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East Coast Main Line Company Limited

Financial Statements for the year ended 31 March 2021

Registered number: 04659708

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Corporate information

Company information for the year ended 31 March 2021

Directors:	Martin Griffiths Timothy Kavanagh Ross Paterson Patrick McCall Neil Micklethwaite
Company Secretary:	Timothy Kavanagh
Registered Office:	One Stockport Exchange 20 Railway Road Stockport United Kingdom SK1 3SW
Registered Number:	04659708
Independent Auditors:	Ernst & Young LLP G1 5 George Square Glasgow G2 1DY

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Contents

Strategic Report

For the year ended 31 March 2021

The Directors present their strategic report for the year ended 31 March 2021 for East Coast Main Line Company Limited ("the Company").

The Company is a wholly owned subsidiary of Inter City Railways Limited. Inter City Railways Limited is a 90% subsidiary of Stagecoach Transport Holdings Limited, which is a 100% subsidiary of Stagecoach Group plc. Virgin Holdings Limited has a minority shareholding of 10% in Inter City Railways Limited.

PRINCIPAL ACTIVITIES

The Company operated train services, principally on the UK's East Coast Main Line, until June 2018 under a franchise agreement with the UK Department for Transport (the Franchise Agreement). The Company ceased to trade as a train operating company on 24 June 2018.

As a result of the cessation of the Company's trade following the transfer of operations to LNER and the orderly realisation of assets and settlement of liabilities that followed, these accounts have been prepared on a basis other than going concern. The Directors have considered the balance sheet position, and forecasted cash movements of the Company and are of the view that the Company has, and will continue to have, sufficient funds to meet external liabilities as they fall due.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Following the Secretary of State's decision to transfer responsibility for operating the East Coast train services from Virgin Trains East Coast to LNER from 24 June 2018 the Company retains responsibility for the wind down of certain assets and liabilities related to the terminated Franchise Agreement. The Company has continued to make good progress on winding down these residual assets and liabilities, although it can take some considerable time to reach a final position.

The Company has also sought, and received, continued assurances from the Department for Transport that the Department does not intend to pursue the Company for funds exceeding its available net assets. The Company is currently engaged in reaching a final settlement with the Secretary of State which is expected to result in all residual net assets being paid over. The Company expects that no further liability will arise and no further amounts will be payable.

COVID-19 has had little, if any impact upon the financial results as the Company ceased to trade when its operation of the East Coast franchise expired on 24 June 2018. The Directors do not consider that the pandemic and subsequent recovery will have a material impact upon the recoverability of the remaining assets and the finalisation and settlement of outstanding liabilities.

FINANCIAL REVIEW

The Company generated an operating loss for the year of £0.1 million (2020: £0.2 million loss).

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FINANCIAL REVIEW (continued)

Turnover for the year ended 31 March 2021 was £0.1 million (2020: £0.1 million). The operating expenditure reported in the year was £0.2 million (2020: expenditure £0.3 million) with a loss before taxation of £nil (2020: £nil). Loss after tax in the year was £nil (2020: £nil).

The Directors have considered the balance sheet position, and forecasted cash movements of the Company and are of the view that the Company has, and will continue to have, sufficient funds to meet external liabilities as they fall due. The Directors consider all assets recoverable as all balances relate to amounts owed by the Parent company and are repayable on demand. However, as detailed in note 1, the Directors do not consider it is appropriate to prepare these accounts on a going concern basis as the Franchise Agreement has been terminated. Consequently, the financial statements have been prepared on a basis other than going concern.

Key risks and uncertainties

The Company faces the following key risks in relation to the wind down of residual assets and liabilities:

- That the Company has insufficient funds to meet its external liabilities as they fall due; and
- The potential for a contingent claim in respect of premium foregone from the Secretary of State.

In respect of the first of these risks the Directors have considered and continue to consider the balance sheet and cash flow forecasts of the Company and are confident that the Company has sufficient funding to meet external liabilities.

The principal risks and uncertainties of Stagecoach Group plc, which includes those of this company, are discussed in the Group's 2021 annual report, which does not form part of this report.

By order of the Board

DocuSigned by:

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Tim Kavanagh

Company Secretary

[date] September 14, 2021

Directors' Report

For the year ended 31 March 2021

The Directors present their report together with the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of East Coast Main Line Company Limited ("the Company") is the winding down of residual assets and liabilities. Prior to this the Company, trading as Virgin Trains East Coast, had previously provided passenger services on the East Coast main line up until the 23 June 2018.

Results and dividends

The results for the year ended 31 March 2021 are set out in the income statement on page 9. The results for the year have been discussed in the strategic report on page 1. The Directors do not recommend a dividend for the year (2020: £nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Martin Griffiths	Director
Timothy Kavanagh	Director
Ross Paterson	Director
Patrick McCall	*Director*
Neil Micklethwaite	Director

No Director had any interest in the share capital of the Company during the financial period.

The Company entered into no significant contract or arrangement during the period in which any Director had a material interest.

Company Secretary

The Company Secretary is Timothy Kavanagh.

Charitable and political donations

The Company made charitable donations totalling £nil during the year ended 31 March 2021 (2020: £nil). There were no political donations made in the year (2020: £nil).

Financial Risk Management

As noted above the operation of the franchise was transferred to LNER on the 24 June 2018. As a consequence, a number of assets and liabilities of the Company were transferred to LNER and work was undertaken to wind down the residual elements. Regular reviews are undertaken of the realisable value of those assets and liabilities, and cash flow forecasts are produced to ensure the Company can meet its external liabilities as they fall due.

Directors' Report (continued)

For the year ended 31 March 2021

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Going Concern

The financial statements have been prepared on a basis other than going concern. Since the Franchise Agreement has been terminated as noted above in the Strategic Report, the Directors do not consider it is appropriate to prepare these accounts on a going concern basis. Accordingly, the Directors have considered the assets and liabilities of the Company and have made appropriate adjustments to write them down to their expected values. No material adjustment has arisen as a result of ceasing to apply the going concern basis. The Directors continue to meet regularly to consider the balance sheet and forecasted cash position of the Company and are of the view that the Company has, and will continue to have, sufficient funds to meet external liabilities as they fall due.

Indemnification of directors and officers

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

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Directors' statement of disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' Report confirm that insofar as the Directors are aware, there is no relevant audit information (as defined in section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and they have taken all the steps required of them as Directors in order to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act.

The financial statements on pages 9 to 19 were approved by the Board of Directors on [date] and signed on its behalf by

DocuSigned by:

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Timothy Kavanagh
Company Secretary
[date] September 14, 2021

Registered Office:
One Stockport Exchange
20 Railway Road
Stockport
United Kingdom
SK1 3SW

Independent auditor's report to the members of East Coast Main Line Company Limited

For the year ended 31 March 2021

Opinion

We have audited the financial statements of East Coast Main Line Company Limited for the year ended 31 March 2021 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its Loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to Note 1 to the financial statements which explains that the franchise agreement has concluded and therefore the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1. Our opinion is not modified in respect of this matter.

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

Independent auditor's report to the members of East Coast Main Line Company Limited (continued)

For the year ended 31 March 2021

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101 Reduced Disclosure Framework and the Companies Act 2006.
- We understood how East Coast Main Line Company Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes as well as consideration of the results of our audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. Where the risk was considered to be higher we performed audit procedures to address identified fraud risk or other risk of material misstatement. These procedures included testing of journal entries outside the normal course of business process, (including all journals to higher risk balances, such as provisions), testing manual journals which were designed to provide reasonable assurance that the financial statements were free from fraud or error, and review of contracts to ensure provisions were not materially misstated.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management, journal entry testing and review of contract agreements as explained above.

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

Use of our report

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

Kevin Weston (Senior statutory auditor)

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

Date: 14 September 2021

Income statement
For the year ended 31 March 2021

	Note	2021 £000	2020 £000
Revenue			
Passenger income	2	**157**	72
Other operating income	3	**-**	62
Total Revenue		**157**	134
Other operating costs		**(233)**	(289)
Total operating costs		**(233)**	(289)
Operating loss	4	**(76)**	(155)
Finance income	6	**76**	155
Finance and similar charges	6	**-**	-
Profit before taxation		**-**	-
Tax on loss	7	**-**	-
Loss for the financial year		**-**	-

The income statement has been prepared on the basis that all operations are continuing operations.

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

Statement of other comprehensive income

For the year ended 31 March 2021

	Note	31 March 2021 £000	31 March 2020 £000
Loss for the year		-	-
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Change in franchise adjustment		-	-
Total items that will not be reclassified to profit or loss		-	-
Other comprehensive profit for the year, net of tax		-	-
Total comprehensive profit for the year		-	-

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Balance Sheet

As at 31 March 2021

	Note	2021 £000	2020 £000
ASSETS			
Current assets			
Trade and other receivables: amounts due within one year	8	**30,694**	30,317
Cash at bank and in hand		**6,829**	7,709
Total assets		**37,523**	38,026
LIABILITIES			
Current liabilities			
Trade and other payables	9	**(36,880)**	(37,097)
Non-current liabilities			
Provisions for liabilities	10	**(643)**	(929)
		(643)	(929)
Total liabilities		**(37,523)**	(38,026)
Net assets		**-**	-
EQUITY			
Ordinary share capital	13	**-**	-
Capital reserve	14	**170,238**	170,238
Retained earnings		**(170,238)**	(170,238)
Total shareholders' equity		**-**	-

The accompanying notes form an integral part of this balance sheet. The financial statements on pages 9 to 19 were approved by the board of Directors on [date] and were signed on its behalf by;

September 14, 2021

DocuSigned by:

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Timothy Kavanagh, Company Secretary

Statement of changes in equity

As at 31 March 2021

	Ordinary share capital	Capital Reserve	Retained Earnings	Total equity
	£000	£000	£000	£000
As at 31 March 2019	-	170,238	(170,238)	-
Loss for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive profit for the year	-	-	-	-
Other Reserve	-	-	-	-
As at 31 March 2020	-	170,238	(170,238)	-
Loss for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive profit for the year	-	-	-	-
Other Reserve	-	-	-	-
Total comprehensive income for the year	-	-	-	-
As at 31 March 2021	-	170,238	(170,238)	-

Notes to the Financial Statements

For the year ended 31 March 2021

1 Accounting policies

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

The principal accounting policies are set out below.

a) Basis of accounting

The financial statements have been prepared on a basis other than going concern. Since the Franchise Agreement was terminated as noted above in the Strategic Report, the Directors do not consider it is appropriate to prepare these accounts on a going concern basis. Accordingly, the Directors have considered the assets and liabilities of the Company and have made appropriate adjustments to write them down to their expected values. No material adjustment has arisen as a result of ceasing to apply the going concern basis. The Directors continue to meet regularly to consider the balance sheet and forecasted cash position of the Company and are of the view that the Company has, and will continue to have, sufficient funds to meet external liabilities as they fall due.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). Amounts in these financial statements are rounded to the nearest thousand (£000) unless otherwise indicated.

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

- Paragraphs 45(b) and 46-52 of IFRS 2, 'Share-based payments' because the share based payment arrangement concerns the instruments of another group entity
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1, Presentation of financial statements
- IAS 7, Statement of Cash Flows
- Paragraphs 30 and 31 of IAS 8, Accounting policies, changes in accounting estimates and errors
- The requirements of paragraph 17 of IAS 24, Related Party Disclosures
- Paragraph 73(e) of IAS 16, Property, Plant and Equipment
- Paragraph 118(e) of IAS 38, Intangible Assets
- Paragraphs 91 to 99 of IFRS 13, Fair Value Measurement

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

1 Accounting policies (continued)

b) Revenue

Due to the adoption of IFRS 15 (Revenue from contracts with customers), customer compensation was treated as a reduction in revenue.

The Company had other revenue comprising of other operating income incidental to the Company's principal activities. Under IFRS 15 commissions receivable, maintenance income and fuel sales fall under the definition of revenue.

Passenger income represents amounts recovered as part of a debt collection program for passengers who were found to be travelling without a valid ticket.

c) Taxation

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date. Corporation tax is provided on taxable profit at the current rate applicable. Tax charges and credits are accounted for through the same primary statement as the related pre-tax item. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is measured at the rates that are expected to apply in periods in which the temporary differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management estimates amounts relating to uncertain tax treatments based on the applicable law and regulations, historic outcomes of similar audits and discussions, independent, external specialist advice and consideration of the progress on, and nature of, current discussions with the tax authority. Where management determines that a greater than 50% probability exists that the tax authorities would accept the positions taken in the tax return, amounts are recognised in the financial statements on that basis. Where the amount of tax payable or recoverable is uncertain, the Company recognises a liability or asset based on either: management's judgement of the most likely outcome or, when there is a wide range of possible outcomes, a probability weighted average approach.

d) Provisions

Provisions for current obligations and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A provision is recognised in the balance sheet for any contract that is "onerous" where it is probable that the future economic benefits to be derived from the contract are less than the unavoidable costs under that contract. Determining the amount of any contract provision necessitates forecasting future cash flows and applying an appropriate discount rate to determine a net present value.

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1 Accounting policies (continued)

d) Provisions

The amount of any provision is re-assessed at each balance sheet date. Any increase or decrease required to the amount of the provision is charged or credited to the income statement.

e) Critical accounting policies and estimates

Preparation of the financial statements, in accordance with Financial Reporting Standard ("FRS") 101, requires directors to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual outcomes could differ from those estimated. The Directors believe that the accounting policies and estimation techniques discussed below represent those that require the greatest exercise of judgement. The Directors have used their best judgement in determining the estimates and assumptions used in these areas but a different set of judgements could result in material changes to the Company's reported financial performance and/or financial position. The critical accounting policies summarised below cover the policies regarded by the Directors as critical to the Company's reporting in general.

2 Revenue

All revenue originates in the United Kingdom. The Directors consider that the whole of the activities of the Company constitute a single class of business consisting of passenger and other related operating income as disclosed in the income statement. Revenue, excluding value added tax (VAT) where applicable, is comprised of:

	2021	2020
	£000	£000
Passenger income	157	72
	157	72

3 Other income

Other operating income, excluding value added tax (VAT) where applicable, is comprised of:

	2021	2020
	£000	£000
Other income	-	62
	-	62

4 Operating loss

	2021	2020
Operating loss is stated after charging:	£000	£000
Auditors' remuneration – audit fees	14	35

Notes to the Financial Statements (continued)

For the year ended 31 March 2021

5 Directors' remuneration

No remuneration was paid in the year. The Directors are remunerated in another group entity.

6 Finance income and charges

	2021	2020
	£000	£000
Finance income		
Bank interest	**6**	85
Unwinding of discount on franchise adjustment	**-**	-
Interest receivable from group undertakings	**70**	70
Net finance income	**76**	155

7 Tax on loss

Tax recognised in the income statement

The Company did not trade during the year and as such no tax has been recognised in the income statement.

The Company incurred pre-tax losses in previous years in relation to the franchised rail services that it operated until June 2018. No deferred tax asset had been recognised in respect of these losses because there was significant doubt over the Company's ability to utilise these losses. Since then, we have made progress with unwinding the Company's affairs, settling its liabilities and realising its assets. As part of that process, we have progressed the Company's tax affairs and during the previous financial year the Company secured agreement for the surrender of tax losses via group relief provided that the Company was compensated for losses so surrendered. The consequential additional increase in residual net assets has been accrued as payable to the Department for Transport. The Company has recognised £0.3m (2020: £0.3m) in relation to payments for the surrender of tax losses via group relief and an additional liability of £0.3m (2020: £0.3m). This results in a net nil economic benefit.

8 Trade and other receivables

	2021	2020
	£000	£000
Amounts falling due within one year:		
Amounts owed by group undertakings (note 15)	**30,694**	30,317
	30,694	30,317

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

Notes to the Financial Statements (continued)

For the year ended 31 March 2021

9 Trade and other payables

	2021	2020
	£000	£000
Amounts falling due within one year:		
Trade payables	(1)	27
Amounts owed to group undertakings (note 15)	131	132
Other payables	33,326	32,926
Value Added Tax payable	-	4
Accruals and deferred income	3,424	4,008
	36,880	37,097

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

Other payables includes an amount of £33.3m expected to be payable to the Department for Transport in settlement of outstanding liabilities associated with the termination of the Franchise Agreement.

10 Provisions

Insurance

	2021	2020
	£000	£000
At start of year	929	1,131
Charged to the income statement	134	274
Unused amounts reversed	(202)	(105)
Utilised in year	(218)	(371)
Provision at end of year	643	929

The £643,000 (2020: £929,000) provision relates to customer and employee claims against the Company for compensation for injuries occurring whilst on East Coast property. Payments are expected to be made in respect of these claims as they are settled, which is typically within 5 years of origination, but the nature of the settlement process makes the timing of these payments uncertain. Estimates of claim values are based on actuarial reviews and prior claims history.

11 Contingent Liabilities

The termination of the Franchise Agreement could, in certain circumstances, give the Department for Transport the right to claim against the Company in respect of future premia payments foregone. As at 31 March 2021, liabilities have been recorded for amounts payable to the Department for Transport in respect of any residual net assets of the Company in settlement of these liabilities. No further amounts have been recorded by the Company in relation to potential claims by the Department for Transport in respect of the termination of the Franchise Agreement, because the Directors do not currently expect further amounts to be payable.

12 Deferred Tax

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

Gross deductible temporary differences of £9,846,172 (2020: £9,846,172) have not been recognised due to significant doubt over the Group's ability to access and utilise these losses.

13 Called up share capital

	2021	2020
	£	£
Allotted and fully paid		
Ordinary shares of £1 each	**100**	100

14 Reserves

A reconciliation of the movements in each reserve is shown in the statement of changes in equity on page 12.

The capital reserve represents the cumulative par value of all shares bought back and cancelled, and the value of the Parent Company Support loan and associated accrued interest which was waived by Stagecoach Group plc in 2019, and was treated as a capital contribution.

The balance held in the retained earnings reserve is the accumulated retained profits of the Company.

Notes to the Financial Statements (continued)

For the year ended 31 March 2021

15 Related party disclosures

The Company is a 90% owned subsidiary of Stagecoach Group plc. As at 31 March 2021, the Company has a receivable of £30,694,000 (2020: £30,317,000) and a payable of £131,000 (2020: £132,000). The receivable includes a £30,000,000 loan to Stagecoach Group plc payable upon request. Directors' remuneration is disclosed separately in note 5.

	2021	2020
	£000	£000
Purchases from Group companies		
Ultimate parent company	**(86)**	(122)
Other group companies	**(259)**	(484)
Total purchases from group companies	**(345)**	(606)
Interest receivable on group loans		
Ultimate parent company	**70**	70
Total interest receivable	**70**	70

16 Post balance sheet events

There have been no post balance sheet events.

17 Ultimate parent undertakings

The immediate parent undertaking is Inter City Railways Limited, a company registered in England and Wales (registered number 08753471).

The Company's ultimate parent undertaking and controlling party is Stagecoach Group plc, a company registered in Scotland (registered number SC100764), which is the parent undertaking and the only group to consolidate these financial statements. Copies of the Stagecoach Group plc consolidated financial statements are available on the Group's website (www.stagecoach.com) or from:

The Company Secretary

Stagecoach Group plc

10 Dunkeld Road

Perth

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