

McGill's Bus Service Limited
Strategic Report, Report of the Directors and
Financial Statements
for the Period
1 January 2018 to 30 December 2018



**Contents of the Financial Statements
for the Period 1 January 2018 to 30 December 2018**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13

McGill's Bus Service Limited

**Company Information
for the Period 1 January 2018 to 30 December 2018**

DIRECTORS:

AB Easdale
R Roberts
J Easdale
D R Martin

REGISTERED OFFICE:

99 Earnhill Road
Larkfield Industrial Estate
Greenock
PA16 0EQ

REGISTERED NUMBER:

SC027238 (Scotland)

**SENIOR STATUTORY
AUDITOR:**

John Henderson

AUDITORS:

Henderson & Company
Statutory Auditor
73 Union Street
Greenock
Renfrewshire
PA16 8BG

**Strategic Report
for the Period 1 January 2018 to 30 December 2018**

The directors present their strategic report for the period 1 January 2018 to 30 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the company are to provide urban, rural and inter-city stage carriage bus services across a wide geographical area from Largs on the Clyde coast through Inverclyde, Renfrewshire, East Renfrewshire, Glasgow, North Lanarkshire and South Lanarkshire.

REVIEW OF BUSINESS

2018 sees a continuation of the patronage decline that has prevailed in the industry since 2015. This decline was driven by low retail activity brought on by the decline of the High Street and car centric transport policies that favours the car and makes the bus less attractive through longer and more disrupted journey times.

Turnover is down 4% and admin charges have declined by 27%. This has been achieved by rebalancing the service network to suit demand and make key corridors more efficient. Inevitably, the majority of cost pressures are outwith the control of the business and larger internal inputs are required to make ever smaller changes.

Government policy at national and local level favours the car and train with the bulk of infrastructure investment going to those two modes. Buses deliver 74% of public transport journeys yet this mode receives peppercorn levels of infrastructure investment. Dialogue is ongoing with government at a national level to release more funding for the bus user but local government see this as a high risk activity as it will bring voter backlash from car users. Local politicians need to remember that bus users are also voters.

The bulk of business revenues are earned in the local authority area which has the highest car ownership in Scotland - Renfrewshire - so it is unsurprising that this local authority chooses this polluting mode over green public transport when looking at where they spend their budget. Road traffic is up 29% since 1990 and this is the unsurprising conclusion of these car centric policies.

Given the climate emergency now declared, local authorities need to focus on their published transport hierarchies and prioritise the bus over the car. Buses are the answer to congestion and poor air quality whereas the car is the cause of them. More bus shelters, more bus priority, more parking management, better road works management and transferring the true cost of motoring to car users is the key to a vibrant public transport system that helps invigorate local economies and leads to healthier, wealthier lives for the public.

PRINCIPAL RISKS AND UNCERTAINTIES

1. Operational Risks

The biggest uncertainty the company faces is the inability to predict journey times on certain routes due to congestion, road works and other unpredictable events on the roads infrastructure outwith our control.

2. Commercial Risks

The structure and operational set up of the company is designed to minimise commercial risk. External factors such as fuel price and competition for contracts have been carefully managed in the year and any movements have been flattened out in order to minimise the impact upon customers.

3. Financial Risks

There are many external factors that create financial risks, but our focussed and skilled management team are able to take timely and decisive action to mitigate these factors and maintain our performance.

**Strategic Report
for the Period 1 January 2018 to 30 December 2018**

KEY PERFORMANCE INDICATORS

A range of key performance indicators covering safety, operational, financial, and commercial disciplines are in use and have proved crucial in allowing management to take early corrective action where required.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to be 'R Roberts', with a large, stylized initial 'R'.

R ROBERTS
Director

24 September 2019

**Report of the Directors
for the Period 1 January 2018 to 30 December 2018**

The directors present their report with the financial statements of the company for the period 1 January 2018 to 30 December 2018.

DIVIDENDS

No dividends will be distributed for the period ended 30 December 2018.

FUTURE DEVELOPMENTS

The directors are engaged in an ongoing review of the business in order to balance the service provision with the market conditions. Growth is being experienced on key routes as these actions are implemented and the underlying position is positive.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

AB Easdale
R Roberts
J Easdale
D R Martin

DISABLED EMPLOYEES

Disabled persons are given full and fair consideration for all types of vacancies. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain the employee in employment. Where appropriate assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except in so far as such opportunities are constrained by the practical limitation of their disability.

EMPLOYEE INVOLVEMENT

Regular meetings between department heads and directors take place whereby ongoing company policies are monitored. The directors recognise the importance of good communications and relations with employees and are committed to maintaining a working environment where staff are individually valued and recognised.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Report of the Directors
for the Period 1 January 2018 to 30 December 2018**

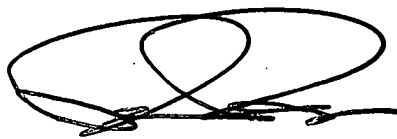
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Henderson & Company, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line and a small flourish.

R ROBERTS
Director

24 September 2019

Report of the Independent Auditors to the Members of McGill's Bus Service Limited

Opinion

We have audited the financial statements of McGill's Bus Service Limited (the 'company') for the period ended 30 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of McGill's Bus Service Limited

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of Directors

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 Henderson (Senior Statutory Auditor)
for and on behalf of Henderson & Company
Statutory Auditor
73 Union Street
Greenock
Renfrewshire
PA16 8BG

25 September 2019

**Statement of Comprehensive Income
for the Period 1 January 2018 to 30 December 2018**

		Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
	Notes		
TURNOVER		37,992,716	39,537,712
Cost of Sales		<u>29,879,879</u>	<u>30,240,469</u>
GROSS PROFIT		8,112,837	9,297,243
Administrative Expenses		<u>6,418,941</u>	<u>8,786,091</u>
		1,693,896	511,152
Other Operating Income		<u>125,788</u>	<u>394,776</u>
OPERATING PROFIT	4	1,819,684	905,928
Interest Receivable and Similar Income		<u>10,486</u>	<u>5,083</u>
		1,830,170	911,011
Interest Payable and Similar Expenses	5	<u>431,697</u>	<u>526,955</u>
PROFIT BEFORE TAXATION		1,398,473	384,056
Tax on Profit	6	<u>337,334</u>	<u>276,511</u>
PROFIT FOR THE FINANCIAL PERIOD		1,061,139	107,545
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>1,061,139</u></u>	<u><u>107,545</u></u>

McGill's Bus Service Limited (Registered number: SC027238)

Balance Sheet
30 December 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible Assets	8	-	175,985
Tangible Assets	9	14,081,812	15,037,271
Investments	10	<u>160,004</u>	<u>4</u>
		14,241,816	15,213,260
CURRENT ASSETS			
Stocks	11	129,955	213,774
Debtors	12	4,419,826	3,988,162
Cash at Bank and in Hand		<u>3,551,952</u>	<u>3,201,521</u>
		8,101,733	7,403,457
CREDITORS			
Amounts falling due within one year	13	<u>6,832,658</u>	<u>6,526,193</u>
NET CURRENT ASSETS		<u>1,269,075</u>	<u>877,264</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,510,891	16,090,524
CREDITORS			
Amounts falling due after more than one year	14	(4,662,002)	(6,223,971)
PROVISIONS FOR LIABILITIES	18	<u>(455,748)</u>	<u>(534,551)</u>
NET ASSETS		<u>10,393,141</u>	<u>9,332,002</u>
CAPITAL AND RESERVES			
Called Up Share Capital	19	19,000	19,000
Capital Redemption Reserve	20	6,000	6,000
Other Reserves	20	7,000	7,000
Retained Earnings	20	<u>10,361,141</u>	<u>9,300,002</u>
SHAREHOLDERS' FUNDS		<u>10,393,141</u>	<u>9,332,002</u>

The financial statements were approved by the Board of Directors on 24 September 2019 and were signed on its behalf by:



R ROBERTS
Director

The notes form part of these financial statements

McGill's Bus Service Limited (Registered number: SC027238)

Statement of Changes in Equity
for the Period 1 January 2018 to 30 December 2018

	Called up Share Capital £	Retained Earnings £	Revaluation Reserve £
Balance at 2 January 2017	19,000	12,376,358	164,470
Changes in Equity			
Dividends	-	(3,348,371)	-
Total Comprehensive Income	-	272,015	(164,470)
Balance at 31 December 2017	19,000	9,300,002	-
Changes in equity			
Total Comprehensive Income	-	1,061,139	-
Balance at 30 December 2018	19,000	10,361,141	-
	Capital Redemption Reserve £	Other Reserves £	Total Equity £
Balance at 2 January 2017	6,000	7,000	12,572,828
Changes in equity			
Dividends	-	-	(3,348,371)
Total Comprehensive Income	-	-	107,545
Balance at 31 December 2017	6,000	7,000	9,332,002
Changes in equity			
Total Comprehensive Income	-	-	1,061,139
Balance at 30 December 2018	6,000	7,000	10,393,141

Cash Flow Statement
for the Period 1 January 2018 to 30 December 2018

	Notes	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Cash Flows from Operating Activities			
Cash Generated From Operations	1	4,457,187	5,732,490
Interest Paid		(42,475)	(78,464)
Interest Element Of Hire Purchase Payments Paid		(389,222)	(448,491)
Tax Paid		<u>(371,284)</u>	<u>(525,914)</u>
Net Cash from Operating Activities		<u>3,654,206</u>	<u>4,679,621</u>
Cash Flows from Investing Activities			
Purchase of Tangible Fixed Assets		(284,491)	(353,475)
Purchase of Fixed Asset Investments		(160,000)	-
Sale of Tangible Fixed Assets		-	42,500
Sale of Investment Property		-	3,191,680
Interest Received		<u>10,486</u>	<u>5,083</u>
Net Cash from Investing Activities		<u>(434,005)</u>	<u>2,885,788</u>
Cash Flows from Financing Activities			
Loan Repayments in Year		(560,000)	(1,581,000)
Capital Repayments in Year		(2,309,770)	(2,238,415)
Equity Dividends Paid		<u>-</u>	<u>(3,348,371)</u>
Net Cash from Financing Activities		<u>(2,869,770)</u>	<u>(7,167,786)</u>
Increase in Cash and Cash Equivalents			
		350,431	397,623
Cash and Cash Equivalents at Beginning of Period	2	<u>3,201,521</u>	<u>2,803,898</u>
Cash and Cash Equivalents at End of Period	2	<u><u>3,551,952</u></u>	<u><u>3,201,521</u></u>

**Notes to the Cash Flow Statement
for the Period 1 January 2018 to 30 December 2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Profit Before Taxation	1,398,473	384,056
Depreciation Charges	2,950,795	5,036,607
Loss on Disposal of Fixed Assets	-	765
Finance Costs	431,697	526,955
Finance income	<u>(10,486)</u>	<u>(5,083)</u>
	4,770,479	5,943,300
Decrease/(Increase) in Stocks	83,819	(65,189)
(Increase)/Decrease in Trade and Other Debtors	(431,664)	290,822
Increase/(Decrease) in Trade and Other Creditors	<u>34,553</u>	<u>(436,443)</u>
Cash Generated from Operations	<u>4,457,187</u>	<u>5,732,490</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 30 December 2018

	30.12.18 £	1.1.18 £
Cash and Cash Equivalents	<u>3,551,952</u>	<u>3,201,521</u>

Period ended 31 December 2017

	31.12.17 £	2.1.17 £
Cash and Cash Equivalents	<u>3,201,521</u>	<u>2,803,898</u>

**Notes to the Financial Statements
for the Period 1 January 2018 to 30 December 2018**

1. STATUTORY INFORMATION

McGill's Bus Service Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of Preparing the Financial Statements

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. These financial statements have been prepared under the historical cost convention in accordance with the accounting policies set out below.

Significant Judgements and Estimates

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 both current and future periods.

Turnover

Turnover consists of the gross revenue for road passenger transport together with the aggregate amounts receivable for other services supplied in the ordinary course of business, excluding value added tax. Income is accrued where it is earned in an earlier period to that in which it is billed or received in cash. Income is deferred where it is received in an earlier period than that to which it relates.

Goodwill

Goodwill arising on acquisition of a business is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight line basis over its useful economic life up to a presumed maximum of 10 years.

Intangible Assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold Property	- Over 50 years
Plant and Machinery	- Over 14 years
Fixtures and Fittings	- Over 3 to 14 years
Motor Vehicles	- Over 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate or if there is an indication of significant change since the last reporting date.

Investment properties are stated in the statement of financial position at their revalued amounts. Revaluations are carried out regularly so that carrying amounts do not materially differ from fair value at the date of financial position. Any revaluation increase or decrease on investment properties is credited to other reserves.

Investments in Subsidiaries

Investments in subsidiary undertakings are recognised at cost.

**Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018**

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire Purchase and Leasing Commitments

Assets held under finance lease and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straightline basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Defined Contribution Pension Plan

The company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plan are held separately from the company in independently administered funds.

Investments

Fixed asset investments are shown at cost less any amounts written off for impairment. An impairment loss is recognised for the amount by which the carrying amount of the net investment exceeds its recoverable amount, being the higher of net realisable value and value in use.

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018

2. ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position bank overdrafts are shown within borrowings in current liabilities.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value and thereafter stated at amortised cost using the effective interest method, less any impairment.

Creditors

Basic financial instruments, including preference shares that are classified as debt, are measured at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is initially measured at fair value and subsequently at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

3. EMPLOYEES AND DIRECTORS

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Wages and Salaries	18,981,137	19,527,173
Social Security Costs	1,710,223	1,835,718
Other Pension Costs	271,578	157,863
	<u>20,962,938</u>	<u>21,520,754</u>

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

	Period 1.1.18 to 30.12.18	Period 2.1.17 to 31.12.17
Directors	4	3
Office	38	37
Drivers and Mechanics	<u>725</u>	<u>774</u>
	<u>767</u>	<u>814</u>

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018

3. EMPLOYEES AND DIRECTORS - continued

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Directors' Remuneration	474,034	402,162
Directors' Pension Contributions to Money Purchase Schemes	<u>30,110</u>	<u>1,115</u>

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

Money Purchase Schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Emoluments Etc	165,629	165,121
Pension Contributions to Money Purchase Schemes	<u>14,704</u>	<u>371</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Operating Lease Rentals - plant and Machinery	307,513	157,534
Depreciation - Owned Assets	1,004,359	1,352,419
Depreciation - Assets on Hire Purchase Contracts	1,770,451	1,683,363
Loss on Disposal of Fixed Assets	-	765
Goodwill Amortisation	175,985	2,000,824
Auditors' Remuneration	17,000	17,000
Accountancy Fees	<u>19,750</u>	<u>19,750</u>

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Bank Loan Interest	33,371	69,057
Default Interest	9,104	9,407
Hire Purchase	<u>389,222</u>	<u>448,491</u>
	<u>431,697</u>	<u>526,955</u>

6. TAXATION

Analysis of the Tax Charge

The tax charge on the profit for the period was as follows:

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Current Tax:		
UK Corporation Tax	416,137	379,547
Deferred Tax	<u>(78,803)</u>	<u>(103,036)</u>
Tax on Profit	<u>337,334</u>	<u>276,511</u>

Reconciliation of Total Tax Charge Included in Profit and Loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Profit Before Tax	<u>1,398,473</u>	<u>384,056</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	265,710	72,971
Effects of:		
Expenses Not Deductible for Tax Purposes	31,653	60,570
Income not Taxable for Tax Purposes	(7,224)	(7,220)
Depreciation in Excess of Capital Allowances	125,998	248,404
Investment Property		
Tax Rate Change in year	-	4,822
Deferred Tax	<u>(78,803)</u>	<u>(103,036)</u>
Total Tax Charge	<u>337,334</u>	<u>276,511</u>

**Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018**

7. DIVIDENDS

	Period 1.1.18 to 30.12.18 £	Period 2.1.17 to 31.12.17 £
Ordinary Shares of £1 each		
Final	-	<u>3,348,371</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2018 and 30 December 2018	<u>11,560,724</u>
AMORTISATION	
At 1 January 2018	11,384,739
Amortisation for period	<u>175,985</u>
At 30 December 2018	<u>11,560,724</u>
NET BOOK VALUE	
At 30 December 2018	<u>-</u>
At 31 December 2017	<u>175,985</u>

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant and Machinery £	Fixtures and Fittings £	Motor Vehicles £	Totals £
COST					
At 1 January 2018	2,509,970	2,300,308	401,948	26,017,002	31,229,228
Additions	<u>-</u>	<u>88,222</u>	<u>174,229</u>	<u>1,556,900</u>	<u>1,819,351</u>
At 30 December 2018	<u>2,509,970</u>	<u>2,388,530</u>	<u>576,177</u>	<u>27,573,902</u>	<u>33,048,579</u>
DEPRECIATION					
At 1 January 2018	342,844	777,775	254,282	14,817,056	16,191,957
Charge for period	<u>50,194</u>	<u>260,384</u>	<u>56,438</u>	<u>2,407,794</u>	<u>2,774,810</u>
At 30 December 2018	<u>393,038</u>	<u>1,038,159</u>	<u>310,720</u>	<u>17,224,850</u>	<u>18,966,767</u>
NET BOOK VALUE					
At 30 December 2018	<u>2,116,932</u>	<u>1,350,371</u>	<u>265,457</u>	<u>10,349,052</u>	<u>14,081,812</u>
At 31 December 2017	<u>2,167,126</u>	<u>1,522,533</u>	<u>147,666</u>	<u>11,199,946</u>	<u>15,037,271</u>

The written down value of tangible fixed assets includes £9,020,637 (2017 - £9,618,113) in respect of assets held under hire purchase agreements.

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018

10. **FIXED ASSET INVESTMENTS**

	Shares in Group Undertakings £
COST	
At 1 January 2018	4
Additions	<u>160,000</u>
At 30 December 2018	<u>160,004</u>
NET BOOK VALUE	
At 30 December 2018	<u>160,004</u>
At 31 December 2017	<u>4</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Smoothie Cruisers Ltd

Registered office: 99 Earnhill Road, Greenock, PA16 0EQ

Nature of business: Dormant

	%
Class of Shares:	Holding
Ordinary	100.00

McGill's City Connect Ltd

Registered office: 99 Earnhill Road, Greenock, PA16 0EQ

Nature of business: Dormant

	%
Class of Shares:	Holding
Ordinary	100.00

Loch Lomond Bus Services Ltd

Registered office: 99 Earnhill Road, Greenock, PA16 0EQ

Nature of business: Passenger Transport

	%
Class of Shares:	Holding
Ordinary	100.00

Accident Repair Centre (Scotland) Limited

Registered office: 15 Ingleston Street, Greenock, PA15 4UQ

Nature of business: Vehicle Hire

	%
Class of Shares:	Holding
Ordinary	100.00

All Commercial Parts Ltd

Registered office: 99 Earnhill Road, Greenock, PA16 0EQ

Nature of business: Stock Procurement

	%
Class of Shares:	Holding
Ordinary	100.00

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018

10. **FIXED ASSET INVESTMENTS - continued**

Glasgow Smartzone Ticketing Limited
Registered office: 1 Union Wynd, Aberdeen, AB10 1DQ
Nature of business: Ticketing Systems

Class of shares:	%
Ordinary	Holding 26.00

11. **STOCKS**

	2018	2017
	£	£
Stocks	<u>129,955</u>	<u>213,774</u>

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£	£
Trade Debtors	372,195	1,043,041
Amounts Owed by Group Undertakings	2,215,855	1,874,582
Other Debtors	1,294,372	692,992
VAT	237,344	188,609
Prepayments and Accrued Income	<u>300,060</u>	<u>188,938</u>
	<u>4,419,826</u>	<u>3,988,162</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£	£
Bank Loans and Overdrafts (see note 15)	760,000	560,000
Hire Purchase Contracts (see note 16)	2,148,037	2,120,978
Trade Creditors	766,598	816,841
Amounts Owed to Group Undertakings	-	414,898
Tax	680,965	636,112
Social Security and Other Taxes	847,426	437,984
Other Creditors	918,381	693,996
Accruals and Deferred Income	<u>711,251</u>	<u>845,384</u>
	<u>6,832,658</u>	<u>6,526,193</u>

14. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018	2017
	£	£
Bank Loans (see note 15)	-	760,000
Hire Purchase Contracts (see note 16)	<u>4,662,002</u>	<u>5,463,971</u>
	<u>4,662,002</u>	<u>6,223,971</u>

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018

15. LOANS

An analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year or on demand:		
Bank Loans	<u>760,000</u>	<u>560,000</u>
Amounts falling due between one and two years:		
Bank Loans - 1-2 years	<u>-</u>	<u>560,000</u>
Amounts falling due between two and five years:		
Bank Loans - 2-5 years	<u>-</u>	<u>200,000</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire Purchase Contracts 2018 £	2017 £
Net Obligations Repayable:		
Within one year	2,148,037	2,120,978
Between one and five years	<u>4,662,002</u>	<u>5,463,971</u>
	<u>6,810,039</u>	<u>7,584,949</u>
	Non-Cancellable Operating Leases	
	2018 £	2017 £
Within one year	367,311	147,298
Between one and five years	<u>1,002,238</u>	<u>172,105</u>
	<u>1,369,549</u>	<u>319,403</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2018 £	2017 £
Bank Loans	<u>760,000</u>	<u>1,320,000</u>

The bank overdraft and loan are secured by a floating charge over the assets and undertakings of the company and a standard security over the company's property.

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 December 2018

18. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Deferred Tax	<u>455,748</u>	<u>534,551</u>
		Deferred tax £
Balance at 1 January 2018		534,551
Provided during period		<u>(78,803)</u>
Balance at 30 December 2018		<u>455,748</u>

The deferred tax provision, which is comprised of accelerated capital allowances, is calculated assuming a corporation tax rate of 19% (2017 -19%).

19. CALLED UP SHARE CAPITAL

Allotted, Issued and Fully Paid:

Number:	Class:	Nominal Value:	2018 £	2017 £
19,000	Ordinary	£1	<u>19,000</u>	<u>19,000</u>

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. RESERVES

	Retained Earnings £	Capital Redemption Reserve £	Other serves £	Totals £
At 1 January 2018	9,300,002	6,000	7,000	9,313,002
Profit for the period	<u>1,061,139</u>			<u>1,061,139</u>
At 30 December 2018	<u>10,361,141</u>	<u>6,000</u>	<u>7,000</u>	<u>10,374,141</u>

21. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Arranglen Limited, a company registered in Scotland. Arranglen Limited is a wholly owned subsidiary of Dalglen (No 1812) Limited, a company registered in Scotland. Both of these companies have their registered office at 99 Earnhill Road, Greenock, PA16 0EQ.

Dalglen (No 1812) Limited is a private limited company and its does not have an ultimate controlling party.

22. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

At 30 December 2018 two directors owed the company a total of £333,307 (2017 - £158,209). Both of these loans are interest free.