

# LONDON UNITED BUSWAYS LIMITED

Annual Report and Financial Statements  
For the year ended 31 December 2021



**REGISTERED NUMBER:** 02328561 (England and Wales)

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
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**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
COMPANY INFORMATION**

**Directors**

K S Nothey  
A P Corbett  
J J Keenan  
M T Sinaceur  
A-F Laclide  
F Guthrie  
C M Tong  
W J Cahill  
F C F Tonetti

**Secretary**

G Fabre

**Registered office**

Garrick House  
Stamford Brook Bus Garage  
74 Chiswick High Road  
London  
W4 1SY

**Auditor**

Mazars LLP  
30 Old Bailey  
London  
EC4M 7AU

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT**

The Directors present their strategic report for the year ended 31 December 2021.

**REVIEW OF BUSINESS**

The primary activities of the Company are the provision of road passenger transport services in the Greater London area and the Company's principal customer is Transport for London (TfL). The London market remains highly competitive, and margins continue to erode as competition among operators increases, within a contracting market.

During the year, the Directors closed Quality Line Transport Ltd ("QLT"), a related undertaking, due to continuing losses, and the business ceased trading on 3 July 2021 as part of a broader company-wide transformation program. Five out of the nine routes that QLT operated were transferred to the Company and the remaining four in operation transferred to another London Bus Operator.

During the year and following consultation with the Trustee Board of London United Busways Retirement Benefits Plan ("Plan"), the Company transferred the Plan and changed the principal employer, effective from 17 June 2021 (date of signing of Deed of Substitution of Principal Employer and Apportionment) through a Flexible Apportionment Arrangement (FAA), to the Company's immediate parent RATP Dev UK Ltd (RDUK). The process for changing the principal employer, which was collectively agreed by the Trustee Board and the Company, included an assessment of the overall covenant and a strengthening of the parent guarantee to the scheme.

In December 2021, to strengthen the Company's competitive position in west to central London, RDUK entered into a joint venture agreement with Tower Transit Ltd (TTL), forming a new entity called RATP Dev Transit London Ltd (RDTL), for the purpose of operating the TTL network of TfL bus routes across west London from their Westbourne Park depot. Following completion, TTL and RDUK held 12.5% and 87.5%, respectively, of the issued share capital of RDTL.

On 10 December 2021, the Company issued two tranches of shares: 3,431,701 ordinary shares of £1 each for a total cash consideration of £3,431,701 and 16,608,784 ordinary shares of £1 each for a total non-cash consideration of £16,608,784. The latter being utilised for the capitalisation of an intercompany loan and interest of the same value that was due to RDUK.

On 11 December 2021, RDUK, TTL, and RDTL entered into a shareholders' agreement to deal with the management of the affairs of the joint venture. On the same date, the entire issued share capital of the Company, consisting of 23,616,985 ordinary shares of £1 was transferred by RDUK to RDTL for the consideration price of £44,000,000 which was satisfied by the issue in RDTL of 4,400,000 A ordinary shares of £1 each in the share capital of RDTL, credited as fully paid up.

Consequently, effective 11 December 2021, the Company's parent changed from RDUK to RDTL.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT (CONTINUED)**

**REVIEW OF BUSINESS (continued)**

During COVID-19, TfL aligned the bus services in London according to Government-led lockdown measures and at the peak of the lockdown bus services reduced compared to normal service which returned to close to 100% in late 2020 and early 2021. During this time, the Company worked in partnership with TfL and the unions to continue to provide a quality public transport service in London.

In 2020 COVID-19 anti-viral deep cleaning of buses and garages was introduced and variable costs were recoverable from TfL, however, in 2021 this was no longer recoverable and consequently this has resulted in an increase in costs compared to prior year. The Company also took steps to furlough staff (c300 at the peak), and through the government's Coronavirus Job Retention Scheme, the Company received grants during the year totalling £853,000 (2020: £1,829,000).

On the back of a successful tendering program in 2020, the Company won / retained a series of routes on an electric bid basis that required the electrification of the Fulwell garage and also the Harrow garage in London Sovereign Ltd. In addition, during 2021, the Company continued its program of investment in garage infrastructure, in its operations and its people to help strengthen its competitive position and protect the long-term sustainability of the business. Across all the operating Companies, over 25% of the fleet will be electrified by early 2022 and 6 garages will be electrified. We continue to work closely with TfL in support of their strategic objective in the improvement of air quality and to have a 100% zero-emission bus fleet in London in the future. The current target date from TfL in London is to run a 100% zero-emission bus fleet by 2034.

The Board measures, manages and monitors business performance across a number of financial and non-financial metrics and KPIs.

Key KPIs Include:

KPI / Metric	Commentary	Units	2021	2020
Turnover	All revenue generated in the year from commercial operations	£(m)	174.5	172.4
Operating Profit/(Loss)	Operating profit / loss before lease financing, interest and tax	£(m)	(5.2)	(4.0)
Number of employees	Average number of staff across the year to deliver core operations	Number	2,471	2,626
Mileage Delivered	The level of mileage delivered, excluding that lost due to traffic congestion	Miles	34.6m	34.9m
Excess Waiting Time	Used to monitor high frequency bus route (typically one bus every 12 minutes), which is the TfL required contractual frequency	Minutes	1.06	0.71
On Time Demand	Measure to monitor low frequency bus routes in accordance with the TfL contractual timetable	Percent	84.6	88.1

Turnover has increased from £172.4m in 2020 to £174.5m in 2021 due to the high number of electric route wins in the year and the transfer of routes from Quality Line Transport Ltd when this business ceased trading on 3 July 2021.

The increased operating loss of £(5.2)m in 2021 from £(4.0)m in 2020, can be attributed to a number of factors: a high level of driver shortage, that resulted in higher mileage penalties, the cost of industrial action in Q1 that was successfully resolved in May 2021, higher depreciation charges reflective of an increase in fixed assets following the electric route wins and the related garage electrification and a year of exceptionally high insurance claim costs.

Mileage delivered in 2021 has reduced from 2020 due to the mix of route wins and losses during the year, the reduction in TfL services and also the impact of industrial action and staff shortages.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT (CONTINUED)**

**REVIEW OF BUSINESS (continued)**

Staff numbers have fallen across the year despite new route wins, reflecting a high level of driver shortage in the market currently.

An increase in Excess Waiting Time (EWT) and a decline in On Time Demand (OTD) KPI in 2021 reflects weaker operating performance compared to 2020. This has been impacted by an increase in traffic volumes as lockdown restrictions eased.

Excess Wait Time (EWT) is a KPI for high frequency routes and is defined as the extra time that passengers have had to wait above the scheduled waiting period. The ultimate objective is to minimise EWT. The On Time Departures measure for lower frequency routes, is a window from 2½ minutes earlier than scheduled to five minutes later than scheduled. The ultimate objective is to maximise "On Time" departures.

Operating loss for the year includes the cost of labour, which represents over 50% of the company's cost base. This cost is closely managed, and the management of recruitment, training, personal development and remuneration is key to ensure the Company remains competitive and retains and recruits the right staff. Recruitment of drivers has been a key focus for the Company in 2021 as staff shortages increased as the year progressed.

Our training centre based in Fulwell, is where all recruits are prepared to become London bus drivers. They are paired with an experienced driving instructor who teaches the new recruit all the skills required to navigate a bus safely through London. The new driver also receives thorough training in providing a quality service to the customer. Drivers are periodically brought back into the training centre for ongoing career development. All our new employees, regardless of role, attend an induction programme at the training centre, where they are welcomed to the Company by directors and senior managers.

The cost of fuel is also a significant part of the Company's costs and the volatility in price, which is heavily influenced by external factors, is partially offset by TfL contract indexation and by fuel hedging contracts. This together with actions to improve fuel consumption through engineering maintenance and embracing the latest bus technology through the Company's bus procurement policy helps to ensure fuel costs are appropriately controlled. Details of fuel hedging contracts can be found in note 11 to the financial statements.

An income tax credit for the year totalled £50,000 (2020: £1,549,000 charge), an increase of £1,599,000, largely due to the write down of deferred tax assets in the previous period, which is detailed within note 8 of the financial statements.

Cash generated from operations in 2021 was £16,370,000 (2020: £21,254,000) a decrease of £4,884,000 due to a reduction in working capital, primarily resulting from a change in settlement timing of trade receivable and payables. Purchase of tangible fixed assets increased during the year, which included investment in garage electrification, bus major unit and refurbishments and improvements to the garage infrastructure.

Following consultation with the Trustee Board of London United Busways Retirement Benefits Plan ("Plan"), the Company transferred the Plan and changed the principal employer, effective from 17 June 2021 (date of signing of Deed of Substitution of Principal Employer and Apportionment) through a Flexible Apportionment Arrangement (FAA), to the immediate parent, RDUK. The transfer of the pension asset under the FAA was a cash settlement of £6,775,000 to RDUK.

On 10th December, the Company also capitalised the outstanding £16,600,000 intercompany loan and interest of £8,784 that was due to its immediate parent, RDUK with the issue of 16,608,784 ordinary shares of £1 each for a total non-cash consideration of £16,608,784.

The statement of financial position on page 20 of the financial statements shows that net assets increased by £15,897,000 during the year to £43,705,000 as at 31 December 2021, primarily reflecting the loan capitalisation detailed above.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT (CONTINUED)**

**REVIEW OF BUSINESS (continued)**

In accordance with RATP Group procedures and in compliance with local regulations, we continually consider our principal environmental, social and human rights and anti-corruption risks and opportunities. The Company recognises that mobility is an essential lever to tackle the societal and environmental challenges of today and tomorrow and as a privileged partner to TfL, we are committed to fostering a more inclusive, ecological friendly city. We work closely with TfL, supporting their ambition to ensure all buses in London are zero emission in the future. To this extent we have six garages electrified and will have over 25% electric by early 2022.

Our efforts through the electrification of our bus fleet in London, have already reduced our fleet CO2 emissions and fuel consumption. This is a perfect example of how cleaner vehicles and more efficient, healthier and greener solutions can contribute to fight climate change - and also make the city a more pleasant place to live.

The Company's multi-year transformation program continues to enable better performance across the business, reflected in the launch of new systems in 2021, initiatives to modernise operating standards in garages, investment in new technology and electrification of the garage infrastructure.

Overall, despite a challenging year of external market factors that weighed heavily on Company's financial and operating performance we are confident in the future and long-term outlook for the business.

**PRINCIPAL RISKS AND UNCERTAINTIES**

To support the strategic objectives and obligations of the business the directors have established a holistic approach of risk management within the Company to evaluate, monitor and manage any potential risks and uncertainties that could have an impact upon the Company's long-term performance. The Directors have also established a strong culture of safety and security both for our staff and our passengers.

**COVID-19 Impact**

During the COVID-19 pandemic, the Board continually reviewed and monitored the impact this had on the business, and in accordance with TfL and government guidelines, we operated services from all garages, working closely with all stakeholders including unions and suppliers. The Company also adopted and deployed enhanced cleaning and additional health and safety measures in its buses, across garages and office environments.

Throughout the pandemic, the Directors continued to assess and monitor the financial impact and outlook for the business, with a daily focus on liquidity and cashflow management. The approach adopted by the Company is a strong testimony of its corporate social responsibility to employees, the communities it operates within and its wider stakeholders.

As lockdown measures eased in 2021, the patronage numbers increased as did the frequency of which employees returned to the office and during this time the Company maintained high levels of cleaning and health and safety measures in buses, across garages and office environments.

Whilst COVID-19 has been a key focus for the business over the last number of years, the Company has continued its program of transformation and investment to help ensure the longer-term sustainability of the business.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT (CONTINUED)**

**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

***Financial and Operational Risks***

By far the largest element of the Company's operating costs relates to the cost of labour. Maintaining sufficient drivers and other staff to deliver on TfL contracts and ensuring all staff are sufficiently trained is a key focus and risk. The Directors manage this through the establishment of a process for monitoring all aspects of personnel management to ensure the Company remains competitive and retains and recruits the right staff. The human resources director (HRD) oversees the hiring process that includes recruitment planning, HR strategy development, employee search, screening, evaluation and control.

The Company is also exposed to insurance premium costs and insurance claims. Details of provision against claims can be found in note 19 to the financial statements. The Company manages this risk by the implementation of key procedures in respect to accident prevention, using dedicated accident prevention managers along with driver training and awareness. The Company regularly monitors the level of insurance claims in consultation with its insurers and claims handlers to ensure appropriate provisions are made. The Directors regularly review the insurance cover needed by the Company.

The impact of the COVID-19 pandemic reduced during 2021 compared to 2020 however it is treated as a continuing risk to the Company. The vast majority of our contracts are with TfL, the nature of which leaves the revenue risk with the customer and not the operator. We continue to manage this risk by working closely with our customer and enhancing our operating procedures accordingly. During 2021 we utilised the Government Furlough Scheme as and when required, however by the end of 2021 we have resumed to near pre-COVID-19 levels.

The UK withdrew from the European Union on 31 January 2020 and entered into a new free trade agreement that started on 31 December 2020. The Company is mitigating any risks to its human resources and supply chain through its planning and risk management.

The Company is monitoring the ongoing situation in Ukraine and does not expect immediate impacts on relevant supply chains. However the ongoing nature of the conflict is likely to have increasing impacts on global supply chains and the Company is assessing suitable mitigations where appropriate.

***Exposure to price and liquidity risks***

Fuel costs are another significant part of the Company's operating cost, in particular given the ongoing conflict in Ukraine. While some of this exposure to fuel price fluctuation is indexed in the bus contracts with TfL, the Company also mitigates a portion of the risk through forward hedging contracts. Details of fuel hedging contracts can be found in note 11 to the financial statements.

Liquidity risk refers to the risk that an entity may encounter difficulty in meeting its obligations associated with its financial liabilities. The Company manages the liquidity risks by maintaining adequate cash reserves and having access to readily available external and internal borrowing facilities. The Company also maintains a continuous monitoring of its actual and forecast cash flow requirements as well the maturity and repayments of loan facilities.

**CORPORATE GOVERNANCE STATEMENT**

In addition to the Corporate Governance guidelines set out by RATP Group, the Company voluntarily complies with the Wates Corporate Governance Principles for large private companies as detailed below.

In 2020 the Board responded and adapted quickly to the unprecedented external challenges that occurred with the onset of COVID-19. The priorities that were set from the outset of the pandemic on safeguarding the health and wellbeing of our colleagues, passengers and broader stakeholder groups across the wider community, while protecting our business have remained at the top of the Board's agenda in 2021. Throughout, 2021 Directors continued to engage with all stakeholders including Unions and TfL on all health and safety matters with regard to COVID-19.

**1. Purpose and leadership** - The Company's purpose and vision is to become Transport for London's trusted bus operator of choice. The Directors are responsible for creating a Company strategy in line with this purpose and the Company's six core commitments: Safety, Sustainable Mobility, Mobility for all, Socially Responsible, United for Excellence & Innovative Mobility. The Directors are committed to embedding the desired culture throughout the organisation through active training and tailored onboarding.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT (CONTINUED)**

**CORPORATE GOVERNANCE STATEMENT (Continued)**

The effectiveness of Company purpose is measured through a number of indicators including customer satisfaction surveys, engagement with unions and key performance indicators. The Board continually oversees and monitors the organisation culture in a number of ways to ensure it is aligned to the Company's purpose, values and strategy. The Company Directors and Executive management meet regularly including monthly and quarterly Executive and Board meetings that encompasses a review of the Company's strategy, its financial and operational performance, including health and safety, employee and stakeholder matters.

Our core values and safety culture have been key to safeguarding the health and wellbeing of our people and broader business stakeholders. A structured and defined Health and Safety program of measures operates across all garages functions and operations that are cascaded through the Company with top-down director oversight, through the Safety Board, that meets regularly, comprised of directors and Executive management, chaired by the Managing Director

Our operating model enables garage and functional site-based senior leadership to provide valuable insight into how our purpose and values are brought to life across our business operations while being supported with director-led involvement and support 'on the ground' on a daily basis.

Daily interaction between our directors and colleagues across all the garages and support functions, enables us to experience personally the working practices and culture that are present at the heart of our business. During 2021, as COVID-19 restrictions were eased, the frequency and number of in-person meetings with colleagues resumed and continues to expand in accordance with Government guidelines.

**2. Board composition** - The Company board is chaired by the Managing Director and is formed of the local executive management team as well as the CFO and Vice President of RATP Dev SA, being an appropriate mix of local market expertise and parent company oversight. Appointments to the board are made to ensure an appropriate combination of skills, backgrounds and experience to achieve effective decision-making.

The Board applies the RATP Group Code of Ethics ([www.ratpdev.com](http://www.ratpdev.com)) and those value and principles are at the foundation of our Company policy. They guide the actions of the Company on a daily basis and act as a framework for all employees. Four guiding principles within the Code of Ethics provide us with a framework for achieving our strategic plans: Respect for People, Customer Service, Legal Compliance and Consideration of Stakeholders. The Company through its values and these guiding principles, pays particular attention to all its employees and the people who work for it. Diversity, equal opportunity, openness and solidarity are fundamental guiding principles for the Company.

Board evaluation is an ongoing process and individual director effectiveness is assessed by annual reviews.

**3. Director responsibilities** - The Directors maintain policies and practices to promote effective corporate governance. Directors are required to disclose any actual/potential conflicts of interest to ensure objective decision making. The board base their decisions on monthly information from all key aspects of the business including health and safety, operational and engineering performance, people and engagement, contract tendering and financial performance.

Directors acknowledge their duties to promote the success of the Company as set out below in the Section 172 (1) Statement.

**4. Opportunity and risk** - The Company operates tendered public transport contracts which are evaluated on a route-by-route basis to ensure commercial value. Long-term strategic opportunities are highlighted to the Board by the Company's commercial team and assessed individually by the Board.

A summary of the Company's principal risks and mitigations are outlined in the Strategic Report.

**5. Remuneration** - Members of the UK executive team are remunerated by the Company in line with the broader employment market and aligned with performance, behaviours, and the achievement of Company purpose, values and strategy.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT (CONTINUED)**

**CORPORATE GOVERNANCE STATEMENT (Continued)**

*6. Stakeholder relationships and engagement* - The Directors seek to foster effective stakeholder relationships in line with the Company's purpose and values.

Further detail regarding stakeholder engagement is set out below in the Section 172 (1) Statement.

**SECTION 172(1) STATEMENT**

The Directors of the Company recognise their duty when making decisions, to act in the way they consider in good faith, which would be most likely to promote the success of the Company for the benefit of its members as a whole whilst having due regard to the matters set out in Section 172(1)(a-f) of the Companies Act 2006:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company in maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

In providing a leading passenger transport service, the Company works closely with a range of stakeholders, beyond our employee base, including TfL, Unions and suppliers without whom the operating business would not succeed. Meetings with stakeholders are held regularly at all levels of the Company's organisation and decisions are taken with reference to their input and impact on the business operations and its sustainability. During 2021, the Company electrified a number of garages to support its delivery of electric bus services that are contributing to TfL's cleaner air agenda and long-term climate change mitigation in the community.

***Customers***

As the Company's principal customer, feedback from TfL and the metrics of the operating performance (as detailed in the Review of the business) helps inform our decisions and how we organise to provide an effective and efficient service.

***Passengers***

The passenger transport services that the Company provides is a key requirement of the local communities without which residents would not be able to travel to their places of work or leisure as efficiently and cost effectively. Concessionary pass holders rely on the services we operate to provide a means of reliable transport that helps to support mobility and quality of life. The goal is to give everyone access to convenient transportation and a more pleasant city to live in.

As part of the Company's assessment of quality of service delivery to bus passengers, the Company monitors the results of the BCES (Bus Customer Experience Survey) to inform and influence service delivery decisions. The BCES, managed by TfL, assesses the experience of bus travel from the customer's point of view. The assessors, employed by an external agency, travel on different buses for about 15 minutes each time looking at the cleanliness of the bus as well as the helpfulness and driving skills of the driver.

***Employees***

The Company recognizes the importance of our people in our business; the men and women who work for the Company are at the heart of everything we do. That means offering our staff meaningful opportunities and bringing customers and passengers the solutions they trust us to provide. The skills, experience and knowledge that our employees bring to each of their roles and functions are critical to enable a safe and efficient service.

Treating one another with dignity, fairness and respect cultivates inclusion and the Company is committed to fostering a diverse workforce and appreciates the uniqueness of each of our employees. Diversity drives innovation and creates a workplace where all employees can grow their careers, support their communities and lend to the success of the Company.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT (CONTINUED)**

**SECTION 172(1) STATEMENT (CONTINUED)**

***Employees (continued)***

The COVID-19 crisis represented the biggest challenge for the UK, London and the bus industry in recent times. The scale of this unprecedented event necessitated emergency and temporary measures to ensure that we could continue to serve London whilst operating in a sustainable manner, in co-operation with TfL and the trade union. During 2021 as the lockdown restrictions eased, our top priority which continued during this exceptional period was to protect and safeguard our workers and their families.

We also continued with the enhanced daily cleaning on the buses and in the premises, adopted where necessary the TfL-funded enhanced sick pay, provided personal protective equipment and advice on its use and balanced availability of drivers in a controlled manner.

The way the Company deals with employee engagement is dealt with in the Directors Report under Employee Consultation.

Following consultation with the Trustee Board of London United Busways Retirement Benefits Plan ("Plan"), the Company transferred the Plan and changed the principal employer, effective from 17 June 2021 (date of signing of Deed of Substitution of Principal Employer and Apportionment) through a Flexible Apportionment Arrangement (FAA), to RATP Dev UK Ltd. The process for changing the principal employer, which was collectively agreed by the Trustee Board and the Company, included an assessment of the overall covenant and a strengthening of the parent guarantee to the scheme.

***Suppliers***

The Company engages with suppliers for the provision of services and products at all levels in the organisation and across all garages. Before COVID-19 restrictions, Board and management representatives would regularly attend supplier events to share ideas, build and develop relationships across the supplier network, this is now starting to slowly return as lockdown restrictions and social distancing measures eases. For key investments, such as electrification of the garage infrastructure, and financing of the vehicle fleet, competitive invitations to tender would be issued to the relevant suppliers in the market to source and select the most appropriate for the Company, before awarding contracts. TfL and relevant industry commissioning bodies would typically be consulted or engaged in the process of garage of electrification.

***Shareholders***

The Executive management team and Board meets regularly including representatives from the parent company to provide and discuss health and safety matters, operational, financial updates and business performance, its liquidity status, forecasts, immediate and critical issues to long-term strategic plans. The Company has a single shareholder and therefore the directors have no requirement to report in relation to acting fairly between members.

***Environment***

The Company is proud of its ongoing investment in its fleet of vehicles improving emission standards as well as enlarging its fleet of zero emission buses that are contributing to the cleaner air agenda and long-term climate change mitigation in the community served by the Company. Where appropriate specific reporting on sustainability initiatives has been introduced and developed. During 2022 the Company will have c.25% of its fleet electrified.

***Reputation for high standards of business conduct***

Ethical business is a cornerstone of the Company's strategic approach, as part of its wider focus to be a responsible and committed employer and business partner. The Directors ensure that the Company implements procedures and awareness training which reflect the requirements of UK legislation such as the Bribery Act and the Modern Slavery Act, the Data Protection Act 2010 as well as the wider Group compliance procedures. The Company has reporting lines to the Board of Directors in place and is committed, in its day to day operations to uphold high standard of business conduct and integrity.

The Directors also recognise the need for a robust governance system surrounding business ethics that has clear responsibility, accountability and reporting lines for all levels across the Company.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
STRATEGIC REPORT (CONTINUED)**

**Statement by the Directors in performance of their statutory duties in accordance with section 172 (1)(a-f) of the Companies Act 2006**

The Company is controlled by RATP Dev Transit London Ltd, which is a joint venture. The ultimate majority partner is Régie Autonome des Transports Parisiens which, as per note 23, has its own Group governance structures. The ultimate minority partner is Kelsian Group, which also has its own governance structure.

The Board of Directors of the Company consider that they have properly discharged their duties and acted in good faith in a way they consider is most likely to promote the success of the Company, having regard to the matters set out section 172 (1) of the Companies Act 2006 and the Group corporate governance rules and principles (Group Corporate Governance). The terms of the Group Corporate Governance are consistent with section 172 (1) of the Companies Act 2006 in that they say how the Company should operate and how it should conduct its relationships with its employees, suppliers, customers, members and other stakeholders, and the communities in which it operates.

In accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this section constitutes the Company's statement on engagement with other key stakeholders.

**Decision-Making at the Board**

All matters which under the Company's governance arrangements are reserved for the decision by the Directors, are presented at board meetings. Directors are briefed on the background and reason for any proposal and the associated costs, benefits and risks, as well as any potential impacts and risks for our employees, partners and other stakeholders, including our suppliers, the community and environment and how they are to be managed. The Directors take these factors into account before making the final decision which together they believe is in the best interest of the Company and its member.

**ON BEHALF OF THE BOARD:**

  
J J Keenan- Director

Date: 16 / 09 / 22

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
DIRECTORS' REPORT**

The Directors present their report of the Company for the year ended 31 December 2021.

The results for the year are set out on page 18.

**Dividends**

No dividends were paid during the current or prior year. The Directors have not recommended payment of a final dividend (2020: nil).

**Future developments**

The Directors consider the operating performance to be in line with their expectations. The Directors believe the Company's continuing focus on operational efficiencies and quality will enable the Company to generate satisfactory results in the coming years. In 2022, the Company will continue its program of transformation and investment, particularly in electrification of its garages as part of the plans to secure the longer-term sustainability of the business.

**Supplier and customer engagement**

As noted above in the Strategic Report, the terms of the Group Corporate Governance are consistent with section 172(1) of the Companies Act 2006 in that they say how the Company should operate and how it should conduct its relationships with its employees, suppliers, customers, members and other stakeholders, and the communities in which it operates.

In accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this section constitutes the Company's statement on engagement with other key stakeholders.

**Events after the reporting date**

The events in Ukraine have had a material impact on the global supply chain and the price of fuel. As a result of existing steps to mitigate operational risk, the Company does not expect an immediate financial impact on trading. However the ongoing nature of the conflict is expected to materially increase costs in 2023 and later years.

**Directors**

The Directors who held office during the year and up to the date of signature of this report, except as noted, were as follows:

K S Nothey  
A P Corbett  
J J Keenan  
J-L Onnis (resigned 31 March 2022)  
M T Sinaceur  
C M Chardon (resigned 31 January 2022)  
A-F Laclide (appointed 16 February 2021)  
F P Fullick (appointed 16 November 2021, resigned 30 June 2022)  
F Guthrie (appointed 16 November 2021)  
A J Preston (appointed 18 May 2021, resigned 26 November 2021)  
P-L Papin (resigned 1 July 2021)  
N J Brown (resigned 18 May 2021)  
M E Sellis (resigned 18 May 2021)  
L S West (resigned 18 May 2021)  
D Butler (resigned 28 February 2021)  
C M Tong (appointed 9 May 2022)  
W J Cahill (appointed 1 July 2022)  
F C F Tonetti (appointed 1 July 2022)

**Qualifying third party indemnity provision**

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.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
DIRECTORS' REPORT (CONTINUED)**

**Auditor**

The Auditor, Mazars LLP, is deemed to be reappointment under section 487(2) of the Companies Act 2006.

**Strategic report**

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of:

- an indication of financial risk management objectives and policies required by paragraph 6(1)(a);
- an indication of exposure to price risk, credit risk, liquidity risk and cash flow risk required by paragraph 6(1)(b); and
- a statement describing the Company's policy regarding the hiring, continuing employment and training, and career development required by paragraph 10(3).

**Financial instruments**

The Company's activities expose it to certain financial risks. These include price risk related primarily to fuel prices, credit risk relating to trade receivables and liquidity risk. Management reviews financial risks regularly in accordance with Company policies. The Company uses a limited number of financial instruments to reduce exposure to commodity price risk but does not hold financial instruments for speculative reasons.

In response to the identified risks, the Company holds financial instruments to hedge financial risks associated with fuel purchases which are a major cost. Further details are given in note 11. The Directors have considered the credit and liquidity risks to be small, as the majority of trade receivables are from Transport for London and are settled on a regular basis in line with payment terms.

**Going concern**

As at 31 December 2021, the Company had net assets of £43,705,000 (2020: £27,808,000). As the Company was loss-making in the period the immediate parent company, RATP Dev Transit London Limited, has given assurance to provide support to the Company for at least twelve months from the date of issuing this report. RATP Dev Transit London Ltd has in turn received guarantees from its parent companies and the Directors are satisfied that sufficient funds are available.

In addition, the Company's transformation program, aimed at enabling improved performance across the business, is reflected in the launch of new systems in 2021, the modernisation of operating standards in the garages, investment in new technology and further electrification of the garage infrastructure.

The Directors have therefore deemed it appropriate to prepare these financial statements on a going concern basis.

**Disabled employees**

The Company's policy in respect of disabled persons is that their applications for employment are always fully and fairly considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that employment with the Company continues and where necessary, appropriate training is arranged. It is the Company's policy that training, career development and promotion of disabled persons should, as far as possible, be identical with that of all other employees in similar position.

**Employee consultation**

The Directors and managers of the Company place considerable value on consultative meetings with employees. Information on matters affecting employees and on various factors affecting the performance of the Company is disseminated through meetings, newsletters and training programmes. Employees' representatives are consulted regularly on a wide range of matters affecting employees' current and future interests.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
DIRECTORS' REPORT (CONTINUED)**

**Energy and carbon report**

**Greenhouse gas emissions, energy consumption and energy efficiency action**

In accordance with the disclosure requirements, the table below shows the Company's greenhouse gas emissions during the financial year:

	2021	2020
Energy consumption used to calculate emissions (MWh / Litres)		
<b>Scope 1</b>		
Gas consumption – Buildings (MWh)	5,484	5,181
Buildings – Fuel Oil (Litres)	-	4,954
Vehicles – Diesel Fuel (Litres)	15,621,697	15,581,900
Vehicles – Diesel Fuel (MWh)	181,680	170,778
<b>Scope 2</b>		
Building - Purchased electricity (MWh)	3,483	3,150
Vehicles – Purchased electricity (MWh)	456	475
<b>Scope 1 emissions in metric tonnes CO<sub>2</sub>e</b>		
Vehicle Consumption	38,761	40,832
Building consumption	1,009	1,109
<b>Scope 2 emissions in metric tonnes CO<sub>2</sub>e</b>		
Purchased electricity Bus and Buildings	732	1,657
Total gross emissions in metric tonnes CO <sub>2</sub> e	40,502	43,598
Intensity ratio Tonnes CO <sub>2</sub> e per £millions turnover	0.232	0.253

**Quantification and reporting methodology**

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Governments Conversion Factors for Company Reporting.

**Measures taken to improve energy efficiency**

An increase in electrification of our garages and bus fleet is playing a key role in reducing our carbon intensity per km. Electrification is a critical part of our business and partnership with Transport for London (TfL). We launched our two first 100% electric routes in 2019, as well as London's first fully electric 24-hour double-decker bus route in 2020. (RATP Dev Transit London, is the collective trading name for London United Busways Ltd, London Sovereign and London Transit Ltd). Through June 2021, RATP Dev Transit London placed an order for a total of 195 single and double deck new electric buses and during 2022, RATP Dev Transit London will operate up to 15 electric routes and will have six garages with electric capability. This agreement is another part our measures to work hand in hand with TfL to help London achieve its sustainability goals.

**Statement as to disclosure of information to auditors**

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
DIRECTORS' REPORT (CONTINUED)**

**Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected under company law to prepare the financial statements in accordance with UK-adopted International Accounting Standards.

The financial statements are required by law and UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the Company.

The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

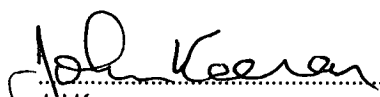
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- provide additional disclosure when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

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.

**ON BEHALF OF THE BOARD:**

  
JJ Keenan

DIRECTOR

Date: 16/09/22

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
INDEPENDENT AUDITOR'S REPORT**

**Opinion**

We have audited the financial statements of London United Busways Limited (the 'company') for the year ended 31 December 2021 which comprise Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment;
- Evaluating the key assumptions used and judgements applied by the directors, specifically to the ability to rely on the letter of support from the parent, in forming their conclusions on going concern;
- Review of the parent financial statements and ensuring they have the resources to provide the financial support to the company; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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

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

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

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

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

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

In 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 the directors' report.

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

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

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 14, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

**LONDON UNITED BUSWAYS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2021  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the accuracy and cut off assertions) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

**Use of audit 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.



Gavin Barclay (Senior Statutory Auditor) for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU  
Date: 29/09/22

**LONDON UNITED BUSWAYS LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

		<u>2021</u>	<u>2020</u>
		£'000	£'000
	<b>Notes</b>		
<b>Continuing operations</b>			
Revenue		174,526	172,374
Administrative expenses		<u>(179,774)</u>	<u>(176,340)</u>
Operating loss	6	(5,248)	(3,966)
Finance income	5	32	-
Finance costs	5	<u>(2,770)</u>	<u>(2,929)</u>
Loss before tax	6	<u>(7,986)</u>	<u>(6,895)</u>
Income tax credit/(expense)	8	50	(1,549)
Loss for the year		<u><u>(7,936)</u></u>	<u><u>(8,444)</u></u>

None of the Company's activities were acquired or discontinued during the current or preceding period. The results of the Company are derived entirely from continuing operations for the current and preceding periods.

**LONDON UNITED BUSWAYS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Loss for the year</b>		<b>(7,936)</b>	<b>(8,444)</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Net fair value gains/(losses) on cash flow hedges	11	2,511	(2,393)
Reclassified and reported in loss for the year	11	85	1,203
Income tax effect relating to the components of OCI	8	(680)	225
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>		<b>1,916</b>	<b>(965)</b>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain on retirement benefit	21	2,352	5,703
Income tax effect relating to the components of OCI	8	(833)	(1,082)
Deferred tax rate adjustment relating to revaluation reserve	8	(1,337)	-
<b>Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>		<b>182</b>	<b>4,621</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>2,098</b>	<b>3,656</b>
<b>Total comprehensive loss for the year, net of tax</b>		<b>(5,838)</b>	<b>(4,788)</b>

**LONDON UNITED BUSWAYS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Intangible assets	9	2,295	1,874
Property, plant and equipment	10	144,600	117,750
Derivative financial instruments	11	585	-
Pension asset	21	-	4,078
		<b>147,480</b>	<b>123,702</b>
<b>Current assets</b>			
Inventories	12	852	866
Trade and other receivables	13	8,658	7,834
Cash and short-term deposits	14	-	1,878
Derivative financial instruments	11	883	-
		<b>10,393</b>	<b>10,578</b>
<b>Total assets</b>		<b>157,873</b>	<b>134,280</b>
<b>Equity</b>			
Share capital	15	23,617	3,576
Share premium	16	3,576	3,576
Revaluation reserve	16	30,841	32,178
Other reserves	16	1,003	(913)
Retained earnings	16	(15,332)	(10,609)
<b>Total equity</b>		<b>43,705</b>	<b>27,808</b>
<b>Non-current liabilities</b>			
Financial liabilities	18	64,973	62,892
Deferred tax liabilities	20	7,087	5,973
		<b>72,060</b>	<b>68,865</b>
<b>Current liabilities</b>			
Trade and other payables	17	16,950	18,041
Bank overdraft	14	2,194	-
Financial liabilities	18	17,743	16,672
Provisions	19	5,221	2,894
		<b>42,108</b>	<b>37,607</b>
<b>Total liabilities</b>		<b>114,168</b>	<b>106,472</b>
<b>Total liabilities and equity</b>		<b>157,873</b>	<b>134,280</b>

The results of the Company are derived entirely from continuing operations for the current and preceding periods. The accompanying notes 1 to 24 are an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 16/09/22 and were signed on its behalf by:

  
J J Keenan

**LONDON UNITED BUSWAYS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £'000	Retained earnings £'000	Share premium £'000	Revaluation reserve £'000	Other reserves £'000	Total £'000
<b>2020</b>						
<b>As at 1 January 2020</b>						
Loss for the year		(6,786)	3,576	32,178	52	32,596
Net actuarial gain on retirement benefit plans	-	(8,444)	-	-	-	(8,444)
Net fair value loss on cash flow hedge	-	4,621	-	-	-	4,621
<b>Total comprehensive income for the year</b>	-	(3,823)	-	-	(965)	(965)
<b>At 31 December 2020</b>	<b>3,576</b>	<b>(10,609)</b>	<b>3,576</b>	<b>32,178</b>	<b>(913)</b>	<b>27,808</b>
<b>2021</b>						
<b>As at 1 January 2021</b>						
Loss for the year		(7,936)	-	-	-	(7,936)
Net actuarial gain on retirement benefit plans	-	1,519	-	-	-	1,519
Deferred tax rate adjustment relating to revaluation reserve	-	-	-	(1,337)	-	(1,337)
Net fair value gain on cash flow hedge	-	-	-	-	1,916	1,916
<b>Total comprehensive income for the year</b>	-	(6,417)	-	(1,337)	1,916	(5,838)
Issue of share capital (Note 15)	20,041	-	-	-	-	20,041
Transfer of defined benefit pension to RATP Dev UK Ltd (Note 21)	-	1,694	-	-	-	1,694
<b>At 31 December 2021</b>	<b>23,617</b>	<b>(15,332)</b>	<b>3,576</b>	<b>30,841</b>	<b>1,003</b>	<b>43,705</b>

The results of the Company are derived entirely from continuing operations for the current and preceding periods. The accompanying notes 1 to 24 are an integral part of the financial statements.

**LONDON UNITED BUSWAYS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Cash provided by:			
Net cash flow from operating activities	14	16,370	21,254
Lease interest paid		(2,252)	(2,570)
Bank and other interest paid		(502)	(313)
Income tax paid		-	(19)
Transfer of pension scheme to parent		6,775	-
<b>Net cash flows from operating activities</b>		<b>20,391</b>	<b>18,352</b>
<b>Investing activities</b>			
Interest received		3	-
Purchase of property, plant and equipment	10	(10,771)	(4,558)
Sale of tangible fixed assets		20	(82)
Purchase of intangible fixed assets	9	(693)	(1,660)
<b>Net cash flows used in investing activities</b>		<b>(11,441)</b>	<b>(6,300)</b>
<b>Financing activities</b>			
Payment on lease liabilities		(16,454)	(15,822)
Issue of share capital		3,432	-
Loan - Intercompany	18	-	16,600
<b>Net cash flows (used in)/from financing activities</b>		<b>(13,022)</b>	<b>778</b>
Net (decrease)/increase in cash and cash equivalents		(4,072)	12,830
Cash and cash equivalents at beginning of year		1,878	(10,952)
<b>Cash and cash equivalents at 31 December</b>	<b>14</b>	<b>(2,194)</b>	<b>1,878</b>

The results of the Company are derived entirely from continuing operations for the current and preceding periods. The accompanying notes 1 to 24 are an integral part of the financial statements.

**LONDON UNITED BUSWAYS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1 Company information**

London United Busways Limited ("the Company") is a private limited company limited by shares and is registered and incorporated in England and Wales. The registered office is Garrick House, Stamford Brook Bus Garage, 74 Chiswick High Road, London, W4 1SY.

The principal activity of the Company is the provision of road passenger transport services in Greater London.

The financial statements are presented in Pounds Sterling which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1,000, unless otherwise indicated.

**2 Accounting policies**

**Accounting convention**

These financial statements have been prepared on a going concern basis in accordance with UK-adopted International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair value, as explained in the accounting policies below. The principal accounting policies adopted are set out below.

**Going concern**

As at 31 December 2021, the Company had net assets of £43,705,000 (2020: £27,808,000). As the Company was loss-making in the period the immediate parent company, RATP Dev Transit London Limited, has given assurance to provide support to the Company for at least twelve months from the date of issuing this report. RATP Dev Transit London Ltd has in turn received guarantees from its parent companies and the Directors are satisfied that sufficient funds are available.

In addition, the Company's transformation program, aimed at enabling improved performance across the business, is reflected in the launch of new systems in 2021, the modernisation of operating standards in the garages, investment in new technology and further electrification of the garage infrastructure.

The Directors have therefore deemed it appropriate to prepare these financial statements on a going concern basis.

**Revenue recognition**

Revenue recognition is determined in accordance with IFRS 15 "Revenue from contracts with customers". The standard prescribes a five-step model to account for revenue which includes: to identify the contract and its performance obligations, determine the transaction price, allocate the transaction price to the performance obligations and recognise revenue when a performance obligation is satisfied.

Revenue is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for goods and services and represents amounts receivable from its customers and income from other commercial services, net of VAT. The majority of the Company's revenue is generated from contracts with Transport for London (TfL). The Company together with other bus operators compete for TfL contracts, route by route, to provide specified services for up to seven years, and are rewarded for exceeding defined minimum performance standards, which are aimed at improving the service to passengers.

The base contract revenue is generally fixed for the duration, subject to service variation by TfL, adjusted each year in respect of inflation and revenue is recognised on a straight-line basis over the period of the contract. TfL receivable settlements operate on the basis of a 4-week accounting period, with 13 periods each year running from April to March. Contract payments are paid according to 75% of the contract price in the relevant period, to which the revenue is earned and the balance, less deductions for deductible lost mileage, paid at the end of the following period. Where there is a contingent element to contract revenue (for example, where additional amounts are payable or receivable based on performance standards), revenue is recognised once the amount of revenue can be reliably estimated and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Accounting policies (continued)**

**Other income**

Other income that is incidental to the Company's principal activity of providing transport services is included within revenue and all such revenue relates to contracts with customers. This income is recognised as the income is earned and primarily relates to income from advertising.

All revenue is considered to represent the rendering of services in the United Kingdom.

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

**Intangible assets**

Intangible assets consists of computer software and associated implementation costs of that software. None of the costs are internally generated. Intangible assets are stated at cost, less accumulated amortisation and any impairment losses.

Amortisation is charged to write off the cost over their useful lives using the straight-line method from 3 to 10 years.

**Property, plant and equipment**

Freehold land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case, the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the statement of comprehensive income. On the subsequent sale of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to accumulated profits.

Freehold land is not depreciated. Other classes of assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	-	50 years
Leasehold improvements	-	Length of lease, between 5 to 10 years
Long leasehold	-	Length of lease, between 7 to 14 years
Plant and machinery	-	From 3 to 10 years
Buses	-	Until the end of the route contract, generally 7 years
Other assets	-	From 2 to 10 years

Right of use assets relates to long leasehold which are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

**LONDON UNITED BUSWAYS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Accounting policies (continued)**

**Assets under construction**

Assets under construction consists of the historical cost of assets under construction and not in use as at the reporting date. Depreciation is not charged against the asset until its completion and it has started to be utilised.

**Impairment of intangible assets, tangible assets and right of use assets**

The Company assesses whether there are any indicators of impairment for all assets at each reporting date. The carrying values of property, plant and equipment, and investments are measured using a cost basis and intangible assets are reviewed for impairment only when events indicate the carrying value may be impaired.

In an impairment test, the recoverable amount of the cash-generating unit or asset is estimated to determine the extent of any impairment loss. The recoverable amount of the asset is quantified at the present value of expected future cash flows that will arise from the sale or use of the asset, and this is calculated as the greater of the fair value of the asset (reduced by any related selling costs), and value in the use of such assets. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount.

In determining a cash-generating unit's or asset's value in use, 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 risks specific to the cash-generating unit or asset that have not already been included in the estimation of future cash flows.

**Financial instruments**

Financial assets are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income or amortised cost 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 instruments not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value, which in the case of loans and borrowings, is net of directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**Trade and other receivables**

Trade and other receivables are initially recognised at fair value plus transaction costs, when the Company becomes party to the contractual provisions of the instrument. The Company recognises an allowance for expected credit losses for customers and other receivables and the impairment provision to be recognised on origination of the customer balance based on its estimated credit loss and assessed throughout the life of the balance. Any changes in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

**Trade payables**

Trade payables are not interest bearing and are stated at their amortised cost.

**Interest-bearing borrowings**

Interest-bearing loans are initially recorded at the value of the amount received, net of attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowing on an effective interest rate.

**LONDON UNITED BUSWAYS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Accounting policies (continued)**

**Equity instruments**

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

**Derivative financial instruments and hedge accounting**

The Company's activities expose it to certain financial risks including changes in fuel prices. The Company uses forward contracts to hedge these exposures when considered appropriate, and only when the forecasted transaction which is being hedged is considered highly probable. The Company does not use derivative financial instruments for speculative purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

**Cash flow hedges**

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised immediately in the statement of comprehensive income. If the cash flow hedge of a forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the statement of comprehensive income in the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of comprehensive income as they arise.

**Inventories**

Inventories consist of fuel as well as parts and materials required for the operation and maintenance of buses. These materials are valued at cost less due allowance for obsolete and slow moving items.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted at the reporting date.

Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

**LONDON UNITED BUSWAYS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Accounting policies (continued)**

**Taxation (continued)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

**Leases**

For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. All leases entered into pre 1 January 2019, have been accounted for under IFRS 16.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and cash in hand and short-term deposits with an original maturity of three months or less.

**Provisions**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the Directors' best estimate of the expenditure required to settle the Company's liability.

**Government grants**

Government grants received on capital expenditure are initially recognised within deferred income in the statement of financial position and are subsequently recognised in the statement of comprehensive income on a systemic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure has been recognised. Government grants received in the year have been netted off against the relevant expense rather than being recognised as other income.

**LONDON UNITED BUSWAYS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Accounting policies (continued)**

**Retirement benefit costs**

The Company operates a defined benefit retirement scheme. The scheme is funded through payments to insurance companies or trustee administered funds, determined by periodic actuarial calculations. The defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for recognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates or high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of the related pension liability.

The actuarial gains and losses arising are charged or credited to reserves through the statement of comprehensive income.

Following consultation with the Trustee Board of London United Busways Retirement Benefits Plan ("Plan"), the Company transferred the Plan and changed the principal employer, effective from 17 June 2021 (date of signing of Deed of Substitution of Principal Employer and Apportionment) through a Flexible Apportionment Arrangement (FAA), to RATP Dev UK Ltd. The process for changing the principal employer, that was collectively agreed by the Trustee Board and the Company, included an assessment of the overall covenant and a strengthening of the parent guarantee to the scheme.

**Defined contribution retirement costs**

The Company also operates a defined contribution retirement scheme. The contributions of this scheme are recognised as an expense when they fall due. The scheme is open to employees to join, in accordance with the Pension Deed rules and the employee satisfying the scheme eligibility conditions. The scheme permits contributions from both the Company, which are accounted for as and when they fall due, and also contributions paid by the employee into the scheme, which are in general, subject to some exceptions, a deduction from the employees' salary.

**Fair value measurement**

The Company measures financial instruments such as derivatives and property plant and equipment under the revaluation model at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the relevant notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**LONDON UNITED BUSWAYS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**2 Accounting policies (continued)**

**Fair value measurement (continued)**

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the statement of comprehensive income on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**Standards, amendments and interpretations adopted in the current financial year ended 31 December 2021**

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	UK effective date Periods beginning on or after
Amendments to IFRS 16 Leases: Covid 19-Related Rent Concessions	1 June 2020
Amendments to IFRS 9: Financial Instruments, IAS 39: Financial Instruments - Recognition and Measurement and IFRS 7: Financial Instruments - Disclosures, IFRS 4: Insurance Contracts and IFRS 16: Leases Interest Rate Benchmark Reform- Phase 2	1 January 2021
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	1 January 2021

**Standards, amendments and interpretations in issue but not yet adopted**

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

	UK effective date Periods beginning on or after
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2022
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020	1 January 2022
IFRS 17 - Insurance Contracts	1 January 2023

**LONDON UNITED BUSWAYS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the Financial Statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 areas of accounting estimates**

The key assumptions concerning estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

**Provisions** - the estimation of the insurance claims provision is based on an assessment of the settlement of known claims. Given the varying factors that determine the cost of an incident, the Company makes assumptions based on past experience of similar incidents as well as the advice of its lawyers and insurers. Details of the provision for claims are given in note 19, Provisions.

**Fixed asset impairment and revaluation** - in determining the carrying value of assets, the Company estimates the residual value of buses and the useful life of assets. These estimates are based on past experience as well as an analysis of operational value in use and comparable rental values/investment yields provided by a third party. More information on the valuation of fixed assets is given in note 10, Property, plant and equipment.

**Defined benefit pension** - the key actuarial assumptions underlying the defined benefit scheme are explained in note 21. The pension was transferred to RATP Dev UK Limited in the year.

**Critical areas of accounting judgements**

The key judgements made by the directors in the process of applying the Company's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, including those that are made using key sources of estimation uncertainty as at the reporting date, are set out below:

**Recognition of deferred tax assets** - the Company recognises deferred tax assets where there is either a right of offset against a deferred tax liability or where there are expected to be sufficient taxable profits in the future to utilise any asset. The judgement on whether sufficient taxable profits will arise is made on the basis of the Company's budgets and forecasts, which reflect assumptions made on how the business will perform going forward. The level of deferred tax currently recognised in the Financial Statements is based on the forecast level of future profits in the Company's budgets. Details on deferred tax are given in note 20, Deferred tax.

**Impairments** - The Directors estimate the value of land and buildings on an annual basis and impairments are made as necessary. Given improvements made to buildings in the year as part of the electrification project, along with an assessment of the current market, the Directors have judged that an impairment is unlikely to be material.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**4 Employees and Directors**

	<u>2021</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	95,780	97,643
Social security costs	9,781	9,932
Other pension costs	3,037	3,033
	<u><b>108,598</b></u>	<u><b>110,608</b></u>

The above salary costs include funds from government grants received in the year in relation to the Coronavirus Job Retention Scheme implemented by the UK government to help business during the COVID-19 pandemic. The total grants received during the year were £853,000 (2020: £1,829,000).

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

	<u>2021</u>	<u>2020</u>
	<u>Number</u>	<u>Number</u>
Drivers and engineers	2,351	2,350
Management and administration	280	276
	<u><b>2,631</b></u>	<u><b>2,626</b></u>

	<u>2021</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>
Directors' remuneration	1,476	1,118
Directors' pension contributions to money purchase schemes	56	48
	<u><b>1,532</b></u>	<u><b>1,166</b></u>

The number of Directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	<u>2021</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>
Remuneration	369	339

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**5 Net finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Finance income</b>		
Deposit account interest	3	-
Net pension interest receivable	29	-
	<b>32</b>	<b>-</b>
<b>Finance costs</b>		
Bank interest	59	182
Other interest payable	443	131
Other interest accrued	16	-
Lease interest	2,252	2,570
Net pension interest payable	-	46
	<b>2,770</b>	<b>2,929</b>
<b>Net finance costs</b>	<b>2,738</b>	<b>2,929</b>

**6 Loss before income tax**

The loss before income tax is stated after charging:

		<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
	Notes		
Costs of inventories recognised as an expense		20,752	18,729
Depreciation of assets	10	21,230	19,635
Impairment of assets		-	553
Restructuring costs		310	1,804
Loss on disposal of fixed assets	10	5	124
Amortisation of intangible assets	9	272	142

**7 Auditor's remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the Company's auditor and their associates for the audit of the Company's financial statements	81	55

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**8 Income tax**

	2021	2020
	£'000	£'000
<b>Current income tax:</b>		
Current income tax charge	(8)	-
Adjustments in respect of current income tax of previous year	-	19
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(42)	1,530
<b>Income tax (expense)/credit reported in the income statement</b>	<b>(50)</b>	<b>1,549</b>

**Factors affecting the tax expense**

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£'000	£'000
<b>Loss on ordinary activities before tax</b>	<b>(7,986)</b>	<b>(6,895)</b>
Loss on ordinary activities multiplied by average rate of corporation tax in the UK		
19% (2020: 19%)	(1,517)	(1,310)
Adjustment in respect of prior years	-	19
Other differences	490	360
Disallowable expenditure	84	350
Change in rate of deferred tax	925	422
Deferred tax recognised via SOCIE	(2,752)	(857)
Deferred tax not recognised	2,720	2,565
<b>Total tax (income)/charge for the year</b>	<b>(50)</b>	<b>1,549</b>

**Tax effects relating to effects of other comprehensive income**

Year ended 31 December 2020

	Gross	Tax	Net
	£'000	£'000	£'000
Net fair value losses on cash flow hedges	(1,190)	225	(965)
Actuarial gains on retirement benefit	5,703	(1,082)	4,621
	<b>4,513</b>	<b>(857)</b>	<b>3,656</b>

Year ended 31 December 2021

	Gross	Tax	Net
	£'000	£'000	£'000
Net fair value gains on cash flow hedges	2,596	(582)	2,014
Actuarial gains on retirement benefit	2,352	(833)	1,519
Deferred tax adjustment on revaluation of land and buildings	-	(1,337)	(1,337)
	<b>4,948</b>	<b>(2,752)</b>	<b>2,196</b>

**Factors that may affect future tax charges**

On 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25%, which was the tax rate substantively enacted at 30 April 2021.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9 Intangible assets**

	<b>Other</b>	<b>Computer</b>	<b>Total</b>
	<b>£'000</b>	<b>software</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>2020</b>			
<b>Cost</b>			
At 1 January 2020	123	908	1,031
Additions	-	1,660	1,660
<b>At 31 December 2020</b>	<b>123</b>	<b>2,568</b>	<b>2,691</b>
Additions	-	693	693
<b>At 31 December 2021</b>	<b>123</b>	<b>3,261</b>	<b>3,384</b>
<b>Amortisation and impairment</b>			
At 1 January 2020	123	552	675
Amortisation	-	142	142
<b>At 31 December 2020</b>	<b>123</b>	<b>694</b>	<b>817</b>
Amortisation	-	272	272
<b>At 31 December 2021</b>	<b>123</b>	<b>966</b>	<b>1,089</b>
<b>Net book value</b>			
At 31 December 2021	-	2,295	2,295
At 31 December 2020	-	1,874	1,874

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**10 Property, plant and equipment**

	Freehold land and buildings	Long leasehold improvements	Leasehold improvements	Assets under construction	Buses	Plant and machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 January 2020	45,747	8,126	1,242	1,846	83,155	4,026	144,142
Additions	1,584	25	419	-	13,636	1,717	17,381
Disposals	-	-	-	-	(4,539)	-	(4,539)
Reclassification/transfer	-	-	-	(538)	538	-	-
At 31 December 2020	47,331	8,151	1,661	1,308	92,790	5,743	156,984
Additions	1,102	-	8	2,653	41,711	2,631	48,105
Disposals	-	(25)	-	-	(3,915)	-	(3,940)
Reclassification/transfer	-	-	-	(1,220)	1,220	-	-
At 31 December 2021	48,433	8,126	1,669	2,741	131,806	8,374	201,149
<b>Depreciation and impairment</b>							
At 1 January 2020	435	1,290	268	-	20,614	926	23,533
Depreciation charge for the year	571	1,300	146	-	16,987	631	19,635
Impairment	81	-	312	-	-	160	553
Disposals	-	-	-	-	(4,498)	-	(4,498)
Reclassification	-	11	-	-	-	-	11
At 31 December 2020	1,087	2,601	726	-	33,103	1,717	39,234
Depreciation charge for the year	571	1,293	114	-	18,347	905	21,230
Disposals	-	(25)	-	-	(3,890)	-	(3,915)
At 31 December 2021	1,658	3,869	840	-	47,560	2,622	56,549
<b>Net book value</b>							
At 31 December 2021	46,775	4,257	829	2,741	84,246	5,752	144,600
At 31 December 2020	46,244	5,550	935	1,308	59,687	4,026	117,750

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**10 Property, plant and equipment (continued)**

In December 2019, Land and buildings were revalued by the Directors of the Company in line with market value increases. In December 2021 the Directors of the Company assessed that no further revaluation was necessary in 2021.

At 31 December 2021 had the land and buildings of the Company been carried at historical cost less accumulated depreciation and accumulative impairment losses, their carrying amount would have been £9,995,000 (2020: £9,464,000).

The revaluation surplus is disclosed in the statement of change in equity.

The Company leases some long leasehold land and buildings with an average lease term of 4.2 years (2020: 4.5 years) as well as buses with an average lease term of 2.8 years (2020: 3.2 years).

The net book value of owned and leased assets included as "Property, plant and equipment" in the statement of financial position is as follows:

	2021	2020
	£000	£000
Right-of-use property, plant and equipment	53,502	62,440
Property, plant and equipment owned	91,098	55,310
	<b>144,600</b>	<b>117,750</b>

Information about right-of-use assets is summarised below:

**Net book value**

	2021	2020
	£'000	£'000
Long leasehold	4,258	5,550
Buses	49,244	56,890
	<b>53,502</b>	<b>62,440</b>

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised in the statement of financial position:

Right-of-use asset	No of right-of-use assets leased	Average remaining term
Long leasehold	6	4.2
Buses	76	2.8

There were no extension options, purchase options, lease payments, or termination options on any of the leases.

**Amounts recognised in the statement of cash flows**

	2021	2020
	£'000	£'000
Buses	5,156	813
Other assets	5,615	3,745
	<b>10,771</b>	<b>4,558</b>

	2021	2020
	£'000	£'000
Payment of lease principal within financing activities	16,454	15,822
Interest payments on leases within operating activities	2,252	2,570
	<b>18,706</b>	<b>18,392</b>

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**10 Property, plant and equipment (continued)**

**Amounts recognised in the statement of comprehensive income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation expense on right-of-use asset	16,689	16,568
Interest expense on lease liabilities	2,252	2,570
	<b>18,941</b>	<b>19,138</b>

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense of £277,000 (2020: £247,000) in profit or loss on a straight-line basis over the lease term.

**11 Financial instruments**

**Derivative financial instruments**

The Company uses derivative financial instruments to reduce exposure to commodity price risk. The Company does not hold or issue derivative financial instruments for speculative purposes. The Company's transport operations consume 15.6 million litres of diesel fuel per annum. As a result, the Company's profits are exposed to the movement in the underlying price of crude oil, which is the major driver of diesel prices. The Company manages the volatility in its fuel costs by maintaining an ongoing fuel hedging programme whereby derivatives are used to fix or cap the variable unit cost of anticipated fuel consumption.

Derivative financial instruments are classified on the reporting date as at 31 December 2021 as set out below:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Other financial assets	1,468	-
Other financial liabilities	-	(1,128)
<b>Net other financial assets</b>	<b>1,468</b>	<b>(1,128)</b>

RATP Dev UK Ltd ('RD UK') enters into futures for the purchase of fuel on behalf of RATP's UK Group, then enters into back-to-back contracts with the relevant trading entities, including London United Busways Limited. Each of RATP's trading companies is responsible for purchasing fuel on its own behalf. The Company's future contracts are hedging instruments against the Company's highly probable purchase of fuel for the busses it operates and the Company applies hedge accounting in this respect. The fair value of the assets and liabilities is shown above.

The notional amount of fuel covered by derivative financial instruments as at 31 December 2021 was 34 million litres (2020: 10 million litres). The Company aims to hedge between 50% and 100% of its expected future purchases of fuel for the next three financial years.

Hedge ineffectiveness result from timing differences between the date fuel is purchased and the date the forwards mature. The determined risk component of diesel fuel is the price of crude oil, being the largest component of the retail price of diesel fuel accounting for approximately 40% of that price. The derivative and the item being hedged (up to the hedged risk) are revalued, and any changes are simultaneously recorded in the cash flow hedging reserve. The net effect of the ineffective portion of the hedge is recognised in the income statement.

The Company documents the effectiveness of its hedges by establishing that there is an economic relationship between the base transaction and the hedging transaction, that these counterbalance each other, in part or in full, and that the strategy implemented makes it possible to cover the risks incurred.

There were no embedded derivatives as at 31 December 2021 (2020: nil) which IFRS 9 requires to be separately accounted for.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11 Financial instruments (continued)**

**Cash flow hedges**

The fuel derivatives hedge the underlying commodity price risk (denominated in \$US). The fuel derivatives are made up of fuel price forwards. Due to the nature of the hedging instruments and hedged items, there was no hedge ineffectiveness in the current or comparative period recognised in the income statement.

The fair value of fuel derivatives as at 31 December 2021 was an asset of £1,468,000 (2020: liability of £1,128,000). The movements in the fair value of fuel derivatives in the year ended 31 December 2021 were as follows:

	2021	2020
	£'000	£'000
<b>Fuel derivatives</b>		
Fair values as at 31 December 2020	(1,128)	64
Changes in fair value during the period taken to cash flow hedging reserve	2,511	(2,393)
Changes in fair value during the period taken directly to income statement	85	1,203
<b>Fair values as at 31 December 2021</b>	<b>1,468</b>	<b>(1,128)</b>

The fair value of the fuel derivatives split by maturity is as follows:

	<3 months	3-12 months	1-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000
<b>2020</b>					
Fuel derivative liability	(262)	(489)	(377)	-	(1,128)
Fuel derivative asset	-	-	-	-	-
	<b>(262)</b>	<b>(489)</b>	<b>(377)</b>	<b>-</b>	<b>(1,128)</b>
<b>2021</b>					
Fuel derivative liability	-	-	-	-	-
Fuel derivative asset	192	691	585	-	1,468
	<b>192</b>	<b>691</b>	<b>585</b>	<b>-</b>	<b>1,468</b>

The movements in the cash flow hedging reserve (all of which related to the above fuel derivatives in the year ended 31 December 2021) were as follows:

	2021	2020
	£'000	£'000
<b>Cash flow hedging reserve</b>		
Cash flow hedging reserve at start of year	913	(52)
Changes in fair value during the period taken to cash flow hedging reserve	(2,511)	2,393
Cash flow hedges reclassified and reported in income statement	(85)	(1,203)
Tax effect of cash flow hedges	680	(225)
<b>Cash flow hedging reserve at end of year</b>	<b>(1,003)</b>	<b>913</b>

The table below shows the maturity profile of the above fuel derivative contracts. The maturity of the cashflow hedge is shown in note 18.

	<3 months	3-12 months	1-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000
<b>2020</b>					
Notional amount payable	(169)	(539)	(717)	-	(1,425)
<b>2021</b>					
Notional amount receivable	189	743	746	-	1,678

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11 Financial instruments (continued)**

**Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern, whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, compromising share capital, reserves and retained earnings.

The Company used derivative financial instruments to reduce exposure to commodity price risk. The Company does not hold or issue derivative financial instrument for speculative purposes. The Company's transport operations consume 15.6 million litres of diesel fuel per annum. As a result, the Company's profits are exposed to the movement in the underlying price of crude oil, which is the major driver of diesel prices. The Company manages the volatility in its fuel costs by maintaining an ongoing fuel hedging programme whereby derivatives are used to fix or cap the variable unit cost of anticipated fuel consumption.

**Categories of financial instruments**

	Fair value 2021 £'000	Amortised cost 2021 £'000	Fair value 2020 £'000	Amortised cost 2020 £'000
<b>Financial assets</b>				
Trade and other receivables	-	5,717	-	7,765
Cash and cash equivalents	-	-	-	1,878
Other financial assets	1,468	-	-	-
	<u>1,468</u>	<u>5,717</u>	<u>-</u>	<u>9,643</u>
<b>Financial liabilities</b>				
Trade payables	-	858	-	261
Amounts owed to group undertakings	-	154	-	185
Bank overdraft	-	2,194	-	-
Loan	-	-	-	16,600
Lease liabilities	-	82,716	-	61,836
Other financial liabilities	-	-	1,128	-
	<u>-</u>	<u>85,922</u>	<u>1,128</u>	<u>78,882</u>

Some prior year balances have been reallocated to amortised cost to reflect the correct classification.

**Financial risk management objectives**

The Company's activities expose it to certain financial risks. This price risk relates primarily to fuel prices. The Company is not significantly exposed to foreign exchange risk and credit risk. Management reviews financial risks regularly in accordance with Company policies. The Company currently uses a limited number of financial instruments to manage certain risks but does not hold financial instruments for speculative reasons.

In line with the reform of interest rate benchmarks, the Company has transitioned its financial documents from LIBOR to SONIA. The Company has determined no material impact on financial risk relating to these reforms.

**Credit risk**

The Company's principal financial assets are trade and other receivables. The Directors consider that the concentration of credit risk with regard to bank balances is minimised by the use of quality financial institutions.

Trade receivables primarily represents the amounts owing from Transport for London and other local government transport organisations. These sums are contractually agreed and are received according to the terms of the individual contracts. Therefore there is no significant credit risk exposure or any significant payment delay beyond contractual terms.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11 Financial instruments (continued)**

**Liquidity risk**

The Company maintains and reviews its cash position on a regular basis to ensure it can manage its liquidity risk. The Company has one key customer in which funds are obtained on a regular basis in line with payment terms allowing the Company to manage their cash position.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments. For the undiscounted cashflow please refer to note 18. Trade and other payables and bank overdraft will be the same value for both discounted and undiscounted cashflow.

	On demand	<3 months	3-12 months	1-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2020</b>						
Trade and other payables	-	446	-	-	-	446
Lease liabilities	-	3,980	11,941	37,968	7,947	61,836
Derivatives used for hedging	-	92	660	376	-	1,128
Loan	-	-	-	16,600	-	16,600
	-	<b>4,518</b>	<b>12,601</b>	<b>54,944</b>	<b>7,947</b>	<b>80,010</b>
	On demand	<3 months	3-12 months	1-5 years	>5 years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>2021</b>						
Trade and other payables	-	858	-	-	-	858
Lease liabilities	-	4,436	13,307	43,782	21,191	82,716
Derivatives used for hedging	-	-	-	-	-	-
Bank overdraft	-	2,194	-	-	-	2,194
	-	<b>7,488</b>	<b>13,307</b>	<b>43,782</b>	<b>21,191</b>	<b>85,768</b>

**Fair value estimation**

The Company has adopted the amendment to IFRS 7 for financial instruments that are measured at the reporting date at fair value, this requires disclosure of the fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's derivative financial assets and liabilities are categorised as Level 2 as per the above definition. The derivative financial assets and liabilities are valued by the bank on a contract basis at the end of each period and reflected to the fair value.

**Revaluation of property**

The revaluation of the property is categorised as Level 3 as per the above definition. The valuation of the property is based on external information on the industrial/commercial real estate market from experts in the sector. The percentage used for the fair value is adjusted slightly, due to the nature of the properties and some limitations from the listed buildings which would impact the fair value.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**12 Inventories**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Material	375	333
Fuel	477	533
<b>Total inventories</b>	<b>852</b>	<b>866</b>

There is no material difference between the carrying value of inventory and its replacement cost.

**13 Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	169	523
Amounts owed by group undertakings	725	272
Amounts recoverable on contract	534	775
Other receivables	4,288	5,423
VAT	2,870	617
Prepayments	72	224
	<b>8,658</b>	<b>7,834</b>

Trade receivables are primarily due from one counterparty, however the Directors do not consider the Company to be significantly exposed to credit risk because the debtor is a government body. Other debtors are linked to the services provided to the primary customer in relation to QIC bonuses and settlements and provisions in relation to these balances are aligned with trade receivables.

The Directors consider that the carrying amount of trade receivables approximates to their fair value. No significant expected credit loss provision has been made against trade receivables due to the Company working with one key customer in which funds are received in line with contract terms.

The amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

**14 Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Cash at banks and on hand	-	1,878
	-	1,878
Bank overdrafts	(2,194)	-
<b>Cash and cash equivalents</b>	<b>(2,194)</b>	<b>1,878</b>

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**14 Cash and cash equivalents (continued)**

**Cash flow information**

**Cash generated from operations**

	Notes	2021 £000	2020 £000
<b>Loss before tax</b>		<b>(7,986)</b>	<b>(6,895)</b>
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation charges	10	21,230	19,635
Amortisation of intangible assets	9	272	142
Impairment of assets		-	553
Loss on disposal of property, plant and equipment		5	124
Finance costs	5	2,770	2,929
Finance income	5	(32)	-
Working capital adjustments:			
Increase in provisions	19	2,327	1,109
Difference between pension charge and cash contributions		(316)	(1,244)
Decrease/(increase) in inventories		14	(56)
(Increase)/decrease in trade and other receivables		(824)	2,929
(Decrease)/increase in trade and other payables		(1,090)	2,028
		<b>16,370</b>	<b>21,254</b>

**15 Share capital**

***Issued, called up and fully paid***

	2020 Units	2020 £'000
Ordinary shares of £1 each	3,576,500	3,576
<b>At 31 December 2020</b>	<b>3,576,500</b>	<b>3,576</b>
	2021 Units	2021 £'000
Ordinary shares of £1 each	23,616,985	23,617
<b>At 31 December 2021</b>	<b>23,616,985</b>	<b>23,617</b>

**Movement in ordinary shares**

	Number of Shares	Par value £	Total £000
Opening balance 1 January 2020	3,576,500	1	3,576
Share issue 10 December 2021	3,431,701	1	3,432
Share issue 10 December 2021	16,608,784	1	16,609
<b>Closing balance 31 December 2021</b>	<b>23,616,985</b>	<b>1</b>	<b>23,617</b>

All categories of Ordinary shares hold one vote each. The shares in issue rank pari passu in all respects, except as otherwise stated within the Company's articles. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid of the shares held.

On 10 December 2021 the Company issued 3,431,701 Ordinary shares of £1 each for a total cash consideration of £3,431,701.

On 10 December 2021 the Company also issued 16,608,784 Ordinary shares of £1 each for a total non-cash consideration of £16,608,784. The consideration was satisfied against outstanding intercompany payable of £16.6m (see note 18).

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**16 Reserves**

**Share premium account**

The share premium account is used to record amounts received in excess of the nominal value of shares on issue of new shares.

**Revaluation reserve**

The revaluation reserve is used to record the movement in the market value of freehold land and buildings. This reserve is not distributable.

**Other reserves**

The other reserves relate to the cash flow hedging reserve which is disclosed in financial instruments note 11.

**Retained earnings**

Retained earnings are the cumulative earnings of the Company after accounting for dividends.

**17 Trade and other payables**

	2021	2020
	£'000	£'000
Trade payables	858	261
Amounts owed to group undertakings	154	185
Social security and other taxes	3,139	2,929
Accruals and deferred income	12,799	14,666
	<u>16,950</u>	<u>18,041</u>

The amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand.

**18 Financial liabilities**

	2021	2020
	£'000	£'000
Current:		
Bank overdrafts	2,194	-
Financial instruments (fuel derivative)	-	751
Leases	17,743	15,921
	<u>19,937</u>	<u>16,672</u>
Non-current:		
Financial instruments (fuel derivative)	-	377
Leases	64,973	45,915
Other loans - intercompany	-	16,600
	<u>64,973</u>	<u>62,892</u>

**Other loans - intercompany**

On 10 December 2021 the Company issued 16,608,784 Ordinary shares of £1 each to settle the £16,600,000 intercompany loan outstanding at the end of 2020. The loan was originally due for repayment on 31 December 2023 with an interest rate of 1.82% above LIBOR (2020: 1.82% above LIBOR).

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18 Financial liabilities (continued)**

**Term and debt repayment schedule - Discounted cashflow**

<b>Year ended 31 December 2020</b>	<b>1 year or less</b>	<b>1 - 2 years</b>	<b>2-5 years</b>	<b>more than 5 years</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Intercompany loan	-	-	16,600	-	16,600
Financial instruments (Note 11)	751	377	-	-	1,128
Lease liabilities	15,921	24,177	13,791	7,947	61,836
	<b>16,672</b>	<b>24,554</b>	<b>30,391</b>	<b>7,947</b>	<b>79,564</b>

<b>Year ended 31 December 2021</b>	<b>1 year or less</b>	<b>1 - 2 years</b>	<b>2-5 years</b>	<b>more than 5 years</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdraft	2,194	-	-	-	2,194
Financial instruments (Note 11)	-	-	-	-	-
Lease liabilities	17,743	27,151	16,631	21,191	82,716
	<b>19,937</b>	<b>27,151</b>	<b>16,631</b>	<b>21,191</b>	<b>84,910</b>

**Term and debt repayment schedule - Undiscounted cashflow**

<b>Year ended 31 December 2020</b>	<b>1 year or less</b>	<b>1 - 2 years</b>	<b>2-5 years</b>	<b>more than 5 years</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Intercompany loan	-	-	19,603	-	19,603
Financial instruments (Note 11)	794	398	-	-	1,192
Lease liabilities	15,998	24,295	13,859	7,986	62,138
	<b>16,792</b>	<b>24,693</b>	<b>33,462</b>	<b>7,986</b>	<b>82,933</b>

<b>Year ended 31 December 2021</b>	<b>1 year or less</b>	<b>1 - 2 years</b>	<b>2-5 years</b>	<b>more than 5 years</b>	<b>Totals</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank overdraft	2,194	-	-	-	2,194
Financial instruments (Note 11)	-	-	-	-	-
Lease liabilities	17,923	27,481	16,925	21,326	83,655
	<b>20,117</b>	<b>27,481</b>	<b>16,925</b>	<b>21,326</b>	<b>85,849</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. The discount rate used is 5.7%, (2020: 5.7%) based on the wider Group's estimated incremental borrowing rate (IBR) for unsecured liabilities at the reporting dates.

	<b>1 January 2021</b>	<b>Cash flows</b>	<b>New leases</b>	<b>Other</b>	<b>31 December 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Current interest-bearing loans and borrowings	-	2,194	-	-	2,194
Current lease liabilities	15,921	(16,454)	3,203	15,073	17,743
Non-current interest-bearing loans and borrowings	16,600	-	-	(16,600)	-
Non-current lease liabilities	45,915	-	34,131	(15,073)	64,973
	<b>78,436</b>	<b>(14,260)</b>	<b>37,334</b>	<b>(16,600)</b>	<b>84,910</b>

The 'Other' column includes the effect of reclassification of non-current liabilities to current due to the passage of time as well as the settlement of an intercompany loan via the issue of share capital.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**19 Provisions**

	<b>Claims</b> <b>£'000</b>
<b>At 1 January 2021</b>	<b>2,894</b>
Charged for the period	5,147
Utilised during the period	(2,820)
<b>At 31 December 2021</b>	<b>5,221</b>

**Claims**

Provision for claims against the Company, mainly for motor related incidents, are established when there is a high probability that the Company will be liable for the claim cost and that this is quantifiable. Claims may relate to personal injury and / or vehicle damage and the Company is advised by 3rd party claims-handling agents on the likelihood of the claim outcome and the estimated monetary cost both of which are monitored and updated over time.

The majority of claims are anticipated to be settled within five years of the balance sheet date, although the timing of any outflow is dependent on the settlement of each individual claim.

**20 Deferred tax**

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting year.

	<b>Accelerated tax depreciation</b>	<b>Revaluation of building</b>	<b>Retirement benefit obligations</b>	<b>Cash flow hedging obligation</b>	<b>Trading losses</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 31 December 2019</b>	<b>(558)</b>	<b>(4,542)</b>	<b>480</b>	<b>(11)</b>	<b>1,045</b>	<b>(3,586)</b>
Credit / (charge) to income	86	(60)	(173)	-	1,182	1,035
Credit / (charge) to equity	-	-	(1,082)	225	-	(857)
Deferred tax asset w/off	-	-	-	(338)	(2,227)	(2,565)
<b>At 31 December 2020</b>	<b>(472)</b>	<b>(4,602)</b>	<b>(775)</b>	<b>(124)</b>	<b>-</b>	<b>(5,973)</b>
Credit / (charge) to income	(211)	-	(86)	339	2,720	2,762
(Charge) to equity	-	(1,337)	(833)	(680)	-	(2,850)
Deferred tax asset w/off	-	-	-	-	(2,720)	(2,720)
Transfer of pension to RATP	-	-	1,694	-	-	1,694
<b>Balance at 31 December 2021</b>	<b>(683)</b>	<b>(5,939)</b>	<b>-</b>	<b>(465)</b>	<b>-</b>	<b>(7,087)</b>

The Company has an unrecognised deferred tax asset of £4,786k (2020: £2,066k) relating to carried forward trading losses.

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**20 Deferred tax (continued)**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021	2020
	£'000	£'000
Deferred tax liabilities	(7,087)	(5,973)

**21 Employee benefit obligations**

**Defined benefit scheme**

The Company operated a defined benefit scheme for qualifying employees of the Company. Under the scheme, the employees are entitled to retirement benefits amounting to 1/60th of final pensionable pay for each year of pensionable service on attainment of a retirement age of 65. No other post-retirement benefits are provided. The scheme is a funded scheme.

The decision was taken by management to close the scheme for future accrual with effective date beginning on 30 June 2017. From this date the members of the plan are not entitled anymore for future defined benefits and are auto-enrolled back to the defined contribution schemes.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 1 January 2020 by Mr M Wilkinson, Fellow of the Institute of Actuaries and Faculty of Actuaries and concluded in June 2021. This was the statutory valuation of the scheme. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit method.

Following consultation with the Trustee Board of London United Busways Retirement Benefits Plan ("Plan"), the Company transferred the Plan and changed the principal employer, effective from 17 June 2021 (date of signing of Deed of Substitution of Principal Employer and Apportionment) through a Flexible Apportionment Arrangement (FAA), to RATP Dev UK Ltd. The process for changing the principal employer, that was collectively agreed by the Trustee Board and the Company, included an assessment of the overall covenant and a strengthening of the parent guarantee to the scheme. The transfer of the pension asset under the FAA was a cash settlement of £6,775,000 from RATP Dev UK Ltd.

In accordance with the statutory obligation of the Plan and to develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The amounts recognised in the statement of financial position are as follows:

	<b>Defined benefit pension plans</b>	
	2021	2020
	£'000	£'000
Present value of funded obligations	-	(122,703)
Fair value of plan assets	-	126,781
	-	4,078
Present value of unfunded obligations	-	-
Surplus	-	4,078
Net asset	-	4,078

The amounts recognised in the income statement are as follows:

	<b>Defined benefit pension plans</b>	
	2021	2020
	£'000	£'000
Net interest from net defined benefit asset/liability	(29)	46
Administrative expenses	249	304
	220	350

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**21 Employee benefit obligations (continued)**

Following consultation with the Trustee Board of London United Busways Retirement Benefits Plan ("Plan"), the Company transferred the Plan and changed the principal employer, effective from 17 June 2021 (date of signing of Deed of Substitution of Principal Employer and Apportionment) through a Flexible Apportionment Arrangement (FAA), to RATP Dev UK Ltd. The process for changing the principal employer, that was collectively agreed by the Trustee Board and the Company, included an assessment of the overall covenant and a strengthening of the parent guarantee to the scheme. Consequently, the estimated deficit reduction contributions paid into the Plan during the current financial year was £249,000. This is in accordance with the Company transferring the Plan and changing the principal employer, effective from 17 June 2021.

The transfer of the Plan was completed by a £6,775,000 cash payment made to the Company by RATP Dev UK Ltd. The Company recognised an asset of £4,078,000 in respect of the Plan as at 31 December 2020 and, following cash contributions by the Company during the year of £565,000, this asset was valued at the point of transfer at £4,643,000. The difference between these values of £2,132,000 has been recognised as a debit of £220,000 in the Income Statement and a credit of £2,352,000 in Other Comprehensive Income.

**Defined contribution scheme**

The Company also operates defined contribution pension schemes. The charge to the statement of comprehensive income for the schemes in the year was £3,037,000 (2020: £3,033,000). Included in other creditors is £932,000 (2020: £341,000) in respect of unpaid contributions at the reporting date.

**22 Related party disclosures**

During the year the Company entered into the following transactions with related parties:

	Purchases from related party		Sales to related party	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
RATP Dev UK Limited	1,781	2,229	13	13
Selwyns Travel Limited	-	-	-	11
Quality Line Transport Ltd	-	-	161	508
London Transit Limited	-	-	18	-
London Sovereign Limited	-	-	3,128	496
	<b>1,781</b>	<b>2,229</b>	<b>3,320</b>	<b>1,028</b>

	Amounts owed to related party		Amounts owed by related party	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
RATP Dev UK Limited	-	16,518	173	-
RATP Dev SA	16	267	-	-
Metrolink RATP Dev Limited	-	-	6	-
Quality Line Transport Limited	-	-	484	83
London Transit Limited	-	-	61	-
London Sovereign Limited	79	-	-	189
RATP Dev Transit London Limited	-	-	1	-
The Original London Sightseeing Tour Limited	59	-	-	-
	<b>154</b>	<b>16,785</b>	<b>725</b>	<b>272</b>

**LONDON UNITED BUSWAYS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**21 Employee benefit obligations (continued)**

Of the charge for the period, £249,000 (2020: £304,000) has been included in operating expenses.

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

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	122,703	114,510
Loss on settlements	6,775	-
Interest cost	819	2,318
Benefits paid	(1,303)	(2,919)
Actuarial (losses)/gains	(7,334)	8,794
Transfer to parent entity	(121,660)	-
	<b>-</b>	<b>122,703</b>

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

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	126,781	111,685
Contributions by employer	565	1,550
Interest income	848	2,272
Administrative expenses	(249)	(304)
Actuarial (losses)/gains	(4,982)	14,497
Benefits paid	(1,303)	(2,919)
Transfer to parent entity	(121,660)	-
	<b>-</b>	<b>126,781</b>

The amounts recognised in other comprehensive income are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Effect of changes in demographic assumptions	-	1,533
Effect of changes in financial assumptions	(7,334)	(18,095)
Effect of experience adjustments	-	7,768
Return on plan assets	4,982	14,497
	<b>(2,352)</b>	<b>5,703</b>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Equities	-	24,937
Debt instruments	-	56,913
Other assets	-	44,931
	<b>-</b>	<b>126,781</b>

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	<b>2021</b>	<b>2020</b>
Discount rate	n/a	1.40%
Future pension increases	n/a	2.80%

The net asset of £nil as at 31 December 2021 is based on the actuarial assumptions detailed above.

**LONDON UNITED BUSWAYS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**22 Related party disclosures (continued)**

Until 11 December 2021, RATP Dev UK Limited was the immediate parent undertaking of the Company and of London Sovereign Limited. On 11 December 2021 both the Company and London Sovereign Limited were transferred to RATP Dev Transit London Limited, a subsidiary of RATP Dev UK Limited. London Transit Limited is also a subsidiary of RATP Dev Transit London Limited.

Quality Line Transport Ltd, Bath Bus Company Limited, The Original London Sightseeing Tour Limited, RATP Dev Transit London Limited and Metrolink RATP Dev Limited are subsidiaries of RATP Dev UK Limited. The Directors took the decision to close Quality Line Transport Ltd and discontinue operations, effective 3 July 2021, from its Epsom garage as part of a broader company-wide transformation program.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. These include management charges from the parent undertaking and charges for shared services as well as management charges to fellow subsidiaries.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The remuneration of Directors, who are considered key management personnel, is disclosed in note 4.

RATP Dev UK Ltd (RD UK) entered into futures for the purchase of fuel on behalf of RATP's UK Group, then entered into back-to-back contracts with the relevant trading entities, including London United Busways Limited. Each of RD UK's trading companies are responsible for purchasing fuel on its own behalf.

**23 Ultimate controlling party**

The ultimate parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is Régie Autonome des Transports Parisiens, a company incorporated in France. The accounts of Régie Autonome des Transports Parisiens are available at 54, Quai de la Rapée - LAC LA 30, 75012 Paris or from their website: or from their website: [www.ratp.fr/en/groupe-ratp/group-presentation/our-essential-documents](http://www.ratp.fr/en/groupe-ratp/group-presentation/our-essential-documents).

The Company's immediate parent company is RATP Dev Transit London Limited, a company registered in England and Wales.

**24 Events after the reporting date**

The events in Ukraine have had a material impact on the global supply chain and the price of fuel. As a result of existing steps to mitigate operational risk, the Company has not experienced an immediate financial impact on trading. However the ongoing nature of the conflict is expected to materially increase costs in 2023 and later years.