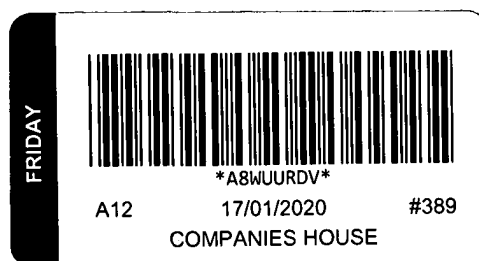


## **Busways Travel Services Limited**

Financial statements for the 52 week period ended 27 April 2019

Registered number: 2295227



# Strategic report

For the 52 week period ended 27 April 2019

The directors present their strategic report on the Company for the period ended 27 April 2019.

## Review of the business

Busways Travel Services Limited is a public transport operator, operating predominantly local bus services in and around the Tyne & Wear and adjacent areas. The Company operates a fleet of 353 buses (2018:373) and employs 1,126 people (2018:1,154).

## Results and performance

The results of the Company for the period ended 27 April 2019 show a profit on ordinary activities before taxation of £7,871,000 (2018: £10,408,000) and revenue of £55,053,000 (2018 restated: £54,543,000). The Directors have recommended that a dividend of £6,000,000 be paid (2018:£11,000,000). The Company has net assets of £15,165,000 (2018: £14,457,000).

The Company continues to build on a commercial strategy of competitive fares, investment and high customer service. The period under review has seen the Company maintain its strong presence in the region, with both revenue and passenger numbers remaining broadly consistent with prior year results. However, there has been some decline in profit on ordinary activities before taxation due to increased fuel and pension costs in the period.

## Business environment

The Company operates predominantly local bus services, carrying around 135,000 passengers a day (2018:136,000). These services are mainly operated on a commercial basis in a largely deregulated market. The Company also operate tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company works closely with local authorities, passengers and other stakeholders. The Company benefits from being part of the UK Bus (regional operations) Division of Stagecoach Group plc, a nationwide public transport operator.

## Business Culture

We are committed to conducting business in a socially responsible way and we believe this to be consistent with our business objectives and strategy. Indeed, by taking a responsible approach towards the environment and the wider community, we believe we will enhance our objective to deliver organic growth.

## Strategy

The Company's absolute focus remains safety and operational excellence, which underpin our delivery of high quality public transport services. Providing good value travel and investing in our people, fleet and new technology is essential to enhancing our customers' experience. We also continue to take steps to improve the efficiency of our operations and maintain close control of costs.

## Future outlook

The Company continues to expect flat revenue trends from our local bus services. The Company has implemented targeted mileage reductions and selective fare rises, as we make changes to our services that we consider will support the long-term success of the business. We are pursuing a package of commercial and technology-led initiatives to drive growth and meet the evolving demand for transport linked to changes in working, social and retail patterns.

## Strategic report (continued)

For the year ended 30 April 2017

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The management and reporting of risk is undertaken at Group level, rather than at an individual business unit level.

The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the Group's 2019 annual report (paragraph 1.4.5 of the Strategic Review), which does not form part of this report.

### Key performance indicators ("KPIs")

The directors of Stagecoach Group plc manage the group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus Division of Stagecoach Group plc, which includes the Company, is discussed in the Strategic Review (paragraph 1.4.6) of the Group's 2019 annual report which does not form part of this report.

### Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices. The effects of changes in interest rates and commodity prices are managed at a Group level by a central Group treasury function. The Company has implemented policies which require appropriate credit checks to be performed on potential customers before sales are made. All credit checks are performed centrally by Stagecoach Services Limited, a fellow Group company.

### By order of the Board



**M J Vaux**

**Company Secretary**

One Stockport Exchange  
20 Railway Road  
Stockport  
SK1 3SW

13 December 2019

## Directors' report

For the 52 week period ended 27 April 2019

The directors present their report on the affairs of the Company, together with the audited financial statements and independent auditors' report, for the period ended 27 April 2019.

### Results and dividends

The results of the Company for the period ended 27 April 2019 show a profit on ordinary activities before taxation of £7,871,000 (2018: £10,408,000) and revenue of £55,053,000 (2018: £54,543,000). The profit for the financial period amounted to £6,901,000 (2018: £9,935,000). This amount has been appropriated as follows

	2019 £000	2018 £000
Profit for the financial year	6,901	9,935
Dividend paid to parent company	<u>(6,000)</u>	<u>(11,000)</u>
Transferred to reserves	<u>901</u>	<u>(1,065)</u>

### Future Developments

Future developments have been discussed in the strategic report on page 2.

### Financial risk management

Financial risk management has been discussed in the strategic report on page 2.

### Directors

The directors who held office during the period under review and up to the date of approval of these financial statements were:

Mr B Dingwall (Appointed 31 May 2019)

Mr C Brown (Resigned 31 May 2019)

Mr S Walker

Mr A M Threapleton

### Employees

Human resources are key to the Company's business and the Company's relationship with its employees is fundamental to achieving its objectives. We aim to recruit and retain the best employees in our sector, which allows us to deliver good customer service. The Company invests significantly in the training and development of our people. We have strong, long-established working relationships with trade unions and work in partnership with them on a range of issues including training and development, occupational health matters, pensions and other employee benefits, as well as areas such as new vehicle design and uniform.

## **Directors report (continued)**

For the 52 week period ended 27 April 2019

### **Employees (continued)**

The Company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

### **Donations**

Donations to charitable organisations amounted to £10,972 (2018: £8,814).

The Company does not make political contributions and accordingly there were no payments for political purposes during the period (2018: Nil).

### **Going Concern**

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

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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), Financial Reporting Standard 101. 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 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;
- 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.

## Directors report (continued)

For the 52 week period ended 27 April 2019

### Independent auditors and disclosure of information to auditors

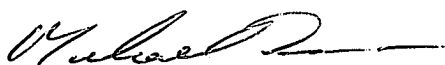
Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of Stagecoach Group plc.

### Indemnification of Directors and officers

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its directors. The Company has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices.

**By order of the Board**



**M J Vaux**  
**Company Secretary**

One Stockport Exchange  
20 Railway Road  
Stockport  
SK1 3SW

13 December 2019

# Independent auditors' report to the members of Busways Travel Services Limited

For the 52 week period ended 27 April 2019

## Opinion

We have audited the financial statements of Busways Travel Services Limited for the period ended 27 April 2019 which comprise the Income Statement, the Statement of other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as 27 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

# Independent auditors' report to the members of Busways Travel Services Limited (continued)

For the 52 week period ended 27 April 2019

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

**Independent auditors' report to the members of Busways Travel Services Limited (continued)**  
For the 52 week period ended 27 April 2019

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Use of our report**

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

*Ernst & Young LLP*

**Julie Cavin**

for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh

17 December 2019

## Income statement

For the 52 week period ended 27 April 2019

		<b>Period ended 27 April 2019</b>	<b>Period ended 28 April 2018 Restated</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Revenue</b>	2	<b>55,053</b>	54,543
Cost of sales		<b>(49,005)</b>	(45,797)
<b>Gross profit</b>		<b>6,048</b>	8,746
Other operating income	3	<b>794</b>	706
<b>Operating profit</b>		<b>6,842</b>	9,452
Finance income (net)	4	<b>1,029</b>	956
<b>Profit on ordinary activities before taxation</b>	6	<b>7,871</b>	10,408
Tax on profit on ordinary activities	8	<b>(970)</b>	(473)
<b>Profit for the financial period</b>		<b>6,901</b>	9,935

The results for the period arise wholly from continuing operations.

The accompanying notes form an integral part of this income statement.

# Statement of other comprehensive income

For the 52 week period ended 27 April 2019

		Period ended 27 April 2019	Period ended 28 April 2018
	Note	£000	£000
<b>Profit for the financial period</b>		<b>6,901</b>	<b>9,935</b>
<b>Other comprehensive (expense)/income:</b>			
Actuarial (loss)/gain on retirement benefit obligations	15	(233)	4,518
<b>Other comprehensive (expense)/income</b>		<b>(233)</b>	<b>4,518</b>
Tax charge/(credit) relating to actuarial (loss)/gain on retirement benefit obligations	12	40	(768)
<b>Other comprehensive (expense)/income for the period, net of tax</b>		<b>(193)</b>	<b>3,750</b>
<b>Total comprehensive income for the period</b>		<b>6,708</b>	<b>13,685</b>

The accompanying notes form an integral part of this statement of other comprehensive income.

**Balance sheet**  
As at 27 April 2019

	Note	2019 £000	2018 £000
<b>Non current assets</b>			
Tangible fixed assets	9	1,425	1,464
Deferred tax asset	12	1,699	2,030
		<u>3,124</u>	<u>3,494</u>
<b>Current assets</b>			
Stocks	10	385	354
Debtors : amounts falling due within one year	11	27,211	25,733
Cash at bank and in hand		1,868	3,546
		<u>29,464</u>	<u>29,633</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(7,685)</u>	<u>(6,967)</u>
<b>Net current assets</b>		<u>21,779</u>	<u>22,666</u>
<b>Total assets less current liabilities</b>		<u>24,903</u>	<u>26,160</u>
Provisions for liabilities and charges	14	(9)	-
Retirement benefit obligation	15	<u>(9,729)</u>	<u>(11,703)</u>
<b>Net assets</b>		<u>15,165</u>	<u>14,457</u>
<b>Capital and reserves</b>			
Called up share capital	16	300	300
Contribution reserve		418	418
Profit and loss account		<u>14,447</u>	<u>13,739</u>
<b>Total shareholders' funds</b>		<u>15,165</u>	<u>14,457</u>

The financial statements on pages 9 to 36 were approved by the board of directors on 13 December 2019 and were signed on its behalf by:



**B Dingwall**  
Director

The accompanying notes form an integral part of this balance sheet.

# Statement of changes in equity

For the 52 week period ended 27 April 2019

	Called up share capital £000	Profit and loss account £000	Contribution reserve £000	Total shareholders' funds £000
<b>At 29 April 2017</b>	<b>300</b>	<b>11,054</b>	<b>418</b>	<b>11,772</b>
Profit for the financial period	-	9,935	-	9,935
Other comprehensive income	-	3,750	-	3,750
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>13,685</b>	<b>-</b>	<b>13,685</b>
<b>Dividend</b>	<b>-</b>	<b>(11,000)</b>	<b>-</b>	<b>(11,000)</b>
<b>At 28 April 2018</b>	<b>300</b>	<b>13,739</b>	<b>418</b>	<b>14,457</b>
Profit for the financial period	-	6,901	-	6,901
Other comprehensive income	-	(193)	-	(193)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>6,708</b>	<b>-</b>	<b>6,708</b>
<b>Dividend</b>	<b>-</b>	<b>(6,000)</b>	<b>-</b>	<b>(6,000)</b>
<b>At 27 April 2019</b>				
Reference for called up share capital in note 16	<b>300</b>	<b>14,447</b>	<b>418</b>	<b>15,165</b>

## Notes to the financial statements

For the 52 week period ended 27 April 2019

### 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the 52 week period to 27 April 2019 and the preceding year, are:

#### *a) Basis of accounting*

The Company is a private limited company registered in England. The address of the Company's registered office is shown on page 5 and a description of the Company's principal activities are set out on page 1.

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act).

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46-52 of IFRS 2, 'Share-based payment'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 'Presentation of financial statements'
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- Paragraph 17 of IAS 24, 'Related party disclosures'

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements.

#### *New accounting standards adopted during the year*

The Company has adopted IFRS 15, 'Revenue from Contracts with Customers', from 30 April 2017, applying the full retrospective approach. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. The Company's, performance obligations are generally clear and transaction prices are even over the period to which they relate and are time apportioned. There have been no judgements taken in the implementation of IFRS 15 which significantly affect the amount or timing of the recognition of revenue. Implementing IFRS 15 has not had a material impact on the financial statements, with the exception of the reclassification to revenue of a number of specific income items previously reported as miscellaneous revenue within other operating income.

The Company has other miscellaneous sources of income comprising of income incidental to its principal activities. They include commissions receivable, advertising income, maintenance income, fuel sales and property income. Under IFRS 15, commissions receivable, maintenance income and fuel sales fall under the definition of revenue. For the year ended 28 April 2018, reclassifying those items of income as part of retrospectively applying IFRS 15 has resulted in an increase in previously reported revenue of £7,000.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 1 Accounting policies (continued)

#### a) Basis of accounting (continued)

##### *New accounting standards adopted during the year (continued)*

As there is no net impact on the income statement from implementing IFRS 15, there is no adjustment to prior year opening retained earnings. There is no impact on any of the other primary statements that had previously been reported. No balance sheet restatement as at 29 April 2018 is necessary because there are no material restatements or reclassifications in the balance sheet resulting from the implementation of IFRS 15.

The following table shows the impact of IFRS 15 on the previously reported results.

	As previously reported £000	IFRS 15 impact £000	Restated £000
Revenue	54,536	7	54,543
Other operating income	713	(7)	706
	<u>55,249</u>	<u>-</u>	<u>55,249</u>

The Company has adopted IFRS 9, Financial Instruments, prospectively from 29 April 2018. The Company has not restated the comparative information, which continues to be reported under IAS 39. IFRS 9 sets requirements for accounting for financial instruments, including in respect of recognition and measurement, impairment, derecognition and general hedge accounting.

There have been no changes to the Company's categorisation of financial assets and liabilities IFRS 9 requires a new impairment model with impairment provisions based on expected credit losses rather than incurred credit losses under IAS 39. For trade receivables, accrued income and other receivables, the company has applied the simplified approach under the standard and determined expected credit losses for significant portfolios of receivables. The transitional increase in the impairment allowance as a result of adopting this policy is immaterial. As a result, there has been no adjustment made to the retained earnings figures at 28 April 2018 as previously reported.

The Company recognises a provision for expected credit losses for all financial instruments measured at amortised cost. Where there has not been a significant increase in credit risk since initial recognition, provision is made for defaults that are possible within the next 12 months. Where there has been a significant increase in credit risk since initial recognition, provision is made for credit losses expected over the remaining life of the asset.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 1 Accounting policies (continued)

#### a) Basis of accounting (continued)

##### *New accounting standards adopted during the year (continued)*

##### Trade receivables

Trade receivables are recorded at their original amount less provision for expected credit losses. The Company has elected to apply the simplified version of the expected credit loss model permitted by IFRS 9 in respect of trade receivables. The lifetime expected credit losses are assessed for all balances. The Company has established a provision matrix that is based on its historical credit loss experience by division and is adjusted for specific forward-looking factors. The carrying amount of the receivable is reduced through the use of a provision account and movements in the provision are recognised in the income statement within operating costs and other income. When a previously provided trade receivable is uncollectable, it is written off against the provision.

Adjustments to this policy may be made in specific circumstances. At each reporting date, the Company assesses whether trade receivables are credit-impaired. This includes a review of whether the customer is in significant financial difficulty, the probability that the customer will enter bankruptcy or financial reorganisation, and any default or delinquency in payments.

#### b) Tangible fixed assets

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Land and buildings and other fixed assets are shown at cost, net of depreciation and any provision for impairment as set out in note 9.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Leasehold land and building	10 to 50 years
Public service vehicles (PSVs), depending on type	7 to 16 years
Other plant and equipment and furniture and fittings	3 to 10 years

#### c) Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 1 Accounting policies (continued)

#### *d) Stocks*

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Cost is determined using the first-in, first-out ("FIFO") method for fuel stocks and average cost method for all other stocks

#### *e) Taxation*

Tax, current and deferred, is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date.

Corporation tax is provided on taxable profits at the current rate applicable. Tax charges and credits are accounted for through the same primary statement as the related pre-tax item.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is measured at the rates that are expected to apply in periods in which the temporary differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

#### *f) Revenue*

The policy for revenue is set out above under heading of new accounting standards adopted for the year.

#### *g) Other operating income*

Revenues incidental to the Company's principal activity are reported as other operating income, and are recognised in the income statement in the period in which they are earned.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 1 Accounting policies (continued)

#### *h) Hire purchase and lease obligations*

Assets acquired under hire purchase contracts and finance leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals. Assets held under hire purchase arrangements are depreciated over their useful life.

Obligations from hire purchase contracts and finance leases within creditors represent the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included.

The interest element of hire purchase and finance lease obligations are charged to the income statement over the period of the hire purchase or finance lease..

The interest element of hire purchase and finance lease obligations are charged to the profit and loss account over the period of the hire purchase or finance lease.

Rentals under operating leases are charged on a straight-line basis over the lease term.

#### *i) Pension costs and other post retirement benefits*

The company participates in both a defined benefit and a defined contribution scheme. The Stagecoach Group Pension Scheme and Tyne & Wear Local Government Pension Scheme are defined benefit schemes.

In respect of the Stagecoach Group defined benefit scheme, obligations are measured at discounted present value whilst scheme assets are recorded at market value. The recognised net asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the scheme. An economic benefit is available to the Company if it is realisable during the life of the scheme or on settlement of the scheme liabilities.

The operating and financing costs of the defined benefit plan is included within operating profit and is disclosed separately in the notes to the financial statements; service costs are spread systematically over the working lives of employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income. Mortality rates are considered when retirement benefit obligations are calculated.

Past service costs and adjustments are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period), in which case the past service costs are amortised using a straight-line method over the vesting period.

A full actuarial valuation is undertaken triennially for the scheme and updated annually using independent actuaries following the projected unit credit method. The present value of the scheme obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity equivalent to the terms of the related obligations. Experience adjustments and changes in assumptions which affect actuarial gains and losses are reflected in the actuarial gain or loss for the period.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 1 Accounting policies (continued)

#### *j) Grants*

Bus service operators grant is credited to operating costs. Other grants are credited to the income statement as the expenditure is expensed.

#### *k) Dividends*

Dividends on ordinary shares are recorded in the financial statements in the period in which they are approved by the shareholders, or in the case of interim dividends, on the period in which they are paid.

#### *l) Share based payments*

The Company issues cash-settled share based payments to certain employees.

The cost of cash-settled transactions is measured at fair value. Fair value is estimated initially at the grant date and at each balance sheet date thereafter until the awards are settled. Market based performance conditions are taken into account when determining fair value.

During the vesting period, a liability is recognised representing the estimated fair value of the award and the portion of the vesting period expired as at the balance sheet date. Changes in the carrying amount of the liability are recognised in the income statement for the period.

#### *m) Cash flow statement*

Busways Travel Services Limited is not required to prepare a cash flow statement under IAS 7, as it is a wholly owned subsidiary undertaking of Stagecoach Group plc whose consolidated financial statements, which are publicly available, include a consolidated cash flow statement in which the cash flows of the company are included.

The disclosure of the accounting policy that follows for financial instruments are those that apply under IAS 39 'Financial Instruments: Recognition and measurement' for. The policy for financial instruments applied from 29 April 2018 is set out above under the heading of New accounting standards adopted for the year.

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

#### *n) Financial instruments*

##### *Financial assets*

##### *Policy prior to 28 April 2018*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or borrowings, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 1 Accounting policies (continued)

#### *n) Financial instruments (continued)*

##### *Financial liabilities*

The following policies apply to the years ended 28 April 2018 and 27 April 2019 and remain unchanged following the prospective adoption of IFRS 9 on 29 April 2018. Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company has only entered into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, financing arrangements with banks and other third parties and balances due from and to related parties.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Full details of the financial instruments policy of Stagecoach Group plc are discussed in note 1 of the Group's 2019 annual report.

#### *o) Critical accounting policies and estimates*

Preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union requires Directors to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual outcomes could differ from those estimated.

The Directors believe that the accounting policies and estimation techniques discussed below represent those that require the greatest exercise of judgement. The Directors have used their best judgement in determining the estimates and assumptions used in these areas but a different set of judgements could result in material changes to the Company's reported financial performance and/or financial position.

The critical accounting policies summarised below cover the policies regarded by the Directors as critical to the Company's reporting in general.

#### *i) Pensions*

The determination of the Company's pension benefit obligation and expense for defined benefit pension schemes is dependent on the selection by the Directors of certain assumptions used by actuaries in calculating such amounts. Those assumptions include the discount rate, the annual rate of increase in future salary levels and mortality rates. The Directors' assumptions are based on actual historical experience and external data. While we believe that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the pension obligation and future expense.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 1 Accounting policies (continued)

#### *o) Critical accounting policies and estimates*

##### *ii) Taxation*

The Company's tax charge is based on the pre-tax profit for the period and tax rates in force. Estimation of the tax charge requires an assessment to be made of the potential tax consequences of certain items that will only be resolved when agreed by the relevant tax authorities. Assessment of the likely outcome is based on historical experience, professional advice from external advisors, and the current status of any judgemental issues. However, the final tax cost to the company may differ from the estimates.

##### *iii) Goodwill and impairment*

In certain circumstances, IFRS requires property, plant, equipment and intangible assets to be reviewed for impairment. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of the expected future cash flows of the relevant cash generating unit ("CGU") or net realisable value, if higher. The discount rate applied in determining the present value of future cash flows is based on the Company's estimated weighted average cost of capital with appropriate adjustments made to reflect the specific risks associated with the CGU.

Forecasts of cash flows for this purpose are consistent with management's plans and forecasts. The forecast of future cash flows and the estimation of the discount rate involve a significant degree of judgement. Actual results can differ from those assumed and there can be no absolute assurance that the assumptions used will hold true.

##### *iv) Property, plant and equipment*

Property, plant and equipment, other than land, are depreciated on a straight-line basis to write off the cost or valuation less estimated residual value of each asset over the shorter of their estimated useful lives. Useful lives are estimated based on a number of factors, including the expected usage of the asset, expected deterioration and technological obsolescence. If another depreciation method (for example, reducing balance) was used or different useful lives or residual values were applied, this could have a material effect on the Company's depreciation charge and net profit.

##### *v) Contract provisions*

A provision is recognised in the balance sheet for any contract that is "onerous" or when acquired as part of a business combination, that is unfavourable to market terms. A contract is considered onerous where it is probable that the future economic benefits to be derived from the contract are less than the unavoidable costs under that contract. Determining the amount of any contract provision necessitates forecasting future cash flows and applying an appropriate discount rate to determine a net present value. The recognition of a contract provision is charged to the consolidated income statement. Losses that subsequently arise on that contract are treated as a utilisation of the provision to the extent they have been provided for. The amount of any contract provision (or potential contract provision) is re-assessed at each balance sheet date. Any increase or decrease required to the amount of the provision is charged or credited to the income statement.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 1 Accounting policies (continued)

#### *p) Financial statements not consolidated*

The company is a wholly owned subsidiary of Stagecoach Bus Holdings Limited and of its ultimate parent, Stagecoach Group Plc. It is included in the consolidated financial statements of Stagecoach Group Plc which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from requirement to prepare consolidated financial statements.

#### *q) Dilapidations*

A dilapidations provision is recognised when there is future obligation relating to the maintenance of leasehold assets. Provisions for dilapidations are recognised on a lease by lease basis and are based on the Company's best estimate of the future expected repair costs required to restore leased assets to the condition required at the end of their respective lease terms.

### 2 Revenue

The revenue and profit on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom.

### 3 Other operating income

	2019	2018
		Restated
	£000	£000
Advertising income	348	317
Printing income	247	267
Newspaper distribution income	87	92
Property rental income	44	21
Other miscellaneous revenue	68	9
	<u>794</u>	<u>706</u>

### 4 Finance income (net)

	2019	2018
	£000	£000
Net finance expense on pension assets (note 15)	(295)	(369)
Net finance income on Intercompany loan	<u>1,324</u>	<u>1,325</u>
	<u>1,029</u>	<u>956</u>

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 5 Dividends

	2019	2018
	£000	£000
Interim dividend paid to the parent company £1.00 (2018: £1.83) per ordinary share	<u>6,000</u>	<u>11,000</u>

### 6 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation for the period is stated after charging:

	2019	2018
	£000	£000
Depreciation and amounts written off tangible fixed assets:		
- owned	263	250
Redundancy costs	-	44
Operating lease rentals:		
- land and buildings	755	754
- PSV	3,274	3,431
- plant and machinery	<u>144</u>	<u>142</u>

No auditor's fees have been settled directly by the Company. Audit fees of £6,605 (2018: £4,475) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

### 7 Directors and employees

	2019	2018
	£000	£000
Emoluments of directors	<u>118</u>	<u>114</u>

The above details of directors' emoluments include an apportionment of the emoluments of Mr C Brown, Mr A M Threapleton and Mr S Walker (2018: of Mr C Brown, Mr A M Threapleton and Mr S Walker) which are paid by fellow group undertaking, Stagecoach Holdings Limited.

No part of the remuneration of Mr M Vaux is directly attributable to the Company.

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 7 Directors and employees (continued)

The number of directors who were members of pension schemes during the period was as follows:

	2019	2018
	Number	Number
Defined contribution scheme	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

The number of directors who exercised their share options in the period was as follows:

	2019	2018
	Number	Number
Share options	<u>3</u>	<u>3</u>

	2019	2018
	£000	£000
<b>Staff costs</b>		
Wages and salaries	23,796	23,256
Social security costs	2,112	2,085
Other pension costs (see note 15)	3,908	1,923
Share based payments - cash settled (see note 18)	16	42
Redundancy costs	<u>-</u>	<u>44</u>
	<u>29,832</u>	<u>27,350</u>

The average monthly number of persons employed by the Company (excluding executive directors) during the period was:

	2019	2018
	Number	Number
Operations	1,007	1,016
Administration and supervisory	<u>59</u>	<u>67</u>
	<u>1,066</u>	<u>1,083</u>

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 8 Tax on profit on ordinary activities

	2019 £000	2018 £000
<b>a) Charge for the period</b>		
Current tax:		
UK corporation tax on profits in the period	1,090	1,305
Adjustments in respect of prior years	(491)	(1,350)
Total current tax	599	(45)
Deferred tax:		
Origination and reversal of timing differences	359	594
Adjustments in respect of prior years	12	(76)
Total deferred tax (note 12)	371	518
Total tax reported in the income statement	970	473

	2019 £000	2018 £000
<b>b) Tax relating to items charged or credited outside of the income statement</b>		
Tax on net actuarial (losses)/gains on defined benefit Pension schemes	(40)	768

### c) Factors affecting the tax charge for the period

The tax assessed for the period is lower (2018: lower) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	7,871	10,408
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,496	1,978
Effect of:		
Non tax deductible expenditure and other permanent differences	9	10
Treatment of inter-company transactions	(14)	(19)
Impact of reduction in UK tax rate on current years deferred tax	(42)	(70)
Prior year credit in respect of group relief received	(420)	-
Adjustments in respect of prior years	(59)	(1,426)
Total tax charge for the period reported in the income statement	970	473

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 8 Tax on profit on ordinary activities (continued)

#### d) Factors that may affect future tax charges

The reduction in the UK corporate income tax rate to 17% which is expected to take effect from April 2020 had been enacted by the balance sheet date. The deferred tax balance as at 27 April 2019 has therefore been calculated with reference to the enacted expected UK corporation tax of 17%.

### 9 Fixed assets

#### *Tangible assets*

The movement in the period is summarised below:

	Leasehold land and buildings £000	Other plant and equipment and furniture and fittings £000	Total £000
<b>Cost</b>			
Beginning of period	781	5,544	6,325
Additions	189	36	225
Disposals	-	(987)	(987)
<b>End of period</b>	<b>970</b>	<b>4,593</b>	<b>5,563</b>
<b>Accumulated depreciation</b>			
Beginning of period	(369)	(4,492)	(4,861)
Charge for period	(77)	(186)	(263)
Disposals	-	986	986
<b>End of period</b>	<b>(446)</b>	<b>(3,692)</b>	<b>(4,138)</b>
<b>Net book value</b>			
28 April 2018	412	1,052	1,464
<b>27 April 2019</b>	<b>524</b>	<b>901</b>	<b>1,425</b>

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 10 Stocks

	2019	2018
	£000	£000
Spares, consumables and fuel	<u>385</u>	<u>354</u>

In the opinion of the directors, the difference between the replacement cost of these stocks and their balance sheet value is not material.

The cost of stock recognised as an expense and included in the operating costs during the period amounted to £9,271,000 (2018: £9,462,000)

### 11 Debtors

	2019	2018
	£000	£000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	26,159	24,749
Prepayments and accrued income	1,052	970
Other debtors	-	14
	<u>27,211</u>	<u>25,733</u>

Amounts due from fellow group undertakings within one year accrue no interest and are repayable on demand.

### 12 Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

Deferred tax to be recovered after more than 12 months:

	2019	2018
	£000	£000
Deferred tax asset	45	40
Pension temporary differences	<u>1,654</u>	<u>1,990</u>
Net deferred tax provision	<u>1,699</u>	<u>2,030</u>

The movement in deferred tax during period was:

	2019	2019
	£000	£000
At start of period	2,030	3,316
Charged to income statement (note 8a)	(371)	(518)
Credited/(charged) to equity (note 8a)	<u>40</u>	<u>(768)</u>
At end of period	<u>1,699</u>	<u>2,030</u>

## Notes to the financial statements (continued)

For the 52 week period ended 27 April 2019

### 12 Deferred tax asset (continued)

Deferred tax included in the balance sheet comprises:

	2019	2018
	£000	£000
Accelerated capital allowances	(39)	(62)
Other timing differences	84	102
Pension temporary differences	1,654	1,990
Net deferred tax provision	1,699	2,030

The amount of deferred tax recognised in the income statement by type of temporary difference is as follows:

	2019	2018
	£000	£000
Accelerated capital allowances	23	15
Pension temporary differences	(376)	(606)
Other short term differences	(18)	73
Deferred tax charge	(371)	(518)

### 13 Creditors

	2019	2018
	£000	£000
<i>Amounts falling due within one year:</i>		
Amounts owed to group undertakings	2,833	2,613
Corporation tax	1,090	1,305
Other taxes and social security costs	525	472
Grant	510	-
Other creditors	515	500
Accruals and deferred income	2,212	2,077
	7,685	6,967

Amounts due to fellow group undertakings within one year accrue no interest and are repayable on demand.

## Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

### 14 Provisions for liabilities and charges

Dilapidations provision	2019 £000	2018 £000
Provision at start of period	-	-
Provided in the period	9	-
<b>Provision at end of period</b>	<b>9</b>	<b>-</b>

The provision for dilapidations relates to the Company's Denton House mast site in Newcastle, and will be utilised over the remaining lease term.

### 15 Retirement benefit obligations

On transition to FRS 101, IAS 19 (2011 revised) Employee Benefits has been adopted in place of FRS 17 Retirement Benefits.

The Company participates in two defined benefit occupational pension schemes, as follows:

- Tyne & Wear Local Government Pension Scheme ("LGPS")
- The Stagecoach Group Pension Scheme ("SPS")

The Tyne & Wear Local Government Pension scheme is a defined benefit scheme. For the purposes of FRS 101, IAS 19 the Company accounts for its portion of the retirement benefit obligation, based on its share of contributions to the scheme. The calculations of the IAS19 disclosures for the Tyne and Wear Local Government Pension Scheme have been based on the most recent actuarial valuations, which have been updated to 27 April 2019 by an independent professionally qualified actuary to take account of the requirements of IAS 19.

The Stagecoach Group Pension scheme is a defined benefit scheme, the scheme closed to future accrual in April 2017. The Company, together with a number of companies within the Group headed by Stagecoach Group plc, made contributions to the Scheme. For the purposes of FRS 101, IAS 19 the Company accounts for its portion of the retirement benefit obligation, based on its share of contributions to the scheme. In the consolidated financial statements of Stagecoach Group plc, the scheme as a whole is accounted for as a defined benefit scheme. Further details of the scheme is discussed in note 24 of the Groups 2019 annual report, which does not form part of this report.

## Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

### 15 Retirement benefit obligations (continued)

Both schemes are closed to new members from the Company.

Additionally, the Company operates various defined contribution schemes for its employees, for which it has no further obligation once the contributions are paid. Contributions of £2,049,000 (2018: £1,609,000) were made to defined contribution schemes by the Company, and as at 27 April 2019 there was a creditor of £179,000 (2018: £157,000) in relation to these contributions.

The amounts recognised in the balance sheet were determined as follows:

<b>As at 27 April 2019</b>	<b>LGPS</b>	<b>SPS</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equities	61,744	49,432	111,176
Private Equity	8,460	2,210	10,670
Bonds	20,423	14,810	35,233
Cash	3,932	4,206	8,138
Property	9,094	5,622	14,716
Fair value of plan assets	103,653	76,280	179,933
Present value of obligations	(86,395)	(82,377)	(168,772)
Surplus/(deficit) in the scheme	17,258	(6,097)	11,161
Asset ceiling	(20,890)	-	(20,890)
Liability recognised in the balance sheet	(3,632)	(6,097)	(9,729)

<b>As at 28 April 2018</b>	<b>LGPS</b>	<b>SPS</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equities	59,028	47,135	106,163
Private equity	9,994	2,984	12,978
Bonds	19,002	13,341	32,343
Cash	2,492	5,151	7,643
Property	9,183	6,137	15,320
Fair value of plan assets	99,699	74,748	174,447
Present value of obligations	(89,334)	(78,682)	(168,016)
Surplus/(deficit) in the scheme	10,365	(3,934)	6,431
Asset ceiling	(18,134)	-	(18,134)
Liability recognised in the balance sheet	(7,769)	(3,934)	(11,703)

At 27 April 2019, 83% (2018:81%) of LGPS scheme assets and 90% (2018:88%) of SPS scheme assets were quoted on a recognised stock exchange or held in cash or asset readily convertible to cash and therefore considered to be liquid.

# Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

## 15 Retirement benefit obligations (continued)

The amounts recognised in the income statement were as follows:

Period ended 27 April 2019	LGPS £000	SPS £000	DC £000	Total £000
Current service cost	218	-	-	218
Past service cost	264	1,327	-	1,591
Administration cost	8	42	-	50
Interest (income)/ expense	(339)	128	-	(211)
Interest expense on asset ceiling	506	-	-	506
Total defined benefit cost	657	1,497	-	2,154
Defined contribution cost	-	-	2,049	2,049
Total income statement charge	657	1,497	2,049	4,203

Period ended 28 April 2018	LGPS £000	SPS £000	DC £000	Total £000
Service cost	258	-	-	258
Administration cost	8	48	-	56
Interest (income)/ expense	(221)	208	-	(13)
Interest expense on asset ceiling	382	-	-	382
Total defined benefit cost	427	256	-	683
Defined contribution cost	-	-	1,609	1,609
Total income statement charge	427	256	1,609	2,292

The impact of the income statement charge can be analysed as follows:

	2019 £000	2018 £000
Total included in staff costs (note 7)	3,908	1,923
Total included in finance charges (note 4)	295	369
	4,203	2,292

# Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

## 15 Retirement benefit obligations (continued)

The amounts recognised within the Statement of Other Comprehensive Income were as follows:

Period ended 27 April 2019	LGPS £000	SPS £000	Total £000
Actual return less expected return on pension scheme assets	3,476	2,875	6,351
Experience gains and losses arising on the scheme liabilities	555	410	965
Changes in assumptions underlying the present value of the scheme liabilities	(1,348)	(3,951)	(5,299)
Changes in asset ceiling	(2,250)	-	(2,250)
Total actuarial gain/(loss) recognised in the statement of other comprehensive income	433	(666)	(233)

Period ended 28 April 2018	LGPS £000	SPS £000	Total £000
Actual return less expected return on pension scheme assets	2,129	742	2,871
Experience gains and losses arising on the scheme liabilities/asset	50	3,130	3,180
Changes in assumptions underlying the present value of the scheme liabilities	1,414	1,105	2,519
Changes in asset ceiling	(4,052)	-	(4,052)
Total actuarial (loss)/gain recognised in the statement of other comprehensive income	(459)	4,977	4,518

The movement in the liability recognised in the balance sheet in respect of the defined benefit plan during the period under IAS 19 was:

As at 27 April 2019	LGPS £000	SPS £000	Total £000
Liability at the beginning of the period	(7,769)	(3,934)	(11,703)
Employer's contributions	4,361	-	4,361
Current service cost	(218)	-	(218)
Past service cost	(264)	(1,327)	(1,591)
Finance income	(167)	(128)	(295)
Administration cost	(8)	(42)	(50)
Recognised in the statement of comprehensive income	433	(666)	(233)
Liability at end of the period	(3,632)	(6,097)	(9,729)

# Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

## 15 Retirement benefit obligations (continued)

As at 28 April 2018	LGPS £000	SPS £000	Total £000
Liability at the beginning of the period	(11,136)	(8,655)	(19,791)
Employer's contributions	4,253	-	4,253
Service cost	(258)	-	(258)
Finance income	(161)	(208)	(369)
Administration cost	(8)	(48)	(56)
Recognised in the statement of comprehensive income	(459)	4,977	4,518
Liability at end of the period	(7,769)	(3,934)	(11,703)

The movement in fair value of the plan assets during the period under IAS 19 is as follows:

As at 27 April 2019	LGPS £000	SPS £000	Total £000
At beginning of period	99,699	74,748	174,447
Actuarial gain	3,476	2,875	6,351
Interest income	2,750	2,039	4,789
Administration costs	(8)	(42)	(50)
Employer's contributions	4,361	-	4,361
Members' contributions	51	-	51
Benefits paid	(6,676)	(3,340)	(10,016)
At end of period	103,653	76,280	179,933

As at 28 April 2018	LGPS £000	SPS £000	Total £000
At beginning of period	97,128	75,437	172,565
Actuarial loss	2,129	742	2,871
Interest income	2,777	2,091	4,868
Administration costs	(8)	(48)	(56)
Employer's contributions	4,253	-	4,253
Members' contributions	53	-	53
Benefits paid	(6,633)	(3,474)	(10,107)
At end of period	99,699	74,748	174,447

## Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

### 15 Retirement benefit obligations (continued)

The movement in the present value of obligations recognised in the balance sheet in respect of the defined benefit plan during the period under IAS 19 is as follows:

#### As at 27 April 2019

	LGPS £000	SPS £000	Total £000
At beginning of period	89,334	78,682	168,016
Current service costs	218	-	218
Past service costs	264	1,327	1,591
Interest cost	2,411	2,167	4,578
Members' contributions	51	-	51
Actuarial gain – experience gains and losses	(555)	(410)	(965)
Actuarial gain – changes in assumptions	1,348	3,951	5,299
Benefits paid	(6,676)	(3,340)	(10,016)
At end of period	86,395	82,377	168,772

#### As at 28 April 2018

	LGPS £000	SPS £000	Total £000
At beginning of period	94,564	84,092	178,656
Current service costs	258	-	258
Interest cost	2,556	2,299	4,855
Members' contributions	53	-	53
Actuarial gain – experience gains and losses	(50)	(3,130)	(3,180)
Actuarial loss – changes in assumptions	(1,414)	(1,105)	(2,519)
Benefits paid	(6,633)	(3,474)	(10,107)
At end of period	89,334	78,682	168,016

The movement in the asset ceiling is shown below:

#### Period ended 27 April 2019

	LGPS £000	SPS £000	Total £000
At beginning of period	(18,134)	-	(18,134)
Interest expenses	(506)	-	(506)
Re-measurement	(2,250)	-	(2,250)
At end of period	(20,890)	-	(20,890)

## Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

### 15 Retirement benefit obligations (continued)

#### Period ended 28 April 2018

	LGPS £000	SPS £000	Total £000
At beginning of period	(13,700)	-	(13,700)
Interest expenses	(382)	-	(382)
Re-measurement	(4,052)	-	(4,052)
At end of period	(18,134)	-	(18,134)

A full actuarial valuation of the scheme is carried out every 3 years. The last actuarial valuation of the Stagecoach Group Pension Scheme was undertaken on 30 April 2017, and showed that the scheme was 104% funded on the Trustee's technical provisions basis.

The management and reporting of the Stagecoach Group Pension Scheme is undertaken at group level. A sensitivity analysis of significant actuarial assumptions is included within note 20 of the Group's 2019 annual report, which does not form part of this report.

The principal actuarial assumptions used for both schemes were as follows:

	2019	2018
	%	%
Rate of increase in pensionable salaries	N/A	2.5
Rate of increase of pension payment	2.2	3.2
Discount rate	2.5	2.8
Rate of inflation (RPI)	3.3	3.2
Consumer prices inflation assumption	2.2	2.0

The life expectancy assumptions used for each scheme are periodically reviewed. The weighted average life expectancies announced at 27 April and prior year 28 April 2019 were:

	2019	2018
	Years	Years
Current pensioner aged 65 - male	18.8	19.5
Current pensioner aged 65 - female	22.1	22.8
Future pensioner at 65 (aged 45 now) - male	20.2	20.9
Future pensioner at 65 (aged 45 now) - female	23.7	24.4

# Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

## 16 Called up share capital

	2019 £000	2018 £000
<i>Authorised</i>		
6,000,000 (2018: 6,000,000) Ordinary shares of £0.05p each	300	300
1 (2018: 1) 'A' share of £1	-	-
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
6,000,000 (2018: 6,000,000) Ordinary shares of £0.05p each	300	300
1 (2018: 1) 'A' share of £1	-	-
	<hr/>	<hr/>

## 17 Guarantees and other financial commitments

### a) Lease commitments

The Company had commitments under non-cancellable operating leases. Future minimum rentals payable under these leases are as follows:

	Land and Buildings 2019 £000	Other 2019 £000	Land and Buildings 2018 £000	Other 2018 £000
- within one year	769	120	757	118
- between one and five years	3,029	162	3,028	156
- over five years	643	-	1,397	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,441	282	5,182	274

### b) Contingent liabilities

The Company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking.

### c) Cross guarantees

The company is subject to a cross corporate guarantee in relation to the Stagecoach Group plc banking arrangements with the Bank of Scotland. There have been no instances where this guarantee has been called upon during the period and none are expected in the future.

## Notes to the financial statements (continued)

For the 52 week period ended 28 April 2019

### 18 Share based payments

The Company operates a Buy as You Earn Scheme ("BAYE") which enables eligible employees to purchase shares from their gross income. The Company provides two matching shares for every share bought from the first £10 of monthly investment, subject to a maximum Company contribution of shares to the value of £20 per employee per month.

If the shares are held in trust for five years or more, no income tax and national insurance will be payable. The Matching shares will be forfeited if the corresponding partnership shares are removed from the trust within three years of award.

All share options referred to relate to ordinary shares of Stagecoach Group plc, the ultimate parent company.

At 27 April 2019, there were 184 (2018: 207) participants in the BAYE scheme who have cumulatively purchased 245,318 (2018: 216,266) shares with the Company contributing 91,910 (2018: 78,858) matching shares on a cumulative basis. Dividends had been reinvested in a further 52,321 (2018: 41,488) shares for these participants.

Share based payment charges of £16,000 (2018: £42,000) have been recognised in the profit and loss account during the period in relation to the scheme.

### 19 Related party transactions

The Company has taken advantage of the exemptions granted under IAS 24 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 11 and 13.

### 20 Ultimate parent company

The Company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the Company Secretary at the following address:

Stagecoach Group plc  
Group Headquarters  
10 Dunkeld Road  
Perth  
PH1 5TW