

Registered No: 02004966

## **Plymouth Citybus Limited**

### ***Annual Report and Financial Statements***

Year ended 2 July 2022



**Plymouth Citybus Limited**

**Directors**

R C B Stevens  
M B Horide  
M R Dean  
C Giles  
I Perring  
M Collins

**Company secretary**

C Ferguson

**Bankers**

The Royal Bank of Scotland plc  
250 Bishopsgate  
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EC2M 3AA

**Solicitors**

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## Plymouth Citybus Limited

# Strategic Report

The directors present their strategic report for the year ended 2 July 2022.

Plymouth Citybus Limited (the "Company") is a wholly owned subsidiary of The Go-Ahead Group Limited (formerly The Go-Ahead Group plc) (the "Group").

## Results

The operating profit for the year amounted to £753,000 (2021: £403,000). The loss for the year after taxation amounted to £111,000 (2021: profit £668,000).

## Principal activities

The principal activities of the business are as follows:

- Commercial, tendered and contracted bus and coach services in Plymouth travel to work areas and the whole of Cornwall.
- Servicing, repair and refurbishment of cars, commercial vehicles, buses and coaches.

## Key performance indicators and review of the business

	2022 £000	2021 £000	Change %
Revenue	46,391	45,175	2.7%
Operating profit	753	403	87.8%
(Loss)/profit for the financial year	(111)	668	(116.6%)
Passenger journeys, '000	14,902	9,858	51.2%
Miles operated, '000	11,883	12,546	(5.3%)
Average number of employees	836	815	2.6%

Some of the key financial performance indicators are revenue, operating profit and the number of passenger journeys, schedule adherence and route costing analysis. Other performance indicators measured and monitored by management include customer satisfaction and employee engagement alongside the more traditional employee absenteeism and revenue ratios. All making sure that every journey is taken care of.

In March 2020, Plymouth Citybus expanded further into Cornwall under the name Go Cornwall Bus, delivering Transport for Cornwall services, having won an 8-year contract to deliver Council-subsidised local bus routes that are essential to local communities but are not commercially viable. Having settled into operations now covering a large geographical expanse, including Cornwall and Plymouth's travel-to-work area.

Passenger journeys increase year on year show the passenger recovery from Covid-19. The miles operated are a insight into the work taken place within the organisation to remodel services based on demand and keep within the network requirements to receive 'Bus Recovery Grant'.

Key KPI's include both passenger journeys and miles operated against pre-pandemic levels for comparison.

The strategic focus within this period was that of stability during uncertain times through different funding methods and a new understanding of passenger demand coming out of Covid-19.

We have continued to break down barriers to bus travel, launching Tap On / Tap Off technology across our whole fleet, enabling passengers to cap fares at both day and week rates.

In Cornwall we have played a huge part in launching the Government funded 'Bus Fares Pilot' scheme. Reducing the cost of bus travel by up to 40% across the county. To coincide with this we have joined other operators in an interoperable agreement, meaning passengers can use any ticket on any bus across Cornwall, not matter which company operates it.

A joint timetable book has been produced for all buses in Cornwall by Go Cornwall Bus, under the Transport for Cornwall umbrella. Meaning there is one place for all information on Cornwall's buses.

## Plymouth Citybus Limited

### Strategic Report (continued)

Internally, we have launched our new Intranet, moving employee engagement information onto a digital platform that all employees can access via their company mobile phones.

We have introduced 15 more Euro 6 buses into our fleet, by refurbishing cascaded buses from other parts of Go Ahead.

Both Go Cornwall Bus and Plymouth Citybus worked with their local authorities to submit a Bus Service Improvement Plan and form an Enhanced Partnership.

#### Future developments

We will continue to focus on embedding Plymouth Citybus and Go Cornwall Bus in the communities they serve, listening to passenger needs and adapting to changes in the market. This will include expanding further into Devon with the acquisition of Dartline (Dealtop Ltd).

To improve customer experience and community engagement we will launch our new community 'Chatter Bus', visiting the communities we serve to gather feedback and promote services and accessibility.

We will work with local authorities and other bus operators to deliver Enhanced Partnerships in the local authority areas we serve.

#### Risk management objectives and policies

The main risks associated with the Company's financial assets and liabilities are set out below. Given that the majority of the risks below derive from transactions with other Group companies, the Company does not undertake any hedging activity locally. Significant financial risks from a Group perspective are addressed on a case-by-case basis at Group level.

##### **Interest rate risk**

All surplus cash is swept by the Group, which is invested at a Group level. Interest is charged at a variable rate on Group loans; therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates. However, the exposure is reduced because of the Group control.

##### **Price risk**

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates. The Company is exposed to commodity price risk as a result of fuel usage. The Group closely monitors fuel prices and uses fuel derivatives to hedge its exposure to increases in fuel prices, when it deems this to be appropriate.

##### **Credit risk**

The Company's credit risk is primarily attributable to its financial assets, comprising trade and other receivables, cash and cash equivalents and fuel hedge derivatives. The maximum credit risk exposure comprises amounts from a number of unconnected parties.

The considerable majority of the Company's receivables are with public (or quasi-public) bodies such as Cornwall County Council and Plymouth County Council or sales are paid as they arise and historically the annual cost of bad debts has been immaterial, so limited disclosures are therefore provided. The trade receivables from such public bodies are not considered to present a significant credit risk, which is supported by cash payment performance.

Smaller sundry individual trade receivables with third parties that have arisen are assessed as required for credit loss and a provision accrued when considered appropriate. The Company applies the IFRS 9 simplified approach and measures the loss allowance on the lifetime expected credit losses at each reporting date. Expected credit losses are assessed based on the number of days past due, the customer type, a judgement on credit risk, consideration of macroeconomic forecasts, as well as past experience when relevant. Movement in the provisions for the impairment of trade receivables are recorded within operating costs within the income statement.

## Plymouth Citybus Limited

# Strategic Report (continued)

## Risk management objectives and policies (continued)

### ***Liquidity risk***

The Company aims to mitigate liquidity risk by managing cash generated by its operations in line with Group policies. A cash sweeping facility exists with the Group parent company and therefore further information regarding the liquidity risk can be found in the Group financial statements. Capital expenditure is approved at Group level.

### ***Commodity price risk***

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates. The Company is exposed to commodity price risk as a result of fuel usage. The Group closely monitors fuel prices and uses fuel derivatives to hedge its exposure to increases in fuel prices, when it deems this to be appropriate.

The Group's core policy is to be fully hedged for the next financial year before the start of that year, with at least 50% of the following year fixed and 25% of the year thereafter. This hedging profile is then maintained on a month-by-month basis. Additional purchases can be made to lock in future costs, subject to Group Board approval. Risk component hedging has been adopted under IFRS 9, meaning that the hedged price risk component of the purchased fuel matches that of the underlying derivative commodity. The hedged risk component is considered to be separately identifiable and reliably measurable. Gasoil is considered to be the risk component and there is a strong correlation between the movements in the price of the derivative and the fuel price purchased.

Variances in pricing between the derivative commodity and the purchased price relate to underlying costs such as duty and delivery and are excluded from the hedge relationship.

### ***Foreign currency risk***

The Company has no foreign currency risk, all of the transactions, assets and liabilities are in sterling.

### ***Risks associated with the UK's exit from the European Union***

Brexit impacts continue to be monitored by the business following the UK's exit from the EU. Whilst there could be an impact from lower tourism into the area the principal affect is likely to be on availability of driving staff, however this is not considered to be a risk that could materially impact Plymouth Citybus. Brexit contingency measures are in place across the wider Group, including increased stock levels of spare parts and apprenticeships and colleague engagement plans to support recruitment and retention.

### ***Risks associated with COVID-19***

There is a risk that passenger levels fail to continue to recover from the COVID-19 pandemic meaning that routes become unprofitable and forecasts prove to be inaccurate. The Company continues to monitor and respond to changes in demand for its services resulting from the recovery from the COVID-19 pandemic.

## **Climate change policy**

Around the globe, we all have a responsibility to take action against climate change. As a responsible business, we understand the part we have to play in reducing our emissions and adapting to the impacts of our changing world. In response to this, the Group has set a target of becoming a net zero business by 2045 and published our climate change strategy. Please refer to the Group's 2022 Annual Report and Financial Statements, pages 28 to 29 for further details on our climate change strategy.

## **Section 172 statement**

In their discussions and decisions during the year, the directors of the Company acted in a way that they considered, in good faith, was most likely to promote the success of the Company for the benefit of its sole member. In doing so, they had regard to the Company's key stakeholders and the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 as explained below.

### **The likely consequences of any decision in the long term:**

The directors recognise that their decisions will have an impact on the Company's long-term success. Board discussions take account of all stakeholder interests, and the decision-making process includes balancing competing interests, whether short or long term. Decisions may benefit some stakeholders more than others, and the impact on each stakeholder group forms an integral part of board debate. In particular, board decisions take into account and seek to align with, the purpose and strategy set by the Company's parent,

## Plymouth Citybus Limited

### Strategic Report (continued)

The Go-Ahead Group Limited (the “Group”), for the Go-Ahead Group as a whole. Further information on stakeholder engagement and its impact on principal decisions made during the year is set out in the respective sections below.

**The interests of the Company’s employees:**

The Company’s employees are fundamental to its success, both in the short and long term, and their health, safety and wellbeing is a top priority for the directors. “Health and safety”, “People and engagement” and “Industrial relations” have been mandated by the Group as items to be considered at each scheduled board meeting of every operating company within the Group, supported by detailed briefing papers circulated in advance of each meeting. The Company’s employees are a key stakeholder group, and further information on workforce engagement, outcomes from that engagement and any impact on principal decisions is set out in the stakeholder engagement and principal decisions sections below.

**The need to foster the Company’s business relationships with suppliers, customers and others:**

Positive business relationships with suppliers, customers, government and other key stakeholders underpin the Company’s delivery of services. Relations with suppliers are guided by the Group’s Sustainable Procurement Supply Chain Charter, particularly in relation to dealings with smaller suppliers, which can be found, together with other related policies, on the Group website [www.go-ahead.com/sustainability/policies](http://www.go-ahead.com/sustainability/policies). Further information on stakeholder engagement is set out on page 5.

**The impact of the Company’s operations on the community and the environment:**

As an operator of public transport, the Company aims to enhance the lives and wellbeing of every community where it operates by providing them with vital transport services. Communities are a key stakeholder group and further information on community engagement and outcomes is set out in the stakeholder engagement section on page 5. Environmental considerations are central to the strategy of the Group, and therefore to the Company. The Group has committed to reduce carbon emissions by 75% by 2035 and consolidating zero emissions capabilities is one of five key enablers underpinning the Group’s strategic priorities. Further information on the Group’s approach to environmental considerations can be found in the Group’s Annual Report & Accounts 2022 published on [www.go-ahead.com](http://www.go-ahead.com).

**The desirability of the Company maintaining a reputation for high standards of business conduct:**

The directors acknowledge their responsibility for setting and monitoring the Company’s culture, values and reputation. This is undertaken in line with the Group’s purpose and values and the Group Code of Conduct which can be found at [www.go-ahead.com/sustainability/policies](http://www.go-ahead.com/sustainability/policies).

**The need to act fairly as between members of the Company:**

The Company has a single shareholder, Go-Ahead Holding Limited and forms part of the group of companies owned by the Group. The Group is structured around a devolved operating model and the Company is managed by its board of directors as a standalone business unit. Further details are set out in the corporate governance arrangements section of the Directors’ Report.

### Stakeholder Engagement

Our relationships with our stakeholders are key to our success. By engaging meaningfully, we gain insights to their needs. This feedback forms part of our decision making process at every level of the business. The examples which follow demonstrate consideration of the matters set out in Section 172 of the Companies Act 2006.

**The Go-Ahead Group Limited (the Group)**

We provide the Group with open and transparent information and encourage two-way communication. Feedback from the Group forms part of the strategic Board discussions. We operate our business responsibly and with strong financial discipline to protect the interests of the Group.

**Why we engage**

- To ensure that our long term strategy is aligned with the interests of the Group
- To explain how we aim to deliver sustainable growth and maximise the growth potential of the business
- To provide updates relating to the financial performance and position of the business
- To ensure the views of the Group are considered in policy setting and aligned to its ESG agenda

**How we engage**

- Face-to-face meetings and phone calls with the executive directors of the Group

## Plymouth Citybus Limited

### Strategic Report (continued)

- Quarterly Business Review Meetings with the executive directors of the Group and Plymouth Citybus Limited. These meetings hold minutes and actions.
- Monthly board meetings are held by Plymouth Citybus Limited with the local board, with a report sent to the executive directors of the Group

#### ***Key topics of engagement during the financial year***

- Takeover
- Local acquisitions
- Government funding and initiatives
- Strategy and business model
- Financial performance
- Liquidity and balance sheet strength
- Risk management
- Cost saving initiatives
- Customer satisfaction
- Passenger demand and travel pattern
- ESG performance
- Growth potential
- Succession planning
- Political environment

#### ***How we responded***

- Commitment to transparent reporting with clear communication of the business model and strategic priorities
- Regular updates as COVID-19 scenarios evolved with funding changes
- Strong financial discipline and cash control

#### ***Our people***

Our business is built by colleagues whose commitment, innovation and ambition help deliver the best possible transport service to our customers. We have an experienced, diverse and dedicated workforce who we recognise as a key asset of our business and to whom we have a strong commitment to personal development.

#### ***Why we engage***

- To maintain a highly engaged and motivated workforce
- To create a constructive, two-way dialogue, ensuring colleagues have a platform to have their voices heard
- To promote wellbeing and ensure the safety of our people
- To understand how we can best provide a supportive and collaborative workplace
- To ensure alignment between people agenda and business strategy
- To encourage equal opportunities and a more diverse workforce
- To ensure we develop colleagues through professional development and training

#### ***How we engage***

- Monthly Joint Consultative Committee (JCC) meetings, held chaired by the Managing Director, minutes and actions recorded and distributed to all employees to see
- Regular Managing Director written, and filmed updates distributed via to all employees via their company email and posted on notice boards
- Regular senior management lead drop-in sessions and depot visits, answering questions
- Employee Intranet, making sure news, policies and information is readily available to all employees
- Regular employee forums, focusing on subjects such as diversity and inclusion, business performance, customer experience and people engagement
- Employee engagement survey
- Bi Monthly local business newsletter and distribution of monthly Go Ahead newsletter
- Seasonal employee gift bag at Christmas and Easter
- Employee engagement via external events, such as running festival and charity work
- Family Fun Day

#### ***Key topics of engagement during the financial year***

- Takeover
- Health and wellbeing
- Mental health first aid

## Plymouth Citybus Limited

### Strategic Report (continued)

- Business performance
- Government funding
- Running time of services
- Fleet reliability

#### ***How we responded***

- Increased visibility of managers within the business
- Increased the number of trained Mental Health First Aiders
- Retimed services
- Updated and relaunched the Go South West employee intranet
- Increased the number of employee forums
- Gave regular business updates

#### ***Our customers***

Customers are at the heart of the business and we are dedicated to providing them with safe, convenient and reliable services. We understand our local markets and strive to exceed our customers' expectations.

#### ***Why we engage***

- To identify priority areas for improvement in order to maintain our high level of customer satisfaction
- To respond quickly and effectively to meet changes in customers' needs and preferences
- To fully understand the needs of our different and diverse customer groups
- To improve or maintain a high quality, reliable and safe passenger transport service
- To enable us to deliver new and innovative products and integrated, customer focused solutions
- To maintain a reputation for high standards of business conduct

#### ***How we engage***

- Online communications – website, newsletters, emails, social media and app updates
- Travel Centres in Plymouth and Newquay
- Local call centre based in Plymouth
- Customer satisfaction surveys
- Continual review of customer feedback
- Customer-facing colleague feedback
- Taking part in local events to gather feedback
- Customer, industry and on-site events
- Collaboration on product innovation and service design.

#### ***Key topics of engagement during the financial year***

- Cleanliness coming out of Covid-19
- Future of subsidised routes
- Fares
- Timetable changes to reflect new traffic volumes
- Reliability of services
- Safeguarding
- Raising standards and delivering long term goals
- Delivering value, consistency, engagement and better planning
- Sustainability challenges

#### ***How we responded***

- Focused on interior cleaning as a priority
- Regularly evaluated service running times and amended where needed
- Increased disruption report messaging on the App and Social Media
- Introduced new 'Saver' ticket range

#### ***Strategic partners and suppliers***

Collaborative strategic partnerships are core to our business model. We build strong relationships with transport authorities and industry bodies to deliver efficient, high quality services. Our suppliers, which range from large multinational companies to small independently run businesses, partner with us in delivering innovative solutions for our customers.

#### ***Why we engage***

- To develop strong relationships



## Plymouth Citybus Limited

### Strategic Report (continued)

- To ensure closer alignment of values
- To provide collaborative and innovative solutions to societal challenges
- To ensure those with whom we work demonstrate a commitment to sustainability, employee wellness and diversity
- To ensure the effective delivery of contracts
- To enhance competitive advantage
- To effectively monitor, manage and mitigate risks in our supply chain

#### ***How we engage***

- Regular operator / local authority meetings across the business
- Attendance of industry events
- Patrons of local Chambers of Commerce
- Regular attendance of business networking and business community events
- Board members holding board positions on local stakeholder boards (business leadership / visitor economy / education / LEP's)
- Collaborative working with partners to deliver specific solutions
- Work stream engagement groups to build long term relationships
- Periodic surveys of our current suppliers
- Regular meetings to discuss supplier performance and areas for improvement, identifying risk and mitigating plans

#### ***Key topics of engagement during the financial year***

- Specific industry solutions
- Bus Service Improvement Plans
- Multi modal working
- Long term partnerships
- Collaborative approach
- Raising standards and delivering long term goals
- Delivering value, consistency, engagement and better planning
- Fair contract and payment terms
- Prompt payment
- Supply chain disruption contingency planning

#### ***How we responded***

- Representation from Managing Director and Commercial Director on local Bus Service Improvement Plans
- Fed into local transport plans
- Partnered with other sustainable transport modes
- Continued engagement with local transport authority providers at multiple levels
- Independently assessed as working in compliance with the sustainable procurement standard ISO 20400
- Setting targets on payment performance and complying with the Prompt Payment Code
- Enhanced our Sustainable Procurement Charter with a target of 33 per cent controllable spend on local businesses by 2023

#### **Government**

Policy and regulatory change affect our bus business and create the framework through which we operate. Working closely with both central and local government enables us to contribute our private sector experience and expertise to the public agenda and produce better policy outcomes and service delivery.

#### ***Why we engage***

- To secure recovery in passenger volumes that supports economic development, environmental targets and social priorities
- To raise public transport higher up government agendas
- To influence and inform policy making
- To represent the views of other stakeholders: customers, colleagues, communities and shareholders
- To formulate innovative and attractive bids as opportunities arise
- We operate services on behalf of the transport authorities and continually engage on matters relating to the contracts we operate

## Plymouth Citybus Limited

# Strategic Report (continued)

### *How we engage*

- Ongoing engagement with government bodies and clients, such as the Department for Transport (DfT)
- Membership of the All Party Parliamentary Group on environment
- Participating in various expert working groups, select committees and government consultations
- Engaging in policy discussions over key industry topics and advising on delivery implementation
- Ongoing dialogue with local MPs
- Partnering with campaign groups such as Campaign for Better Transport and Transport Focus

### *Key topics of engagement during the financial year*

- Passenger volume recovery
- Financial support for the provision of bus services
- Contractual arrangements and features
- National Bus Strategy and reform
- Regional bus service provision
- Environmental policy and compliance, including climate change and transition to zero-emission
- Active travel
- Apprenticeships, skills and diversity
- Proactive engagement with local authorities
- Support for local economic plans and strategies
- Sharing experience and expertise

### *How we responded*

- Response and participation in Transport Select Committee enquiry on the UK national bus strategy
- Response to UK Government consultation on phasing out the sale of diesel buses
- Campaigns on customer recovery and confidence, tackling loneliness, active travel and air quality, including through speaking engagements
- Responses to consultations including on future of mobility (urban and rural), and on zero-emission vehicles
- Ongoing engagement with transport authority clients in the UK and internationally regarding financial support for bus services and contractual arrangements and features

### *Communities*

As an operator of public transport, we provide a vital service to communities, transporting passengers to work, education, facilities and services. We strive to provide the social and economic benefits of affordable and accessible travel in the towns and cities in which we operate.

### *Why we engage*

- To maintain our role at the heart of our communities and play our part in helping communities thrive
- To address economic, social and environmental issues and priorities
- To find the best solutions for connecting people with family, friends, work and facilities
- To enable us to respond appropriately to the needs of our communities
- To maintain our focus on operating responsibly within society
- To achieve our environmental objectives and targets
- To support social inclusion and tackle isolation

### *How we engage*

- Meetings with councillors, planning officers and other key officials to work in partnership for common community goals
- Engagement at community events
- Continual two-way communication with local businesses, organisations and local community champions
- Visiting local community schools
- Promotion of community events via our social media and on bus
- Collaboration with local charities, participating in volunteering and fundraising initiatives
- Regular updates through social media, our website and apps to keep communities informed

### *Key topics of engagement during the financial year*

- Effectively managing our environmental impact
- Investment in local infrastructure
- Engaging and responding to community needs

## Plymouth Citybus Limited

## Strategic Report (continued)

- Direct contributions through utilising local suppliers, community volunteering, sponsorship and fundraising
- Providing timely and accurate travel information to ensure safety and adherence to government guidelines on public transport
- Investigating and investing in sustainable transport solutions
- Providing safe and affordable public transport solutions to support social mobility

**How we responded**

- Direct community investment through volunteering, sponsorship and fundraising
- Local meetings with MPs, the Chamber of Commerce and Local Economic Partnership Boards
- Regular stakeholder newsletters
- Contributing to policy discussion
- Developed active travel plans for customers at bus stations and travel shops
- Champions of the Government's 'Tackling Loneliness Network' via our "Chatty Bus" campaign

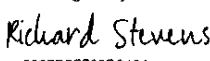
**Principal Decisions**

Examples of key decisions taken by the Board during the year ended 2 July 2022 in accordance with Section 172 are set out below.

<i>Decision</i>	Approval to acquire Dealtop Limited
<i>Stakeholders considered</i>	The Group, Customers, Government
<i>Section 172(1) stakeholder considerations and impacts</i>	<p>During the year, the board considered and approved the decision to make an unbinding offer to the owners of Dealtop Limited, a coach and bus operator based in Exeter, Devon. The acceptance of this unbinding offer enabled due diligence to commence into the potential purchase of the business.</p> <p>In reaching its decision to submit an unbinding offer, the Board carefully considered the opportunities the potential purchase would bring such as expansion of the Group's business into the region as well as the matters set out in Section 172 of the Companies Act 2006.</p> <p>Following year end and completion of the due diligence, the board proceeded to approve the acquisition of 100% of the issued share capital of Dealtop Limited. The acquisition saw 118 employees and 84 vehicles becoming part of Go South West in November 2022.</p>

<i>Decision</i>	Participation in Bus Recovery Grant (BRG) scheme
<i>Stakeholders considered</i>	Our people, customers, communities, the Group
<i>Section 172(1) stakeholder considerations and impacts</i>	<p>At the start of the year, the Company continued to be supported by the COVID-19 Bus Service Support Grant (CBSSG) as passenger volumes remained suppressed following the pandemic. This funding, which enabled a broadly breakeven position for operators, was replaced in September 2021 by the Bus Recovery Grant ("BRG") which continues to support the transition back to a more commercial model through the provision of a fixed sum of funding for the industry. In reaching its decision to participate in the BRG scheme, the board assessed whether the Company met certain terms and conditions to qualify for the scheme and at a level commensurate with passenger demand. As part of this decision the board approved changes to the bus networks with local authorities and to maintaining a specified percentage of mileage compared to the adjusted pre-Covid mileages.</p>

The strategic report was approved by the Board of Directors and signed on their behalf by:

DocuSigned by:  
  
 Richard Stevens  
 5027B5F765D9484  
 R Stevens  
 14 June 2023

## Plymouth Citybus Limited

### Directors' Report

The directors present their annual report, together with the financial statements, for the year ended 2 July 2022.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the Company's strategic report the following which the directors believe to be of strategic importance:

- Review of business;
- Future developments; and
- Financial risk management objectives and policies.

#### Directors

The directors who served the Company during the year, and up to date of approval of the financial statements, were as follows:

D A Brown – resigned 5 November 2021  
R C B Stevens  
M B Horide  
E Brian – resigned 27 September 2021  
G Boyd – appointed 28 September 2021, resigned 28 March 2022  
C Schreyer – appointed 5 November 2021, resigned 10 June 2022  
M R Dean – appointed 10 June 2022  
C Giles – appointed 1 April 2023  
I Perring – appointed 1 April 2023  
M Collins – appointed 1 April 2023

D Brown, E Brian and C Schreyer were directors of the ultimate parent company, The Go-Ahead Group plc (now called The Go-Ahead Group Limited) (the "Group"), during the year ended 2 July 2022. Prior to the year end, D Brown and E Brian resigned as directors of the Company and were replaced by C Schreyer and G Boyd with effect from 5 November 2021 and 28 September 2021 respectively. G Boyd subsequently resigned on 28 March 2022. C Schreyer later resigned on 10 June 2022 and was replaced by M Dean. Following year end, G Giles, I Perring and M Collins were appointed as directors with effect from 1 April 2023.

#### Dividends

Total dividends paid and proposed in the year were £nil (2021: £nil). The directors do not recommend a final ordinary dividend for the year.

#### Management and staff

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, on matters likely to affect employees' interests. Information on matters of concern to employees is provided through information bulletins and reports to achieve a common awareness of the financial and economic factors affecting the Company's performance.

It is the policy of the Company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities. As part of our continued staff engagement training the Company is working to ensure our workforce replicates the diversity of society as a whole.

During the year, the Company also encouraged employee involvement in the Company's performance through a Share Incentive Plan. Details of this scheme can be found in the notes to the financial statements.

Details of how the directors have engaged with employees, had regard to their interests and the effect of that regard, including on principal decisions, are set out in the section 172(1) statement on pages 4 to 10 and in the stakeholder engagement and principal decision disclosures that follow it.

#### Health and Safety

Health and Safety is at the forefront of every process and decision the Company undertakes. This is managed through a process of established policies and procedures, safe systems of work and risk assessments. Our safety culture is embedded in everything we do and reviewed at regular intervals in a process led by the Engineering Director engaging with staff representatives. There were no serious incidents or near misses relating to Health and Safety reported during this financial year.

## Plymouth Citybus Limited

### Stakeholder interests

A summary of how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the Company's principal decisions, is set out in the Strategic Report on page 10.

### Corporate governance arrangements

During the year, the Company applied the *Wates Corporate Governance Principles* for large private companies (the "*Wates Principles*"). The *Wates Principles* are published by the Financial Reporting Council (the "*FRC*") and are available on its website. The way in which the Company applied these principles is set out below.

#### Principle 1 - Purpose and leadership

##### *Purpose*

The Company is a subsidiary of The Go-Ahead Group Limited (formerly The Go-Ahead Group plc) (the "*Group*") and therefore is aligned to the Group's purpose which is "Moving you and the next generation towards a smarter and healthier planet." Within that context, the Company's purpose is 'to deliver world class inclusive, community-focused, green bus services across the region by 2023', and it has been promoted to the workforce and wider stakeholders through internal communications and stakeholder meetings. Further details regarding engagement with key stakeholders and its impact on certain key decisions are set out in the stakeholder engagement and principal decisions sections on pages 5 and 10 respectively of the strategic report.

##### *Values and Culture*

The Company is also aligned to the Group's values which are to be collaborative, transparent, accountable, open-minded and agile. These have been integrated into the Company's functions and business operations through the introduction of our newly designed 'Our Vision' and 'Teamwork Charter'. The Teamwork Charter expands on the behaviours needed to be true to the above values. It was collated and edited by an internal forum, along with the heading of 'Be you, be true, be kind'. This is promoted using newsletters, and Team Notices, employee forums, a quarterly magazine, training programmes, specialist workshops, wellbeing, and engagement opportunities (also using external specialists) and Pulse staff surveys. The Company's values and behaviours contribute to its culture, which is monitored through operating KPIs such as employee engagement, employee attrition, absenteeism and employee turnover rates.

The Company benefits from the Group's Code of Conduct and its policy and framework for the workforce to raise concerns about misconduct and unethical practices. These policies can be found on the Group's website [www.go-ahead.com/sustainability/policies](http://www.go-ahead.com/sustainability/policies).

##### *Strategy*

The Group's strategy, "The Next Billion Journeys", is supported by three strategic priorities: performance improvement; organic and external growth; and the leverage of existing capabilities and resources to progress new opportunities. Under this umbrella, the Company has aligned its strategy to that of the Group. This has been included in its annual 'Corporate Plan', submitted to the Group and KPI performance through the operating model. In pursuing these objectives, the Company's board of directors is responsible for balancing short term imperatives with long term strategic intentions.

#### Principle 2 – Board Composition

##### *Chair*

For part of the year, meetings of the Company's board of directors were chaired by the Group's Chief Executive Officer, who was also a member of the Company's board of directors. However, the Group's devolved operating model was further enhanced during the year and the Group's previous executive directors, who left the Group during the year, ceased to be members of the Company's board of directors. Meetings of the Company's board of directors were chaired instead by the Company's Managing Director. The Group's more recently appointed executive directors attend the Company's quarterly board meetings to provide support and challenge from a Group perspective.

##### *Balance and diversity*

The board comprises members with a range of skills and knowledge, and, during the year, included the key operational roles of Managing Director and Engineering Director. Appointments to these roles are based on merit, and each individual appointed is experienced both in their field of expertise and in the wider transport industry in which the Company operates. As a subsidiary within the Group, the Company applies the Group Equal Opportunities, Diversity & Inclusion policy, further details of which can be found on the Group's website [www.go-ahead.com/sustainability/policies](http://www.go-ahead.com/sustainability/policies). Diversity in appointments to the Company's board is promoted by having an inclusive culture and a progression for all attitudes.

## Plymouth Citybus Limited

### Corporate governance arrangements (continued)

#### *Size and structure*

The number of directors appointed to the Company's board is calibrated to the size and complexity of the Company's operations. As the board benefits from the support of the Group's executive directors, it considers the appointment of independent non-executive directors to be unnecessary.

#### *Effectiveness*

The Company's board held 12 meetings during the year. In accordance with the Group's operating company board procedures manual (the "Board Manual"), board meetings addressed standing agenda items, and meeting papers were circulated to all directors in the week prior to each meeting to allow sufficient time for preparation. All directors are expected to attend all meetings of the Company's board. Attendance and contribution to board discussions is a key element of the Company's senior leadership roles. Explanation and guidance on the role and statutory duties of a director are provided to the board in the Board Manual, and further support is available to the directors from both the Group's Company Secretary and its Legal Director.

### Principle 3 – Director Responsibilities

#### *Accountability*

The Company's corporate governance practices are set out in the Board Manual which addresses matters such as board procedures, directors' duties and risk management. The Board Manual is reviewed and, if necessary, updated annually by the Group. Revisions are communicated to the Company's Managing Director, who is responsible for implementing any changes. Under the Group's devolved operating model, the board is responsible for the day-to-day running of the Company's business but remains accountable to the Group for business performance and compliance with key Group policies. The Group's executive directors attend Company board meetings to provide appropriate support and challenge from the shareholder perspective. Conflicts of interest, including interests in a proposed transaction or other arrangement, are a standing board agenda item that requires directors to declare any actual or potential conflicts or interests they might have. A register of conflicts is maintained, and a conflicted director is expected to recuse themselves from the relevant board discussion. Governance processes are kept under regular review and the Board Manual is updated annually by the Group. The board certifies annually to the Group that it has complied with all applicable Group policies and procedures (including the Board Manual).

#### *Integrity of information*

In accordance with the Board Manual, every board meeting agenda includes a report from the Managing Director covering financial performance and KPIs, capital expenditure, contracts and franchise bidding, health and safety, operating and engineering performance, people and engagement, market and competition, and industrial relations.

### Principle 4 – Opportunity and Risk

#### *Opportunity*

As the Company forms part of the Group, the Company's board of directors makes a business plan proposal to the Group as part of the Group's annual corporate plan. The proposal includes any growth opportunities that have been identified, and these are considered by the Group's board of directors as part of the Group board's strategic discussions and corporate plan approval process. With support from the Group, the Company's board is responsible for implementing the proposal. Information on stakeholders, and the impact on them of board decisions, is set out on page 5 of the strategic report.

#### *Risk*

Assessment of principal and emerging risks forms part of the board's twice-yearly risk reporting to the Group's executive directors. Reporting summarises the Company's principal and emerging risks together with their mitigations. Risks that could have a material implication for the Group are escalated to the Group board for consideration.

#### *Responsibilities*

The Company benefits from the Group's risk management and internal control framework, and aligns with the Group's stated risk appetite, but remains responsible for identifying emerging and established risks facing the Company. The Company's principal risks are set out on pages 3-4.

## Plymouth Citybus Limited

### Corporate governance arrangements (continued)

#### Principle 5 – Remuneration

There is a common approach to remuneration principles across all the Group's businesses, including the Company. Reward should be sufficient to attract and retain appropriate talent and it should support the delivery of business strategy. For the Group's executive directors who were appointed to the Company's board for part of the year, remuneration was determined by the Group's remuneration committee in line with Group remuneration policy. Further details of the policy and its implementation are set out in the Group annual report and accounts 2022 which can be found on the Group's website [www.go-ahead.com/investors/results-reports-and-presentations](http://www.go-ahead.com/investors/results-reports-and-presentations). Remuneration of the remainder of the Company's board is set out on page 94 and it was determined with reference to the experience and expertise of each director, the relative size of the company, local market conditions and the relative value against the pay of the wider opco workforce pay and conditions.

#### Principle 6 – Stakeholder Relationships and Engagement

A description of the Company's key stakeholders, how the Company's board has engaged with them and the outcomes of that engagement is set out on page 5 of the strategic report.

### Going concern

The Company is a wholly owned subsidiary of The Go-Ahead Group Limited (the Group). The going concern status of the Company is therefore intrinsically linked with the operational existence of the Group and on the continued provision of Group support. The Group's Annual Report and Financial statements for the year ended 2 July 2022 were prepared on a going concern basis and full details of the going concern assessment can be found on pages 49-50 of this report.

Details of the Group's going concern assessment are as follows:

#### **Background**

We have responsibilities in relation to going concern under UK legislation and International Accounting Standard 1 Presentation of Financial Statements. The Board needs to state whether it considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.

#### **Going concern assessment**

The Board used the financial forecasts prepared for business modelling and liquidity projection purposes as the basis for its assessment of the Group's ability to continue as a going concern for at least 12 months from the date of approval of the financial statements.

As part of this assessment, the Group has also considered the FRC Company Guidance (updated 4 December 2020) (COVID-19), which has encouraged companies to assess current forecasts (corporate plans) with more rigour, consider the impact of different potential scenarios along with a likelihood assessment, and consider both the uncertainty and the likely success of any realistic mitigations.

Key areas of forecasting uncertainty include:

- The extent of any further recovery in Regional Bus revenue and the size of the network required to support passenger demand after BRG funding ceases
- The impact of inflationary pressures and continued challenges with respect to driver recruitment on our operations
- Further losses on our German contracts following the challenging operational performance, which has impacted the Baden-Württemberg franchise since its commencement, and the start of our final Bavarian operations which occurred in December 2022

The forecasts were modelled using the base case set out below based on the Group's three-year Corporate Plan adjusted for M&A activity which would be dependent on circumstances and the impact of the takeover of the Group by Gerrard Investment Bidco Limited (Bidco), a company jointly owned by Kinetic TCo Pty Ltd (Kinetic) and Globalvia Inversiones S.A.U. (Globalvia), (together the Consortium).

## Plymouth Citybus Limited

# Directors' Report (continued)

## Going concern (continued)

### The base case

The forecast assumes that Regional Bus services are maintained at the level required to qualify for Bus Recovery Grant (BRG) funding and, thereafter, at a level commensurate with passenger demand. Fares, fuel and wages are all assumed subject to inflation with there being no restriction on the business' ability to recover increased costs through fare increases, and savings identified as part of the strategic business review begin to be realised during the year. BRG funding, initially expected to end in October 2022, has been extended until June 2023 which provides further support to the delivery of Regional Bus forecasts but terms and conditions for the duration of this extension remain outstanding. The current Bus Fare Cap is assumed financially neutral with the impact of the scheme offset by the funding provided.

In the Group's London & International Bus segment, passenger demand risk is borne by our transport authority clients. While cost pressures will impact the business, there are price mechanisms within the contracts that allow these to be recovered. In the UK Rail segment, Govia Thameslink Railway Limited is contracted under a National Rail Contract through to 1 April 2025 with the potential for up to a three-year extension at the discretion of the Secretary of State for Transport. In the International Rail segment, our German operations' contractual payments are protected and passenger revenue risk is borne by the transport authority client, while in Norway an improved agreement was reached with the Norwegian Railway Directorate.

### Reasonable worst case scenario

This included assessing forecasts of severe but plausible downside scenarios related to our principal risks, notably the extent to which the recovery in passenger demand and levels of government support is less favourable than assumed in our base case forecasts. The reasonable downside scenario assumptions, which together reduce the Group's pre-IFRS 16 EBITDA by c. 20 per cent over the 12-month period were:

- Slower recovery of passenger demand in Regional Bus, with passenger demand lower and the impact of inflationary pressures
- Impact of inflationary pressures on electricity and driver pay and the impact of driver shortages and absences in London & International Bus
- Lower level of performance fees in UK Rail than planned
- Operational issues in our German Rail operations leading to higher operational losses than those already included in the base case

### Liquidity and covenant testing

The Group has no debt maturities ahead of July 2024, a strong balance sheet and good liquidity with adjusted net debt as at 2 July 2022 of £1,107.0m (£241.0m on a pre-IFRS 16 basis) and unutilised facilities and cash of £320.5m at the year end.

Funding is covered by a £250m corporate bond, which matures on 6 July 2024, and a revolving credit facility of £240m which matures in July 2025. Although these arrangements extend beyond the going concern period, we would expect to refinance prior to the end of the current going concern period and, given the level of headroom on existing covenants and forecast levels of net debt, there is no reason not to assume that this could be done.

Following the acquisition by the Consortium, seven of the Group banks continue to participate in the funding syndicate. One bank, however, has exercised change of control clauses and has exited the arrangement. Following the reconfirmation of the group's credit ratings by both Fitch and S & P in January 2024, any risk of a put event in relation to bond is no longer relevant and therefore will continue to its maturity date on 6 July 2024.

Our primary bank covenant continues to be assessed on a pre-IFRS 16 basis. At the year end, adjusted net debt was £241.0m on a pre-IFRS 16 basis (2020: £305.9m). Consequently, adjusted net debt to pre-IFRS 16 EBITDA (excluding exceptional items) was 1.5 times, at the bottom of our target range of 1.5 times to 2.5 times and allowing adequate headroom on our primary bank covenant of 3.5 times.

### Mitigating action

At Group level, the Board has considered all mitigations that would be within its control if faced with a short term material EBITDA reduction that would reduce covenant headroom or a reduction in the level of funding



Plymouth Citybus Limited

## Directors' Report (continued)

### Going concern (continued)

available. These include cost efficiencies, adjustments in service to align to passenger demand, reduction or postponement of capital expenditure and sale of other assets. Other mitigations could be considered in more severe circumstances, including requests for amendments or waivers of covenants, sale and leaseback of vehicles, disposal of properties and disposal of investments or other assets.

### Going concern statement

The directors have assessed the Group's ability to continue as a "going concern", in light of current and anticipated economic conditions. The directors confirm they are satisfied that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the "going concern" basis in preparing the Annual Report and Accounts.

### Streamlined Energy and Carbon Reporting

As a subsidiary of The Go-Ahead Group Limited, Plymouth Citybus's energy and carbon results have been included in the Group's consolidated report. As a result, the Company has chosen not to present an individual energy and carbon report within these financial statements. Please refer to the Group's 2022 Annual Report and Financial Statements for further details, on pages 45 to 48.

### Events after the balance sheet date

See note 27 for information on significant events requiring disclosure occurring after the balance sheet date, up to the date of approval of these financial statements.


### Accounting reference date

On 27 February 2023 the Board approved a change in the Company's financial year end from 30 June to 31 December. As a result, the 2023 financial year will run from 3 July 2022 to 31 December 2023.

### Directors' indemnities

The Go-Ahead Group Limited ("Group") maintains directors' and officers' liability insurance, for both the Limited and its subsidiaries, which gives appropriate cover for any legal action brought against its directors. The Group has also granted indemnities to each of its, and its subsidiaries, directors to the extent permitted by law. Qualifying third party indemnity provisions (as defined in Section 234 of the Act) were in force during the year ended 2 July 2022 and remain in force, in relation to certain losses and liabilities that the directors may incur to third parties in the course of acting as directors or employees of the Group or of any associated company. Neither the Group's indemnity nor its insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

Approved by the board and signed on its behalf by:

DocuSigned by:  
  
5027B5F765D9484

R Stevens  
Director  
14 June 2023

Registered office:  
3rd Floor  
41 - 51 Grey Street  
Newcastle upon Tyne  
NE1 6EE

## Plymouth Citybus Limited

### Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Plymouth Citybus Limited

**Income statement**  
**for the year ended 2 July 2022**

	<i>Notes</i>	<i>2022</i> <i>£000</i>	<i>2021</i> <i>£000</i>
<b>Revenue</b>	3	46,391	45,175
Operating costs	4	(45,638)	(44,772)
<b>Operating profit</b>	5	<u>753</u>	<u>403</u>
Exceptional items	6	-	9
Profit after exceptional items		<u>753</u>	<u>412</u>
Interest payable and similar expenses	9	(330)	(308)
<b>Profit before taxation</b>		<u>423</u>	<u>104</u>
Tax on profit	10	(534)	564
<b>(Loss)/profit for the year from continuing operations</b>		<u>(111)</u>	<u>668</u>

**Statement of comprehensive income**  
**for the year ended 2 July 2022**

	<i>Notes</i>	<i>2022</i> <i>£000</i>	<i>2021</i> <i>£000</i>
<b>(Loss)/profit for the year from continuing operations</b>		(111)	668
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurement gain on defined benefit pension scheme	20	2,867	2,123
Tax relating to items that will not be reclassified	10	(717)	(535)
		2,150	1,588
<i>Items that may subsequently be reclassified to profit or loss</i>			
Unrealised losses on cash flow hedges		14	112
Tax relating to items that may be reclassified		(9)	(40)
		<u>5</u>	<u>72</u>
Other comprehensive income for the year, net of tax		2,155	1,659
<b>Total comprehensive income for the year</b>		<u>2,044</u>	<u>2,328</u>

## Plymouth Citybus Limited

**Statement of changes in equity**  
**for the year ended 2 July 2022**

	<i>Notes</i>	<i>Share capital £000</i>	<i>Hedging reserve £000</i>	<i>Retained earnings £000</i>	<i>Total equity £000</i>
At 27 June 2020		1,290	(235)	5,041	6,096
Loss for the year		-	-	668	668
Actuarial loss on pension scheme, net of taxation	20	-	-	1,588	1,588
Net movement on hedges, net of tax		-	72	-	72
Total comprehensive expense		-	72	2,256	2,328
Transfer of cash flow hedging losses and cost of hedging to the initial carrying amount of hedged items (net of tax)			158		158
Share based payments	23	-	-	10	10
At 3 July 2021		1,290	(5)	7,307	8,592
Loss for the year		-	-	(111)	(111)
Actuarial gain on pension scheme, net of taxation	20	-	-	2,150	2,150
Net movement on hedges, net of tax		-	5	-	5
Total comprehensive income		-	5	2,039	2,044
Share based payments	23	-	-	9	9
At 2 July 2022		1,290	-	9,355	10,645

## Plymouth Citybus Limited

Registered No: 02004966

**Balance Sheet****As at 2 July 2022**

	Notes	2022 £000	2021 £000
<b>Assets</b>			
<b><i>Non-current assets</i></b>			
Property, plant and equipment	13	12,615	14,072
Intangible assets	12	326	383
Right of use assets	14	9,732	11,396
Deferred tax assets	10	338	1,055
		<u>23,011</u>	<u>26,906</u>
<b><i>Current assets</i></b>			
Inventories	15	274	266
Receivables: amounts due within one year	16	5,987	8,546
Derivative financial asset	24	-	5
Current tax asset	10	151	-
Cash at bank		182	133
		<u>6,594</u>	<u>8,950</u>
<b>Total assets</b>		<u><b>29,605</b></u>	<u><b>35,856</b></u>
<b>Liabilities</b>			
<b><i>Current liabilities</i></b>			
Payables: amounts falling due within one year	17	(5,799)	(9,813)
Lease liabilities	14	(1,569)	(1,569)
Derivative financial liabilities	24	-	(17)
Current tax liabilities	10	-	(408)
		<u>(7,368)</u>	<u>(11,807)</u>
<b><i>Net current liabilities</i></b>		<u><b>(774)</b></u>	<u><b>(2,857)</b></u>
<b><i>Total assets less current liabilities</i></b>		<u><b>22,237</b></u>	<u><b>24,049</b></u>
<b><i>Non-current liabilities</i></b>			
Payables: amounts falling due after more than one year	18	(335)	(429)
Lease liabilities	14	(8,354)	(9,923)
Derivative financial liabilities	24	-	(1)
Retirement benefit obligations	20	(1,369)	(4,181)
Deferred tax liabilities	10	(863)	(168)
Provisions	19	(671)	(755)
		<u>(11,592)</u>	<u>(15,457)</u>
<b>Total liabilities</b>		<u><b>(18,960)</b></u>	<u><b>(27,264)</b></u>
<b>Net assets</b>		<u><b>10,645</b></u>	<u><b>8,592</b></u>
<b>Capital and reserves</b>			
Share capital	21	1,290	1,290
Hedging reserve	24	-	(5)
Retained earnings		9,355	7,307
<b>Total equity</b>		<u><b>10,645</b></u>	<u><b>8,592</b></u>

For the year ended 2 July 2022, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Plymouth Citybus Limited

Registered No: 02004966

## Balance Sheet

As at 2 July 2022

- The members have not required the Company to obtain an audit of its financial statements for the year ended 2 July 2022 in accordance with section 476.
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the financial statements.

Approved by the Board on 14 June 2023 and signed on its behalf by:

DocuSigned by:

*Richard Stevens*

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R Stevens, Director

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Plymouth Citybus Limited (the "Company") for the year ended 2 July 2022 were authorised for issue by the board of directors on 14 June 2023 and the balance sheet was signed on the board's behalf by R Stevens. The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The principal accounting policies adopted by the Company are set out in note 2.

### 2. Accounting policies

#### 2.1 Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, The Go-Ahead Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of The Go-Ahead Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House, Cardiff and The Go-Ahead Group Limited website.

The financial statements have been prepared on a historical cost basis, as modified by financial instruments recognised at fair value. The presentation and functional currency used is sterling and amounts have been presented in round thousands ("£000").

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures and standards not yet effective:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - a) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*; and
  - b) paragraph 118(e) of IAS 38 *Intangible Assets*;
- the requirements of paragraphs 10(d), 111 and 134 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirement of paragraph 17 of IAS 24 *Related Party Transactions*;
- the requirements in IAS 24 *Related Party Transactions* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based payments*;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66, B67 of IFRS 3 *Business Combinations*;
- the requirements of paragraphs 134 (d)-(f) and 135(c)-(e) of IAS 36 *Impairment of Assets*;
- the requirements of paragraphs 110 (2nd sentence), 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 *Revenue from Contracts with Customers*; and

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 2. Accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- the requirements of paragraph 52, 89 (2nd sentence), 90, 91 and 93 of IFRS 16 Leases and the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

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

#### New standards

The following new standards or interpretations are mandatory for the first time for the financial year ended 2 July 2022:

- Impact of the initial application of Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Impact of the initial application of COVID-19 Related Rent Concessions beyond 30 June 2021 - amendment to IFRS 16 Adoption of the standards and interpretations had no material impact on the Group's financial position or related performance.

Adoption of the standards and interpretations had no material impact on the Company's financial position or related performance.

#### 2.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (as detailed below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### Exceptional operating items

In certain years the Company presents as exceptional operating items on the face of the income statement material items of revenue or expense which, because of the size or the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow better understanding of financial performance.

The determination of whether items merit treatment as exceptional in a particular year is therefore a matter of judgement.

During the prior year, a small portion of restructuring costs which were recognised as exceptional operating items the year before were released. As a result, an exceptional operating credit was recognised in the prior year. There are no exceptional operating items in the current year.



Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 2. Accounting policies (continued)

#### 2.2 Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year are in relation to:

##### Retirement benefits

The measurement of defined benefit pension obligations in the Local Government Pension Scheme, administered by Devon County Council, requires the estimation of future changes in salaries, inflation and the selection of a suitable discount rate. Refer to Note 20 for further details, including sensitivity analysis.

#### 2.3 Significant accounting policies

##### Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these financial statements and meet its liabilities as they fall due.

The Company has net current liabilities of £774,000 (2021: £2,857,000), including net amounts due from Group undertakings of £269,000 (2021: amounts owed to of £5,512,000). The Company is dependent on continuing financial support being available from its ultimate parent undertaking. The directors have received confirmation from The Go-Ahead Group Limited that the necessary financial support will continue to be available to the Company for the foreseeable future and, in particular, for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors of the Company believe that it is appropriate to prepare the financial statements on a going concern basis. Further detailed information is provided in the going concern statement in the directors' report and is therefore not replicated here.

##### Revenue

The revenue of the Company, arising from its contracts with customers, mainly comprises income from road passenger transport.

The Company has a number of revenue streams which consist of revenue from passengers, contracts as well as other miscellaneous revenue streams. Revenue is recognised on satisfaction of performance obligations which are generally clear. Revenue is measured at the fair value of the consideration received or receivable (excluding discounts, rebates, VAT and other sales taxes or duty) to which the Company expects to be entitled to and excludes amounts collected on behalf of third parties. An explanation of the main revenue streams is set out below:

##### Passenger revenue

Passenger revenue mainly relates to revenue from ticket sales.

Passenger revenue mainly consists of commercial and concessionary revenue. Commercial passenger revenue relates to ticket sales for travel on the Company's transport services and is recognised in the period in which the travel occurs. Season tickets and travel cards enable passengers to use travel services over a period of time. Management assess the revenue recognised in the period and future revenue is deferred, within liabilities, and subsequently recognised in the income statement within the applicable accounting period.

Concessionary revenue is received from public bodies, such as local authorities, with a performance obligation to transport certain eligible passengers free of charge. Revenue is recognised in the period of travel and the transaction price varies between agreements and can include areas of estimation. Revenue is only recognised when the amount can be measured reliably and it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### *Contract revenue*

Revenue generated from services provided on behalf of local transport authorities is also recognised as income in the period to which it relates.

##### *Other revenue*

Other revenue mainly relates to revenue for ancillary services provided under our Coaching & Tours Division and our Car & Commercial Division which provides services to the businesses and the public at large for holidays & and excursions and engineering services to both local and national companies and individuals alike. Other revenue is recognised in the period to which it relates.

Revenue in relation to the COVID-19 Bus Service Support Grant (CBSSG) and Bus Recovery Grant (BRG) has been recognised within other revenue and is recognised in the period in which the operational revenue and costs it is supporting relate to. CBSSG requires that a minimum level of service is operated and revenue is variable and includes areas of estimation when determining the transaction price with the actual revenue not confirmed until the reconciliation process is complete. BRG is based upon mileage operated and a portion of the overall funding based on the operating company. The Group has recognised revenue where the amount can be measured reliably, and it is highly probable that a significant reversal in the amount of cumulative revenue will not occur. Judgement is applied in determining whether some amounts are allowable in applying the terms of the scheme.

Effective from 1 September 2021, CBSSG was replaced by BRG. The BRG is intended to compensate operators for continuing to provide bus services during the COVID-19 recovery period and is allocated to operators across the industry based on revenue and mileage operated. Revenue is recognised when the bus services have been provided. There is no judgement applied in determining the amount of revenue to be recognised.

##### *Interest receivable and similar income*

Interest on deposits is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### **Property, plant and equipment and depreciation**

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

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold buildings	- 10 years
Plant & equipment	- 3 to 15 years
Rolling stock	- 8 to 15 years
Other motor vehicles	- 5 years

Freehold land is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Intangible assets and amortisation**

###### *Software*

Software, that is not integral to the related hardware, is capitalised as an intangible asset and stated at cost less amortisation and any impairment in value. Amortisation is charged to the income statement evenly over its expected useful life of three to five years.

###### *Customer contracts*

Customer contracts relate to the value attributed to contracts and relationships purchased as part of the Company's acquisitions. The value is based on the unexpired term of the contracts at the date of acquisition. Customer contracts have a residual value of £nil and are amortised on a straight-line basis over the unexpired contract term, which is determined on an individual customer basis. The amortisation expense is taken to the income statement as operating costs.

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

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount, being the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, and the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reinstated amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, on a systematic basis less any residual value, over its remaining useful life.

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### **Inventories**

Inventories of fuel and engineering spares are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost comprises direct materials and costs incurred in bringing the items to their present location and condition. Net realisable value represents the estimated selling price less costs of sale. Inventory is calculated using the first in first out method (FIFO).

##### **Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax base of assets and liabilities for taxation purposes and their carrying amounts in the financial statements. It is provided for on all temporary differences.

Deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Tax relating to items recognised outside the Income Statement is recognised in other comprehensive income or directly in equity in correlation with the underlying transaction. Otherwise, tax is recognised in the Income Statement.

##### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

##### **Insurance**

The Company limits its exposure to the cost of motor, employer and public liability claims through third party insurance policies. These provide individual claim cover subject to high excess limits and an annual aggregate stop loss for total claims within the excess limits. An amount is recognised within Provisions for liabilities for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, subject to the overall stop loss.

The estimation of this liability is made after taking appropriate professional advice and is based on an assessment of the expected settlement on known claims, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but have not yet been reported to the Company.

Provisions are accounted for on a gross basis with a separate reimbursement asset recognised for amounts recoverable from insurance providers.

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### **Pensions**

The Company participates in the Local Government Superannuation Scheme, which is a defined benefit scheme. The proportion of the scheme's assets and liabilities relating to the Company, have been determined by an independent actuary.

To assess the value of the liabilities at 2 July 2022, the actuary rolls forward the value of the liabilities calculated for the last full funding valuation, using financial assumptions that comply with IAS19. To calculate the asset share the actuary rolls forward the assets allocated to the Employer at the latest full actuarial valuation, allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

Pension scheme assets are measured at market value (bid). Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of comprehensive income.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax.

The Company is also a member of the Go-Ahead Group Pension Scheme operated by The Go-Ahead Group Limited for the majority of its employees. Plymouth Citybus Limited is part of the defined contribution section.

For the defined contribution schemes, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in operating costs within the income statement over the period necessary to match on a systematic basis to the costs that it is intended to compensate. Where the grant relates to a non-current asset, value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset.

Government grants have also been recognised in relation to the ongoing COVID-19 pandemic. These comprise amounts receivable under the Coronavirus Job Retention Scheme (CJRS). CJRS comprises grants receivable in relation to the costs incurred by the Company for furloughed employees. It is recognised in the income statement, within operating costs, in the same period as the related costs when it is highly probable that the grant will be received.

##### **Exceptional operating items**

The Company presents as exceptional operating items on the face of the income statement material items of revenue or expense which, because of the size or the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow better understanding of financial performance.

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### **Financial instruments**

###### *Financial assets*

The Company's financial assets are initially recognised at fair value, being the transaction price plus, in the case of financial assets not recorded at fair value through profit or loss in the income statement, directly attributable transaction costs. Financial assets are subsequently classified as being measured at amortised cost, fair value through other comprehensive income, or fair value through the income statement.

The Company's financial assets at amortised cost are non-derivative financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

The Company does not have any financial assets held at fair value through the income statement.

The Company does not have any financial assets held at fair value through other comprehensive income.

The Company uses an impairment model with impairment provisions based on expected credit losses rather than incurred credit losses. The Company applies the IFRS 15 simplified approach and measures the loss allowance on the lifetime expected credit losses at each reporting date.

###### *Financial liabilities*

The Company's financial liabilities include trade payables, accruals and derivative financial instruments. At initial recognition, the Company measures financial liabilities at fair value plus, in the case of a financial liability not at fair value through the income statement, transaction costs that are directly attributable to the issue of the financial liability.

With the exception of derivative financial instruments, all other financial liabilities are subsequently measured on an amortised costs basis. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

###### *Derivative financial instruments*

The Company used derivatives to hedge its risks associated with fuel price fluctuations up until the year ended 3 July 2021. Since this date, derivatives are now managed at a Group level. Such derivatives are initially recognised at fair value by reference to market values for similar instruments, and subsequently remeasured at fair value at each balance sheet date.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

## Plymouth Citybus Limited

## Notes to the Financial Statements

### for the year ended 2 July 2022

## 2. Accounting policies (continued)

### 2.3 Significant accounting policies (continued)

#### *Derivative financial instruments (continued)*

Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cashflows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

#### **Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### **Share Based Payment transactions**

The Company participates in equity-settled share option schemes operated by the ultimate parent undertaking, The Go-Ahead Group Plc, re-registered as The Go-Ahead Group Limited on 13 October 2022 (the "Group"), under which options are granted to the Group executive directors and certain other senior employees. The cost of options granted to participants is measured by reference to the fair value at the date at which they are granted, determined by an external valuation using an appropriate pricing model. In granting equity-settled options, conditions are linked to some or all of the following: the price of the shares of the Group (market conditions); conditions not related to performance or service (non-vesting conditions); performance conditions (a vesting condition); and service conditions (a vesting condition).

The cost of options is recognised in the income statement of the Company over the period from grant to vesting date, being the date on which the relevant employees become fully entitled to the award, with a corresponding increase in equity. The cumulative expense recognised at each reporting date reflects the extent to which the period to vesting has expired and the directors' best estimate of the number of options that will ultimately vest or, in the case of an instrument subject to a market or non-vesting condition, be treated as vesting as described above. This includes any award where non-vesting conditions within the control of the Group or the employee are not met. When the shares vest, they are purchased from the market by the Group and recharged to the Company through an inter-company account.

No cost is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised for the award is recognised immediately.

Following the year-end, the Group announced they had reached agreement on the terms of a recommended cash offer for the Group, pursuant to which Gerrard Investment Bidco Limited ("Bidco") would acquire the entire issued and to be issued share capital of the Group (the Scheme of Arrangement which became effective on 10 October 2022). All DSBP awards were paid out in cash in line with the terms in the Scheme of Arrangement.

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### **Leases**

###### *Lease identification*

At inception of a contract, the Company shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

###### *Right of use asset*

Right-of-use assets are measured initially at cost based on the value of the associated lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease.

The right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written-off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised. In addition, the right of use asset is periodically reduced by impairment losses, if applicable, and adjusted for certain remeasurements of the lease liability.

###### *Lease liability*

At the commencement date of the lease, the lease liability is initially measured at the present value of lease payments to be made over the lease term with payments discounted at the rate implicit in the lease or, where that cannot be measured, at the Company's incremental borrowing rate.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid by the Company under residual value guarantees. The lease payments also include the exercise price of a purchase option if the Company is reasonably certain to exercise that option. Payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate the lease, are also included.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability and reducing the carrying amount to reflect the lease payments made. The carrying value is re-measured when there is a change in future lease payments arising from the effective date of a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

###### *Short term and low value asset leases*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of less than 12 months and leases of low-value assets. Lease payments relating to short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.



## Plymouth Citybus Limited

# Notes to the Financial Statements

for the year ended 2 July 2022

## 3. Revenue

The revenue and profit before tax are attributable to the one principal activity of the Company.

An analysis of revenue by class of business is given below:

	2022 £000	2021 £000
Passenger revenue	28,187	22,695
Contract revenue	13,379	13,842
COVID-19 Bus Service Support Grant & BRG	3,767	7,601
Other income	1,058	1,037
	<u>46,391</u>	<u>45,175</u>

An analysis of revenue by geographical market is given below:

	2022 £000	2021 £000
United Kingdom	<u>46,391</u>	<u>45,175</u>

## 4. Operating costs

	2022 £000	2021 £000
Materials and external charges	14,931	14,383
Staff costs (note 7)	26,886	26,777
Depreciation of owned property, plant and equipment	2,142	2,340
Depreciation of right-of-use assets	1,664	1,246
Amortisation of intangible assets	57	57
Other operating income	(42)	(31)
	<u>45,638</u>	<u>44,772</u>

## 5. Operating profit

This is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of owned property, plant and equipment	2,142	2,340
Depreciation of right-of-use assets	1,664	1,246
Amortisation of intangible assets	57	57
	<u>3,863</u>	<u>3,643</u>
Loss/(profit) on disposal of tangible assets	207	(1)
Government grants - COVID-19	-	(465)
Deferred capital grant released into profit	(161)	(182)
Bus operating charges	<u>1</u>	<u>3</u>

## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

**5. Operating profit (continued)**

Government grant income was recognised in the prior year in relation to the COVID-19 pandemic of £465,000 relating primarily to the Coronavirus Job Retention Scheme (CJRS). There was no CJRS income recognised in the current year. The amounts recognised reflect the grants receivable and relate to the costs reclaimable for furloughed employees to the extent that it is reasonably certain that the grant will be received.

**6. Exceptional items**

	2022 £000	2021 £000
Restructuring costs	-	(9)
	<u>-</u>	<u>(9)</u>

*Year ended 2 July 2022*

There were no exceptional items to present for the year ended 2 July 2022.

*Year ended 3 July 2021*

During the year ended 27 June 2020, strategic reviews took place following the impact of COVID-19 and resulted in material, one-off costs arising. As a result, asset impairments and restructuring costs were recognised as exceptional operating charges. In the year ended 3 July 2021, a small portion of these restructuring costs were released as they were unutilised and as a result, were recognised as an exceptional operating credit in order to present results consistently year on year.

**7. Staff costs**

	2022 £000	2021 £000
Wages and salaries	24,295	24,382
Social security costs	1,964	1,786
Other pension costs – defined benefit	54	50
– defined contribution	554	539
Share based payment charge	19	18
	<u>26,886</u>	<u>26,775</u>

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

	2022 No.	2021 No.
Bus operations and other activities	800	782
Administration	36	33
	<u>836</u>	<u>815</u>

## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

**8. Directors' emoluments**

	2022 £000	2021 £000
Aggregate emoluments in respect of qualifying services	181	169
Company pension contributions to money purchase schemes	18	17
	2022 No.	2021 No.
Number of directors accruing benefits under defined benefit schemes	-	-
Number of directors accruing benefits under money purchase pension schemes	2	2
Number of directors who exercised share options	1	1
The amounts in respect of the highest paid director are as follows:		
	2022 £000	2021 £000
Emoluments	108	98
Company pension contributions to money purchase schemes	14	13

During the year, the highest paid director exercised 579 share options (2021: 339) and no share options (2021: 1,143) were granted in respect of a deferred share bonus plan (DSBP). See note 23.

During the year, certain directors were also directors of The Go-Ahead Group Plc (re-registered as The Go-Ahead Group Limited on 13 October 2022) (the "Group") and were remunerated by the Group. It is not practical to allocate their remuneration between their services as directors of the Group and their services to the Group's subsidiaries. For details on the remuneration of the directors of the Group, please refer to the Group's consolidated financial statements, available as described in note 26.

**9. Interest payable and similar expenses**

	2022 £000	2021 £000
Finance lease and hire purchase interest	12	13
IFRS 16 interest charges	245	208
Unwinding of discounting on provisions	1	-
Net interest payable on defined benefit pension scheme	72	87
	330	308

## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

**10. Tax on profit/(loss)****(a) Tax recognised in the income statement**

The tax charge/(credit) is made up as follows:

	2022 £000	2021 £000
<i>Current tax:</i>		
UK corporation tax	187	408
Adjustment in respect of current tax of previous years	(338)	(20)
Total current tax	<u>(151)</u>	<u>388</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(101)	(266)
Adjustment in respect of previous periods	263	(142)
Effect of rate change	523	(544)
Total deferred tax	<u>685</u>	<u>(952)</u>
Tax reported in the income statement (note 10(c))	<u>534</u>	<u>(564)</u>

**(b) Income tax recognised in other comprehensive income**

	2022 £000	2021 £000
Tax relating to items that may not be reclassified	717	536
Tax relating to items that may be reclassified	9	40
Total tax recognised in comprehensive income	<u>726</u>	<u>576</u>

**(c) Reconciliation**

The tax assessed on the profit for the year is the standard rate of corporation tax in the UK. The standard rate of corporation tax for the year ended 2 July 2022 was 19% (2021: 19%).

A reconciliation of income tax applicable to accounting profit before tax at the statutory tax rates for the years ended 2 July 2022 and 3 July 2021 is as follows:

	2022 £000	2021 £000
Profit before tax	<u>423</u>	<u>104</u>
At United Kingdom tax rate of 19% (2021: 19%)	80	20
Non-qualifying depreciation	23	7
Expenses not deductible for tax purposes	5	-
Difference between deferred tax and corporation tax rates	(22)	116
Adjustment in respect of deferred tax of previous periods	263	(142)
Effect of rate change on opening deferred tax balance	523	(544)
Adjustments in respect of current tax of previous years	(338)	(21)
Tax reported in the income statement (note 10(a))	<u>534</u>	<u>(564)</u>

## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

**10. Tax on profit/(loss) (continued)****(d) Current tax liabilities**

	2022 £000	2021 £000
Current tax liability/(asset) at start of year	408	(70)
Corporation tax charge/(credit) reported in income statement (note 10(a))	(151)	388
Net (paid)/accumulated in the year	(408)	90
Current tax (asset)/liability at end of year	<u>(151)</u>	<u>408</u>

**(e) Deferred tax**

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

*Deferred tax liability*

	2022 £000	2021 £000
Accelerated capital allowances	(863)	(168)
Deferred tax liability	<u>(863)</u>	<u>(168)</u>

*Deferred tax asset*

	2022 £000	2021 £000
Pension liability	338	1,046
On cashflow hedges	-	9
Deferred tax asset	<u>338</u>	<u>1,055</u>

The movements in deferred tax in the income statement and in equity are as follows:

	27 June 2020 £000	Recognised in income £000	Recognised in equity £000	3 June 2021 £000
Accelerated capital allowances	(724)	556	-	(168)
Pension liability/(asset)	1,182	396	(532)	1,046
On cash flow hedges	49	-	(40)	9
	<u>507</u>	<u>952</u>	<u>(572)</u>	<u>887</u>

	3 July 2021 £000	Recognised in income £000	Recognised in equity £000	2 July 2022 £000
Accelerated capital allowances	(168)	(695)	-	(863)
Pension liability/(asset)	1,046	9	(717)	338
On cash flow hedges	9	-	(9)	-
	<u>887</u>	<u>(686)</u>	<u>(726)</u>	<u>(525)</u>

The deferred tax asset is recognised as it is considered probable that there will be future taxable profits available.

## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

**10. Tax on profit/(loss) (continued)****(f) Factors affecting future tax charges**

The standard rate of UK corporation tax is 19% and therefore 19% applies to the current tax charge arising during the year ended 2 July 2022. Legislation within the Finance Bill 2021 amended this rate to 25.0% with effect from April 2023 and therefore 25.0% has been applied, where applicable, to the Company's deferred tax balance as at the balance sheet date for amounts which are expected to reverse after this date.

**11. Dividends**

There were no dividends paid during the year (2021: £nil) or proposed as at 2 July 2022 (2021: £nil).

**12. Intangible assets**

	<i>Customer contracts</i> <i>£000</i>	<i>Software</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Cost:			
At 3 July 2021	454	126	580
At 2 July 2022	454	126	580
Amortisation:			
At 3 July 2021	71	126	197
Charged for the year	57	-	57
At 2 July 2022	128	126	254
Net book value:			
At 2 July 2022	326	-	326
At 3 July 2021	383	-	383

*Customer contracts*

The customer contracts relate to the value of contracts arising on the addition of new contracts for routes in Cornwall. The intangible assets are being amortised over the life of the contract of 8 years.

*Software*

Software is being amortised over its expected useful life of three to five years. Amortisation is included within operating costs in the income statement.

**13. Property, plant and equipment**

## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

	<i>Freehold land &amp; buildings £000</i>	<i>Plant &amp; machinery £000</i>	<i>Rolling Stock £000</i>	<i>Total £000</i>
<b>Cost:</b>				
At 3 July 2021	721	4,258	25,498	30,477
Additions	143	190	-	333
Disposals	-	(21)	(1,281)	(1,302)
Intercompany transfers	-	-	135	135
Asset clearing	-	206	-	-
At 2 July 2022	<u>864</u>	<u>4,633</u>	<u>24,352</u>	<u>29,643</u>
<b>Depreciation:</b>				
At 3 July 2021	282	2,378	13,746	16,406
Provided during the year	69	563	1,509	2,142
Impairment	-	-	-	-
Disposals	-	(22)	(1,281)	(1,303)
Transfer categories	-	-	(10)	(10)
At 2 July 2022	<u>351</u>	<u>2,919</u>	<u>13,964</u>	<u>17,234</u>
<b>Net book value:</b>				
At 2 July 2022*	<u>513</u>	<u>1,714</u>	<u>10,388</u>	<u>12,615</u>
At 3 July 2021	<u>439</u>	<u>1,881</u>	<u>11,752</u>	<u>14,072</u>

There were capital commitments as at the year-end of £435,000 (2021: £57,248).

**14. Leases****Right-of-use assets**

The right-of use assets were brought onto the balance sheet on 30 June 2019 on transition to IFRS 16 Leases.

	<i>Total £000</i>
<b>Cost:</b>	
At 3 July 2021	12,642
Additions	-
At 2 July 2022	<u>12,642</u>
<b>Depreciation:</b>	
At 3 July 2021	1,246
Provided during the year	1,664
At 2 July 2022	<u>2,910</u>
<b>Net book value:</b>	
At 2 July 2022	<u>9,732</u>
At 3 July 2021	<u>11,396</u>

The average remaining lease term is 6 years (2021: 7 years).

**14. Leases (continued)**

## Plymouth Citybus Limited

**Notes to the Financial Statements****for the year ended 2 July 2022****Lease liabilities**

The balance sheet includes the following amounts:

	2022 £000	2021 £000
Current	1,569	1,569
Non-current	8,354	9,923
Lease liabilities	<u>9,923</u>	<u>11,492</u>

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	2022 £000	2021 £000
Less than one year	1,815	1,815
One to two years	1,815	1,815
Two to three years	1,815	1,815
Three to four years	1,815	1,815
Four to five years	1,815	1,815
Over five years	1,496	3,311
Total undiscounted lease liabilities	<u>10,571</u>	<u>12,386</u>

**15. Inventories**

	2022 £000	2021 £000
Raw materials and consumables	<u>274</u>	<u>266</u>

The amount of any write down of inventory recognised as an expense during the year is immaterial.

**16. Receivables**

	2022 £000	2021 £000
<i>Amounts due within one year</i>		
Trade receivables	1,545	1,263
Amounts owed from Group undertakings	269	-
Other receivables	59	39
Prepayments and accrued income	3,383	4,521
Central Government debtors	731	2,723
	<u>5,987</u>	<u>8,546</u>



## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

	2022 £000	2021 £000	2020 £000
Contract assets *	3,029	4,365	2,050

\* Contract assets are the sum of accrued income and amounts receivable from central government shown net of VAT and relate primarily to contracts with customers. This is billed on a regular basis and is reclassified to trade receivables at the point at which it is billed.

During the financial year £nil (2021: £nil) was recognised in respect of impairment losses arising from contracts with customers.

Accrued income primarily comprises contract income which is billed on a regular basis and which is reclassified to trade receivables at the point at which it is billed.

The credit risk associated with the Company's trade and other receivables is explained in the strategic report.

**17. Payables: amounts falling due within one year**

	2022 £000	2021 £000
Amounts owed to Group undertakings	-	5,512
Trade creditors	3,914	1,767
Other taxation and social security	655	526
Accruals and deferred income	1,069	1,860
Deferred capital grant	161	148
	<u>5,799</u>	<u>9,813</u>

	2022 £000	2021 £000	2020 £000
Contract liabilities*	1,069	1,320	1,272

\* Contract liabilities is comprised of deferred income which principally relates to contracts with customers. These contract liabilities at each balance sheet date are expected to be recognised as revenue within the next financial year.

Amounts owed to Group undertakings are repayable on demand and non-interest bearing.

**18. Payables: amounts falling due after more than one year**

	2022 £000	2021 £000
Deferred capital grant	335	429
	<u>335</u>	<u>429</u>

## Plymouth Citybus Limited

## Notes to the Financial Statements

### for the year ended 2 July 2022

#### 19. Provisions

	<i>Uninsured claims £000</i>
At 3 July 2021	755
Provided in year	570
Utilised	(626)
Net impact of discounting	(28)
At 2 July 2022	<u>671</u>

Uninsured claims represent the cost to the Company to settle claims for incidents occurring prior to the balance sheet date based on an assessment of the expected settlement, together with an estimate of settlements that will be made in respect of incidents that have not yet been reported to the Company by the insurer, subject to the overall stop loss. It is estimated that the majority of uninsured claims will be settled within the next six years. Both the estimate of settlements that will be made in respect of claims received, as well as the estimate of settlements made in respect of incidents not yet reported, are based on historic trends which alter over time reflecting the length of time some matters can take to be resolved. No material changes to carrying values are expected within the next twelve months. Uninsured claims are provided on a gross basis and a separate reimbursement asset, for amounts due back from the insurance providers of £nil (2021: £nil) is included within other receivables.

#### 20. Pension commitments

The Company participates in both a defined contribution scheme and a defined benefit scheme:

##### **Defined contribution:**

During the year ended 2 July 2022, the Company participated in The Go-Ahead Group Pension Plan (Go-Ahead Plan). The defined contribution sections of the Go-Ahead Plan are not contracted-out of the State Second Pension Scheme. The Money Purchase Section is now closed to new entrants, except by invitation from the Company, and has been replaced by the Workplace Savings Section, which is also a defined contribution plan. The expense recognised for the Money Purchase Sections of the Go-Ahead Plan is £204,000 (2021: £226,000), being the contributions paid and payable. The expense recognised for the Workplace Saving Scheme is £350,000 (2021: £313,000), being the contributions paid and payable.

At the balance sheet date, contributions of £nil were outstanding to the scheme (2021: £nil).

##### **Defined benefit:**

The Company participates in the Local Government Pension Scheme (LGPS) (the Fund). In accordance with IAS19, the Company is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. The scheme is externally funded and is now closed to new entrants.

The administering authority for the Fund is Devon County Council. The Pension Fund Committee oversees the management of the Fund whilst the day-to-day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

**20. Pension commitments (continued)**

As administering authority to the Fund, Devon County Council, after consultation with the Fund Actuary, Barnett Waddingham and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent full actuarial valuation was carried out as at 31 March 2019 using the projected unit method, and has been updated by independent actuaries to the Devon County Council Pension Fund to take account of the requirements of IAS19 in order to assess the liabilities of the Fund as at 2 July 2022. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

The expected return on assets is based on the long term future expected investment for each asset class as at the beginning of the period. The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The Company's contributions made in the year were £53,944 (2021: £50,257). At the balance sheet date there were outstanding contributions due to the scheme of £1,943 (2021: £1,874).

***Risks associated with defined benefit plans***

The number of employees in the defined benefit plan is reducing, as the plan is closed to new entrants. The Company is exposed to the following risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Devon County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Company e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

***Summary of year end assumptions***

	2022 %	2021 %
Rate of increase in salaries	3.9	3.8
Discount rate	3.7	1.8
Inflation RPI assumption	3.5	3.3
Inflation CPI assumption	2.9	2.8

## Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 20. Pension commitments (continued)

These assumptions are set with reference to market conditions at 2 July 2022.

The most significant non-financial assumption is the assumed rate of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of a member of each pension scheme at age 65.

	2022 Years	2021 Years
Pensioner	23	24
Non-pensioner	25	25

#### **Sensitivity analysis**

In making the valuation, the above assumptions have been used. The following is an approximate sensitivity analysis of the impact of the change in the key assumptions. In isolation, the following adjustments would adjust the pension deficit as shown.

	2022 Impact on pension deficit £'000	2021 Impact on pension deficit £'000
Discount rate – increase of 0.1%	13	17
Rate of increase in salaries – increase of 0.1%	13	17
Rate of increase of pensions in payment – increase of 0.1%	13	17
Increase in life expectancy of pensioners or non-pensioners by 1 year	13	17

The sensitivity analysis presented above has been calculated using approximate methods. The use of 0.1% and 1 year in the sensitivity analysis is considered to be a reasonable illustrative approximation of possible changes, as these variations can regularly arise.

#### **Funding position**

The fair value of the scheme assets, the present value of the scheme liabilities and the resulting deficit are:

	2022 Value £000	%	2021 Value £000	%
Equities	5,874	52	7,863	63
Bonds	2,093	18	720	6
Properties	1,183	10	977	8
Cash	166	1	954	8
Absolute return funds	1,086	10	1,188	9
Infrastructure	771	7	478	4
Other bonds	268	2	254	2
Alternative assets	(7)	-	2	-
Total market value of assets	11,434		12,436	
Present value of scheme liabilities	(12,803)		(16,617)	
Pension liability before deferred tax	(1,369)		(4,181)	
Related deferred tax asset 25% (2021: 25%)	338		1,041	
Net pension liability	(1,031)		(3,140)	

## Plymouth Citybus Limited

**Notes to the Financial Statements**

for the year ended 2 July 2022

**20. Pension commitments (continued)***Amounts recognised in the Income Statement*

	2022	2021
	£000	£000
Current service cost	(32)	(30)
Administration expenses	(7)	(8)
Total operating charge	<u>(39)</u>	<u>(38)</u>
Interest income on assets in the scheme	212	151
Interest cost on scheme liabilities	(284)	(238)
Net interest costs	<u>(72)</u>	<u>(87)</u>

*Amounts recognised in the Statement of Comprehensive Income*

	2022	2021
	£000	£000
(Loss)/return on assets greater than discount rate	(582)	2,223
Changes in demographic assumptions	-	222
Changes in financial assumptions	3,449	(322)
Remeasurement gains on defined benefit pension scheme	<u>2,867</u>	<u>2,123</u>

*Analysis of the change in the pension scheme assets over the financial year*

	2022	2021
	£000	£000
Fair value of scheme assets at the start of the year	12,429	11,153
Interest income on scheme assets	212	151
Remeasurement (losses)/gains due to return on assets greater than discount rate	(536)	1,871
Administration expenses	(7)	(8)
Company contributions	55	54
Member contributions	5	4
Benefit payments	(724)	(796)
Fair value of scheme assets at end of the year	<u>11,434</u>	<u>12,429</u>

## Plymouth Citybus Limited

# Notes to the Financial Statements

for the year ended 2 July 2022

## 20. Pension commitments (continued)

### Analysis of the change in the pension scheme liabilities over the financial year

	2022	2021
	£000	£000
Present value of scheme liabilities at the start of the year	16,617	17,393
Current service cost	32	30
Interest cost	284	238
Member contributions	5	4
Actuarial losses/(gains) arising from changes in financial assumptions	(3,449)	322
Actuarial gains arising from changes in demographic assumptions	-	(222)
Benefit payments	(722)	(794)
Experience loss/(gain) on defined benefit obligation	46	(352)
Unfunded pension payments	(2)	(2)
Present value of scheme liabilities at end of the year	<u>12,811</u>	<u>16,617</u>

### Analysis of the change in the pension scheme deficit over the financial year

	2022	2021
	£000	£000
Present value of scheme deficit at the start of the year	(4,181)	(6,240)
Interest income on scheme assets	212	151
Current service cost	(32)	(30)
Interest cost	(284)	(238)
Administration expenses	(7)	(8)
Actuarial gains/(losses) arising from changes in financial assumptions	3,449	(322)
Remeasurement (losses)/gains due to return on assets greater than discount rate	(536)	1,871
Experience (loss)/gain on defined benefit obligation	(45)	352
Actuarial gains arising from changes in demographic assumptions	-	229
Company contributions	55	54
Present value of scheme deficit at end of the year	<u>(1,369)</u>	<u>(4,181)</u>

### Estimated contributions for future

	£000
Estimated Company contributions in financial year 2023	56
Estimated employee contributions in financial year 2023	5
Estimated total contributions in financial year 2023	<u>61</u>

There are not expected to be any other impacts on the Company's future cash-flows.

## 21. Share capital and reserves

		Allotted, called up and fully paid	
	No.	2022	2021
		£000	£000
Ordinary shares of £1 each	1,290,100	<u>1,290</u>	<u>1,290</u>

Plymouth Citybus Limited

## Notes to the Financial Statements

### for the year ended 2 July 2022

## 22. Bus operating charges

Future minimum rentals payable under non-cancellable operating leases as at 2 July 2022 and 3 July 2021 were as follows:

	2022 £000	2021 £000
Within one year	4	3
In two to five years	8	-
	<u>12</u>	<u>3</u>

## 23. Shared based payments

### Share Incentive Plan

During the year, the Company participated in a share incentive plan, operated by the ultimate parent undertaking, known as The Go-Ahead Group plc Share Incentive Plan (the "SIP"). The SIP was open to all Group employees (including executive directors) who completed at least six months' service with a Group company at the date they were invited to participate in the plan.

The SIP permitted The Go-Ahead Group Limited to make four different types of awards to employees (free shares, partnership shares, matching shares and dividend shares), although the Group made awards of partnership shares only. Under these awards, the Group invited qualifying employees to apply between £10 and £150 per month in acquiring shares in the Group at the prevailing market price. Under the terms of the scheme, certain tax advantages were available to the Group and employees.

On 10 October 2022, the Group was acquired by Gerrard Investment Bidco Limited and the SIP ceased to operate.

### Deferred Share Bonus Plan

The Deferred Share Bonus Plan (DSBP) provides for directors and certain other senior employees to be awarded shares in the Group conditional on the achievement of financial and strategic targets. The shares are deferred over a three year period.

The expense recognised for the DSBP during the year to 2 July 2022 was £19,021 (2021: £17,968).

The DSBP options are not subject to any market-based performance conditions. Therefore the fair value of the options is equal to the share price at the date of grant.

The weighted average fair value of options granted during the year was £8.32 (2021: £8.32).

The following table shows the number of share options for the DSBP:

	2022 No.	2021 No.
Outstanding at the beginning of the year	6,320	2,447
Granted during the year	-	4,212
Exercised during the year	(579)	(339)
Outstanding at the end of the year	<u>5,741</u>	<u>6,320</u>

The weighted average exercise price of options exercised during the year was £9.38 (2021: £8.67).

At the year-end, 832 options (2021: 732 options) related to DSBP awards which vested before the year end but which have not yet been exercised by participants. Of these, 381 options related to the grant awarded in November 2014, 155 options related to the grant awarded in November 2015, 78 options related to the award granted in November 2016 and 118 options related to the award granted in November 2017. 100 options (2021: 679 options) relating to the DSBP award granted in November 2018, will be eligible to vest from November 2021 following

## Plymouth Citybus Limited

## Notes to the Financial Statements

### for the year ended 2 July 2022

the end of a three-year deferral period. The weighted average share price of the options at the year-end was £15.80 (2021: £11.40).

The weighted average remaining contractual life of the options was 1.16 years (2021: 1.89 years).

Following the year-end, the Group announced they had reached agreement on the terms of a recommended cash offer for the Group, pursuant to which Gerrard Investment Bidco Limited ("Bidco") would acquire the entire issued and to be issued share capital of the Group (the Scheme of Arrangement which became effective on 10 October 2022). All DSBP awards were paid out in cash in line with the terms in the Scheme of Arrangement.

## 24. Derivatives and financial instruments

A derivative is a security whose price is dependent upon or derived from an underlying asset. During the year ended 2 July 2022, the Company ceased to use energy derivatives to hedge its risks associated with fuel price fluctuations and this is instead now considered at a Group level.

### (a) Fair values

The fair values of the Company's financial instruments carried in the financial statements have been reviewed as at 2 July 2022 and 3 June 2021 and are as follows:

	2022 £000	2021 £000
Current assets	-	5
Current liabilities	-	(17)
Non-current liabilities	-	(1)
Total asset/(liability)	-	(13)

The fair values shown above have been calculated by discounting cash flows at prevailing interest rates.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 2 July 2022, there were no transfers between valuation levels.

### (b) Hedging activities

The Company is exposed to commodity price risk as a result of fuel usage. The Company closely monitors fuel prices and prior to the year ended 2 July 2022, used fuel derivatives to hedge its exposure to increases in fuel prices, when it deemed this to be appropriate. This is now performed at a Group level.

The fair value of the asset or liability has been recognised on the balance sheet for the year ended 3 July 2021. The value has been generated due to movement in market fuel prices since the date of purchase of the derivatives.



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## Notes to the Financial Statements

for the year ended 2 July 2022

### 24. Derivatives and financial instruments (continued)

The changes in the fair values of the fuel derivatives during the year are as follows:

	2022	2021
	£000	£000
Changes in fair value of hedged item	(13)	268
Changes in fair value of hedging instrument	13	(268)
Changes in fair value through the hedging reserves (net of tax)	4	1,659

In relation to the hedging reserve, the following balances are included with respect to the fuel derivatives:

	2022	2021
	£000	£000
Balance in the cash flow hedging reserve for continuing hedges	-	(5)

### 25. Related party transactions

The Company is a 100% subsidiary of The Go-Ahead Group Limited. Advantage has been taken of the exemption in paragraph 8 (k) of Financial Reporting Standard 101 and transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, have not been disclosed.

The following shows the amounts due to/from related parties as at the year end:

	2022	2021
	Group	Group
	subsidiaries	subsidiaries
	£000	£000
Amounts due to related parties	94	5,512
Amounts due from related parties	(363)	-
	<u>(269)</u>	<u>5,512</u>

Plymouth Citybus Limited

## Notes to the Financial Statements

for the year ended 2 July 2022

### 26. Ultimate parent company and controlling party

The immediate parent company and immediate controlling party of Plymouth Citybus Limited is Go-Ahead Holding Limited, a Company incorporated in the United Kingdom and whose registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne NE1 6EE, United Kingdom.

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party at 2 July 2022 was The Go-Ahead Group plc (which was reregistered as The Go-Ahead Group Limited on 13 October 2022) (the "Group"). The Group is a company incorporated in United Kingdom whose registered office is 3rd Floor, 41-51 Grey Street, Newcastle upon Tyne NE1 6EE.

The Group was also the parent undertaking of the Group of undertakings for which Group financial statements were drawn up, and it was also the largest and smallest parent company preparing Group financial statements. Copies of the Group's financial statements can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

On 10 October 2022, the Group was acquired by Gerrard Investment Bidco Limited ("Bidco"), a newly formed company. Bidco's ultimate parent company is Gerrard Investment Topco Limited which is indirectly owned by Kinetic TCo Pty Limited and Global Via Infraestructuras S.A.

As such from 10 October 2022, in the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Gerrard Investment Topco Limited, a Company incorporated in United Kingdom whose registered office is C/O Hackwood Secretaries Limited, One Silk Street, London, EC2Y 8HQ, United Kingdom.

### 27. Subsequent events

On 19 August 2022, the DfT announced that the Bus Recovery Grant (BRG) will be extended for a further 6 months to the end of March 2023, with £130.0m of funding available for UK bus services. Following this, on 17 February 2023 a further extension of BRG funding to 30 June 2023 was announced, with an additional £80.0m of funding available.

On 5 September 2022, the Company's ultimate parent company at this date, The Go-Ahead Group plc (since reregistered as The Go-Ahead Group Limited on 13 October 2022) (the "Group"), was subject to a cyber incident where unauthorised access was gained to Go-Ahead's IT systems. Refer to page 73 of the Group's 2022 Annual Report and Accounts for further information. The Company's finance IT infrastructure, including its accounting system are integrated into the Group's IT infrastructure. This caused disruption to our operations for the period of time until the systems were fully restored, however contingency measures were quickly put into place to minimise the impact.

On 10 October 2022, the Group was acquired by Gerrard Investment Bidco Limited ("Bidco"). Bidco is a newly formed company indirectly owned by Kinetic TCo Pty Ltd ("Kinetic") and Global Via Infraestructuras S.A.

On 14 November 2022, the Company purchased 100% of the issued share capital of Clyst St-Mary-based coach and bus operator, Dartline Coaches, for approximately £5.0m. The acquisition saw 118 employees and 84 vehicles become part of Plymouth Citybus' operating company and will expand the Group's business in the region. Goodwill on consolidation of approximately £1.0m was recognised at Group level as a result of the transaction. At the acquisition date, Dartline Coaches held tangible fixed assets of approximately £3.4m, current assets of £2.0m and liabilities of £1.5m. The accounting for this transaction is currently being finalised at the time of publication of the Company's financial statements.

On 19 December 2022, the DfT announced the introduction of a scheme to cap most single bus fares in England (outside London) to £2 from 1st January 2023 until 31st March 2023, with funding available for UK bus services of £60.0m. Following this on 17 February 2023 an extension to the scheme was announced to 30 June 2023, with £75.0m of additional funding available. On 17 May 2023, it was announced that this scheme would be extended further until 31 October 2023 and then with the fare cap rising to £2.50 until November 2024.

Plymouth Citybus Limited

## **Notes to the Financial Statements**

**for the year ended 2 July 2022**

### **27. Subsequent events (continued)**

On 27 February 2023 the Board approved a change in the Company's financial year end from 30 June to 31 December. As a result, the 2023 financial year will run from 3 July 2022 to 31 December 2023.