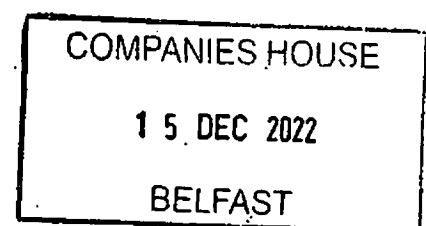


**Company Registration No: NI 009039**

**CITYBUS LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**For the 52 weeks ended 27 March 2022**



# **CITYBUS LIMITED**

## **Annual report and financial statements**

### **Contents**

<b>Officers and Professional Advisers</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Directors' Report</b>	<b>9</b>
<b>Statement of Directors' Responsibilities in respect of the directors' report and the financial statements</b>	<b>13</b>
<b>Independent Auditor's Report to the Members of Citybus Limited</b>	<b>14</b>
<b>Profit and Loss Account</b>	<b>19</b>
<b>Statement of Comprehensive Income</b>	<b>20</b>
<b>Balance Sheet</b>	<b>21</b>
<b>Statement of Changes in Equity</b>	<b>22</b>
<b>Notes to the Financial Statements</b>	<b>23</b>

# **CITYBUS LIMITED**

## **Officers and Professional Advisers**

### **DIRECTORS**

Dr Michael Wardlow (Chair)  
Mr Chris Conway (Group Chief Executive)  
Mr Patrick Anderson (Chief Financial Officer)  
Mr Gordon Milligan (Deputy Chief Executive) (appointed 1<sup>st</sup> October 2021)  
Ms Sharon O'Connor (appointed 1<sup>st</sup> October 2021)  
Ms Marie Mallon (appointed 1<sup>st</sup> October 2021)  
Mr Michael Brown (appointed 1<sup>st</sup> October 2021)  
Mr Edward Wills (appointed 1<sup>st</sup> October 2021)  
Ms Tzvetelina Bogoina-Seenan (appointed 1<sup>st</sup> October 2021)  
Dr Mark Sweeney OBE (resigned 30<sup>th</sup> September 2021)  
Mr Philip O'Neill (Chief Business Change Officer) (resigned 30<sup>th</sup> September 2021)  
Mr Anthony Depledge OBE (resigned 30<sup>th</sup> September 2021)  
Mr Bernard Mitchell (resigned 30<sup>th</sup> September 2021)  
Mrs Hilary McCartan (resigned 30<sup>th</sup> September 2021)  
Ms Angela Reavey (resigned 30<sup>th</sup> September 2021)

### **COMPANY SECRETARY**

Mrs Priscilla Rooney

### **AUDITOR**

KPMG  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

### **REGISTERED OFFICE**

22 Great Victoria Street  
Belfast  
BT2 7LX

### **BANKERS**

Barclays  
17 Castle Place  
Belfast  
BT1 1EL

### **REGISTRATION NUMBER**

NI 009039

# CITYBUS LIMITED

## STRATEGIC REPORT

### REVIEW OF THE BUSINESS

Citybus Limited ("the Company") is a wholly owned subsidiary of the Northern Ireland Transport Holding Company (NITHC, referred to as "the Group" or "Translink"), a public corporation established under the Transport Act (Northern Ireland) 1967 to oversee the provision of public transport in Northern Ireland. NITHC and Citybus Limited have common board memberships.

#### Key performance indicators

The Board has determined in agreement with the Department for Infrastructure (DfI) ("the Department") that the following key performance indicators (KPIs), covering both financial and operational performance, are the most effective measures of progress towards achieving the Company's objectives.

#### Operational KPIs

The operational KPIs for the Company are the punctuality and reliability of bus services and the customers' satisfaction with those services, along with a number of key outputs: passenger numbers and bus accessibility. Operational KPIs and commentary thereon are set out in the operational review and subsequent paragraphs.

#### Financial KPIs

The financial KPIs are turnover and pro forma profit before tax (based on pension contributions payable rather than IAS 19 costs and excluding any IAS 36 impairment of assets and derivatives movement) as agreed with the Department. Financial KPIs and commentary thereon are set out in the financial review.

#### Operational Review

	Target	2022	2021
Passengers (million) 52 week in 2022	17.7	20.9	10.2
Accessibility (full)	100.0	100.0	100.0

Passenger journeys are 18% above target and significantly above 2021 due to post COVID-19 pandemic recovery and associated travel restrictions imposed during 2020/21.

Independent monitoring surveys were suspended due to COVID-19 restrictions.

#### Financial Review

A summary of key financial results is set out in the table below and discussed in this section.

	Turnover		Profit/(loss) before tax (Note 1)	
	2022 £m	2021 £m	2022 £m	2021 £m
Per Statutory Accounts	61.1	64.1	4.2	12.8
IAS 19 pension adjustment	-	-	5.9	3.3
Derivatives	-	-	(2.4)	(1.3)
Pro Forma	61.1	64.1	7.7	14.8

Note 1 – Pro forma profit/(loss) before tax is stated after deducting pension contributions paid to NILGOS pension scheme but before any adjustments required in accordance with International Accounting Standard No. 19 'Retirement Benefits' and derivatives.

## CITYBUS LIMITED

### STRATEGIC REPORT (continued)

#### Financial Performance

Turnover is below last year despite the recovery in passenger journeys, as additional DfI revenue support for bus Public Service Obligation (PSO) was granted last year.

Pro forma profit before tax has deteriorated from last year due to additional emergency COVID-19 funding last year.

#### Capital Investment

Capital expenditure	2022 £m	2021 £m
Buses/Coaches	25.0	27.1
Land and buildings	4.8	0.1
Other	4.0	1.7
<b>Total</b>	<b>33.8</b>	<b>28.9</b>
<b>KPIs</b>		
Fleet size (Bus/Coach)	293	280
Average fleet age (buses)	9.08	8.49
Fleet size (Gilders)	34	32
Average fleet age (Gilders)	3.55	2.72

The bus capital expenditure of £25.0m relates to the purchase of 100 Zero Emission buses (20 Hydrogen and 80 Electric). Land and building costs of £4.8m relates to the supporting infrastructure for the Zero Emission buses (£4.5m) and work on High Priority Bus Shelters (£0.1m). Other capital additions of £4.0m include £2.8m on charging and fuelling equipment for the 100 Zero Emission Buses, £0.3m on Mini Shelters and CCTV at Ticket Vending Machines and £0.1m off the Early Implementation of Contactless EMV on Metro/Glider Services.

#### PERFORMANCE HIGHLIGHTS

The Company's performance in 2021/22 has been against a backdrop of the passenger recovery post COVID-19, significant in-year revenue funding from the Department and cost containment and efficiency measures. This has resulted in performance which is significantly better than budget but below last year due to reduced emergency COVID-19 funding.

#### Public Service Agreement

The Public Service Agreement (PSA) forms the basis for the relationship between Translink and DfI. The service agreement implements European and NI legislation on the provision of public transport. It establishes Translink as the main provider of timetabled services in NI with an obligation to operate a comprehensive, integrated network of bus and train services and that DfI will compensate Translink for the discharge of this public service obligation. A new PSA was signed on 1 April 2022 for a minimum period of 5 years.

#### Our strategy

There is a group strategy in place for Translink. Elements of the group strategy that are relevant to Citybus are noted below.

Our strategy is aligned with Government policies as set out in the draft Programme for Government (PfG) including the NI Executive's united aim 'To improve the wellbeing for all of our people'. It is also closely aligned with the UN Sustainable Development Goals to promote prosperity while protecting the planet. It has been devised within the context of the Department for Infrastructure's (DfI), Regional Development Strategy for 2035 and the Planning for the Future of Transport – Time for Change strategy and other emerging transportation plans.

## **CITYBUS LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Our strategy (continued)**

An effective and successful public transport network is vital for the economic, social and environmental well-being of our society. Translink is committed to leading the transformation of transport in Northern Ireland. Our 2030 strategy entitled 'Better. Connected' sets out a vision for Translink as 'Your first choice for travel, today for tomorrow'. Our mission is to lead the transformation of transport in Northern Ireland. We will create the advanced public transport services and integrated networks which connect people and communities, enhance the economy and improve health and the environment.

At Translink we are passionate about providing excellent public transport and we do this in the 'Translink SPIRIT' which embraces principles around Safety, People, Innovation, Responsibility, Integrity and Teamwork.

Our Translink Spirit underpins everything that we do and helps ensure we are Better. Connected. It shapes our culture and the way we do things. Our people are encouraged to be respectful and inclusive of everyone, to work together, to connect with customers and stakeholders, to motivate each other and to do things better. Our Spirit guides us to act responsibly, with integrity, and innovation and to succeed in delivering on our goals and creating 'wellbeing for all'. Keeping customers and staff safe remains at the core of how we work.

#### **Our People**

We are a people business; we provide a service for people through our people. Our workforce is recognised within our industry and the broader business community for their achievements in delivering excellent services and innovation. We celebrate and embrace the benefits that diversity brings to our business and by working together to enhance our business environment, we create a culture that inspires the best – this is the 'Spirit of Translink'.

We provide excellent learning and development opportunities in order to give employees the opportunity to stretch themselves and widen their experience.

Our leadership framework sets out competencies and objectives for management and professionals to:

- **Lead – Accountability and Responsibility**
- **Engage – Communication**
- **Adapt – Continuous Improvement**
- **Deliver – Benefits Realisation**

We will deliver results across four key objectives:

1. **Continuous Improvement** - this is how we'll deliver an excellent service for all our passengers;
2. **Customer Focus** - this is how we will meet and exceed customer expectations and attract new customers;
3. **Climate Action** - this is how we will reduce emissions by 50% by 2030 and play a leading role in promoting zero emission transport across NI;
4. **Connecting Communities** - this is how we will connect people and opportunities through our infrastructure and services.

# **CITYBUS LIMITED**

## **STRATEGIC REPORT (continued)**

### **Key Achievements 2021-2022**

#### **Bus Fleet**

In March 2022 further zero emission, double decker buses entered passenger service in Belfast. The launch of these vehicles, represents a landmark moment for Belfast as the start of a move towards innovative, smarter and cleaner transport solutions for a modern city. The new zero emission fleet, made up of 80 Battery-Electric and 20 Hydrogen buses, will be gradually introduced over the coming months and will mean around 33% of all Metro services will be net zero carbon.

The new buses, which run on sustainably sourced electricity, offer the latest standards in comfort, quality and accessibility with in-seat USB chargers, WiFi and new accessibility features. They also come with double doors for getting off, facilitating faster journey times, and improving fresh air flow on board for passengers. With new contactless ticketing also being introduced, these developments will bring a step change in the overall customer experience.

This new zero emission fleet, is just the start of a customer-led enhancement programme aimed to deliver bus service improvements right across Northern Ireland over the coming years, including dedicated zero emission corridors, enhanced shelter facilities with 'living' roofs, more bus priority and bus stop rationalisation.

#### **Consultation on Glider phase 2**

In July 2021 we welcomed the announcement by the Infrastructure Minister, Nicola Mallon MLA, to commence a public consultation seeking views to assist in identifying the preferred routes for Phase 2 of Belfast's Rapid Transit Project.

The Glider system, delivered under Phase 1 of the Belfast Rapid Transit Project, has been a huge success, with passengers enjoying the convenience, frequency and ease of use for commuting, socialising, shopping and studying.

The Glider's success has been acknowledged both nationally and internationally. Its popularity boosted passenger journeys using public transport to record levels, prior to the onset of covid-19. The introduction of the new North to South routes for phase 2 will further improve connectivity across the city and inspire even more people to make public transport their first choice for travel, today, for tomorrow. We will continue to work with the Department for Infrastructure and key stakeholders to progress this important and exciting scheme for the city.

#### **Progress on Belfast Transport Hub**

In April 2022 we announced that the new NI Executive Flagship Belfast Transport Hub will be officially called 'Belfast Grand Central Station'.

The new station is a hugely significant step forward in delivering a world-class customer experience. Set to be the largest integrated transport facility on the island of Ireland, it will showcase innovation and design on a truly grand scale. We are delighted to work with the community to present the fitting name 'Belfast Grand Central Station' for what is set to be a truly iconic landmark for the city.

It will deliver a high-class customer experience including retail options and enhanced cross border connectivity for up to 20 million passenger journeys annually. With the added benefits of active travel options, it will also play a major part in tackling the climate emergency, reduce congestion for better air quality, leading to a healthier, smarter and more sustainable city for everyone.

Translink is delighted to see this project continuing to progress on schedule and we look forward to completion in 2025.

#### **Weavers Cross**

In December 2021 we submitted a major planning application to Belfast City Council for the Weavers Cross Regeneration Project, following an extensive community consultation process.

The submission of the outline planning application sets out the development ambition for the 1.3+ million square foot brownfield site, on land surrounding the new Belfast Transport Hub, a central site just a five-minute walk from Belfast City Hall.

## **CITYBUS LIMITED**

### **STRATEGIC REPORT (continued)**

#### **Key Achievements 2021-2022 (continued)**

##### **Weavers Cross (continued)**

Once fully occupied, Weavers Cross will have the potential to create mixed use space for Grade A office, residential, leisure, retail, hospitality, social enterprise, community space and public realm in the city centre. At its heart lies the approved Belfast Transport Hub and Saltwater Square, a central gathering place for events, recreation and connection. The outline application submission follows a comprehensive pre-application community consultation that reached more than 50,000 citizens.

##### **Ticketing progress and plans**

In March 2022 we introduced contactless payments on Metro following a pilot scheme on selected routes. As we continue to transform and modernise our public transport services across Northern Ireland the introduction of contactless payment methods on Belfast Metro services is another important step forward. This development offers greater flexibility to passengers, who will still be able to pay for their ticket with cash or any of the current payment methods available such as our multi-journey Smartlink or mLink mobile ticketing products. We will gradually incorporate 'Tap on, Tap off' features to all bus and train services over the next 12 months, further enhancing integration of our services and ensuring customers automatically get the best value fare. This will make it much easier for people to choose the bus and train as a smarter option, which is good news for them, our climate, our air quality and a positive step towards a healthier and more active future for everyone. The new technology accepts contactless payments from smart devices with Apple Pay, Google Pay or Samsung Pay facility, Visa and Mastercard (including Maestro) contactless credit and debit cards, as well as pre-paid contactless cards.

##### **Workplace Diversity and Inclusion – Bronze Diversity Mark Retained**

Translink has retained the Bronze Diversity Mark for its actions and commitment to Diversity and Inclusion in the Workplace. Awarded by Diversity Mark, this notable award recognises and identifies companies that have been independently assessed and have reached a high standard of commitment to advancing Gender Diversity. We are very proud to have retained this award for the second year. It is very much a testament to the work we have been doing to drive diversity, equality and inclusion across the business to create a positive working environment where everyone feels they can excel.

We are a people business, and we understand the benefits of having a diverse and inclusive culture in terms of attracting and retaining the best talent, better business decision making and helping us to understand our customers better.

We have continued to drive a range of initiatives which have included actively promoting more female representation and supporting the LGBTQ+ community as we continue on our journey to build a positive inclusive culture.

##### **The Translink SPIRIT**

We are committed to taking responsibility for the impact of our activities on customers, suppliers, employees, stakeholders and communities as well as our environment. We have a full range of activities based on the following key themes; Safety, Health and Wellbeing, Environment, Community Engagement and Our People.

The safety and wellbeing of our customers, employees and the general public remains central to Translink's operations. We work with the local community to instil long term support and engagement through specific projects and initiatives. These have included: rail safety campaigns, community projects, agricultural safety, interagency safety events, safety bus activity, seatbelt campaigns and regional school initiatives.

We are committed to delivering workplace health and wellbeing initiatives to help our employees lead fit and healthy lifestyles. Employee welfare is enhanced by organisational culture as well as attitudes, values, beliefs and daily practices that affect their mental and physical wellbeing.



# **CITYBUS LIMITED**

## **STRATEGIC REPORT (continued)**

### **The Translink SPIRIT (continued)**

We continue to support local communities through stakeholder engagement, disability awareness, charity activity, supporting community projects and festivals, youth initiatives, events and sponsorships.

Translink holds a Silver CORE standard for Corporate Responsibility from Business in the Community (BTIC) and again retained its Platinum status in BITC's Environmental Benchmarking Survey, Northern Ireland's leading environmental benchmarking exercise.

The Translink SPIRIT is embedded in everything we do, underpinning our efforts to achieve our key objectives.

### **Safety**

The safety and wellbeing of our customers, staff and the general public is central to our operations, particularly as we build back responsibly post COVID-19 pandemic.

We are guided by our Safety Management System and are constantly developing our safety capabilities and preparedness. We aim for zero staff or passenger safety incidents.

### **People**

We value and seek to develop our people.

We have won a number of awards for Investors in People (IIP) and strive to achieve the gold standard.

We are committed to creating a diverse workforce as we recognise the value this brings to our organisation.

We were awarded the bronze diversity mark which acknowledges our achievements so far but demonstrates an ongoing commitment to diversity and inclusion.

### **Innovation**

We have worked to instil a culture of continuous improvement throughout the organisation which challenges everyone to focus on what we do, or could do, to provide an excellent service for our customers and wider stakeholders.

Further formal processes are being introduced to improve service delivery and drive efficiencies throughout the Group.

### **Responsibility**

We believe that Corporate Social Responsibility (CSR) is an important strategic tool for our business.

We continue to deliver a comprehensive CSR programme based on the four key themes of Go Safe, Go Eco, Go Healthy and Go Together and have been recognised as one of Northern Ireland's leading businesses in this area.

Along with our continued commitment to our employees' health through our occupational health programmes, we continue to engage with and contribute to the local community to protect and enhance safety, wellbeing and the environment.

### **Integrity**

We act with integrity in everything we do within a robust Corporate Governance Framework.

We will continue to work collaboratively with our sponsor Department and other regulators and stakeholders and governing authorities to ensure compliance with relevant regulations.

### **Teamwork**

We are committed to creating the right conditions for all our people to contribute as part of a team to deliver our Vision and Values and to be an advocate for public transport.

## **CITYBUS LIMITED**

### **STRATEGIC REPORT (continued)**

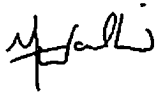
#### **Principal risks and uncertainties**

The business faced a number of risks and uncertainties, both internal and external. These encompass:

- Impact of funding shortfall on Translink's viability as a going concern in the short to medium term and longer term;
- Failure to optimally manage and secure sufficient benefit from key service delivery partnerships (such as Education Authority school services);
- Key supplier failure/unavailability;
- Failure to maintain good employee relations;
- Planning delivery and assurance of Portfolio, Programmes and Projects (e.g. Belfast Transport Hub);
- Failure to avoid a catastrophic or major incident;
- Cyber security;
- Potential impact of Brexit;
- Need to protect and enhance our Corporate Brand and reputation;
- COVID-19 pandemic;
- Whole lifecycle asset management funding (maintenance, refurbishment, renewal and replacement);
- Inflation and supply chain disruption; and
- Climate change.

Further information on the key risks and uncertainties faced by the Company are contained within the Group's Corporate Risk Register and also the Group's Corporate Governance Statement.

Approved by the Board of Directors on 15 June 2022 and signed on behalf of the Board:



**Michael Wardlow (Chair)**



**Chris Conway (Group Chief Executive)**

## **CITYBUS LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the 52 weeks ended 27 March 2022.

There have been no significant events since the balance sheet date which have a material effect on the accounts. Indications of likely future developments in the business of the Company are included in the Strategic Report.

Information about the use of financial instruments by the Company is given in note 18 to the financial statements.

#### **Directors**

The directors, who served throughout the period and up to the date of approval of the accounts are noted on page 1.

#### **Directors' Indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

#### **Disabled Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee Consultation**

During the year, we continued to provide employees with information and updates about the Group. This included regular Group Chief Executive updates through emails, videos and podcasts. Staff briefs and posters continue to be issued when needed but the key focus of communications has moved towards more digital platforms, using uLink, our employee intranet, and an employee app which can be accessed by all colleagues and provides daily news updates, employee support information and operational updates. Using MS Teams, we were also able to provide monthly leadership briefings and hold employee events focusing on Group updates, safety, wellbeing and inclusion.

#### **Engagement with suppliers, customers and others in a business relationship with the Company**

A number of initiatives were undertaken by the Company to proactively engage with its supply base – both strategically and as the result of supplier health and supply chain issues resulting from Brexit, the COVID-19 pandemic and the Ukraine war. We developed a contingency planning protocol and identified key strategic suppliers for which health profiles were created and maintained. We identified alternative suppliers and created the same profiles whilst assessing their ability to support our business requirements, should the need arise.

Through the main period of COVID-19 disruption, we continued to maintain a risk matrix for key suppliers and developed it to concentrate on emergence from the COVID-19 pandemic. Using team meetings, briefings and workshops for end users as the vehicle, we increased the focus on the need to engage with the market and gather intelligence to inform decision-making. We also promoted the importance of being commercially aware and gave advice, guidance and examples to encourage this.

To address the rapidly increasing, global issue of price rises in material costs, we developed rules for dealing with requests for increases and introduced 'claim back' clauses for relevant contracts; thereby allowing us to benefit from cost reductions as market conditions improve.

## **CITYBUS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Engagement with suppliers, customers and others in a business relationship with the Company (continued)**

In order to help us further develop and improve our service to our internal customers, we undertook a customer survey to determine whether we were meeting our customers' expectations and delivering effectiveness and efficiency. Using the – generally very positive – feedback, we reviewed and re-developed our team structure to meet our customers' needs.

Translink's Procurement Department also represented the NI Utilities CoPEs on the NI Procurement Board.

The Group previously independently monitored customer satisfaction twice each year, in spring and autumn, so we can continue to learn and understand where our services could be improved. We were unable to carry out these surveys in the last two years due to restrictions imposed by COVID-19.

Along with regular passenger panel workshops and Translink Youth Forum workshops, regular communication with Consumer Council NI and IMTAC who represent customer needs, we also openly engage through social media and invite feedback from all customers as part of our commitment to provide a network and services that benefits the people of Northern Ireland. We have continued with monitoring of social media feedback and sentiment to ensure we can quickly identify and respond to customer needs.

#### **Greenhouse gas emissions**

Details of greenhouse gas disclosures are continued in the Group Directors' Report.

#### **S172(1) Compliance Statement**

The company complies with section 172(1) of the Companies Act 2006 through engagement with its various stakeholders. The Company's strategy has been informed by and its implementation continues to be informed by interaction with stakeholders. It is the intention of the Company to act responsibly towards its stakeholders.

#### **Auditor**

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, the auditor will deem to be reappointed and KPMG will therefore continue in office.

#### **Political contributions**

The Company made no political contributions or incurred any political expenditure during the period (2021: £Nil).

## **CITYBUS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Financial Risk Management Objectives and Policies**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company does not consider currency risk or interest rate risk to be material due to the low levels of foreign currency transactions and nil borrowings.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

#### ***Credit Risk***

The Company's principal financial assets are bank balances and cash, trade and other debtors.

Credit risk arises on trade receivables and certain other receivables, a significant element of which relate to amounts owed by UK government bodies and in relation to which the directors consider the credit risk to be remote. Company policy is aimed at minimising credit risk and requires that deferred terms are granted only to non-government customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored, with customers subject to credit limits to ensure that the Company's exposure to bad debts is not significant.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### ***Liquidity Risk***

The Company's liquidity risk is managed through the Group's central purchasing and treasury function, with flexibility maintained by retaining surplus cash in readily accessible bank accounts and by bank overdraft facilities and control of Company indebtedness. Further, significant capital projects are normally funded by grant aid, with such projects requiring approval by both the Board and the Department for Infrastructure for Northern Ireland.

#### ***Dividends***

The directors do not recommend payment of a dividend (2021: £Nil).

#### ***Going Concern***

The Directors acknowledge the guidance on the 'Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks 2016' published by the Financial Reporting Council in April 2016, the FRC guidance "Update for Audit Committees: Issues arising from Current Economic Conditions", published in November 2010, and the June 2012 publication by the Panel of the Sharmán Inquiry entitled 'Final Report and Recommendations on Going Concern and Liquidity Risk', the content of which was incorporated by the FRC into its September 2014 update to the UK Corporate Governance Code.

The Company's business activities, together with the factors likely to affect its future development, performance and government funding are set out in the Strategic Report. Principal risks and uncertainties are detailed above.

As a wholly owned subsidiary of a Public Corporation, whose legal status is not expected to change in the immediate future, the Company receives financial support from Government in the form of capital grant support. In addition, the Company receives recompense for the carriage of concession groups.

Due to the continued impact of COVID-19 the Company has budgeted to generate a trading loss for 2022/23. It has received a commitment from the Permanent Secretary, Department for Infrastructure, that DfI will continue to work with Translink, and with the Department of Finance and the incoming Executive, to ensure that the necessary funding is in place for the 2022/23 financial year.

## **CITYBUS LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Going Concern (continued)**

The Balance Sheet shows shareholders' funds of £8.6m (2021: a deficit of £15.7m). This net funds position is after the group's retirement benefit obligation of £22.0m (2021: £40.2m). The obligation is long term and does not affect the company's cash flow in the short to medium term.

Given the Company's strategic objectives and future developments the directors recognise that security of a long-term funding strategy is key. On 1 April 2022 Translink and DfI signed a service agreement for the provision of public transport services for at least five years.

This agreement (with the Department for Infrastructure) includes a commitment that payment for these services will be maintained at such a level to ensure that as a minimum Translink is able to meet its going concern obligations. This has been a key consideration for the directors in assessing whether the accounts can be prepared on a going concern basis. Furthermore, a letter dated 13 June 2022 from the Permanent Secretary, Department for Infrastructure, reaffirms the Department's commitment to ensure that Translink remains a viable financial entity and states that there will be ongoing engagement with the NI Executive to secure sufficient funding for Translink in line with the Department's obligation to fund Translink in order to maintain its going concern status. On this basis, the directors believe that it is reasonable to assume that the Company has and will continue to have adequate resources to meet its anticipated liabilities as they fall due and to enable it to continue in operational existence for the foreseeable future. Accordingly, the Board has concluded that it is appropriate that the accounts are prepared on a going concern basis.

#### **Post balance sheet events**

There have been no events since the balance sheet date, to the date of this report that would require adjustment to or disclosure in the financial statements.

Approved by the Board of Directors on 15 June 2022 and signed on behalf of the Board:



**Mrs Priscilla Rooney**  
**Company Secretary**

22 Great Victoria Street  
Belfast  
BT2 7LX

## **CITYBUS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' report, Strategic 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 they have elected to prepare the financial statements in accordance with *FRS 101 Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors on 15 June 2022 and signed on behalf of the Board:



**Mrs Priscilla Rooney**  
**Company Secretary**

22 Great Victoria Street  
Belfast  
BT2 7LX



KPMG  
Audit  
The Soloist Building  
1 Lanyon Place  
Belfast BT1 3LP  
Northern Ireland

## Independent auditor's report to the members of Citybus Limited

### Report on the audit of the financial statements

#### **Opinion**

We have audited the financial statements of Citybus Limited ("the Company") for the year ended 27 March 2022 set out on pages 19 to 44, which comprise the profit and loss account, the statement of comprehensive income, the balance, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 27 March 2022 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 the date when the financial statements are authorised for issue.





## Independent auditor's report to the members of Citybus Limited *(continued)*

### Report on the audit of the financial statements *(continued)*

#### **Conclusions relating to going concern *(continued)***

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

#### **Detecting irregularities including fraud**

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board/audit committee minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.



## Independent auditor's report to the members of Citybus Limited *(continued)*

### Report on the audit of the financial statements *(continued)*

#### ***Detecting irregularities including fraud (continued)***

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### ***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

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

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.



## Independent auditor's report to the members of Citybus Limited *(continued)*

### Report on the audit of the financial statements *(continued)*

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

#### **Respective responsibilities and restrictions on use**

##### **Responsibilities of directors for the financial statements**

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 including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



**Independent auditor's report to the members of Citybus Limited (continued)**

**Report on the audit of the financial statements (continued)**

***The purpose of our audit work and to whom we owe our responsibilities***

Our 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.

**John Poole (Senior Statutory Auditor)**  
**for and on behalf of KPMG, Statutory Auditor**  
*Chartered Accountants*  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

**17 June 2022**

## CITYBUS LIMITED

### Profit and Loss Account for the 52 weeks ended 27 March 2022

	Notes	52 weeks ended 27 March 2022 £'000	52 weeks ended 28 March 2021 £'000
Turnover	3	61,056	64,068
Cost of sales		<u>(54,815)</u>	<u>(48,403)</u>
<b>Gross profit</b>		6,241	15,665
Administrative expenses		(3,584)	(3,236)
Fair value adjustment on fuel derivative	18	2,381	1,282
Other operating income		<u>131</u>	<u>-</u>
<b>Operating profit</b>	4	5,169	13,711
Other finance charges	17	<u>(937)</u>	<u>(875)</u>
<b>Profit before taxation</b>		4,232	12,836
Tax credit/(charge) on profit	6	<u>522</u>	<u>(2,359)</u>
<b>Profit for the financial period</b>		<u>4,754</u>	<u>10,477</u>

All reported results arise from continuing operations.

The notes on pages 23 to 44 form part of these financial statements.

# CITYBUS LIMITED

## Statement of Comprehensive Income for the 52 weeks ended 27 March 2022

	Notes	52 weeks ended 27 March 2022 £'000	52 weeks ended 28 March 2021 £'000
<b>Profit for the financial period</b>		<b>4,754</b>	<b>10,477</b>
<b>Other comprehensive income/(costs)</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial gains/(losses) on defined benefit pension schemes	17	24,066	(16)
Deferred tax on actuarial gains/(losses) on defined benefit pension schemes	6	(4,573)	3
<b>Other comprehensive income/(costs) for the period, net of tax</b>		<b>19,493</b>	<b>(13)</b>
<b>Total comprehensive income</b>		<b>24,247</b>	<b>10,464</b>

All reported results arise from continuing operations.

The notes on pages 23 to 44 form part of these financial statements.

# CITYBUS LIMITED

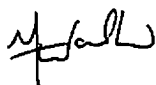
## Balance Sheet

as at 27 March 2022

	Notes	27 March 2022 £'000	28 March 2021 £'000
<b>Non current Assets</b>			
Tangible fixed assets	7	111,499	84,023
Deferred tax asset	6	5,393	7,972
Derivative financial instruments	18	593	24
		<b>117,485</b>	<b>92,019</b>
<b>Current assets</b>			
Stocks	8	447	468
Debtors	9	54,473	52,081
Derivative financial instruments	18	1,391	-
Cash and cash equivalents		27	27
		<b>56,338</b>	<b>52,576</b>
<b>Creditors: Amounts falling due within one year:</b>			
Trade and other payables	10	(28,895)	(33,304)
Derivative financial instruments	18	-	(356)
Current tax liability		(472)	(55)
Provisions	11	(3,413)	(2,974)
		<b>(32,780)</b>	<b>(36,689)</b>
<b>Net current assets</b>		<b>23,558</b>	<b>15,887</b>
<b>Total assets less current liabilities</b>		<b>141,043</b>	<b>107,906</b>
<b>Creditors: Amounts falling due after more than one year:</b>			
Employee benefit obligation	17	(22,040)	(40,209)
Deferred income	12	(110,410)	(83,286)
Derivative financial instruments	18	-	(65)
		<b>(132,450)</b>	<b>(123,560)</b>
<b>Net assets/(liabilities)</b>		<b>8,593</b>	<b>(15,654)</b>
<b>Capital and reserves</b>			
Called up share capital	16	9,278	9,278
Profit and loss account		(685)	(24,932)
<b>Total shareholders' funds/(deficit)</b>		<b>8,593</b>	<b>(15,654)</b>

The financial statements of Citybus Limited were approved by the board of Directors on 15 June 2022

Signed on behalf of the Board by:



Michael Wardlow (Chair)



Chris Conway (Group Chief Executive)

Company registration number: NI 009039

The notes on pages 23 to 44 form part of these financial statements.

## CITYBUS LIMITED

### Statement of Changes in Equity As at 27 March 2022

	Called up share capital £'000	Profit and Loss account £'000	Total £'000
Balance at 29 March 2020	9,278	(35,396)	(26,118)
Profit for the period	-	10,477	10,477
Other comprehensive income for the period	-	(13)	(13)
<b>Total comprehensive income for the period</b>	-	10,464	10,464
Balance at 28 March 2021	9,278	(24,932)	(15,654)
Profit for the period	-	4,754	4,754
Other comprehensive income for the period	-	19,493	19,493
<b>Total comprehensive income for the period</b>	-	24,247	24,247
Balance at 27 March 2022	9,278	(685)	8,593

The notes on pages 23 to 44 form part of these financial statements.



## CITYBUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022

#### 1. GENERAL INFORMATION

Citybus Limited is a Company incorporated, domiciled and registered in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations is set out in the strategic report on pages 2 to 8. The registered number is NI 009039.

These financial statements are presented in pounds sterling being the functional currency of the Company and all values are rounded to the nearest one thousand pounds except where otherwise noted.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Northern Ireland Transport Holding Company (NITHC). The group accounts of Northern Ireland Transport Holding Company are available to the public and can be obtained as set out in note 19.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) *Reduced Disclosure Framework* as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cashflow statement, standards not yet effective, impairment of assets, transactions with wholly owned subsidiaries, compensation for key management personnel, certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7.

Where relevant, equivalent disclosures have been given in the group accounts of Northern Ireland Transport Holding Company. The Group accounts of Northern Ireland Transport Holding Company are available to the public and can be obtained as set out in note 19.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

##### Going concern

The Company's business activities together with factors likely to affect its future developments are set out in the directors' report. On the basis of their assessment, the directors believe that the Company is well placed to manage its risks successfully.

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

## CITYBUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Tangible Fixed Assets

Tangible fixed assets held for use in the supply of goods or services to customers or for administration purposes are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis, over the useful lives of each tangible fixed asset. The estimated useful lives are as follows:

Long leasehold	- 20 - 30 years
Plant and equipment	- 5 years
Leasehold improvements	- 10 years
Buses (new)	- 15 - 16 years
Buses (second hand)	- Various
Coaches	- 9 years
Plant and machinery in buildings	- 10 years
Cars, vans and lorries	- 4 years
Ticket equipment	- 4 - 10 years

Depreciation commences when assets are ready for their intended use. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

At each balance sheet date, the carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognised for the amounts by which the carrying value of the asset exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use. An impairment loss or reversal of an impairment loss is recognised in the profit and loss.

##### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income.

##### *Current tax*

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account 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 by the balance sheet date.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## **CITYBUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Taxation (continued)**

##### *Deferred tax (continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Operating profit**

Operating profit is stated before finance income, finance costs, non-operational exceptional items and taxation.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT.

Turnover represents gross turnover earned from public transport services including amounts receivable from concessionary fares schemes. Revenues incidental to the Company's principal activity (including advertising income) are reported as other operating income.

Turnover is recognised by reference to the stage of completion of the customer's travel. Cash received for the sale of season tickets, travelcards and multi-journey smartcards is deferred within liabilities and recognised in the profit and loss over the period of the relevant ticket.

Income from advertising and other activities is recognised as income accrues (e.g. advertising sites let).

Finance income is recognised using the effective interest method as interest accrues.

## CITYBUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to income on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised as income against the expense line in which the related cost was incurred, in the period in which they become receivable.

##### Foreign currency

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The principal rates of exchange applied to the financial statements were:

	27 March 2022	28 March 2021
<i>Euro</i>		
Period-end rate	1.20	1.17
Average rate	1.19	1.12

##### Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As a lessee at commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components. The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option.

## **CITYBUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Leases (continued)**

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate, this has been assessed as 5%. Lease payments included in the measurement of the lease liability comprise the following: - fixed payments, including in-substance fixed payments; - variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date - amounts expected to be payable under a residual value guarantee; and - the exercise price under a purchase option that the Company is reasonably certain to exercise, - lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and - penalties for early termination of a lease unless the Company is reasonably certain not to terminate early. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised insubstance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

##### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### **Interest receivable and Interest payable**

Interest income, interest payable and similar expenses are recognised in profit or loss as it accrues.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Any surplus realised or expected to be realised on the settlement of claims, is included in the results for the period. Consequential loss claims, under criminal injuries legislation, are estimated and taken into account in determining the operating results, pending agreement with the Department of Justice.

The Company receives claims in respect of traffic incidents and employee claims. The Company protects against the cost of such claims through third party insurance policies. An element of the claims is not insured as a result of the "excess" or "deductible" on insurance policies.

## CITYBUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Provisions (continued)

Provision is made on a discounted basis for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date. The estimate of the balance sheet insurance provisions is based on an assessment of the expected settlement of known claims together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but for which claims have not yet been reported to the Company. The provision is set after taking account of advice from third party insurers and solicitors.

##### *Corporate Social Responsibility Provision*

Provision is made for obligations arising from the Company's current Environmental Contamination policy. The provision is set after taking advice from third party environmental technical advisors.

##### *Restructuring provisions*

Provisions for restructuring are recognised when the Company has a present legal or constructive obligation as a result of past events and a reliable estimate of associated costs can be made.

##### Stock

Stock represents consumable stores and is valued at the lower of weighted average cost and estimated net realisable value, after making due allowance for obsolete or slow-moving items.

##### Employee Benefits

The majority of employees of the Company are members of the Northern Ireland Local Government Officers' Superannuation Scheme which is a 'Multi-Employer' defined benefit pension scheme.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the straight-line basis, with updates to formal actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the other comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the net defined liability or asset at the beginning of the reporting period. Defined benefit costs are split into three categories:

- current service cost, past service cost and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The Company presents the first component of defined benefit costs within cost of sales and administrative expenses (see note 17) in its profit and loss account. Curtailments gains and losses are accounted for as past service cost.

Net interest expense or income is recognised within other finance income/costs.

The retirement benefit obligation recognised in the balance sheet represents the deficit or surplus in the defined benefit schemes.

## **CITYBUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Financial instruments**

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

##### **Financial assets**

The Company measures its financial assets on initial recognition at fair value and determines the classification of such assets at initial recognition and on any subsequent reclassification event. Where there is no active market for a financial asset, fair value is determined using valuation techniques including recent commercial transactions and discounted cash flows.

Financial assets that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

##### ***Financial assets at amortised cost***

The most significant financial assets in this category are trade and other receivables and bank deposits. Trade receivables are measured at amortised cost using the effective interest method, less any impairment.

##### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Bank deposits are included within cash and cash equivalents. Cash and cash equivalents, as defined for the cash flow statement, comprise cash on hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets approximates to their fair value.

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

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been negatively affected.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provisions account. When a trade receivable is considered uncollectible, it is written off against the related provisions account. Subsequent recoveries of amounts previously written off are credited to the profit and loss account. Changes in the carrying amount of the provisions account are recognised in profit or loss.

## **CITYBUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

##### ***Impairment of financial assets (continued)***

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

##### ***Derecognition of financial assets***

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **Financial liabilities**

Financial liabilities are classified according to the substance of the related contractual arrangement. When a financial liability is recognised initially, the Company measures it at its fair value net of transaction costs. Trade payables, other payables and borrowings are classified as "other financial liabilities". Subsequent measurement is at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

##### ***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### **Derivative financial instruments**

The company enters derivative financial instruments to manage its exposure to changes in fuel prices.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently re-measured at fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the cashflow hedge relationship. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Note 18 sets out details of the fair values of the derivative instruments used.



## **CITYBUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)**

#### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Cash at bank and in hand**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments.

##### **Trade and other payables**

Trade and other payables are generally not interest bearing and are stated at amortised cost which approximates to nominal value due to creditors days being relatively low.

##### **Share Capital**

Ordinary shares are classified as equity.

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial period are the measurement of tax assets and liabilities (including the recoverability of deferred tax assets), the measurement of retirement obligations, the measurement of insurance provisions and the measurement of the fair value of derivative financial instruments. The measurement of tax assets and liabilities requires an assessment to be made of the potential tax consequences of certain items that will only be resolved when agreed by the relevant tax authorities. The measurement of retirement benefit obligations requires the estimation of life expectancies, future changes in salaries, inflation, the expected return on scheme assets and the selection of a suitable discount rate (see note 17). The estimation of the insurance provision is based on an assessment of the expected settlement of known claims together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but for which claims have not been reported to the Company (see note 11). The estimation of the fair value of derivative financial instruments is based on information provided by banking institutions with high credit ratings.

##### **Newly adopted standards**

The following standards were effective for the Company for the first time from 31 March 2021 and have no transitional adjustments:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

## CITYBUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

#### 3. TURNOVER

Turnover mainly comprises income from passengers, concessionary and advertising income, excluding value added tax where applicable. Due to the nature of the Company's business, the origin and destination of turnover is the same in all cases. As the Company sells bus services to individuals, it has few customers that are individually "major". Its major customers are typically public bodies that subsidise or procure transport services – such customers would include the Department for Infrastructure and the Department of Education Northern Ireland. No geographical analysis of turnover over markets is provided as the directors consider that such disclosure would be seriously prejudicial to the interests of the Company.

#### 4. OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Depreciation of owned and leasehold property, plant & equipment	7,453	7,397
Provision for insurance claims	904	1,336
Profit on disposal of property, plant & equipment	(11)	(22)
Government grants released	(7,310)	(7,142)
Cost of stocks	7,521	5,384
Reorganisation costs	12	82
Fair value movements	(2,381)	(1,282)
Fees payable to the Company's auditor for the audit of the company's accounts:	15	9

Fees payable in respect of non-audit services are not required to be disclosed as the parent Company's consolidated financial statements have disclosed such fees on a consolidated basis.

#### 5. STAFF COSTS

	2022	2021
	£'000	£'000
Wages and salaries	31,199	29,578
Social security costs	3,057	2,836
Other pension costs	6,287	6,043
	<u>40,543</u>	<u>38,457</u>

Staff costs include reorganisation costs of £12,000 (2021: £82,000).

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

	2022	2021
	No.	No.
Operating staff	736	737
Maintenance staff	128	124
Administrative staff	26	26
	<u>890</u>	<u>887</u>
Total number of employees at the end of the period	<u>887</u>	<u>876</u>

There were no directors' emoluments accrued by the individuals or borne by the Company in the current or prior periods. The directors are paid by the parent company, NITHC.

# CITYBUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

### 6. TAXATION

(a) Analysis of tax charge/(credit) in the period	2022 £'000	2021 £'000
<b>Current Taxation:</b>		
UK corporation tax	1,386	1,444
UK corporation tax – group relief	80	(130)
Adjustments in respect of prior periods	6	-
<b>Total current tax</b>	<b>1,472</b>	<b>1,314</b>
<b>Deferred Taxation:</b>		
Origination and reversal of timing differences	(82)	802
Derivative financial instruments	572	243
Effect of change in tax rate	(2,490)	-
Adjustments in respect of prior periods	6	-
<b>Total deferred tax</b>	<b>(1,994)</b>	<b>1,045</b>
<b>Total tax</b>	<b>(522)</b>	<b>2,359</b>

Corporation tax is calculated at 19% (2021: 19%) of the estimated taxable profit for the period

#### (b) Factors affecting tax charge

The tax (credit)/charge for the period can be reconciled to the profit per the profit and loss account as follows:

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation	4,232	12,836
Tax at UK corporation tax rate 19% (2021: 19%)	804	2,439
Non-deductible expenditure (non-taxable income)	504	164
Derivative financial instruments	(572)	(244)
Adjustments to tax charge in respect of prior period	13	-
Effect of change in UK corporation tax rate	(1,271)	-
<b>Total tax (note 6(a))</b>	<b>(522)</b>	<b>2,359</b>

#### (c) Factors that may affect future tax changes

On 3 March 2021 the Chancellor of the Exchequer announced the intention to increase the corporation tax rate from 19% to 25% effective from 1 April 2023. This has now been substantively enacted and as a result a rate change adjustment has arisen in respect of deferred tax which is expected to unwind at the higher rate of 25%.

# CITYBUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

### 6. TAXATION (continued)

#### (d) Tax on items taken directly to other comprehensive income

In addition to the amount charged to the profit and loss, the following amounts relating to tax have been recognised in other comprehensive income:

	2022 £'000	2021 £'000
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
Actuarial (gains)/losses on defined benefit pension schemes	(4,573)	3

#### 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 period.

	Accelerated tax depreciation £'000	Other temporary differences/losses £'000	Retirement benefit obligations £'000	Derivative Financial Instruments £'000	Total £'000
<b>At 29 March 2020</b>	(92)	1,780	7,007	319	9,014
(Charge)/credit to profit and loss account	109	(1,541)	630	(243)	(1,045)
(Charge)/credit to other comprehensive income	-	-	3	-	3
<b>At 28 March 2021</b>	17	239	7,640	76	7,972
(Charge)/credit to profit and loss account	56	67	2,443	(572)	1,994
(Charge)/credit to other comprehensive income	-	-	(4,573)	-	(4,573)
<b>At 27 March 2022</b>	73	306	5,510	(496)	5,393

	2022 £'000	2021 £'000
<b>Deferred tax asset</b>	5,393	7,972
	<u>5,393</u>	<u>7,972</u>

# CITYBUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

### 7. TANGIBLE FIXED ASSETS

	Long Leasehold buildings £'000	Plant and equipment £'000	Vehicles £'000	Total £'000
<b>Cost:</b>				
At 28 March 2021	12,696	18,683	102,601	133,980
Additions	4,812	4,011	24,978	33,801
Disposals	-	(5)	(1,624)	(1,629)
Net Group transfers	117	(25)	1,891	1,983
<b>At 27 March 2022</b>	<b>17,625</b>	<b>22,664</b>	<b>127,846</b>	<b>168,135</b>
<b>Depreciation:</b>				
At 28 March 2021	4,587	12,825	32,545	49,957
Provided during the period	626	1,611	5,216	7,453
Disposals	-	(5)	(1,624)	(1,629)
Net Group transfers	-	-	855	855
<b>At 27 March 2022</b>	<b>5,213</b>	<b>14,431</b>	<b>36,992</b>	<b>56,636</b>
<b>Net book value</b>				
<b>At 27 March 2022</b>	<b>12,412</b>	<b>8,233</b>	<b>90,854</b>	<b>111,499</b>
At 28 March 2021	8,109	5,858	70,056	84,023

Included within the categories above are assets in the course of construction totalling £59.1m (2021: £28.3m) which are not being depreciated as they were not fully commissioned at the balance sheet date.

### 8. STOCK

Stock consists of various types of consumable stocks valued on a weighted average basis. The replacement cost of these stocks is not materially different from the valuation shown in the financial statements.

### 9. DEBTORS – DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade debtors	1,115	786
Amounts due from Group undertakings	28,572	39,874
Grants receivable	22,763	10,931
Other debtors	97	127
Prepayments and accrued income	1,926	363
	<b>54,473</b>	<b>52,081</b>

Amounts due from Group undertakings are unsecured, do not bear interest and are repayable on demand. Bad debt provision in the current period was £62,000 (2021: £23,000).

# CITYBUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

### 10. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Amounts due to Group undertakings	1,395	16,547
Amounts due to Group undertakings – Group relief	554	387
Other creditors	2,268	1,552
Capital accruals	16,244	10,696
Accruals and deferred income	8,434	4,122
	<u>28,895</u>	<u>33,304</u>

Included in other creditors is £699,000 (2021: £636,000) relating to outstanding contributions payable to the NILGOS Pension Scheme.

Amounts due to Group undertakings are unsecured, do not bear interest and are repayable on demand.

### 11. PROVISIONS FOR LIABILITIES

	Total £'000
Third party claims:	
At 29 March 2020	2,189
Utilised during period	(551)
Charged to profit and loss account	<u>1,336</u>
At 28 March 2021	2,974
Utilised during period	(465)
Charged to profit and loss account	<u>904</u>
At 27 March 2022	<u>3,413</u>

The third-party claims provision relates to the insurance excess or self-insured element of claims received. The provision is based upon the best estimate of the expenditure to settle each obligation. The timing of settlement is dependent on a number of factors including the courts, but most claims are expected to be settled within one year.

### 12. DEFERRED INCOME

	Deferred government grants	
	2022 £'000	2021 £'000
At start of period	83,286	60,492
Grants received	33,821	28,864
Net Group transfers	613	1,072
Transfer to profit and loss account	<u>(7,310)</u>	<u>(7,142)</u>
At end of period	<u>110,410</u>	<u>83,286</u>

Net Group transfers relate primarily to the transfer of deferred grant income on coaches and ticketing equipment transferred between companies.

## CITYBUS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

#### 13. CAPITAL COMMITMENTS

Capital commitments contracted for but not provided in the financial statements at the balance sheet date were £16.9m (2021: £35.2m).

#### 14. TRANSACTIONS INVOLVING DIRECTORS

No director during the period had any beneficial interest in the share capital of the Company. None of the directors had a material interest at any time during the period in any contract of significance in relation to the Company's business or any other material interest, required by law to be disclosed, in any transaction or arrangement with the Company.

#### 15. RELATED PARTY DISCLOSURES

The Company's parent undertaking, the Northern Ireland Transport Holding Company, is a public corporation sponsored by the Department for Infrastructure ("the Department"). The Department is regarded as a related party. During the period the Company has had various material transactions with the Department, including the receipt of capital grants of £34.4m (2021: £28.3m), concessionary fare compensation of £9.1m (2021: £5.1m) and other revenue funding including bus route subsidy and emergency COVID-19 funding of £30.1m (2021: £47.6m). As at the balance sheet date amounts owing by the Department were £1.9m (2021: £nil).

The Company is managed as an integral part of the Group with common shared services of Finance, Human Resources, Marketing and ICT Services which are charged across the Group. The Group has central purchasing and treasury functions and operates a single Purchase Ledger and uses one principal bank account. All irrecoverable intercompany balances are written off.

The company has taken advantage of the exemption granted by paragraphs 8 (j) and 8(k) of FRS 101 not to disclose all transactions with wholly owned group companies and compensation of key management personnel.

#### 16. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid

	2022 No.'000	2021 No. '000	2022 £'000	2021 £'000
Ordinary shares of £1 each	9,278	9,278	9,278	9,278

# CITYBUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

### 17. EMPLOYEE BENEFITS

#### (i) Description of the scheme

##### NILGOS Scheme

The Company participates in the Northern Ireland Local Government Officers' Superannuation ("NILGOS") scheme. The NILGOS scheme is a multi-employer defined benefit scheme, the assets of which are held in a separate fund.

Under the scheme, members are entitled to post-retirement benefits varying between one eightieth (plus lump sum of three eightieths) and one sixtieth of final pensionable salary on attainment of a retirement age of 65 years for service up to 31 March 2015 and to post-retirement benefits of one forty-ninth of pensionable salary in respect of each year on attainment of retirement age for service from 1 April 2015.

The NILGOS scheme exposes the group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The pension cost and funding arrangements are assessed in accordance with the advice of qualified actuaries using the projected unit credit method (an accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings). The latest triennial valuation of the entire NILGOS scheme was at 31 March 2019. The market value of the assets at the date of the valuation was £8,040 million and represented 112% of benefits accruing to members after allowing for expected future increase in earnings and pensions. The employers' contribution rate had been set at 20% following the previous valuation. The employers' contribution rate for the year commencing 1 April 2019 had been set at 19% along with additional deficit funding contributions amounting to £333k. The employer contribution rate for the year commencing 1 April 2020 and subsequent years has been set at 19.5%.

The directors have obtained an update from the 31 March 2019 NILGOS valuation to 27 March 2022 using the major assumptions set out below. This update was prepared by qualified actuaries employed by Mercer Limited.

NILGOS Scheme	2022	2021
Discount rate	2.8%	2.2%
Expected rate of salary increase	3.4%	3.0%
Future pension increases	3.1%	2.7%
Inflation (RPI)	3.5%	3.1%
Inflation (CPI)	3.1%	2.7%

#### Mortality assumptions:

	2022 Years	2021 Years
Retiring today:		
Males	22.0	21.9
Females	25.2	25.2
Retiring in 20 years:		
Males	23.4	23.3
Females	26.6	26.5



# CITYBUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

### 17. EMPLOYEE BENEFITS (continued)

#### (i) Description of the scheme (continued)

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period assuming all other assumptions are held constant:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 5.1% (£12.0m)
Rate of salary growth	Increase/decrease by 0.25%	Increase/decrease by 1.6% (£3.8m)
Rate of inflation (CPI)	Increase/decrease by 0.25%	Increase/decrease by 4.5% (£10.5m)
Rate of mortality	Increase by 1 year	Increase by 3.0% (£7.1m)

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases that both depend to a certain extent on expected inflation rates. The above analysis does not take the effect of these interrelationships into account.

#### (ii) Amounts recognised in income

Amounts recognised in income in respect of this defined benefit scheme are as follows:

	2022 £'000	2021 £'000
<b>Components of defined benefit cost</b>		
Current service cost	9,635	6,912
Past service cost	-	-
	<u>9,635</u>	<u>6,912</u>
Interest cost	5,196	4,583
Interest income on plan assets	(4,259)	(3,708)
Total net interest cost	<u>937</u>	<u>875</u>
Administrative expenses and taxes	132	125
Insurance premiums for risk benefits	529	500
<b>Defined benefit cost included in profit and loss account</b>	<u>11,233</u>	<u>8,412</u>
<b>Remeasurements (recognised in other comprehensive income)</b>		
Effect of changes in demographic assumptions	-	-
Effect of changes in financial assumptions	(10,590)	27,322
Effect of experience adjustments	-	-
Return on plan assets (excluding interest income)	(13,476)	(27,306)
<b>Total measurements included in other comprehensive income</b>	<u>(24,066)</u>	<u>16</u>
<b>Total pension (credit)/cost recognised in profit and loss account and other comprehensive income</b>	<u>(12,833)</u>	<u>8,428</u>

Of the expense for the period (service cost), £9.4m (2021: £6.7m) has been included in cost of sales and the remainder has been included within administrative expenses.

The actual return on plan assets for the Company was £17.3m (2021: £31.0m).

The gross cumulative amount of actuarial gains and losses recognised in other comprehensive income is gains of £3.1m (2021: losses of £21.0m).

# CITYBUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

### 17. EMPLOYEE BENEFITS (continued)

#### (iii) Amounts included within the balance sheet

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	2022 £'000	2021 £'000
Present value of funded defined benefit obligations	(234,049)	(233,088)
Fair value of scheme assets	212,009	192,879
Net liability arising from defined benefit obligation	<u>(22,040)</u>	<u>(40,209)</u>

#### (iv) Movements in present value of defined benefit obligation

Movements in the present value of defined benefit obligation in the current period were as follows:

	2022 £'000	2021 £'000
At start of period	233,088	197,493
<u>Service cost</u>		
Current service cost	9,635	6,912
Past service cost	-	-
Administrative expenses	132	125
Insurance premiums for risk benefits	529	500
<u>Interest cost</u>	5,196	4,583
<u>Cash flows</u>		
Benefits paid	(4,974)	(4,821)
Contributions from plan participants	1,694	1,599
Administrative expenses	(132)	(125)
Insurance premiums for risk benefits	(529)	(500)
<u>Actuarial gains and losses</u>	(10,590)	27,322
At end of period	<u>234,049</u>	<u>233,088</u>

The defined benefit obligations shown in the above tables are 91% funded.

Expected contributions to the scheme in the next annual reporting period are £5.3m (2021: £5.1m).

# CITYBUS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)

### 17. EMPLOYEE BENEFITS (continued)

#### (v) Movements in fair value and analysis of scheme assets

Movements in the fair value of scheme assets were as follows:

	2022 £'000	2021 £'000
At start of period	192,879	160,613
<u>Interest income</u>	4,259	3,708
<u>Cash flows</u>		
Employer contributions	5,336	5,099
Contributions from scheme members	1,694	1,599
Benefits paid	(4,974)	(4,821)
Administrative expenses paid from plan assets	(132)	(125)
Insurance premiums for risk benefits	(529)	(500)
<u>Return on plan assets (excluding interest income)</u>	13,476	27,306
Rebasing to 2019 valuation data		-
<b>At end of period</b>	<b>212,009</b>	<b>192,879</b>

The major categories of plan assets at the end of the reporting period for each category, are as follows:

	Fair value of assets	
	2022 £m	2021 £m
Equity instruments	90.9	89.1
Debt instruments	83.0	69.0
Property	21.2	17.2
Other	16.9	17.6
	<b>212.0</b>	<b>192.9</b>

# NOTES TO THE FINANCIAL STATEMENTS

## for the 52 weeks ended 27 March 2022 (continued)

### 18. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments accounted for at fair value

Financial instruments that are measured in the balance sheet at fair value are disclosed by level of the following fair value measurement hierarchy:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and

*Level 3* – Valuation techniques that include inputs for the assets or liability that are not based on observable data (that is, unobservable inputs).

The following table presents the Company's financial instruments that are measured subsequent to initial recognition at fair value within the hierarchy.

	At 27 March 2022		At 28 March 2021	
	Level 2	Total	Level 2	Total
	£'000	£'000	£'000	£'000
<b>Financial assets at FVTPL</b>				
Derivative financial assets				
Due within one year	1,391	1,391	-	-
Due after more than one year	593	593	24	24
Total	1,984	1,984	24	24
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities				
Due within one year	-	-	(356)	(356)
Due after more than one year	-	-	(65)	(65)
Total	-	-	(421)	(421)
<b>Derivative financial instruments</b>				
	Level 2	Total	Level 2	Total
	£'000	£'000	£'000	£'000
Opening fair value	(397)	(397)	(1,679)	(1,679)
New trades	914	914	22	22
Trades settled	38	38	54	54
Movement in fair value	1,429	1,429	1,206	1,206
Closing fair value	1,984	1,984	(397)	(397)

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 27 March 2022 (continued)**

**18. FINANCIAL INSTRUMENTS (continued)**

Loss for the period has been arrived at after charging/(crediting):

	At 27 March 2022		At 28 March 2021	
	Level 2 £'000	Total £'000	Level 2 £'000	Total £'000
<i>Financial instruments at FVTPL</i>				
Derivative financial assets	2,381	2,381	(24)	(24)
Derivative financial liabilities	-	-	(1,258)	(1,258)
Total	2,381	2,381	(1,282)	(1,282)

**(b) Valuation techniques and assumptions applied for the purposes of measuring fair value**

The fair value of financial assets and liabilities are determined as follows: -

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

**(c) Derivatives**

The Company enters into derivative financial instruments in the ordinary course of business in order to manage market risk, in the form of fuel price risk. All such transactions are carried out within the guidelines set by the Board. Market risk exposures are measured using sensitivity analysis.

The Company's overall fuel costs include the impact of delivery margins, fuel taxes and fuel tax rebates. These elements of fuel costs are not managed as part of the Group Finance's fuel price risk management and are managed directly by business unit management.

The Group uses a number of fuel derivatives to hedge against movements in price of the different types of fuel used in bus and rail operations. The fuel derivatives hedge the underlying commodity price (denominated in US\$), they also hedge the currency risk due to the commodity being priced in US\$ and the functional currency of the two divisions being pounds sterling.

Volume at risk for the year ended 27 March 2022 is 7 million litres (2021: nil million litres) for which 83% is hedged (2021: 100%).

If all the relevant fuel prices were 50% higher at the balance sheet date, the profit before taxation would be reduced by £307,000 (2021: £nil).

## **CITYBUS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 27 March 2022 (continued)**

#### **19. ULTIMATE PARENT UNDERTAKING**

The Company's immediate and ultimate parent undertaking is the Northern Ireland Transport Holding Company, a body corporate established under the Transport Act (Northern Ireland) 1967. This is the parent undertaking of the largest and smallest Group of which the Company is a member and for which Group financial statements are prepared. Copies of these may be obtained from 22 Great Victoria Street, Belfast.

#### **20. POST BALANCE SHEET EVENTS**

No matters have arisen since the period end, to the date of this report, that require adjustment to, or disclosure in, the financial statements.