standards	69.00%	56.00%

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



L Jenkins
Director

Date: 14 DECEMBER 2021

Reading Transport Limited

Directors' Report For the Period Ended 5 April 2020

The directors present their report and the group and company financial statements for the period ended 5 April 2020. 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 2018/20 performance.

Results and dividends

The Consolidated Income Statement of the company is set out on page 14 and shows the result for the period.

There was no dividend paid during the period (year ended 23 September 2018 - £Nil). The directors do not recommend the payment of a final dividend (year ended 23 September 2018 - £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 2019/20 we supported Autism Berkshire.

No political contributions were made during the period (year ended 23 September 2018 - £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 period. 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.

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.

Reading Transport Limited

Directors' Report (continued) For the Period Ended 5 April 2020

Employees (continued)

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 the year to September 2018-PY. 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 2018/20 financial period, and in part for the subsequent period, to secure medium-term benefit from low forward prices. Facilities are in place to hedge additional diesel volumes in the 2020/21 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 2020/21 and beyond.

Reading Transport Limited

Directors' Report (continued) For the Period Ended 5 April 2020

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 who served during the period ended 5 April 2020, all of whom served throughout the period except where indicated, were:

F Connolly
K Moffatt
M Townend (resigned 15 July 2019)
D Sutton
C Anscombe
T Thomas
P Woodward (resigned 15 July 2019)
A Pettitt (resigned 31 August 2019)
J Stanford-Beale
M Adams
R E Williams (appointed 9 October 2018)
C Gavin (appointed 15 July 2019)
R P Williams (appointed 15 July 2019)
L Jenkins (appointed 19 September 2019)
D Bassett (appointed 9 March 2020)

Qualifying third party indemnity provisions

As at 5 April 2020 third party indemnity cover in respect of the company's directors was in force.

Going Concern

At 5 April 2020 the group had net assets of £3,458,000 (2018 - £1,578,000) and cash balances of £1,797,000 (2018 - £3,309,000).

The COVID-19 outbreak has been considered as part of the adoption of the going concern basis.

The group has taken steps to reduce its cost base. Where a reduced service was operated following various lockdowns and restrictions on movement both pre and post period end, employees were furloughed and the group utilised the Coronavirus Bus Services Support Grant (CBSSG) and Bus Recovery Grant (BRG), see further information in note 2, under 'Going concern'.

The Directors have reviewed the cash flow requirements of the group and consider that the group has adequate resources to continue to meet its liabilities as they fall due for at least the next 12 months, from the date of signing these financial statements. However, the circumstances described in the Group Strategic Report and in note 2 in relation to the ongoing COVID-19 pandemic, reduced demand from customers and uncertainty in relation to the extent of future government funding, represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. The financial statements do not include any adjustments, should the going concern basis of preparation be inappropriate.

Reading Transport Limited

Directors' Report (continued) For the Period Ended 5 April 2020

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 period. 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 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 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 enable them to ensure that the 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 company and the group'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 company and the group's auditor is aware of that information.

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



L Jenkins
Director

Date: 14 DECEMBER 2021

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited

Opinion

We have audited the financial statements of Reading Transport Limited ("the Parent Company") and its subsidiaries ("the Group") for the period from 24 September 2018 until 5 April 2020 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's and of the Parent Company's affairs as at 5 April 2020 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent 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.

Material uncertainty related to going concern

We draw attention to the disclosure in note 2 which indicates the possible effects of the COVID-19 pandemic on the ability of the company to continue as a going concern. As stated in note 2, possible reduced demand from customers and uncertainty in relation to the extent of future government funding, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Consolidated Financial Statements, 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited (continued)

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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

DocuSigned by:

Gavin Crawford

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

Date: 14 December 2021

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

Reading Transport Limited

Consolidated Income Statement For the Period Ended 5 April 2020

	Note	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Turnover	5	70,501	36,683
Gross profit		70,501	36,683
Operating costs	6	(70,289)	(35,844)
Other operating income	7	405	-
Fair value on derivatives		(643)	-
Operating (loss)/profit	10	(26)	839
Interest receivable and similar income		10	5
Interest payable and similar expenses	11	(1,335)	(577)
Other finance costs	12	(419)	(370)
Loss before taxation		(1,770)	(103)
Taxation on loss	13	(173)	21
Loss on ordinary activities after taxation		(1,943)	(82)

All amounts relate to continuing activities.

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Comprehensive Income For the Period Ended 5 April 2020

		Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
	Note		
Loss for the financial period/year		(1,943)	(82)
Other comprehensive income			
Actuarial gain on defined benefit pension schemes	28	4,279	4,440
Current tax adjustment in respect of pension contributions		177	(53)
Deferred taxation in respect of items of other comprehensive income	24	(633)	(808)
Other comprehensive income for the period/year		3,823	3,579
Total comprehensive income for the period/year		1,880	3,497

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Registered number: 02004963

Consolidated Balance Sheet As at 5 April 2020

		5 April 2020 £000	As restated 23 September 2018 £000
	Note		
Fixed assets			
Intangible fixed assets	15	4,179	347
Tangible assets	16	34,874	35,280
		<u>39,053</u>	<u>35,627</u>
Current assets			
Stocks	18	517	422
Debtors: amounts falling due within one year	19	10,563	6,314
Cash at bank and in hand	20	1,797	3,309
		<u>12,877</u>	<u>10,045</u>
Current liabilities			
Creditors: amounts falling due within one year	21	(17,254)	(10,298)
Net current liabilities		<u>(4,377)</u>	<u>(253)</u>
Total assets less current liabilities		<u>34,676</u>	<u>35,374</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	22	(23,830)	(22,501)
Provisions for liabilities			
Deferred tax	24	(827)	(370)
Provisions	25	(614)	(556)
		<u>(1,441)</u>	<u>(926)</u>
Net assets excluding pension liability		<u>9,405</u>	<u>11,947</u>
Pension liability	28	(5,947)	(10,369)
Net assets		<u><u>3,458</u></u>	<u><u>1,578</u></u>


Reading Transport Limited

Registered number: 02004963

Consolidated Balance Sheet (continued) As at 5 April 2020

		5 April 2020 £000	23 September 2018 £000
Capital and reserves	Note		
Called up share capital	26,30	3,974	3,974
Profit and loss account	30	(516)	(2,396)
Equity attributable to owners of the parent company		<u>3,458</u>	<u>1,578</u>

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



L Jenkins
Director

Date: 14 DECEMBER 2021

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Registered number: 02004963

Company Balance Sheet As at 5 April 2020

		5 April 2020 £000	As restated 23 September 2018 £000
	Note		
Fixed assets			
Intangible assets	15	2	35
Tangible assets	16	32,199	35,280
Investments	17	7,382	1,991
		<u>39,583</u>	<u>37,306</u>
Current assets			
Stocks	18	471	409
Debtors: amounts falling due within one year	19	9,435	6,150
Cash at bank and in hand	20	1,553	2,250
		<u>11,459</u>	<u>8,809</u>
Current liabilities			
Creditors: amounts falling due within one year	21	(16,631)	(10,741)
Net current liabilities		<u>(5,172)</u>	<u>(1,932)</u>
Total assets less current liabilities		<u>34,411</u>	<u>35,374</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	22	(23,124)	(22,501)
Provisions for liabilities			
Deferred tax	24	(409)	(326)
Provisions	25	(614)	(556)
		<u>(1,023)</u>	<u>(882)</u>
Net assets excluding pension liability		<u>10,264</u>	<u>11,991</u>
Pension liability	28	(5,947)	(10,369)
Net assets		<u><u>4,317</u></u>	<u><u>1,622</u></u>


Reading Transport Limited

Registered number: 02004963

Company Balance Sheet (continued) As at 5 April 2020

	Note	5 April 2020 £000	23 September 2018 £000
Capital and reserves			
Called up share capital	26,30	3,974	3,974
Profit and loss account brought forward	30	(2,352)	(5,893)
Loss for the period/year		(1,128)	(38)
Other changes in the profit and loss account		3,823	3,579
Profit and loss account carried forward	30	343	(2,352)
Total equity		4,317	1,622

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


L Jenkins
Director

Date: 14 DECEMBER 2021

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Changes in Equity For the Period Ended 5 April 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 September 2017	3,974	(5,893)	(1,919)
Comprehensive loss 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
At 24 September 2018	3,974	(2,396)	1,578
Comprehensive loss for the period			
Loss for the period	-	(1,943)	(1,943)
Actuarial gains on defined benefit pension schemes	-	4,279	4,279
Current tax adjustment in respect of pension contributions	-	177	177
Deferred taxation in respect of items of other comprehensive income	-	(633)	(633)
Other comprehensive income for the period	-	3,823	3,823
Total comprehensive income for the period	-	1,880	1,880
At 5 April 2020	3,974	(516)	3,458

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Company Statement of Changes in Equity For the Period Ended 5 April 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 September 2017	3,974	(5,893)	(1,919)
Comprehensive loss for the year			
Loss for the year	-	(38)	(38)
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	-	3,541	3,541
At 24 September 2018	3,974	(2,352)	1,622
Comprehensive loss for the period			
Loss for the period	-	(1,128)	(1,128)
Actuarial gains on defined benefit pension schemes	-	4,279	4,279
Current tax adjustment in respect of pension contributions	-	177	177
Deferred taxation in respect of items of other comprehensive income	-	(633)	(633)
Other comprehensive income for the period	-	3,823	3,823
Total comprehensive income for the period	-	2,695	2,695
At 5 April 2020	3,974	343	4,317

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Cash Flows For the Period Ended 5 April 2020

		5 April 2020 £000	23 September 2018 £000
	Note		
Cash flows from operating activities			
Loss for the financial period/year		(1,943)	(82)
Adjustments for:			
Amortisation of Intangible fixed assets	15	500	29
Depreciation of tangible assets	16	5,881	3,154
Interest payable	11	1,335	942
Amortisation of grants received		(351)	(155)
Taxation expense/(income)	13	173	(21)
Interest received		(10)	-
Increase in stocks (net of stocks acquired with subsidiaries)		(43)	(80)
Increase in debtors (net of debtors acquired with subsidiaries)		(2,104)	(1,282)
Increase in creditors (net of creditors acquired with subsidiaries)		2,509	670
Increase in provisions (net of provisions acquired with subsidiaries)	25	58	219
Difference between net pension expense and cash contribution		(143)	(315)
Net fair value losses recognised in P&L		643	-
Loss/(profit) on disposal of tangible fixed assets	6	84	(233)
Corporation tax paid		50	-
Net cash generated from operating activities		6,639	2,846
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		385	2,644
Purchase of tangible fixed assets		(68)	-
Receipt of government grants		1,227	80
Purchase of subsidiary undertaking	31	(5,373)	(1,745)
Cash acquired with subsidiary undertaking	31	75	1,058
Purchase of tangible fixed assets		(1,874)	(2,215)
Interest received		10	5
Net cash used in investing activities		(5,618)	(173)

Reading Transport Limited

Consolidated Statement of Cash Flows (continued) For the Period Ended 5 April 2020

		5 April 2020 £000	23 September 2018 £000
	Note		
Cash flows from financing activities			
Loan from parent undertakings		5,200	-
Repayment of loans		(297)	-
Capital element of lease repaid		(6,101)	(1,162)
Interest paid		(1,335)	(947)
Net cash used in financing activities		(2,533)	(2,109)
Net (decrease)/increase in cash and cash equivalents		(1,512)	564
Cash and cash equivalents at beginning of period/year		3,309	2,745
Cash and cash equivalents at the end of period/year		1,797	3,309
Cash and cash equivalents at the end of period/year comprise:			
Cash at bank and in hand		1,797	3,309

The notes on pages 24 to 56 form part of these financial statements.

The cash at bank and in hand balance includes restricted cash of £789,000 (2018 - £656,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

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 company's accounting reference date was extended from 23 September 2019 to 5 April 2020 and these financial statements are drawn up to within 7 days of this date. As such, the presented two accounting periods are not directly comparable.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the company and its 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 profit or loss 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 Period Ended 5 April 2020

2. Accounting policies (continued)

Going concern

The group made a loss after tax for the period of £1,943,000 (year ended 23 September 2018 - loss £82,000) and at 5 April 2020 had net current liabilities of £4,377,000 (2018 - restated net current liabilities of £253,000). At 5 April 2020 the company had net current liabilities of £5,172,000 (2018 - restated net current liabilities of £1,932,000) and net assets excluding the pension scheme asset and liability of £10,264,000 (2018 - £11,991,000). 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.

At the start of lockdown in March 2020, customer numbers on the commercial bus network fell sharply as government advice was not to use public transport unless absolutely necessary throughout the pandemic, customer numbers have fluctuated, largely in line with lockdowns and government advice, but have not recovered to pre-pandemic levels.

During the first lockdown, services were reduced in 3 stages eventually settling at around 30% of our normal service levels. This was in line with government instruction which required us to continue running services to ensure key workers could travel to their places of work whilst being able to socially distance on board. Service levels were agreed with local authorities and adapted where necessary to suit key shift change times. Services were then increased again in stages, in line with Government direction, to continue to enable social distancing as customer numbers increased whilst government requirements were in place.

The management team are prepared to take action as required to rescale the business to match customer demand. The directors have taken the following steps since the onset of the pandemic:

- utilisation of the Coronavirus Bus Services Support Grant (CBSSG) to enable the group to continue to provide the required level of service, agreed with the Local Authority;
- utilisation of the Coronavirus Job Retention Scheme (CJRS) to furlough employees who were not required to work, as services and activities were reduced;
- social distancing has been enforced on all buses with each vehicle being assessed and provided with a new, reduced advisory seating capacity displayed on prominent places on the bus including in the driver's cab. Cleaning regimes were enhanced to ensure that all touch points were regularly sanitised on each bus. The use of face coverings became mandatory on public transport and is now enshrined in law except for those with a medical exemption; and
- most head office staff are working from home where possible and cover arrangements are in place within teams. Social distancing has been implemented around office buildings with floor markings denoting how employees should navigate themselves around.

As described in the Principal risks and uncertainties section in the Group Strategic Report on pages 4-5, while we do not yet know the full extent to which commercial customers will return and the timing of ongoing government funding is also still uncertain, the assessment of the directors of the company is that the business will trade successfully into the future. There is a strong order book of school and local authority contracts which contribute to the financial viability of the operation.

Social distancing of 2 metres (or 1 metre plus mitigations) due to COVID-19 meant there was a requirement to provide a much greater bus service than customer numbers warrant based on normal bus capacities. Subsidy through the Department for Transport's (DfT's) Coronavirus Bus Services Support Grant (CBSSG) allows this to continue with the revenue risk removed from bus operators. As anticipated, this grant continued for as long as social distancing measures were required. This has allowed the company to break even during this period. Following the end of social distancing, a new 'Bus Recovery Grant' scheme was launched providing further revenue support whilst customer numbers continue to grow, so long as a consistent level of service is provided.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

Going concern (continued)

Whilst the group currently operates without an agreed bank facility, the company's cash reserves held at 5 April 2020 were £1,553,000 (2018 - £2,250,000). 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. However, the circumstances described above in relation to the ongoing COVID-19 pandemic, reduced demand from customers and uncertainty in relation to the extent of future government funding, represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. The financial statements do not include any adjustments, should the going concern basis of preparation be inappropriate.

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.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Income Statement in the same period as the related expenditure.

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 debt 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 period in which they arise subject to an annual aggregated maximum charge.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

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 cost

Defined benefit schemes

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 Royal County of Berkshire 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 Royal County of Berkshire Pension 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 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.

Assets of the Royal County of Berkshire Pension Scheme are not held separately for each employer, the company receives a notional share of the total assets held by the pension scheme as calculated by the scheme actuaries with reference to company cash flows to and from the scheme. Assets are fully re-apportioned at each triennial funding valuation, with estimated valuations being carried out on an annual basis for accounting purposes.

Defined contribution 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 employer contributions payable to the scheme in respect of the accounting period.

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

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

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.

Current and deferred taxation

The tax expense for the period 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.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

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. 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.

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 Consolidated Income Statement.

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

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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.

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 in the Statement of Changes in Equity 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.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

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 that 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.

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.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

4. Prior year adjustment

A prior period adjustment has been processed to reallocate accruals and deferred income totalling £1,563,000 mistakenly shown within non-current liabilities. The impact of this adjustment has been an increase in Accruals and deferred income, falling due within one year (note 21) of £1,563,000, and a reduction in Accruals and deferred income falling due after more than one year (note 22) by the same amount.

5. Turnover

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

6. Operating costs

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Raw materials and consumables	7,365	4,408
Other external charges	14,142	6,648
Staff costs (see note 8)	42,317	22,588
Depreciation	5,881	3,154
Amortisation	500	29
Loss/(profit) on disposal of tangible fixed assets	84	(233)
	<u>70,289</u>	<u>36,594</u>

7. Other operating income

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Other income	54	-
Grant income	351	-
	<u>405</u>	<u>-</u>

Grant income includes income receivable in respect of the Bus Service Operator Grant and amounts received in respect under the Coronavirus Job Retention Scheme.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

8. Employees

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

	Group Period ended 5 April 2020 £000	Group Year ended 23 September 2018 £000	Company Period ended 5 April 2020 £000	Company Year ended 23 September 2018 £000
Wages and salaries	36,209	19,091	30,328	19,091
Social security costs	3,036	1,941	3,036	1,941
Other pension costs	3,072	1,556	2,995	1,556
	<u>42,317</u>	<u>22,588</u>	<u>36,359</u>	<u>22,588</u>

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

	Group Period ended 5 April 2020 No.	Group Year ended 23 September 2018 No.	Company Period ended 5 April 2020 No.	Company Year ended 23 September 2018 No.
Traffic	630	494	492	494
Engineering	81	71	80	71
Administration	60	45	43	45
	<u>771</u>	<u>610</u>	<u>615</u>	<u>610</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

9. Directors' remuneration

Directors' emoluments consisted of:

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Fees and remuneration for management services	676	367
Company contributions to pension schemes	33	15
	<u>709</u>	<u>382</u>

During the period retirement benefits were accruing to three directors (year ended 23 September 2018 - Nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £171,200 (year ended 23 September 2018 - £96,909).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £5,598 (year ended 23 September 2018 - £3,876).

The total accrued pension provision of the highest paid director at 5 April 2020 amounted to £Nil (year ended 23 September 2018 - £Nil).

The amount of the accrued lump sum in respect of the highest paid director at 5 April 2020 amounted to £Nil (year ended 23 September 2018 - £Nil).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

10. Operating (loss)/profit

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

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Depreciation	5,881	3,154
Amortisation	500	29
Hire of plant and machinery - operating leases	292	132
Hire of other assets - operating leases	460	15
Other operating lease rentals	62	-
Grants receivable	(351)	(205)
Defined contribution pension cost	719	249
Defined benefit pension cost (see note 28)	2,578	1,120
Auditor's remuneration:		
- audit services: audit of the group financial statements	48	44
- audit services: audit of subsidiary financial statements	42	-
- services relating to taxation	23	8
- all other services	25	17
Exchange differences	1	-
	<u> </u>	<u> </u>

11. Interest payable and similar expenses

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Loans from parent undertakings	230	-
Finance leases and hire purchase contracts	1,086	577
Other interest payable	19	-
	<u> </u>	<u> </u>
	<u>1,335</u>	<u>577</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

12. Other finance costs

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Net interest on pension scheme liabilities	419	370

13. Taxation on loss on ordinary activities

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Corporation tax		
Current tax on losses for the year	177	(53)
Adjustments in respect of previous periods	(115)	-
Total current tax	62	(53)
Deferred tax		
Origination and reversal of timing differences	52	25
Adjustments in respect of prior periods	(5)	7
Effect of tax rate change on opening balance	64	-
Total deferred tax	111	32
Taxation on loss on ordinary activities	173	(21)

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

13. Taxation on loss on ordinary activities (continued)

Factors affecting tax charge/(credit) for the period

The tax assessed for the period is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018- 19%). The differences are explained below:

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Loss on ordinary activities before tax	(1,770)	(103)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(336)	(20)
Effects of:		
Non-taxable income	(53)	(84)
Fixed asset differences	124	40
Non-deductible expenditure	191	87
Adjustment to deferred tax rates	64	2
Adjustments to tax charge in respect of prior periods - deferred tax	(5)	7
Current tax adjustment in respect of pension contributions	177	(53)
Adjustments to tax charge in respect of prior periods - current tax	(12)	-
Deferred tax not recognised	15	-
Deferred tax arising on intangibles on consolidation	8	-
Total tax charge/(credit) for the period	173	(21)

Factors that may affect future tax charges

Changes substantively enacted as part of the Finance Act 2016 on 15 September 2016, legislated for a reduction of UK corporation tax to 17% effective from 1 April 2020. On 17 March 2020, it was announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. This change was substantively enacted on 17 March 2020. On 3 March 2021, it was announced that the main rate of corporation tax would increase to 25% with effect from 1 April 2023. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 19%.

There were no other factors that may affect future tax changes.

14. Parent company loss for the period/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 period was £1,128,000 (year ended 23 September 2018 - £38,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

15. Intangible assets

Group

	Goodwill £000	Trademarks £000	Customer contracts £000	Other Intangibles £000	Total £000
Cost					
At 24 September 2018	50	138	124	63	375
Additions	68	-	-	-	68
On acquisition of subsidiaries	3,610	285	369	-	4,264
At 5 April 2020	3,728	423	493	63	4,707
Amortisation					
At 24 September 2018	-	-	-	28	28
Charge for the period	346	32	89	33	500
At 5 April 2020	346	32	89	61	528
Net book value					
At 5 April 2020	3,382	391	404	2	4,179
At 23 September 2018	50	138	124	35	347

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 and also in respect of service operation right for Route 7 which the company acquired from Stagecoach.

The brought forward trademarks, customer contracts and goodwill were acquired as part of the acquisition of Newbury & District Limited on 13 September 2018.

The trademarks, customer contracts and goodwill on acquisition of subsidiaries for the period arose from the purchase of Thames Valley Buses Limited (formerly Courtney Coaches Limited) on 30 April 2019 (see note 31 Business combinations). Thames Valley Buses Limited is an established company in Berkshire, England and there are no plans to rebrand this business in the foreseeable future.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

15. Intangible assets (continued)

Company

	Other intangibles £000
Cost	
At 24 September 2018	63
At 5 April 2020	63
Amortisation	
At 24 September 2018	28
Charge for the period	33
At 5 April 2020	61
Net book value	
At 5 April 2020	2
At 23 September 2018	35

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 and also in respect of service operation right for Route 7 which the company acquired from Stagecoach.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

16. Tangible fixed assets

Group

	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 24 September 2018	770	5,431	8,780	42,823	1,197	59,001
Additions	200	178	34	2,863	-	3,275
Acquisition of subsidiary	-	15	179	2,475	-	2,669
Disposals	-	-	-	(1,215)	-	(1,215)
Transfers between classes	-	-	412	-	(412)	-
At 5 April 2020	970	5,624	9,405	46,946	785	63,730
Depreciation						
At 24 September 2018	296	1,792	5,634	15,999	-	23,721
Charge for the period on owned assets	53	168	614	203	-	1,038
Charge for the period on financed assets	-	-	319	4,524	-	4,843
Disposals	-	-	-	(746)	-	(746)
At 5 April 2020	349	1,960	6,567	19,980	-	28,856
Net book value						
At 5 April 2020	621	3,664	2,838	26,966	785	34,874
At 23 September 2018	474	3,639	3,146	26,824	1,197	35,280

Included within freehold and buildings is freehold land at cost of £195,000 (2018 - £195,000).

The net book value of buses and coaches includes an amount of £25,296,000 (2018 - £25,686,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the period was £4,524,000 (2018 - £2,014,000).

The net book value of plant and machinery includes an amount of £686,000 (2018 - £564,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the period was £319,000 (2018 - £362,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

16. Tangible fixed assets (continued)

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 24 September 2018	770	5,431	8,780	42,823	1,197	59,001
Additions	200	-	(51)	2,749	-	2,898
Disposals	-	-	-	(1,111)	-	(1,111)
Transfers between classes	-	-	412	-	(412)	-
At 5 April 2020	970	5,431	9,141	44,461	785	60,788
Depreciation						
At 24 September 2018	296	1,792	5,634	15,999	-	23,721
Charge for the period on owned assets	53	132	568	409	-	1,162
Charge for the period on financed assets	-	-	319	4,133	-	4,452
Disposals	-	-	-	(746)	-	(746)
At 5 April 2020	349	1,924	6,521	19,795	-	28,589
Net book value						
At 5 April 2020	621	3,507	2,620	24,666	785	32,199
At 23 September 2018	474	3,639	3,146	26,824	1,197	35,280

Included within freehold and buildings is freehold land at cost of £195,000 (2018 - £195,000).

The net book value of buses and coaches includes an amount of £23,507,000 (2018 - £25,686,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the period was £4,133,000 (2018 - £2,014,000).

The net book value of plant and machinery includes an amount of £525,000 (2018 - £564,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the period was £319,000 (2018 - £362,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

17. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 24 September 2018	1,991
Additions	5,391
At 5 April 2020	<u>7,382</u>

On 30 April 2019, the company acquired the entire share capital of Thames Valley Buses Limited (formerly Courtney Coaches Limited), Courtney Bodyworks Limited and Courtney ATF Centres Limited for a consideration of £5,373,000.

During the period, an additional amount of £18,000 (2018 - £1,895,000) was recognised in respect to the investment in Newbury & District Limited due to a late invoice in respect of professional acquisition fees capitalised in current period.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Newbury & District Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
The 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%
Thames Valley Buses Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Courtney Bodyworks Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Courtney ATF Centre Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

18. Stocks

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Spare parts and consumables	517	422	471	409

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

19. Debtors: amounts falling due within one year

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Trade debtors	1,984	1,522	726	1,379
Amounts owed by group undertakings	-	-	1,507	-
Amounts owed by parent undertaking	4,063	408	4,063	408
Other debtors	865	1,375	502	1,375
Prepayments and accrued income	2,214	1,246	1,507	1,225
Corporation tax	224	-	-	-
VAT recoverable	31	-	-	-
Deferred taxation	1,130	1,763	1,130	1,763
Grants receivable	52	-	-	-
	<u>10,563</u>	<u>6,314</u>	<u>9,435</u>	<u>6,150</u>

20. Cash and cash equivalents

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Cash at bank and in hand	1,797	3,309	1,553	2,250

Cash at bank at the period end includes a balance amounting to £789,000 (2018 - £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 Period Ended 5 April 2020

21. Creditors: amounts falling due within one year

	Group	Group As restated 23 September 2018	Company	Company As restated 23 September 2018
	5 April 2020 £000	September 2018 £000	5 April 2020 £000	September 2018 £000
Trade creditors	2,253	1,795	1,073	1,553
Amounts owed to parent undertakings	5,762	1,015	5,762	1,015
Other taxation and social security	746	1,003	545	439
Corporation tax	-	184	-	-
Amounts owed to subsidiary undertakings	-	-	2,029	1,447
Obligations under finance lease and hire purchase contracts	4,635	3,728	4,108	3,728
Other creditors	892	1,010	659	996
Accruals and deferred income	2,323	1,563	1,812	1,563
Derivative financial instruments	643	-	643	-
	17,254	10,298	16,631	10,741

Obligations under finance lease and hire purchase contracts include liabilities that are repayable in instalments at rates of interest ranging between 2.12% and 6.05%; these liabilities are secured on the underlying assets to which they relate.

Amounts owed to parent undertakings include a loan repayable by instalments, which is unsecured and attracts interest at 5%. At the balance sheet date the amount owing to the parent company under this loan agreement is £4,903,000, of which £4,476,000 is shown below as due in more than 1 year.

The remainder of the amounts owed to parent undertakings and all amounts owed to subsidiary undertakings are interest free and repayable on demand.

Please see note 4 regarding prior year adjustment.

Obligations under finance leases are due as follows:

	Group	Group 23 September 2018	Company	Company 23 September 2018
	5 April 2020 £000	September 2018 £000	5 April 2020 £000	September 2018 £000
Within one year	4,635	3,728	4,108	3,728
Between 1-5 years	13,303	14,442	12,606	14,442
Over 5 years	3,467	6,204	3,458	6,204
	21,405	24,374	20,172	24,374

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

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

	Group	Group As restated 23 September 2018 £000	Company	Company As restated 23 September 2018 £000
	5 April 2020 £000		5 April 2020 £000	
Obligations under finance leases and hire purchase contracts	16,770	20,646	16,064	20,646
Amounts owed to parent undertakings	4,476	-	4,476	-
Government grants received	2,584	1,855	2,584	1,855
	<u>23,830</u>	<u>22,501</u>	<u>23,124</u>	<u>22,501</u>

The aggregate amount of creditors repayable in whole or in part after more than five years is £6,479,000 (2018 - £24,373,000).

Please see note 4 regarding prior year adjustment.

23. Financial Instruments

	Group	Group 23 September 2018 £000	Company	Company 23 September 2018 £000
	5 April 2020 £000		5 April 2020 £000	
Financial assets				
Financial assets that are debt instruments measured at amortised cost	8,985	5,863	14,228	6,628
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(643)	-	(643)	-
Financial liabilities measured at fair value through profit or loss	(5,947)	(10,369)	(5,947)	(10,369)
Financial liabilities measured at amortised cost	(36,126)	(29,755)	(29,825)	(30,975)
	<u>(42,716)</u>	<u>(40,124)</u>	<u>(36,415)</u>	<u>(41,344)</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

23. Financial Instruments

Financial assets measured at amortised cost comprise 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.

Other financial liabilities measured at fair value through profit and loss comprise derivative financial instruments.

Financial assets and liabilities measured at fair value include pension scheme assets and liabilities.

24. Deferred taxation

Group

	5 April 2020 £000	23 September 2018 £000
At beginning of period/year	1,393	2,233
Charged to profit or loss	(326)	(32)
Charged to other comprehensive income	(633)	(808)
Arising on business combinations	(150)	-
Utilised in period	19	-
At end of period/year	303	1,393

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

24. Deferred taxation (continued)

Company

	5 April 2020 £000	23 September 2018 £000
At beginning of period/year	1,437	2,233
Charged to profit or loss	(82)	12
Charged to other comprehensive income	(633)	(808)
At end of period/year	722	1,437

The deferred tax asset is made up as follows:

	Group 5 April £000 2020	Group 23 September £000 2018	Company 5 April £000 2020	Company 23 September £000 2018
Asset relating to pension schemes (included in debtors)	1,130	1,763	1,130	1,763
Analysed below	(827)	(370)	(409)	(326)
	303	1,393	721	1,437

	Group 5 April £000 2020	Group 23 September £000 2018	Company 5 April £000 2020	Company 23 September £000 2018
Accelerated capital allowances	1,457	520	1,185	476
Short term timing differences	(6)	(21)	(2)	(21)
Intangibles arising on consolidation	150	-	-	-
Tax losses carried forward and other deductions	(774)	(129)	(774)	(129)
Liability	827	370	409	326

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

25. Provisions

	5 April 2020 £000	23 September 2018 £000
Group and Company		
At 24 September 2018	556	337
Charged to profit or loss	58	69
Arising on business combinations	-	150
At 5 April 2020	614	556

The provision is for uninsured claims and represents the estimated amount payable at the period end by the company, in respect of outstanding insurance claims below the company's excess of £20,000 (2018 - £20,000) per claim. It is secured by a fixed charge amounting to £789,000 (2018 - £656,000) over the company's assets, see note 20. Due to the nature of the provision, the amount and timing of any outflows in relation to the provision are uncertain.

26. Share capital

	5 April 2020 £000	23 September 2018 £000
Allotted, called up and fully paid		
3,974,000 Allotted, called up and fully paid ordinary shares of £1 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.

27. Capital commitments

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Contracted for but not provided for tangible assets	7,908	2,128	7,908	2,128

Included in the above committed amounts is £6,846,000 in relation to orders that were either cancelled or reduced following the year end. The reduction in the commitment post year end was £6,565,000.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

28. Pension commitments

Defined benefit schemes

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) Royal County of Berkshire 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 Royal County of Berkshire Pension Scheme, to which the company contributes in accordance with the Royal County of Berkshire Pension Scheme Regulations.

Assets of the Royal County of Berkshire Pension Scheme are not held separately for each employer, the company receives a notional share of the total assets held by the pension scheme as calculated by the scheme actuaries with reference to company cash flows to and from the scheme. Assets are fully re-apportioned at each triennial funding valuation, with estimated valuations being carried out on an annual basis for accounting purposes.

The liabilities set out in this note have been calculated by independent actuaries based on the most recent full actuarial valuation at March 2019 for the Reading Transport Staff Retirement Scheme and June 2017 for the Royal County of Berkshire Pension Scheme, updated to 5 April 2020. The results of the calculations and the assumptions adopted are shown below.

Defined contribution 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.

Reconciliation of present value of plan liabilities:

	5 April 2020 £000	23 September 2018 £000
Reconciliation of present value of plan liabilities		
At the beginning of the period/year	83,780	85,902
Current service cost	1,772	1,334
Past service costs	792	-
Interest cost	3,406	2,316
Actuarial losses/(gains)	2,841	(3,346)
Contributions by participants	94	64
Benefits paid	(4,213)	(2,462)
Unfunded pension payments	(43)	(28)
At the end of the period/year	88,429	83,780

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

28. Pension commitments (continued)

Reconciliation of present value of plan assets:

	5 April 2020 £000	23 September 2018 £000
At the beginning of the period/year	73,411	70,778
Interest income on plan assets	2,987	1,946
Actuarial gains	7,120	1,094
Admin expenses paid	(14)	(14)
Contributions by company	3,140	2,033
Contributions by participants	94	64
Benefits paid	(4,256)	(2,490)
At the end of the period/year	82,482	73,411

Composition of plan assets:

	5 April 2020 £000	23 September 2018 £000
Equities	22,221	22,501
Other bonds	16,170	13,012
Property	6,434	6,451
Cash	36,455	30,018
Target return portfolio	583	601
Commodities	82	291
Infrastructure	1,135	989
Longevity insurance	(598)	(452)
Total plan assets	82,482	73,411

	5 April 2020 £000	23 September 2018 £000
Fair value of plan assets	82,482	73,411
Present value of plan liabilities	(88,429)	(83,780)
Net pension scheme liability	(5,947)	(10,369)

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

28. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	5 April 2020 £000	23 September 2018 £000
Included in other finance costs		
Interest on obligation	419	370
Included in administrative expenses		
Current service costs	1,772	1,334
Past service costs	792	-
Administrative expenses	14	14
	2,578	1,348

Amounts recognised in other comprehensive income

	5 April 2020 £000	23 September 2018 £000
Actuarial gains recognised	4,279	4,440

The 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.

	5 April 2020 £000	23 September 2018 £000
Actual return on plan assets	9,825	3,026

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

28. Pension commitments (continued)

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

	2020 %	2018 %
Discount rate	2.1	2.7
Future salary increases	2.2	2.4
Inflation assumption (RPI)	3.0	3.4
CPI increases	2.2	2.4
Future pension increases - pre 1997*	2.8	2.4
Future pension increases - 1997 - 2006*	2.8	2.7
Future pension increases	2.1	2.3
Mortality rates:		
- for a male aged 65 now	20.9	21.2
- at 65 for a male aged 45 now	22.2	24.0
- for a female aged 65 now	23.7	22.6
- at 65 for a female member aged 45 now	25.2	25.5

*applicable to the Reading Transport Staff Retirement Scheme only.

29. Commitments under operating leases

At 5 April 2020 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Not later than 1 year	930	111	200	111
Later than 1 year and not later than 5 years	1,604	318	428	318
Later than 5 years	510	-	-	-
	<u>3,044</u>	<u>429</u>	<u>628</u>	<u>429</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

30. Reserves

The company's capital and reserves are as follows:

Called up share capital

Share capital represents the issued and fully paid up equity share capital of the company.

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 Period Ended 5 April 2020

31. Business combinations

On 30 April 2019, the company acquired the entire share capital of Thames Valley Buses Limited (formerly Courtney Coaches Limited), Courtney Bodyworks Limited and Courtney ATF Centre Limited for a consideration of £5,373,000.

Since the acquisition date, included in the consolidated statement of comprehensive income for the reporting period relating to the acquired companies, was a revenue of £8,259,000 and a loss after tax of £338,000.

Recognised amounts of identifiable assets acquired and liabilities assumed

	30 April 2019	30 April 2019 Fair value adjustment	05 April 2020 Fair value
	Book value £000	£000	£000
Fixed assets			
Tangible assets	2,669	-	2,669
Intangible fixed assets	-	654	654
	<u>2,669</u>	<u>654</u>	<u>3,323</u>
Current assets			
Stocks	52	-	52
Debtors	2,695	-	2,695
Cash at bank and in hand	75	-	75
	<u>5,491</u>	<u>654</u>	<u>6,145</u>
Total assets			
Liabilities			
Creditors	(2,542)	-	(2,542)
Finance leases	(1,731)	-	(1,731)
Deferred taxation	(12)	(97)	(109)
	<u>1,206</u>	<u>557</u>	<u>1,763</u>
Total identifiable net assets			
Goodwill			3,610
Total purchase consideration			<u>5,373</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

31. Business combinations (continued)

Consideration

	£000
Cash	5,235
Directly attributable costs	138
Total purchase consideration	5,373

Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	(5,235)
Directly attributable costs	(138)
	(5,373)
Less: Cash and cash equivalents acquired	75
Net cash outflow on acquisition	(5,298)

32. 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 period:

- the company received income of £5,419,000 (2018 - £3,628,000) as its share of a concessionary fares scheme and received income totalling £1,121,000 (2018 - £532,000) under other contracts and agreements with them; and
- the company paid £371,000 (2018 - £222,000) for other services.

At the period end, the company was owed £435,000 by Reading Borough Council (2018 - £409,000) and the company owed Reading Borough Council £2,090,000 (2018 - £1,015,000).

On 28 September 2014, the company consolidated a number of intercompany loans into a new finance lease. Subsequently further loans have been advanced to the company by Reading Borough Council, as disclosed in notes 21 and 22, including an advance in the year of £5,200,000 (2018 - £Nil). The total obligation to Reading Borough Council at the period end was £10,265,000 (2018 - £6,859,000). The key terms of these loans and finance leases are disclosed in note 21.

Interest payable on these loans and finance leases with Reading Borough Council during the period totalled £433,000 (2018 - £169,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

33. Post Balance Sheet events

COVID-19

As described in the Principal risks and uncertainties section in the Group Strategic Report on pages 3-5 in relation to COVID-19, aside from the ongoing pandemic, there were no significant events between the Balance Sheet date and the date of signing of the financial statements, affecting the company, which require adjustment to or disclosure in the financial statements. The containment and mitigation measures recommended by the World Health Organisation on 11 March 2020, in response to the global pandemic have significantly curtailed the operations of the company and whilst they have not had a major impact on the ability of the company to operate, they have had significant impact on commercial customer demand. The business is in receipt of Coronavirus Bus Services Support Grant (CBSSG) funding from the Department for Transport for the operation of commercial bus services and Coronavirus Job Retention Scheme (CJRS) funding for furloughed employees not required to work during the pandemic. Local authority contracts for school and rural bus networks, which form a significant part of the company's revenue, continue to be tendered and paid for by the authorities.

United Kingdom leaving the European Union

The United Kingdom formally left the European Union on 31 January 2020 with the transition period ending on 31 December 2020.

The group's principal activity is exclusively performed in the United Kingdom and very few of its suppliers are based within the European Union. As such, the directors do not consider Brexit to trigger a significant risk on the group's performance.

Reading Transport Limited

**Annual Report and Consolidated Financial
Statements**

Period Ended

5 April 2020

Company Number 02004963

Reading Transport Limited

Company Information

Directors	F Connolly K Moffatt D Sutton C Anscombe T Thomas J Stanford-Beale M Adams R E Williams C Gavin R P Williams L Jenkins D Bassett
Company secretary	A Pettitt
Registered number	02004963
Registered office	Great Knollys Street Reading Berkshire RG1 7HH
Independent auditor	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX

Reading Transport Limited

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Reading Transport Limited

Group Strategic Report For the Period Ended 5 April 2020

The directors present their Group Strategic Report together with the audited consolidated financial statements for Reading Transport Limited ("the company") and its subsidiaries ("the group") for the period ended 5 April 2020.

The company's accounting reference date was extended from 23 September 2019 to 5 April 2020 and these financial statements are drawn up to within 7 days of this date.

Principal activities

The main activities of the group remain:

- a) the provision of local bus services within the greater Reading area, and the surrounding authorities of West Berkshire, Bracknell, Wokingham, Slough and Windsor & Maidenhead; 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

In order to align all companies across the expanded Reading Transport Limited group, the accounting reference dates of the company were changed and the 2018/19 financial year was extended to 5 April 2020.

COVID-19

The directors of the company and the group continue to assess the impact of COVID-19. The situation is evolving rapidly, and it is not possible to determine with certainty the impact on the group, its customers, employees and suppliers. The directors are continually reviewing their plans and forecasts and believe that the going concern basis is appropriate in the short term for a period of not less than twelve months from the date of approval of these financial statements. However, depending on the severity and length of the crisis there is a risk that the company and the group could require further funding or support. As disclosed in the Going Concern section of note 2, this represents a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

The response to the impact of COVID-19 is set out in the principal risks and uncertainties section below.

Performance and Business Review

Reading Transport Limited continues to be the principal public transport provider in the Greater Reading area. Following a year of rapid development for Reading Transport Limited in 2017/18, the extended 2018/19/20 financial year saw underlying trading conditions remain relatively stable until the very end of the period, when the COVID-19 pandemic struck.

Overall demand for travel continued to grow throughout most of the extended year, however overall passenger journeys on the Reading Buses network decreased by 0.84 million trips (-2.9%) in the 12 months to 05 April 2020 directly as a result of the COVID-19 pandemic severely impacting the final 4 weeks of the period.

Total revenue for the 18.5-month period to 05 April 2018 was £70.5m (12 months to 23 September 2018 - £36.7m) reflecting continued customer growth and the impact of company acquisitions. Loss after taxation in the same period was £1.9m (12 months to September 2018 - £82k).

Reading Transport Limited

Group Strategic Report (continued) For the Period Ended 5 April 2020

Review of business and future developments (continued)

Performance and Business Review (continued)

The effect of the global COVID-19 pandemic had significant impact on the financial performance of the group for the final month of the period as customer numbers reduced rapidly, directly impacting the group's revenue. Government support to compensate for the revenue loss, through the Coronavirus Bus Service Support Grant (CBSSG), was finalised after the balance sheet date and so could not be recognised in that period. However, the grant payments were received and will be recognised in the 2020/21 accounting period, mitigating a significant portion of losses incurred in the current accounting period.

The number of issues with roadworks and consequent congestion were significantly lower in the year following the completion of some major schemes in 2017/18 and the opening of Cow Lane bridge to two-way traffic in September 2018, but a number of very challenging schemes resumed from September 2019. 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 been kept very low and punctuality overall was consistent with the prior year and 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 any disruption on our customers.

Our September 2018 timetable changes included further revisions to services in Caversham to help better align our service provision to the travel demand, and the launch of the Tiger brand for route 7 between Reading and Fleet. Our emergency contract to run Thames Valley route 5 in Slough became a commercially sustainable service in January 2019, with supported early morning, evening and Sunday journeys. We also made some timetable changes to improve reliability on the Lime 2, Purple 17 and Yellow 26 in February 2019, and to coordinate and consolidate services in Newbury in April 2019.

In line with our strategy in relation to developing services across the wider Thames Valley area, and following our acquisition of local bus operator Newbury & District in September 2018, we completed the purchase of Courtney Buses in April 2019 operating a network of commercial and supported local bus services based from a depot in Bracknell, along with several out-stationed corporate contracts, a MoT centre (Courtney ATF Centre Limited) and a vehicle bodyshop (Courtney Bodyworks Limited).

Our September 2019 service changes focused on simplifying our network of school services in Reading, with simplified numbering and ticketing.

In November 2019, operation of the Thames Valley 5 service in Slough transferred to Courtney Buses along with the associated outstation. The driving team transferred under TUPE regulations. Courtney Buses now also provide Green Line route 703, between Bracknell and Heathrow, on Reading Buses behalf, supplementing London route 702 operated from Reading.

January and February 2020 changes sought to improve the efficiency of the rural Lion, Leopard and Tiger routes by tailoring services to better match demand and eliminating some duplication with Courtney Buses routes around Bracknell. A new section 106 funded extension of route 9 to Spencer's Wood was introduced as part of this package, with route 9 becoming part of the Leopard network.

Following the declaration of a climate emergency by Reading Borough Council in February 2019, and the resolve to reach a carbon-neutral position for Reading by 2030, the company is reviewing its strategy to align as far as possible.

Currently, 30% of the Reading Buses fleet runs on biomethane which generates a 84% CO₂ reduction. There is further capacity in the gas station, which has already been upgraded and can be upgraded further. Other alternative fuels are being considered and reviewed; a 'Bus of the Future' electric vehicle trial took place in Reading in November 2019, utilising a BYD/ADL Enviro200EV demonstrator with mirror-less technology on the 500 service between Central Reading and Winnersh Triangle. Whilst the trial was generally positive there are some specific factors to consider with electric, particularly on the limited range of the current electric vehicles on the market as well as the carbon footprint of the battery manufacture and disposal. Work will continue to assess options and follow industry and market developments in order to inform future strategy.

Reading Transport Limited

Group Strategic Report (continued) For the Period Ended 5 April 2020

Review of business and future developments (continued)

Performance and Business Review (continued)

Three Alexander Dennis Enviro200 MMC single deck buses were purchased in winter 2019/20 to upgrade Thames Valley 5 and Lower Caversham services as well as allowing us to standardise vehicle types across depots.

The company continues to be recognised as an outstanding operator at a national level and in 2019 was shortlisted and/or successful in the following awards:

Award title	Category	Result
Chartered Institute of Transport & Logistics (CILT) Annual Awards for Excellence	Passenger Service Innovation	Won
routeOne Operators Excellence Awards	Operator Training Award	Shortlisted
	Best Use of Technology	Shortlisted
	Environment Award	Shortlisted
	Manager of the Year (Dan Bassett)	Shortlisted
	Rising Star (Dan Moss)	Shortlisted
UK Bus Awards	Top National Bus Depot	Silver Award
	Bus in the Community	Finalist
	Making Buses a Better Choice	Finalist

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 (April 2020) the company's proportion of the Local Government Pension Scheme funding deficit had improved slightly at £17.2m (£17.8m eighteen 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 22.7% overall, with additional contributions in the current recovery plan of £602,000 for 2020/21, rising to £624,000 in 2021/22. On the current schedule additional contribution levels are expected to increase annually, peaking at £1.1m 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 £57.4m (2018 - £51.0m) and a fair value of fund assets of £68.6m (2018 - £58.4m) there was a balance sheet surplus of £11.3m (2018 - £7.4m). 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 at a level agreed following the next valuation.

The result for the period was a net loss after taxation of £1.9m (year ended 23 September 2018 - £82,000). Additional costs incurred in the period (congestion mitigation, mobilisation and consolidation of acquired business), as well as the emergence of COVID-19 towards the end of the period, have all had an impact on financial performance. However, revenue support through the Coronavirus Bus Services Support Grant relating to March 2020, has since been received in 2020/21 to mitigate the majority of this period's losses, of which £1.1m was received in relation to the 2020 period end. Of this amount £818,000 is not reflected in these financial statements as it did not meet the asset recognition criteria at the period end, accordingly the amount has been recognised in the 2021 period.

Reading Transport Limited

Group Strategic Report (continued) For the Period Ended 5 April 2020

Review of business and future developments (*continued*)

Performance and Business Review (continued)

There is a strong focus on returning the business to profitability following the COVID-19 pandemic, and with a mixture of cost control measures planned as well as initiatives to stimulate travel demand at the appropriate time, the outlook for the group remains positive.

Principal risks and uncertainties faced by the group

COVID-19

During the COVID-19 pandemic, the government has advised the public not to use public transport unless absolutely essential. This has impacted our customer volumes significantly, with only 12% of normal customer volumes travelling at the height of the first lockdown. The group adapted its services accordingly to reduce cost as much as possible and has made use of government schemes and grants including the Coronavirus Bus Services Support Grant (CBSSG) funding from the Department for Transport for the operation of commercial bus services and Coronavirus Job Retention Scheme (CJRS) funding for furloughed employees not required to work during the pandemic. As lockdown measures initially eased, the group stepped up its service provision, running a full service by Autumn 2020. This was temporarily varied again during the subsequent lockdowns in November 2020 and January to March 2021.

The Department of Transport have made a commitment that bus operators should be no better or worse off due to the pandemic and so have provided the Coronavirus Bus Services Support Grant (CBSSG) to cover operating losses whilst social distancing measures were in place. This has allowed the company to break even during this period.

Following the end of social distancing, a new 'Bus Recovery Grant' scheme was launched providing bus operators with further revenue support whilst customer numbers continue to grow, so long as a consistent level of service is provided. For this reason, the Directors' assessment of the impact during the pandemic is that the company will continue to break even. However, circumstances described in note 2 in relation to the ongoing COVID-19 pandemic, reduced demand from customers and uncertainty in relation to the extent of future government funding, represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern.

Once the pandemic and any associated funding schemes are over, we will monitor customer demand closely and match service provision to keep the network profitable. Planning is underway to cover a range of scenarios so that the group is prepared to efficiently serve the new demand, as well as developing campaigns to continue to stimulate demand for sustainable bus travel.

Congestion and road works

Congestion was extremely low during the pandemic, due to the reduced travel requirements across all modes, and this has had a positive impact on service reliability. However, it is noted that congestion in many areas has returned to pre-pandemic levels. Congestion has been a growing problem in recent years, resulting in additional vehicles being added to schedules in order to maintain frequencies and reliability. 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 Period Ended 5 April 2020

Principal risks and uncertainties faced by the group (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. The COVID-19 pandemic has created a lot of volatility in diesel prices. 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 2018/19/20 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 significant 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, with exceptional customer service skills, rather than appointing existing vocational licence holders. The company maintains a waiting list of applicants and training requirement based on historic levels of staff turnover. The company's in-house training school ensures that driving employees meet or exceed our customer's expectations. Where staff have transferred into the business time has been taken to ensure that they have suitable induction training.

The company has continued to communicate with its employees through Trade Union representatives, at meetings and also now using social media, to discuss matters likely to affect employee's interest, including company performance. The company is an equal opportunities employer.

UK withdrawal from the European Union

The United Kingdom formally left the European Union on 31 January 2020 with the transition period ending on 31 December 2020. The group's principal activity is exclusively performed in the United Kingdom and very few of its suppliers are based within the European Union. As such, the directors do not consider Brexit to trigger a significant risk on the group's performance.

Reading Transport Limited

Group Strategic Report (continued) For the Period Ended 5 April 2020

Subsequent events

COVID-19

As described above in relation to COVID-19, there were no significant events between the Balance Sheet date and the date of signing of the financial statements, affecting the company and group, which require adjustment to or disclosure in the financial statements. The containment and mitigation measures recommended by the World Health Organisation on 11 March 2020, in response to the global pandemic have not significantly curtailed the operations of the group and the group has been able to operate using COVID-safe measures.

United Kingdom leaving the European Union

The directors have considered the impact on the financial statements up to the date of signing and do not consider any adjustments are required in respect of this matter.

Main Business Key Performance Indicators (KPIs)

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

	2018/20	2017/18
Number of PSVs	287	206
Average Fleet Age	7.0 years	5.8 years
Turnover/vehicle	£245,648	£178,075
Turnover/employee	£91,441	£60,147
Wage cost as a % of turnover	51.36%	60.00
Fuel cost as a % of turnover	11.06%	7.42%
Depreciation as a % of turnover	8.34%	8.63%
Fleet % conforming to low emission hybrid, gas or Euro 6 standards	69.00%	56.00%

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



L Jenkins
Director

Date: 14 DECEMBER 2021

Reading Transport Limited

Directors' Report For the Period Ended 5 April 2020

The directors present their report and the group and company financial statements for the period ended 5 April 2020. 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 2018/20 performance.

Results and dividends

The Consolidated Income Statement of the company is set out on page 14 and shows the result for the period.

There was no dividend paid during the period (year ended 23 September 2018 - £Nil). The directors do not recommend the payment of a final dividend (year ended 23 September 2018 - £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 2019/20 we supported Autism Berkshire.

No political contributions were made during the period (year ended 23 September 2018 - £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 period. 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.

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.

Reading Transport Limited

Directors' Report (continued) For the Period Ended 5 April 2020

Employees (continued)

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 the year to September 2018-PY. 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 2018/20 financial period, and in part for the subsequent period, to secure medium-term benefit from low forward prices. Facilities are in place to hedge additional diesel volumes in the 2020/21 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 2020/21 and beyond.

Reading Transport Limited

Directors' Report (continued) For the Period Ended 5 April 2020

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 who served during the period ended 5 April 2020, all of whom served throughout the period except where indicated, were:

F Connolly
K Moffatt
M Townend (resigned 15 July 2019)
D Sutton
C Anscombe
T Thomas
P Woodward (resigned 15 July 2019)
A Pettitt (resigned 31 August 2019)
J Stanford-Beale
M Adams
R E Williams (appointed 9 October 2018)
C Gavin (appointed 15 July 2019)
R P Williams (appointed 15 July 2019)
L Jenkins (appointed 19 September 2019)
D Bassett (appointed 9 March 2020)

Qualifying third party indemnity provisions

As at 5 April 2020 third party indemnity cover in respect of the company's directors was in force.

Going Concern

At 5 April 2020 the group had net assets of £3,458,000 (2018 - £1,578,000) and cash balances of £1,797,000 (2018 - £3,309,000).

The COVID-19 outbreak has been considered as part of the adoption of the going concern basis.

The group has taken steps to reduce its cost base. Where a reduced service was operated following various lockdowns and restrictions on movement both pre and post period end, employees were furloughed and the group utilised the Coronavirus Bus Services Support Grant (CBSSG) and Bus Recovery Grant (BRG), see further information in note 2, under 'Going concern'.

The Directors have reviewed the cash flow requirements of the group and consider that the group has adequate resources to continue to meet its liabilities as they fall due for at least the next 12 months, from the date of signing these financial statements. However, the circumstances described in the Group Strategic Report and in note 2 in relation to the ongoing COVID-19 pandemic, reduced demand from customers and uncertainty in relation to the extent of future government funding, represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. The financial statements do not include any adjustments, should the going concern basis of preparation be inappropriate.

Reading Transport Limited

Directors' Report (continued) For the Period Ended 5 April 2020

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 period. 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 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 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 enable them to ensure that the 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 company and the group'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 company and the group's auditor is aware of that information.

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



L Jenkins
Director

Date: 14 DECEMBER 2021

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited

Opinion

We have audited the financial statements of Reading Transport Limited ("the Parent Company") and its subsidiaries ("the Group") for the period from 24 September 2018 until 5 April 2020 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's and of the Parent Company's affairs as at 5 April 2020 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent 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.

Material uncertainty related to going concern

We draw attention to the disclosure in note 2 which indicates the possible effects of the COVID-19 pandemic on the ability of the company to continue as a going concern. As stated in note 2, possible reduced demand from customers and uncertainty in relation to the extent of future government funding, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Consolidated Financial Statements, 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Reading Transport Limited

Independent Auditor's Report to the Members of Reading Transport Limited (continued)

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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

DocuSigned by:

Gavin Crawford

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

Date: 14 December 2021

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

Reading Transport Limited

Consolidated Income Statement For the Period Ended 5 April 2020

	Note	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Turnover	5	70,501	36,683
Gross profit		70,501	36,683
Operating costs	6	(70,289)	(35,844)
Other operating income	7	405	-
Fair value on derivatives		(643)	-
Operating (loss)/profit	10	(26)	839
Interest receivable and similar income		10	5
Interest payable and similar expenses	11	(1,335)	(577)
Other finance costs	12	(419)	(370)
Loss before taxation		(1,770)	(103)
Taxation on loss	13	(173)	21
Loss on ordinary activities after taxation		(1,943)	(82)

All amounts relate to continuing activities.

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Comprehensive Income For the Period Ended 5 April 2020

		Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
	Note		
Loss for the financial period/year		(1,943)	(82)
Other comprehensive income			
Actuarial gain on defined benefit pension schemes	28	4,279	4,440
Current tax adjustment in respect of pension contributions		177	(53)
Deferred taxation in respect of items of other comprehensive income	24	(633)	(808)
Other comprehensive income for the period/year		3,823	3,579
Total comprehensive income for the period/year		1,880	3,497

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Registered number: 02004963

Consolidated Balance Sheet As at 5 April 2020

		5 April 2020 £000	As restated 23 September 2018 £000
	Note		
Fixed assets			
Intangible fixed assets	15	4,179	347
Tangible assets	16	34,874	35,280
		<u>39,053</u>	<u>35,627</u>
Current assets			
Stocks	18	517	422
Debtors: amounts falling due within one year	19	10,563	6,314
Cash at bank and in hand	20	1,797	3,309
		<u>12,877</u>	<u>10,045</u>
Current liabilities			
Creditors: amounts falling due within one year	21	(17,254)	(10,298)
Net current liabilities		<u>(4,377)</u>	<u>(253)</u>
Total assets less current liabilities		<u>34,676</u>	<u>35,374</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	22	(23,830)	(22,501)
Provisions for liabilities			
Deferred tax	24	(827)	(370)
Provisions	25	(614)	(556)
		<u>(1,441)</u>	<u>(926)</u>
Net assets excluding pension liability		<u>9,405</u>	<u>11,947</u>
Pension liability	28	(5,947)	(10,369)
Net assets		<u><u>3,458</u></u>	<u><u>1,578</u></u>

Reading Transport Limited

Registered number: 02004963

Consolidated Balance Sheet (continued) As at 5 April 2020

		5 April 2020 £000	23 September 2018 £000
Capital and reserves	Note		
Called up share capital	26,30	3,974	3,974
Profit and loss account	30	(516)	(2,396)
Equity attributable to owners of the parent company		<u>3,458</u>	<u>1,578</u>

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



L Jenkins
Director

Date: 14 DECEMBER 2021

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Registered number: 02004963

Company Balance Sheet As at 5 April 2020

		5 April 2020 £000	As restated 23 September 2018 £000
	Note		
Fixed assets			
Intangible assets	15	2	35
Tangible assets	16	32,199	35,280
Investments	17	7,382	1,991
		<u>39,583</u>	<u>37,306</u>
Current assets			
Stocks	18	471	409
Debtors: amounts falling due within one year	19	9,435	6,150
Cash at bank and in hand	20	1,553	2,250
		<u>11,459</u>	<u>8,809</u>
Current liabilities			
Creditors: amounts falling due within one year	21	(16,631)	(10,741)
Net current liabilities		<u>(5,172)</u>	<u>(1,932)</u>
Total assets less current liabilities		<u>34,411</u>	<u>35,374</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	22	(23,124)	(22,501)
Provisions for liabilities			
Deferred tax	24	(409)	(326)
Provisions	25	(614)	(556)
		<u>(1,023)</u>	<u>(882)</u>
Net assets excluding pension liability		<u>10,264</u>	<u>11,991</u>
Pension liability	28	(5,947)	(10,369)
Net assets		<u><u>4,317</u></u>	<u><u>1,622</u></u>


Reading Transport Limited

Registered number: 02004963

Company Balance Sheet (continued) As at 5 April 2020

	Note	5 April 2020 £000	23 September 2018 £000
Capital and reserves			
Called up share capital	26,30	3,974	3,974
Profit and loss account brought forward	30	(2,352)	(5,893)
Loss for the period/year		(1,128)	(38)
Other changes in the profit and loss account		3,823	3,579
Profit and loss account carried forward	30	343	(2,352)
Total equity		4,317	1,622

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


L Jenkins
Director

Date: 14 DECEMBER 2021

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Changes in Equity For the Period Ended 5 April 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 September 2017	3,974	(5,893)	(1,919)
Comprehensive loss 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
At 24 September 2018	3,974	(2,396)	1,578
Comprehensive loss for the period			
Loss for the period	-	(1,943)	(1,943)
Actuarial gains on defined benefit pension schemes	-	4,279	4,279
Current tax adjustment in respect of pension contributions	-	177	177
Deferred taxation in respect of items of other comprehensive income	-	(633)	(633)
Other comprehensive income for the period	-	3,823	3,823
Total comprehensive income for the period	-	1,880	1,880
At 5 April 2020	3,974	(516)	3,458

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Company Statement of Changes in Equity For the Period Ended 5 April 2020

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 September 2017	3,974	(5,893)	(1,919)
Comprehensive loss for the year			
Loss for the year	-	(38)	(38)
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	-	3,541	3,541
At 24 September 2018	3,974	(2,352)	1,622
Comprehensive loss for the period			
Loss for the period	-	(1,128)	(1,128)
Actuarial gains on defined benefit pension schemes	-	4,279	4,279
Current tax adjustment in respect of pension contributions	-	177	177
Deferred taxation in respect of items of other comprehensive income	-	(633)	(633)
Other comprehensive income for the period	-	3,823	3,823
Total comprehensive income for the period	-	2,695	2,695
At 5 April 2020	3,974	343	4,317

The notes on pages 24 to 56 form part of these financial statements.

Reading Transport Limited

Consolidated Statement of Cash Flows For the Period Ended 5 April 2020

		5 April 2020 £000	23 September 2018 £000
	Note		
Cash flows from operating activities			
Loss for the financial period/year		(1,943)	(82)
Adjustments for:			
Amortisation of Intangible fixed assets	15	500	29
Depreciation of tangible assets	16	5,881	3,154
Interest payable	11	1,335	942
Amortisation of grants received		(351)	(155)
Taxation expense/(income)	13	173	(21)
Interest received		(10)	-
Increase in stocks (net of stocks acquired with subsidiaries)		(43)	(80)
Increase in debtors (net of debtors acquired with subsidiaries)		(2,104)	(1,282)
Increase in creditors (net of creditors acquired with subsidiaries)		2,509	670
Increase in provisions (net of provisions acquired with subsidiaries)	25	58	219
Difference between net pension expense and cash contribution		(143)	(315)
Net fair value losses recognised in P&L		643	-
Loss/(profit) on disposal of tangible fixed assets	6	84	(233)
Corporation tax paid		50	-
Net cash generated from operating activities		6,639	2,846
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		385	2,644
Purchase of tangible fixed assets		(68)	-
Receipt of government grants		1,227	80
Purchase of subsidiary undertaking	31	(5,373)	(1,745)
Cash acquired with subsidiary undertaking	31	75	1,058
Purchase of tangible fixed assets		(1,874)	(2,215)
Interest received		10	5
Net cash used in investing activities		(5,618)	(173)

Reading Transport Limited

Consolidated Statement of Cash Flows (continued) For the Period Ended 5 April 2020

		5 April 2020 £000	23 September 2018 £000
	Note		
Cash flows from financing activities			
Loan from parent undertakings		5,200	-
Repayment of loans		(297)	-
Capital element of lease repaid		(6,101)	(1,162)
Interest paid		(1,335)	(947)
Net cash used in financing activities		(2,533)	(2,109)
Net (decrease)/increase in cash and cash equivalents		(1,512)	564
Cash and cash equivalents at beginning of period/year		3,309	2,745
Cash and cash equivalents at the end of period/year		1,797	3,309
Cash and cash equivalents at the end of period/year comprise:			
Cash at bank and in hand		1,797	3,309

The notes on pages 24 to 56 form part of these financial statements.

The cash at bank and in hand balance includes restricted cash of £789,000 (2018 - £656,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

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 company's accounting reference date was extended from 23 September 2019 to 5 April 2020 and these financial statements are drawn up to within 7 days of this date. As such, the presented two accounting periods are not directly comparable.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of the company and its 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 profit or loss 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 Period Ended 5 April 2020

2. Accounting policies (continued)

Going concern

The group made a loss after tax for the period of £1,943,000 (year ended 23 September 2018 - loss £82,000) and at 5 April 2020 had net current liabilities of £4,377,000 (2018 - restated net current liabilities of £253,000). At 5 April 2020 the company had net current liabilities of £5,172,000 (2018 - restated net current liabilities of £1,932,000) and net assets excluding the pension scheme asset and liability of £10,264,000 (2018 - £11,991,000). 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.

At the start of lockdown in March 2020, customer numbers on the commercial bus network fell sharply as government advice was not to use public transport unless absolutely necessary throughout the pandemic, customer numbers have fluctuated, largely in line with lockdowns and government advice, but have not recovered to pre-pandemic levels.

During the first lockdown, services were reduced in 3 stages eventually settling at around 30% of our normal service levels. This was in line with government instruction which required us to continue running services to ensure key workers could travel to their places of work whilst being able to socially distance on board. Service levels were agreed with local authorities and adapted where necessary to suit key shift change times. Services were then increased again in stages, in line with Government direction, to continue to enable social distancing as customer numbers increased whilst government requirements were in place.

The management team are prepared to take action as required to rescale the business to match customer demand. The directors have taken the following steps since the onset of the pandemic:

- utilisation of the Coronavirus Bus Services Support Grant (CBSSG) to enable the group to continue to provide the required level of service, agreed with the Local Authority;
- utilisation of the Coronavirus Job Retention Scheme (CJRS) to furlough employees who were not required to work, as services and activities were reduced;
- social distancing has been enforced on all buses with each vehicle being assessed and provided with a new, reduced advisory seating capacity displayed on prominent places on the bus including in the driver's cab. Cleaning regimes were enhanced to ensure that all touch points were regularly sanitised on each bus. The use of face coverings became mandatory on public transport and is now enshrined in law except for those with a medical exemption; and
- most head office staff are working from home where possible and cover arrangements are in place within teams. Social distancing has been implemented around office buildings with floor markings denoting how employees should navigate themselves around.

As described in the Principal risks and uncertainties section in the Group Strategic Report on pages 4-5, while we do not yet know the full extent to which commercial customers will return and the timing of ongoing government funding is also still uncertain, the assessment of the directors of the company is that the business will trade successfully into the future. There is a strong order book of school and local authority contracts which contribute to the financial viability of the operation.

Social distancing of 2 metres (or 1 metre plus mitigations) due to COVID-19 meant there was a requirement to provide a much greater bus service than customer numbers warrant based on normal bus capacities. Subsidy through the Department for Transport's (DfT's) Coronavirus Bus Services Support Grant (CBSSG) allows this to continue with the revenue risk removed from bus operators. As anticipated, this grant continued for as long as social distancing measures were required. This has allowed the company to break even during this period. Following the end of social distancing, a new 'Bus Recovery Grant' scheme was launched providing further revenue support whilst customer numbers continue to grow, so long as a consistent level of service is provided.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

Going concern (continued)

Whilst the group currently operates without an agreed bank facility, the company's cash reserves held at 5 April 2020 were £1,553,000 (2018 - £2,250,000). 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. However, the circumstances described above in relation to the ongoing COVID-19 pandemic, reduced demand from customers and uncertainty in relation to the extent of future government funding, represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. The financial statements do not include any adjustments, should the going concern basis of preparation be inappropriate.

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.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Income Statement in the same period as the related expenditure.

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 debt 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 period in which they arise subject to an annual aggregated maximum charge.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

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 cost

Defined benefit schemes

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 Royal County of Berkshire 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 Royal County of Berkshire Pension 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 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.

Assets of the Royal County of Berkshire Pension Scheme are not held separately for each employer, the company receives a notional share of the total assets held by the pension scheme as calculated by the scheme actuaries with reference to company cash flows to and from the scheme. Assets are fully re-apportioned at each triennial funding valuation, with estimated valuations being carried out on an annual basis for accounting purposes.

Defined contribution 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 employer contributions payable to the scheme in respect of the accounting period.

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

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

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.

Current and deferred taxation

The tax expense for the period 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.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

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. 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.

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 Consolidated Income Statement.

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

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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.

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 in the Statement of Changes in Equity 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.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

2. Accounting policies (continued)

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 that 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.

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.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

4. Prior year adjustment

A prior period adjustment has been processed to reallocate accruals and deferred income totalling £1,563,000 mistakenly shown within non-current liabilities. The impact of this adjustment has been an increase in Accruals and deferred income, falling due within one year (note 21) of £1,563,000, and a reduction in Accruals and deferred income falling due after more than one year (note 22) by the same amount.

5. Turnover

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

6. Operating costs

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Raw materials and consumables	7,365	4,408
Other external charges	14,142	6,648
Staff costs (see note 8)	42,317	22,588
Depreciation	5,881	3,154
Amortisation	500	29
Loss/(profit) on disposal of tangible fixed assets	84	(233)
	<u>70,289</u>	<u>36,594</u>

7. Other operating income

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Other income	54	-
Grant income	351	-
	<u>405</u>	<u>-</u>

Grant income includes income receivable in respect of the Bus Service Operator Grant and amounts received in respect under the Coronavirus Job Retention Scheme.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

8. Employees

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

	Group Period ended 5 April 2020 £000	Group Year ended 23 September 2018 £000	Company Period ended 5 April 2020 £000	Company Year ended 23 September 2018 £000
Wages and salaries	36,209	19,091	30,328	19,091
Social security costs	3,036	1,941	3,036	1,941
Other pension costs	3,072	1,556	2,995	1,556
	<u>42,317</u>	<u>22,588</u>	<u>36,359</u>	<u>22,588</u>

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

	Group Period ended 5 April 2020 No.	Group Year ended 23 September 2018 No.	Company Period ended 5 April 2020 No.	Company Year ended 23 September 2018 No.
Traffic	630	494	492	494
Engineering	81	71	80	71
Administration	60	45	43	45
	<u>771</u>	<u>610</u>	<u>615</u>	<u>610</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

9. Directors' remuneration

Directors' emoluments consisted of:

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Fees and remuneration for management services	676	367
Company contributions to pension schemes	33	15
	<u>709</u>	<u>382</u>

During the period retirement benefits were accruing to three directors (year ended 23 September 2018 - Nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £171,200 (year ended 23 September 2018 - £96,909).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £5,598 (year ended 23 September 2018 - £3,876).

The total accrued pension provision of the highest paid director at 5 April 2020 amounted to £Nil (year ended 23 September 2018 - £Nil).

The amount of the accrued lump sum in respect of the highest paid director at 5 April 2020 amounted to £Nil (year ended 23 September 2018 - £Nil).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

10. Operating (loss)/profit

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

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Depreciation	5,881	3,154
Amortisation	500	29
Hire of plant and machinery - operating leases	292	132
Hire of other assets - operating leases	460	15
Other operating lease rentals	62	-
Grants receivable	(351)	(205)
Defined contribution pension cost	719	249
Defined benefit pension cost (see note 28)	2,578	1,120
Auditor's remuneration:		
- audit services: audit of the group financial statements	48	44
- audit services: audit of subsidiary financial statements	42	-
- services relating to taxation	23	8
- all other services	25	17
Exchange differences	1	-
	<u>1,335</u>	<u>577</u>

11. Interest payable and similar expenses

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Loans from parent undertakings	230	-
Finance leases and hire purchase contracts	1,086	577
Other interest payable	19	-
	<u>1,335</u>	<u>577</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

12. Other finance costs

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Net interest on pension scheme liabilities	419	370

13. Taxation on loss on ordinary activities

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Corporation tax		
Current tax on losses for the year	177	(53)
Adjustments in respect of previous periods	(115)	-
Total current tax	62	(53)
Deferred tax		
Origination and reversal of timing differences	52	25
Adjustments in respect of prior periods	(5)	7
Effect of tax rate change on opening balance	64	-
Total deferred tax	111	32
Taxation on loss on ordinary activities	173	(21)

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

13. Taxation on loss on ordinary activities (continued)

Factors affecting tax charge/(credit) for the period

The tax assessed for the period is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018- 19%). The differences are explained below:

	Period ended 5 April 2020 £000	Year ended 23 September 2018 £000
Loss on ordinary activities before tax	(1,770)	(103)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(336)	(20)
Effects of:		
Non-taxable income	(53)	(84)
Fixed asset differences	124	40
Non-deductible expenditure	191	87
Adjustment to deferred tax rates	64	2
Adjustments to tax charge in respect of prior periods - deferred tax	(5)	7
Current tax adjustment in respect of pension contributions	177	(53)
Adjustments to tax charge in respect of prior periods - current tax	(12)	-
Deferred tax not recognised	15	-
Deferred tax arising on intangibles on consolidation	8	-
Total tax charge/(credit) for the period	173	(21)

Factors that may affect future tax charges

Changes substantively enacted as part of the Finance Act 2016 on 15 September 2016, legislated for a reduction of UK corporation tax to 17% effective from 1 April 2020. On 17 March 2020, it was announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. This change was substantively enacted on 17 March 2020. On 3 March 2021, it was announced that the main rate of corporation tax would increase to 25% with effect from 1 April 2023. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 19%.

There were no other factors that may affect future tax changes.

14. Parent company loss for the period/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 period was £1,128,000 (year ended 23 September 2018 - £38,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

15. Intangible assets

Group

	Goodwill £000	Trademarks £000	Customer contracts £000	Other Intangibles £000	Total £000
Cost					
At 24 September 2018	50	138	124	63	375
Additions	68	-	-	-	68
On acquisition of subsidiaries	3,610	285	369	-	4,264
At 5 April 2020	3,728	423	493	63	4,707
Amortisation					
At 24 September 2018	-	-	-	28	28
Charge for the period	346	32	89	33	500
At 5 April 2020	346	32	89	61	528
Net book value					
At 5 April 2020	3,382	391	404	2	4,179
At 23 September 2018	50	138	124	35	347

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 and also in respect of service operation right for Route 7 which the company acquired from Stagecoach.

The brought forward trademarks, customer contracts and goodwill were acquired as part of the acquisition of Newbury & District Limited on 13 September 2018.

The trademarks, customer contracts and goodwill on acquisition of subsidiaries for the period arose from the purchase of Thames Valley Buses Limited (formerly Courtney Coaches Limited) on 30 April 2019 (see note 31 Business combinations). Thames Valley Buses Limited is an established company in Berkshire, England and there are no plans to rebrand this business in the foreseeable future.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

15. Intangible assets (continued)

Company

	Other Intangibles £000
Cost	
At 24 September 2018	63
At 5 April 2020	63
Amortisation	
At 24 September 2018	28
Charge for the period	33
At 5 April 2020	61
Net book value	
At 5 April 2020	2
At 23 September 2018	35

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 and also in respect of service operation right for Route 7 which the company acquired from Stagecoach.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

16. Tangible fixed assets

Group

	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 24 September 2018	770	5,431	8,780	42,823	1,197	59,001
Additions	200	178	34	2,863	-	3,275
Acquisition of subsidiary	-	15	179	2,475	-	2,669
Disposals	-	-	-	(1,215)	-	(1,215)
Transfers between classes	-	-	412	-	(412)	-
At 5 April 2020	970	5,624	9,405	46,946	785	63,730
Depreciation						
At 24 September 2018	296	1,792	5,634	15,999	-	23,721
Charge for the period on owned assets	53	168	614	203	-	1,038
Charge for the period on financed assets	-	-	319	4,524	-	4,843
Disposals	-	-	-	(746)	-	(746)
At 5 April 2020	349	1,960	6,567	19,980	-	28,856
Net book value						
At 5 April 2020	621	3,664	2,838	26,966	785	34,874
At 23 September 2018	474	3,639	3,146	26,824	1,197	35,280

Included within freehold and buildings is freehold land at cost of £195,000 (2018 - £195,000).

The net book value of buses and coaches includes an amount of £25,296,000 (2018 - £25,686,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the period was £4,524,000 (2018 - £2,014,000).

The net book value of plant and machinery includes an amount of £686,000 (2018 - £564,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the period was £319,000 (2018 - £362,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

16. Tangible fixed assets (continued)

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 24 September 2018	770	5,431	8,780	42,823	1,197	59,001
Additions	200	-	(51)	2,749	-	2,898
Disposals	-	-	-	(1,111)	-	(1,111)
Transfers between classes	-	-	412	-	(412)	-
At 5 April 2020	970	5,431	9,141	44,461	785	60,788
Depreciation						
At 24 September 2018	296	1,792	5,634	15,999	-	23,721
Charge for the period on owned assets	53	132	568	409	-	1,162
Charge for the period on financed assets	-	-	319	4,133	-	4,452
Disposals	-	-	-	(746)	-	(746)
At 5 April 2020	349	1,924	6,521	19,795	-	28,589
Net book value						
At 5 April 2020	621	3,507	2,620	24,666	785	32,199
At 23 September 2018	474	3,639	3,146	26,824	1,197	35,280

Included within freehold and buildings is freehold land at cost of £195,000 (2018 - £195,000).

The net book value of buses and coaches includes an amount of £23,507,000 (2018 - £25,686,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the period was £4,133,000 (2018 - £2,014,000).

The net book value of plant and machinery includes an amount of £525,000 (2018 - £564,000) in respect of assets under finance leases and hire purchase contracts. The related depreciation charge for the period was £319,000 (2018 - £362,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

17. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost	
At 24 September 2018	1,991
Additions	5,391
At 5 April 2020	<u>7,382</u>

On 30 April 2019, the company acquired the entire share capital of Thames Valley Buses Limited (formerly Courtney Coaches Limited), Courtney Bodyworks Limited and Courtney ATF Centres Limited for a consideration of £5,373,000.

During the period, an additional amount of £18,000 (2018 - £1,895,000) was recognised in respect to the investment in Newbury & District Limited due to a late invoice in respect of professional acquisition fees capitalised in current period.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Newbury & District Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
The 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%
Thames Valley Buses Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Courtney Bodyworks Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%
Courtney ATF Centre Limited	Great Knollys Street, Reading, Berkshire, RG1 7HH	Ordinary	100%

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

18. Stocks

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Spare parts and consumables	517	422	471	409

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

19. Debtors: amounts falling due within one year

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Trade debtors	1,984	1,522	726	1,379
Amounts owed by group undertakings	-	-	1,507	-
Amounts owed by parent undertaking	4,063	408	4,063	408
Other debtors	865	1,375	502	1,375
Prepayments and accrued income	2,214	1,246	1,507	1,225
Corporation tax	224	-	-	-
VAT recoverable	31	-	-	-
Deferred taxation	1,130	1,763	1,130	1,763
Grants receivable	52	-	-	-
	<u>10,563</u>	<u>6,314</u>	<u>9,435</u>	<u>6,150</u>

20. Cash and cash equivalents

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Cash at bank and in hand	1,797	3,309	1,553	2,250

Cash at bank at the period end includes a balance amounting to £789,000 (2018 - £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 Period Ended 5 April 2020

21. Creditors: amounts falling due within one year

	Group	Group As restated 23 September 2018	Company	Company As restated 23 September 2018
	5 April 2020 £000	September 2018 £000	5 April 2020 £000	September 2018 £000
Trade creditors	2,253	1,795	1,073	1,553
Amounts owed to parent undertakings	5,762	1,015	5,762	1,015
Other taxation and social security	746	1,003	545	439
Corporation tax	-	184	-	-
Amounts owed to subsidiary undertakings	-	-	2,029	1,447
Obligations under finance lease and hire purchase contracts	4,635	3,728	4,108	3,728
Other creditors	892	1,010	659	996
Accruals and deferred income	2,323	1,563	1,812	1,563
Derivative financial instruments	643	-	643	-
	<u>17,254</u>	<u>10,298</u>	<u>16,631</u>	<u>10,741</u>

Obligations under finance lease and hire purchase contracts include liabilities that are repayable in instalments at rates of interest ranging between 2.12% and 6.05%; these liabilities are secured on the underlying assets to which they relate.

Amounts owed to parent undertakings include a loan repayable by instalments, which is unsecured and attracts interest at 5%. At the balance sheet date the amount owing to the parent company under this loan agreement is £4,903,000, of which £4,476,000 is shown below as due in more than 1 year.

The remainder of the amounts owed to parent undertakings and all amounts owed to subsidiary undertakings are interest free and repayable on demand.

Please see note 4 regarding prior year adjustment.

Obligations under finance leases are due as follows:

	Group	Group 23 September 2018	Company	Company 23 September 2018
	5 April 2020 £000	September 2018 £000	5 April 2020 £000	September 2018 £000
Within one year	4,635	3,728	4,108	3,728
Between 1-5 years	13,303	14,442	12,606	14,442
Over 5 years	3,467	6,204	3,458	6,204
	<u>21,405</u>	<u>24,374</u>	<u>20,172</u>	<u>24,374</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

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

	Group	Group As restated 23	Company	Company As restated 23
	5 April 2020	September 2018	5 April 2020	September 2018
	£000	£000	£000	£000
Obligations under finance leases and hire purchase contracts	16,770	20,646	16,064	20,646
Amounts owed to parent undertakings	4,476	-	4,476	-
Government grants received	2,584	1,855	2,584	1,855
	<u>23,830</u>	<u>22,501</u>	<u>23,124</u>	<u>22,501</u>

The aggregate amount of creditors repayable in whole or in part after more than five years is £6,479,000 (2018 - £24,373,000).

Please see note 4 regarding prior year adjustment.

23. Financial instruments

	Group	Group 23	Company	Company 23
	5 April 2020	September 2018	5 April 2020	September 2018
	£000	£000	£000	£000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	8,985	5,863	14,228	6,628
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(643)	-	(643)	-
Financial liabilities measured at fair value through profit or loss	(5,947)	(10,369)	(5,947)	(10,369)
Financial liabilities measured at amortised cost	(36,126)	(29,755)	(29,825)	(30,975)
	<u>(42,716)</u>	<u>(40,124)</u>	<u>(36,415)</u>	<u>(41,344)</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

23. Financial Instruments

Financial assets measured at amortised cost comprise 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.

Other financial liabilities measured at fair value through profit and loss comprise derivative financial instruments.

Financial assets and liabilities measured at fair value include pension scheme assets and liabilities.

24. Deferred taxation

Group

	5 April 2020 £000	23 September 2018 £000
At beginning of period/year	1,393	2,233
Charged to profit or loss	(326)	(32)
Charged to other comprehensive income	(633)	(808)
Arising on business combinations	(150)	-
Utilised in period	19	-
At end of period/year	303	1,393

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

24. Deferred taxation (continued)

Company

	5 April 2020 £000	23 September 2018 £000
At beginning of period/year	1,437	2,233
Charged to profit or loss	(82)	12
Charged to other comprehensive income	(633)	(808)
At end of period/year	722	1,437

The deferred tax asset is made up as follows:

	Group 5 April £000 2020	Group 23 September £000 2018	Company 5 April £000 2020	Company 23 September £000 2018
Asset relating to pension schemes (included in debtors)	1,130	1,763	1,130	1,763
Analysed below	(827)	(370)	(409)	(326)
	303	1,393	721	1,437

	Group 5 April £000 2020	Group 23 September £000 2018	Company 5 April £000 2020	Company 23 September £000 2018
Accelerated capital allowances	1,457	520	1,185	476
Short term timing differences	(6)	(21)	(2)	(21)
Intangibles arising on consolidation	150	-	-	-
Tax losses carried forward and other deductions	(774)	(129)	(774)	(129)
Liability	827	370	409	326

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

25. Provisions

	5 April 2020 £000	23 September 2018 £000
Group and Company		
At 24 September 2018	556	337
Charged to profit or loss	58	69
Arising on business combinations	-	150
At 5 April 2020	614	556

The provision is for uninsured claims and represents the estimated amount payable at the period end by the company, in respect of outstanding insurance claims below the company's excess of £20,000 (2018 - £20,000) per claim. It is secured by a fixed charge amounting to £789,000 (2018 - £656,000) over the company's assets, see note 20. Due to the nature of the provision, the amount and timing of any outflows in relation to the provision are uncertain.

26. Share capital

	5 April 2020 £000	23 September 2018 £000
Allotted, called up and fully paid		
3,974,000 Allotted, called up and fully paid ordinary shares of £1 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.

27. Capital commitments

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Contracted for but not provided for tangible assets	7,908	2,128	7,908	2,128

Included in the above committed amounts is £6,846,000 in relation to orders that were either cancelled or reduced following the year end. The reduction in the commitment post year end was £6,565,000.

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

28. Pension commitments

Defined benefit schemes

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) Royal County of Berkshire 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 Royal County of Berkshire Pension Scheme, to which the company contributes in accordance with the Royal County of Berkshire Pension Scheme Regulations.

Assets of the Royal County of Berkshire Pension Scheme are not held separately for each employer, the company receives a notional share of the total assets held by the pension scheme as calculated by the scheme actuaries with reference to company cash flows to and from the scheme. Assets are fully re-apportioned at each triennial funding valuation, with estimated valuations being carried out on an annual basis for accounting purposes.

The liabilities set out in this note have been calculated by independent actuaries based on the most recent full actuarial valuation at March 2019 for the Reading Transport Staff Retirement Scheme and June 2017 for the Royal County of Berkshire Pension Scheme, updated to 5 April 2020. The results of the calculations and the assumptions adopted are shown below.

Defined contribution 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.

Reconciliation of present value of plan liabilities:

	5 April 2020 £000	23 September 2018 £000
Reconciliation of present value of plan liabilities		
At the beginning of the period/year	83,780	85,902
Current service cost	1,772	1,334
Past service costs	792	-
Interest cost	3,406	2,316
Actuarial losses/(gains)	2,841	(3,346)
Contributions by participants	94	64
Benefits paid	(4,213)	(2,462)
Unfunded pension payments	(43)	(28)
At the end of the period/year	88,429	83,780

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

28. Pension commitments (continued)

Reconciliation of present value of plan assets:

	5 April 2020 £000	23 September 2018 £000
At the beginning of the period/year	73,411	70,778
Interest income on plan assets	2,987	1,946
Actuarial gains	7,120	1,094
Admin expenses paid	(14)	(14)
Contributions by company	3,140	2,033
Contributions by participants	94	64
Benefits paid	(4,256)	(2,490)
At the end of the period/year	82,482	73,411

Composition of plan assets:

	5 April 2020 £000	23 September 2018 £000
Equities	22,221	22,501
Other bonds	16,170	13,012
Property	6,434	6,451
Cash	36,455	30,018
Target return portfolio	583	601
Commodities	82	291
Infrastructure	1,135	989
Longevity insurance	(598)	(452)
Total plan assets	82,482	73,411

	5 April 2020 £000	23 September 2018 £000
Fair value of plan assets	82,482	73,411
Present value of plan liabilities	(88,429)	(83,780)
Net pension scheme liability	(5,947)	(10,369)

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

28. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	5 April 2020 £000	23 September 2018 £000
Included in other finance costs		
Interest on obligation	419	370
Included in administrative expenses		
Current service costs	1,772	1,334
Past service costs	792	-
Administrative expenses	14	14
	2,578	1,348

Amounts recognised in other comprehensive income

	5 April 2020 £000	23 September 2018 £000
Actuarial gains recognised	4,279	4,440

The 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.

	5 April 2020 £000	23 September 2018 £000
Actual return on plan assets	9,825	3,026

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

28. Pension commitments (continued)

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

	2020 %	2018 %
Discount rate	2.1	2.7
Future salary increases	2.2	2.4
Inflation assumption (RPI)	3.0	3.4
CPI Increases	2.2	2.4
Future pension increases - pre 1997*	2.8	2.4
Future pension increases - 1997 - 2006*	2.8	2.7
Future pension increases	2.1	2.3
Mortality rates:		
- for a male aged 65 now	20.9	21.2
- at 65 for a male aged 45 now	22.2	24.0
- for a female aged 65 now	23.7	22.6
- at 65 for a female member aged 45 now	25.2	25.5

*applicable to the Reading Transport Staff Retirement Scheme only.

29. Commitments under operating leases

At 5 April 2020 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 5 April 2020 £000	Group 23 September 2018 £000	Company 5 April 2020 £000	Company 23 September 2018 £000
Not later than 1 year	930	111	200	111
Later than 1 year and not later than 5 years	1,604	318	428	318
Later than 5 years	510	-	-	-
	<u>3,044</u>	<u>429</u>	<u>628</u>	<u>429</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

30. Reserves

The company's capital and reserves are as follows:

Called up share capital

Share capital represents the issued and fully paid up equity share capital of the company.

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 Period Ended 5 April 2020

31. Business combinations

On 30 April 2019, the company acquired the entire share capital of Thames Valley Buses Limited (formerly Courtney Coaches Limited), Courtney Bodyworks Limited and Courtney ATF Centre Limited for a consideration of £5,373,000.

Since the acquisition date, included in the consolidated statement of comprehensive income for the reporting period relating to the acquired companies, was a revenue of £8,259,000 and a loss after tax of £338,000.

Recognised amounts of identifiable assets acquired and liabilities assumed

	30 April 2019 Book value £000	30 April 2019 Fair value adjustment £000	05 April 2020 Fair value £000
Fixed assets			
Tangible assets	2,669	-	2,669
Intangible fixed assets	-	654	654
	<u>2,669</u>	<u>654</u>	<u>3,323</u>
Current assets			
Stocks	52	-	52
Debtors	2,695	-	2,695
Cash at bank and in hand	75	-	75
	<u>5,491</u>	<u>654</u>	<u>6,145</u>
Total assets			
Liabilities			
Creditors	(2,542)	-	(2,542)
Finance leases	(1,731)	-	(1,731)
Deferred taxation	(12)	(97)	(109)
	<u>1,206</u>	<u>557</u>	<u>1,763</u>
Total identifiable net assets			
Goodwill			3,610
Total purchase consideration			<u>5,373</u>

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

31. Business combinations (continued)

Consideration

	£000
Cash	5,235
Directly attributable costs	138
Total purchase consideration	5,373

Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	(5,235)
Directly attributable costs	(138)
	(5,373)
Less: Cash and cash equivalents acquired	75
Net cash outflow on acquisition	(5,298)

32. 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 period:

- the company received income of £5,419,000 (2018 - £3,628,000) as its share of a concessionary fares scheme and received income totalling £1,121,000 (2018 - £532,000) under other contracts and agreements with them; and
- the company paid £371,000 (2018 - £222,000) for other services.

At the period end, the company was owed £435,000 by Reading Borough Council (2018 - £409,000) and the company owed Reading Borough Council £2,090,000 (2018 - £1,015,000).

On 28 September 2014, the company consolidated a number of intercompany loans into a new finance lease. Subsequently further loans have been advanced to the company by Reading Borough Council, as disclosed in notes 21 and 22, including an advance in the year of £5,200,000 (2018 - £Nil). The total obligation to Reading Borough Council at the period end was £10,265,000 (2018 - £6,859,000). The key terms of these loans and finance leases are disclosed in note 21.

Interest payable on these loans and finance leases with Reading Borough Council during the period totalled £433,000 (2018 - £169,000).

Reading Transport Limited

Notes to the Financial Statements For the Period Ended 5 April 2020

33. Post Balance Sheet events

COVID-19

As described in the Principal risks and uncertainties section in the Group Strategic Report on pages 3-5 in relation to COVID-19, aside from the ongoing pandemic, there were no significant events between the Balance Sheet date and the date of signing of the financial statements, affecting the company, which require adjustment to or disclosure in the financial statements. The containment and mitigation measures recommended by the World Health Organisation on 11 March 2020, in response to the global pandemic have significantly curtailed the operations of the company and whilst they have not had a major impact on the ability of the company to operate, they have had significant impact on commercial customer demand. The business is in receipt of Coronavirus Bus Services Support Grant (CBSSG) funding from the Department for Transport for the operation of commercial bus services and Coronavirus Job Retention Scheme (CJRS) funding for furloughed employees not required to work during the pandemic. Local authority contracts for school and rural bus networks, which form a significant part of the company's revenue, continue to be tendered and paid for by the authorities.

United Kingdom leaving the European Union

The United Kingdom formally left the European Union on 31 January 2020 with the transition period ending on 31 December 2020.

The group's principal activity is exclusively performed in the United Kingdom and very few of its suppliers are based within the European Union. As such, the directors do not consider Brexit to trigger a significant risk on the group's performance.