Busways Travel Services Limited

Financial statements for the 52 week period ended 30 April 2022

Registered number: 02295227

Strategic report

For the 52 week period ended 30 April 2022

The directors present their strategic report on the Company for the period ended 30 April 2022.

Review of the business

Busways Travel Services Limited ("the Company") is a public transport operator, operating predominantly local bus services in and around the Tyne & Wear and adjacent areas. The Company operates a fleet of 362 buses (2021: 364) and employs 1,024 people (2021: 1,043).

Results and performance

The Company has delivered a solid set of results with revenue growth following the increase in passenger levels as demand for public transport increases as we move out of the COVID-19 pandemic.

The results of the Company for the period ended 30 April 2022 show a profit on ordinary activities before taxation of £4,565,000 (2021: loss of £23,357,000) and revenue of £46,721,000 (2021: £34,775,000). In the prior period, the loss for the period includes an exceptional charge of £25,373,000 relating to the settlement of the Company's obligations to the Tyne & Wear LGPS (see note 6). The Company has net assets of £43,812,000 (2021: £29,444,000).

The Company continues to build on the commercial strategy of competitive fares, investment and high customer service which has maintained our presence in the region.

Business environment

The Company operates predominantly local bus services, and carried around 95,000 passengers a day (2021: 56,000). These services are mainly operated on a commercial basis in a largely deregulated market. The Company also operates tendered services, including school contracts, on behalf of local authorities and other public bodies. The Company works closely with local authorities, passengers and other stakeholders. The Company benefits from being part of the UK Bus (regional operations) Division of Stagecoach Group Limited (formerly Stagecoach Group plc) ("the Group"), a nationwide public transport operator.

Business culture

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

Strategy

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

Qualified audit opinion

Ernst & Young, our auditor, has qualified its audit opinion on the Company's financial statements for the period ended 30 April 2022. The qualification is limited to a difference of interpretation on how the Company's participation in Local Government Pension Scheme should be accounted for. Applying the alternative accounting approach advocated by Ernst & Young would have no effect on net debt. It would increase the reported profit before tax for period ended 1 May 2021.

Further details on the accounting judgement, including quantification of the effect of applying Ernst & Young's proposed accounting, are provided in note 1(t)(ii) to the financial statements. Full details of the qualified audit opinion are discussed in 1.6.15 of the Strategic Report of the Group's 2022 annual report.

Future outlook

We expect government funding arrangements to continue for at least part of the year ending 29 April 2023, enabling bus services to be maintained as customer demand continues to recover. With continuing forecasting uncertainty in relation to passenger demand, payments from government to support the continuation of services during that recovery phase, and cost inflation, it remains difficult to reliably predict financial performance for the new financial period ending 29 April 2023. While that could cause expectations for this year to change, it does not diminish our positive view of the long-term prospects for the business.

We expect a lasting effect of the COVID-19 pandemic on travel patterns with an acceleration in trends of increased working from home, shopping from home, telemedicine and home education. We anticipate that it will be some time before demand for our public transport services returns to pre-COVID levels and we are planning for a number of scenarios. However, we continue to see positive long-term prospects for public transport. There is a large market opportunity to lock in the reduced volume of car traffic and lower carbon emissions seen during the COVID-19 pandemic and secure long-term economic, social, health and environmental benefits for the country. The Government has set ambitious targets to achieve bus patronage in England well above the levels seen pre-COVID and we share the Government's ambition for growth in bus patronage. We foresee an opportunity for modal shift from private cars to active travel and more sustainable public transport, which in time can see pre-COVID levels of demand surpassed.

The Company is now part of the portfolio of DWS Infrastructure, a leading asset management business that manages a range of transport and infrastructure interests. We remain positive on the long-term outlook for the Company and we look forward with confidence under our new ownership. DWS Infrastructure is a patient, long-term investor with a strong track record of unlocking value for all stakeholders. Public transport delivers the sustainable connectivity people need to access work, education, healthcare, shopping, leisure, and meeting family and friends. As we transition towards a post-pandemic world, we are focused on further rebuilding profitability and adapting our services to meet new and emerging travel patterns. We look forward to playing a central role in delivering government ambitions around decarbonisation, levelling up of communities, driving economic recovery, and securing better health outcomes for citizens. We have made a good start to the period ending 29 April 2023, and while there remains some uncertainty around the pace of recovery, we continue to see positive long-term prospects for the business. Strong partnership working between bus operators, national government and local transport authorities is critical if we are to maximise the opportunities ahead and we are pleased that this is reflected in the direction of public policy across the country.

Principal risks and uncertainties

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

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

The principal risks and uncertainties of Stagecoach Group Limited (formerly Stagecoach Group plc), which includes those of the Company, are discussed in the Group's 2022 Annual Report (paragraph 1.4.5 of the Strategic Review), which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Stagecoach Group Limited (formerly Stagecoach Group plc) manage the Group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus Division of Stagecoach Group Limited (formerly Stagecoach Group plc), which includes the Company, is discussed in the Strategic Review (paragraph 1.4.6) of the Group's 2022 Annual Report which does not form part of this report.

Financial risk management

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

Section 172 statement

The Directors believe that in the decisions taken during the period ended 30 April 2022, they have acted, both individually and together, in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors have had regard to, amongst other things, the matters set out in section 172(1)(a-f) of the Companies Act 2006.

Recognising their duty to have regard to stakeholders, the Board engages with, and receives updates from various stakeholders. The views of and impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions. Due to the number and distribution of both the Company's stakeholders and the Stagecoach Group, generally our stakeholder engagement takes place at an operational and group level. The culture and values upheld when engaging with stakeholders are consistent across the Group, whichever company is communicating with stakeholders.

From the perspective of the Board, as a result of the group governance structure, the matters that it is responsible for considering under section 172(1) of the Companies Act 2006 have been considered to an appropriate extent by the Stagecoach Group Limited (formerly Stagecoach Group plc) Board in relation to both the Group and the Company. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Board of Directors of Stagecoach Group Limited (formerly Stagecoach Group plc) has considered the matters set out in section 172 (for the Group and for the Company) is summarised on pages 42-43 of the Group's 2022 Annual Report, which does not form part of this report.

Section 172 statement (continued)

Employees

From the perspective of the Directors, as a result of the Group governance the Group Directors have taken the lead in carrying out the duties of a director in respect of the Company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the Company during the financial period). The Directors have also considered relevant matters where appropriate. An explanation of how the Group Directors have carried out these responsibilities for the Company is set out on pages 42-43 of the Group's Annual Report, which does not form part of this report.

Other stakeholders

Similarly, from the perspective of the Directors, as a result of the Group governance structure, the Group Directors have taken the lead in carrying out the duties of a directors in respect of the Company's other stakeholders. The Directors have also considered relevant matters where appropriate. An explanation of how the Group's Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial period, is set out for both the Group and Company on pages 42-43 of the Group's Annual Report, which does not form part of this report.

By order of the Board

Bruce Dingwall

BM Dingwall
Director

One Stockport Exchange
20 Railway Road
Stockport
SK1 3SW

26 October 2022

Directors' report

For the 52 week period ended 30 April 2022

The directors present their report on the affairs of the Company, together with the audited financial statements and independent auditors' report, for the 52 week period ended 30 April 2022 (52 week period ended 1 May 2021).

Results and dividends

The Company has delivered a solid set of results with revenue growth following the increase in passenger levels as demand for public transport increases as we move out of the COVID-19 pandemic.

The results of the Company for the period ended 30 April 2022 show a profit on ordinary activities before taxation and exceptional items of £4,565,000 (2021: loss of £23,357,000) and revenue of £46,721,000 (2021: £34,775,000). The Company declared dividends of £Nil in the current period (2021: £Nil), and that the profit for the financial period amounted to £3,643,000 (2021: loss of £23,758,000) be transferred to reserves.

Future developments

Future developments have been discussed in the strategic report on pages 1 and 2.

Financial risk management

Financial risk management has been discussed in the strategic report on page 3.

Directors

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

BM Dingwall	
S Walker	
CL Stockton-Jones	
MC Hargreaves	Resigned 01 April 2022
J Summers	Appointed 01 April 2022

Employees

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

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

Refer to s.172 disclosure in the Strategic Report on page 4 for further details on the directors' engagement with employees.

Business relationships

The directors have had regard for the need to foster the Company's business relationships with suppliers, customers and others. Details of these activities are included as part of the s.172 disclosure in the Strategic Report.

Energy and carbon reporting

Energy and carbon reporting for Stagecoach Group Limited (formerly Stagecoach Group plc), which includes the energy and carbon emissions figures for the Company, are disclosed in Stagecoach Group Limited's (formerly Stagecoach Group plc) 2022 Annual Report (paragraph 1.8.2 of the Strategic Report), which does not form part of this report.

Statement of corporate governance arrangements

On 20 May 2022, Inframobility UK Bidco Limited ("Bidco"), a company managed by DWS Infrastructure, took control of the Group and, on 28 June 2022, the Group's shares were de-listed. We are therefore in the process of transitioning to governance arrangements that reflect the new ownership status of the Group.

For the 52 week period ended 30 April 2022, the Company has prepared the financial statement in accordance with The Companies (Miscellaneous Reporting) Regulations 2018 (the "Reporting Regulations"). In complying with these requirements, the Company has elected not to apply a code because its ultimate parent for the period ended 30 April 2022, Stagecoach Group Limited (formerly Stagecoach Group plc), has applied the UK Corporate Governance Code (the "2018 Code"), which was applied throughout the Group.

Reflecting the structure of the Group, a number of corporate governance matters are reserved for the board of Stagecoach Group Limited (formerly Stagecoach Group plc). The principal responsibilities include agreeing the overall strategy and investment policy, to approve major capital expenditure, to monitor performance and risk management procedures of senior management, to ensure there are proper internal controls in place and to consider major acquisitions or disposals.

The Executive Directors of the Group maintain day-to-day contact and meet regularly face-to-face or in video conferences with senior management and Directors of the Company. The Company's managing director reports to one of four regional directors and is supported by his or her own management teams. The regional directors report to the UK Managing Director.

To the extent necessary for an understanding of the corporate governance arrangements applied across the Group, an explanation of is summarised on pages 55-62 of the Group's 2022 Annual Report, which does not form part of this report.

Donations

Donations to charitable organisations amounted to £3,868 (2021: £1,710).

The Company does not make political contributions and accordingly there were no payments for political purposes during the period (2021: £Nil).

COVID-19

We believe our business model remains appropriate for a post COVID-19 world. Our business model adjusted during the pandemic, with more of our income being from COVID-19 grants from government. We expect our business model will continue to evolve to reflect the opportunities presented from changes in government policy and climate change, and to respond to an evolving relationship with government.

The Company is also receiving significant payments from government to ensure the continuation of public transport services in light of the COVID-19 situation. That includes continuing payments to some extent of concessionary revenue, tender revenue and bus operating grants. The Company has received grants under the COVID-19 Bus Services Support Grant ("CBSSG") and Bus Recovery Grant ("BRG") scheme during the period and is continuing to receive grants under BRG.

There is a risk that the extent of the payments available to the Company reduces faster than improvements in the underlying financial performance of its businesses. That could adversely affect the Company's financial performance and financial position.

The Company has received COVID-19 related payments from government for periods since mid-March 2020, which has enabled the continuation of transport services as customer demand has continued to recover. As anticipated, the COVID-19 Bus Services Support Grant Restart ("CBSSG") for local bus services came to an end on 31 August 2021. For the period from 1 September 2021 to October 2022, the Company has received Bus Recovery Grant ("BRG") support, whereby funding was allocated to operators with reference to revenue and mileage operated. On 19 August 2022, the Department for Transport has announced that further recovery funding will be available for bus services in England for a period of six months from October 2022 to March 2023.

Going concern

These financial statements have been prepared on a going concern basis. In applying the going concern basis, the Directors have taken into account of the recent change in the Company's ownership, recovery from the COVID-19 situation, and increased and uncertain cost inflation. The Company is in a net current assets and net assets position as at 30 April 2022. The directors have also considered the Company's cash position and forecast cash flows for a period of 12 months from the date of approval of these financial statements, arising from the services to be rendered.

The Directors have received confirmation from Stagecoach Group plc, the Company's ultimate parent company, that Stagecoach Group plc intends to provide financial support to the Company, to assist the Company in meeting its liabilities as and when they fall due, to the extent that resources are not otherwise available to the Company to meet such liabilities. Stagecoach Group plc has confirmed that it has the ability to provide such support and intends to provide the support, as appropriate, for a period of 12 months from the date of approval of these financial statements. In applying the going concern basis, the Directors have also considered the past practice of Stagecoach Group plc in providing financial support to the Company and its fellow subsidiaries.

The Directors note that although Stagecoach Group plc has indicated its intention to provide financial support to the Company as appropriate, there is no legally binding commitment to provide such support. The Directors consider that the reliance on the letter of support with such limitations results in a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern.

Going concern (continued)
The Directors cannot be absolutely certain that Stagecoach Group plc will provide the Company with financial support if required but, having taken account of Stagecoach Group plc's current intention, Stagecoach Group plc's past practice, the COVID-19 situation, and increased and uncertain cost inflation, the Directors have a reasonable expectation that the Company will continue to operate as a going concern for a period of 12 months from the date of approval of these financial statements.

The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

Refer to note 1(a) for further details on the going concern basis.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), Financial Reporting Standard 101. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101 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.

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

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

Indemnification of directors and officers

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

By order of the Board

Bruce Dingwall

BM Dingwall
Director

One Stockport Exchange
20 Railway Road
Stockport
SK1 3SW

26 October 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUSWAYS TRAVEL SERVICES LIMITED

For the 52 week period ended 30 April 2022

Qualified opinion

We have audited the financial statements of Busways Travel Services Limited for the period ended 30 April 2022 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects on the corresponding figures of the matter described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the company's affairs as 30 April 2022 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 qualified opinion

Our opinion on the financial statements for the period ended 30 April 2022 is modified because of the effect of the prior period impact from exiting the company's Local Government Pension Scheme ("LGPS") on the comparability of the current period's income statement and statement of other comprehensive income and the corresponding figures.

The company participated in a Local Government Pension Scheme ("LGPS"), which was closed to new members from the company. Where a private sector employer ceases to have any employees who are active members in an LGPS, that automatically triggers the employer's exit from the LGPS except where the employer agrees alternative arrangements with the relevant LGPS. Where an exit from an LGPS is triggered, an amount may be payable or receivable by the employer to or from the scheme.

The company exited the LGPS on 16 March 2021 and received an exit credit of £8.2m in August 2021. At 16 March 2021, the company recognised a loss on settlement in the income statement of £25.4m and a credit in other comprehensive income of £33.9m. The accounting policy adopted by the company is set out in note 1(t)(ii) to the financial statements. At each balance sheet date, the company measured the relevant pension scheme assets in respect of LGPS participation at market value, measured the pension scheme obligations to pay pensions through to the deaths of the relevant members / their dependents at discounted present value and where applicable, restricted the net asset recognised (i.e. the gross assets less the gross obligations) to the present value of economic benefits available in the form of any future refunds from the scheme or reductions in future contributions to the scheme.

Basis for qualified opinion (continued)

In our view, management's valuation of the company's LGPS net asset/liability represented a departure from IAS 19 – Employee Benefits and IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Where a section of the LGPS scheme is closed to new members, we believe that the defined benefit obligation should be calculated taking into consideration the specific rules set out in The Local Government Pension Scheme Regulations 2013 ("the Regulations") and reflect the estimated cash flows required to eliminate the company's obligations from these schemes, including the estimated cash flows arising on an exit. Furthermore, there should be no additional IFRIC 14 restriction to the LGPS net asset, given the right of the company to receive a refund from the scheme is limited only to the extent of the actuarially determined surplus at the point of exit or any discretion applied by the administering authority.

The company obtained independent accounting advice from another accountancy firm, which we read and considered together with EY IFRS specialists. Following discussion with the independent accountancy firm and the company, including the Audit Committee of the parent Stagecoach Group Limited (formerly Stagecoach Group plc), we reached a different independent conclusion. The company has determined the impact of the different accounting treatment in note 1(t)(ii) of the financial statements based on calculations prepared by an independent actuary.

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 as applied to other entities of public interest, 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 qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates the intention of the ultimate parent company to provide financial support on a non-binding basis. As stated in Note 1, these events or conditions indicate a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

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

As described in the Basis for qualified opinion section of our report, our audit opinion is qualified for the valuation of the loss on settlement, from exiting the LGPS, in the income statement and gain in other comprehensive income in the comparative period. Information on the valuation of the LGPS included in the Strategic Report also omits this information and accordingly we have concluded that the other information is materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the Basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Except for the matter described in the Basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant include compliance with applicable health & safety, environmental and data protection regulations, competition and consumer protection laws, labour regulations, employee rights laws, and to the reporting framework (FRS 101 and Companies Act 2006) and relevant tax compliance regulations in the UK.
- We understood how Busways Travel Services Limited is complying with those frameworks by making enquiries of management, those charged with governance, internal audit, those responsible for legal and compliance procedures. We corroborated our enquiries through reading board minutes and papers provided to the Group Audit Committee, as well as other correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings. Where this risk was considered to be higher, we performed audit procedures to address the identified fraud risk. These procedures included testing journals indicating manual or unusual transactions based on our understanding of the business and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

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

- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included reading board minutes to identify any non-compliance with laws and regulations and enquiries of senior management.

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

Use of our report

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

Ernst & Young LLP

Julie Cavin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

Date: 27 October 2022

Income statement
For the 52 week period ended 30 April 2022

	Note	52 week period ended 30 April 2022 £000	Restated 52 week period ended 1 May 2021 £000
Revenue	2	**46,721**	34,775
Cost of sales		**(52,585)**	(48,269)
Gross loss		**(5,864)**	(13,494)
Other operating income	3	**9,349**	14,565
Operating profit before exceptional items		**3,485**	1,071
Exceptional items	6	**-**	(25,373)
Operating profit/(loss)		**3,485**	(24,302)
Finance income	4	**1,080**	945
Profit/(loss) on ordinary activities before taxation	5	**4,565**	(23,357)
Tax on profit/(loss) on ordinary activities	9	**(922)**	(401)
Profit/(loss) for the financial period		**3,643**	(23,758)

The results for the period arise wholly from continuing operations.

Other operating income and operating costs have been restated to correct for a prior period error. See note 21 for further details

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

Statement of other comprehensive income

For the 52 week period ended 30 April 2022

	Note	**52 week period ended 30 April 2022**	52 week period ended 1 May 2021
		£000	£000
Profit/(loss) for the financial period		**3,643**	(23,758)
Other comprehensive income:			
Actuarial remeasurement on retirement benefit obligations	16	**10,628**	42,859
Other comprehensive income		**10,628**	42,859
Tax credit/(charge) relating to actuarial remeasurement on retirement benefit obligations	13	**97**	(3,322)
Other comprehensive income for the period, net of tax		**10,725**	39,537
Total comprehensive income for the period		**14,368**	15,779

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

Balance sheet

As at 30 April 2022

	Note	2022 £000	2021 £000
Non-current assets			
Tangible fixed assets	10(a)	**705**	947
Right of use assets	10(b)	**1,957**	2,645
Deferred tax asset	13	**165**	43
Retirement benefit asset	16	**2,793**	-
		5,620	3,635
Current assets			
Stocks	11	**625**	300
Debtors: amounts falling due within one year	12	**50,066**	38,724
Cash at bank and in hand		**272**	6,324
		50,963	45,348
Current liabilities			
Creditors: amounts falling due within one year	14	**(10,497)**	(8,937)
Corporation tax creditor		**(939)**	(560)
Provisions for liabilities and charges		**(10)**	(143)
		(11,446)	(9,640)
Net current assets		**39,517**	35,708
Total assets less current liabilities		**45,137**	39,343
Creditors: amount falling due after more than 1 year	14	**(988)**	(1,668)
Provisions for liabilities and charges	15	**(13)**	(9)
Retirement benefit obligation	16	**(324)**	(8,222)
Net assets		**43,812**	29,444
Capital and reserves			
Called up share capital	17	**300**	300
Contribution reserve		**418**	418
Profit and loss account		**43,094**	28,726
Total shareholders' funds		**43,812**	29,444

The financial statements on pages 15 to 55 were approved by the board of directors on 26 October 2022 and were signed on its behalf by:

Bruce Dingwall

BM Dingwall
Director

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

Statement of changes in equity

For the 52 week period ended 30 April 2022

	Called up share capital £000	Profit and loss account £000	Contribution reserve £000	Total shareholders' funds £000
At 2 May 2020	**300**	**12,947**	**418**	**13,665**
(Loss) for the financial period	-	(23,758)	-	(23,758)
Other comprehensive income	-	39,537	-	39,537
Total comprehensive income for the period	**-**	**15,779**	**-**	**15,779**
At 1 May 2021	**300**	**28,726**	**418**	**29,444**
Profit for the financial period	-	3,643	-	3,643
Other comprehensive income	-	10,725	-	10,725
Total comprehensive income for the period	**-**	**14,368**	**-**	**14,368**
At 30 April 2022	**300**	**43,094**	**418**	**43,812**

Reference for called up share capital in note 17.

Notes to the financial statements

For the 52 week period ended 30 April 2022

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the 52 week period to 30 April 2022 and the preceding reporting period, are:

a) Basis of accounting

The Company is a private company limited by shares, incorporated and domiciled in the UK and registered in England. The address of the Company's registered office is shown on page 9 and a description of the Company's principal activities are set out on page 1. The registered number is 02295227.

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

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

- Paragraphs 45(b) and 46-52 of IFRS 2, 'Share-based payment'
- Paragraphs 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'
- Second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120-127, and 129 of IFRS 15 'Revenue from contracts with customers'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 'Presentation of financial statements
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures'

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements. The financial statements are prepared in Sterling which is the functional currency and presentational currency of the entity and rounded to the nearest £'000.

Going concern

These financial statements have been prepared on a going concern basis. In applying the going concern basis, the Directors have taken into account of the recent change in the Company's ownership, recovery from the COVID-19 situation, and increased and uncertain cost inflation. The Company is in a net current assets and net assets position at 30 April 2022. The directors have also considered the Company's cash position and forecast cash flows for a period of 12 months from the date of approval of these financial statements, arising from the services to be rendered and consultancy projects. The Directors have received confirmation from Stagecoach Group Limited (formerly Stagecoach Group plc), the Company's ultimate parent company, that Stagecoach Group Limited (formerly Stagecoach Group plc) intends to provide financial support to the Company, to assist the Company in meeting its liabilities as and when they fall due, to the extent that resources are not otherwise available to the Company to meet such liabilities.

1 Accounting policies (continued)

a) Basis of accounting (continued)

Going concern (continued)

Stagecoach Group Limited (formerly Stagecoach Group plc) has confirmed that it has the ability to provide such support and intends to provide the support, as appropriate, for at least 12 months from the date of approval of these financial statements. In applying the going concern basis, the Directors have also considered the past practice of Stagecoach Group Limited (formerly Stagecoach Group plc) in providing financial support to the Company and its fellow subsidiaries.

The Directors note that although Stagecoach Group Limited (formerly Stagecoach Group plc) has indicated its intention to provide financial support to the Company as appropriate, there is no legally binding commitment to provide such support. The Directors consider that the reliance on the letter of support with such limitations results in a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. The Directors cannot be absolutely certain that Stagecoach Group Limited (formerly Stagecoach Group plc) will provide the Company with financial support if required but, having taken account of Stagecoach Group Limited's (formerly Stagecoach Group plc) current intention, Stagecoach Group Limited's (formerly Stagecoach Group plc) past practice, the COVID-19 situation, and increased and uncertain costs inflation, the Directors have a reasonable expectation that the Company will continue to operate as a going concern for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

The Group going concern assessment performed by Stagecoach Group Limited (formerly Stagecoach Group plc) (the "parent") was performed using financial forecasts for the period to 28 October 2023 and considering a wide range of downside scenarios.

The forecasts of the parent indicate that the Group is projected to operate within its cash balances and available facilities for the going concern period.

The broader political and economic uncertainty coupled with the potential future impact on the Group and parent undertaking, Stagecoach Group Limited (formerly Stagecoach Group plc) of the recent COVID-19 outbreak has been factored into the scenarios considered as part of the Group and parent's adoption of the going concern assumption.

In reaching its conclusion on the going concern assessment, the Directors also assessed the Group's assessment of severe but plausible downside scenarios related to its principal risks, including:

- passenger numbers at between 74% and 84% of pre-COVID levels in the year ending 29 April 2023 and for the remainder of the going concern period;
- commercial revenue at between 84% and 92% of pre-COVID levels in the year ending 29 April 2023;
- commercial revenue at between 92% and 101% of pre-COVID levels for the remainder of the going concern period;
- concessionary revenue at 91% of pre-COVID levels in the year ending 29 April 2023;
- concessionary revenue at 98% of pre-COVID levels for the remainder of the going concern period;
- vehicle mileage at 91% of pre-COVID levels for the duration of the going concern period;
- no additional government funding of zero emission buses, beyond awards already made.

1 Accounting policies (continued)

a) Basis of accounting (continued)

Going concern (continued)
The accounts of the Group and parent undertaking, Stagecoach Group Limited (formerly Stagecoach Group plc), include more details of the downside scenarios, mitigating actions, funding requirements and liquidity headroom. In the downside scenarios modelled as set out above, liquidity headroom exists in the Group and parent undertaking throughout the going concern period after taking account of controllable, plausible mitigating actions.

i) New accounting standards adopted during the period
There have been no new accounting standards, amendments to standards and interpretations that are mandatory for the first time for the financial period beginning 2 May 2021 that have any significant effect on the financial statements.

ii) Other new standards
Other new standards, amendments to standards and interpretations that are mandatory for the first time for the financial period beginning 2 May 2021, do not have any significant effect on the financial statements and are listed below.

International Accounting Standards and Interpretations	Effective for annual periods beginning on or after
Amendment to IFRS 16, COVID-19 Related Rent Concessions (issued on 28 May 2020)	01 June 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	01 January 2021
Amendments to IFRS 16, Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)	01 April 2021

b) Tangible fixed assets
Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Land and buildings and other fixed assets are shown at cost, net of depreciation and any provision for impairment as set out in note 10(a).

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

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

1 Accounting policies (continued)

c) Leases

The Company leases many assets including properties, office and plant equipment. Rental contracts are typically made for a fixed period of 6 months to 100 years. Certain leases have extension options which the Company may choose to exercise.

For contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration, the Company recognises lease liabilities to make lease payments, and right-of-use assets representing the right to use the underlying asset.

Effect of lease extensions and break clauses on lease terms

Options to extend leases and break clauses are included in a number of the Company's leases. These are used by the Company to maximise flexibility in managing its assets and operations to meet passenger demands. The Company considers all the circumstances that create an economic incentive to exercise an extension option or not utilise a break clause. An extension option or the periods after a break clause are only included in a lease term if the lease is reasonably certain to be extended or if the break clause is reasonably certain not to be utilised.

For leases of properties, the Company considers the likely value of future rentals and anticipated changes in services operated from the property when considering whether it is reasonably certain to extend a lease or not to utilise a break clause.

Measurement of lease liabilities

Liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- Fixed lease payments, less any lease incentives receivable;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option;
- Payments to be made under reasonably certain extension options;
- Variable lease payments that are based on an on index or rate, initially measured using the index or rate at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Incremental borrowing rates are determined for each internal reporting period and applied to the leases entered into during each such period.

1 Accounting policies (continued)

c) Leases (continued)

Measurement of lease liabilities (continued)

To determine the incremental borrowing rate, the Company:

- uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received;
- makes adjustments to the rate to reflect the terms and conditions specific to the lease. These will include adjustment for items such as the lease term and the right-of-use asset being leased.

The Company is exposed to potential future increases in variable lease payments for some properties based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. There are no leases with other forms of variable payment. Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Contracts can contain lease and non-lease components. For all property leases, the Company has separated lease and non-lease components. For all other leases, the Company has elected not to separate lease and non-lease components but instead accounts for these as a single lease component. Non-lease components for properties are excluded from the projection of future lease payments and are treated as a separate expense on a straight-line basis within operating costs.

Lease terms are negotiated lease by lease resulting in a wide range of terms and conditions. The lease agreements do not generally impose any financial covenants. The principal restriction on assets held under lease or hire purchase agreements is a restriction on the right to dispose of the assets during the period of the agreement.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- dilapidation provisions.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and low-value assets

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets have a capital value, when new, of less than £4,500 and comprise principally IT equipment and small items of office equipment.

1 Accounting policies (continued)

d) Fixed asset investments

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

e) Stocks

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

f) Taxation

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

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

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

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

g) Revenue

Revenue represents commercial passenger revenue, concessionary passenger revenue, tender and school revenue, contract revenue, engineering sales and lost property receipts receivable in respect of the period. The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class.

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration (payment) to which the Company expects to be entitled in exchange for those goods or services. Performance obligations of the Company are generally clear and transaction prices are even over the period to which they relate and are time apportioned.

1 Accounting policies (continued)

g) Revenue (continued)

Customer compensation is treated as a reduction in revenue. The Company principally generates revenue from the provision of transport services to its customers. The Company has a number of revenue streams, as set out below. In general, revenue presented in the income statement is recognised at the fair value of the consideration received or receivable. Where appropriate, amounts are shown net of discounts, rebates, VAT and other sales taxes. The revenue is recognised as performance obligations are satisfied as described below for each significant revenue stream.

Commercial passenger revenue

Commercial passenger revenue primarily relates to ticket sales for travel on the Company's transport services. Passenger revenue is recognised in the income statement in the period in which the related travel occurs. This can involve some estimation – for example, revenue from the sale of season tickets and travelcards, that entitle individuals to use certain of our services during a specified period of time, is deferred within liabilities and recognised in the income statement over the period covered. The recognition of season ticket and travelcard income is recorded on a straight-line basis over the applicable period.

Concessionary revenue

In the UK, the Company receives concessionary revenue from public bodies, such as local authorities, for transporting certain qualifying individuals free of charge to the passenger. Although the revenue is received from a party other than the person receiving the service, the Company accounts for such revenue in accordance with IFRS 15, Revenue from Contracts with Customers, with the performance obligation being the provision of the free travel to those eligible. Amounts that are receivable from government bodies in respect of travel by individuals on the Company's transport services is recognised in the income statement in the period in which the related travel occurs.

Tendered and school revenue

Other amounts that the Company receives from government bodies to pay for the operation of transport services they consider to be socially desirable are included in revenue and recognised in the income statement in the period that the relevant payment relates to. This includes tender and school revenue receivable to financially support certain bus services the Company operates in the UK.

Contract revenue

Revenue receivable from government bodies and others to the Company for operating transport services under contract is recognised in the income statement in the period that the contracted services relate to. In general, the revenue in respect of any particular period can be clearly determined from the contract. Where there is a contingent element to contract revenue (for example, where additional amounts are payable or receivable based on the punctuality of transport services and/or other operational measures), revenue is recognised based on the applicable operational measures when the amount of revenue can be reliably estimated and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

1 Accounting policies (continued)

g) Revenue (continued)

Other revenue and income

Revenue that is incidental to the Company's principal activity of providing transport services is reported as other revenue. Such revenue is recognised as the service is provided, the amount of revenue can be reliably estimated and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. This may include income undertaking maintenance work on other operators' vehicles and selling fuel to other transport operators.

Contract liabilities

A contract liability is the obligation to provide services for a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company provides the services, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Customers include individuals, corporations and public bodies who pay the Company for transport services. Contract liabilities include amounts in respect of unexpired season tickets and other tickets giving the holder a right to travel on the Company's services after the balance sheet date.

h) Other operating income

Revenues incidental to the Company's principal activity are reported as other operating income, and are recognised in the income statement in the period in which they are earned. Income from other sources is reported as other operating income. These other sources include COVID-related grant income, selling advertising space on vehicles and premises that the Company operates and property rental.

i) Lease obligations

Assets acquired under leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future lease rentals. Obligations from leases within creditors represent the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included.

The interest element of lease obligations are charged to the income statement over the period of the lease.

j) Pension costs and other post retirement benefits

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

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

1 Accounting policies (continued)

j) Pension costs and other post retirement benefits (continued)

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

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

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

For defined contributions schemes, the Company pays contributions to a separately administered pension scheme. Once the contributions have been paid the Company has no further obligations. The Company's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

k) Grants

Grants from government are recognised where there is reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Government grants relating to costs (or net losses) are deferred and recognised in the income statement over the period necessary to match them with the costs (or net losses) they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are recorded as liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets. Government grants received in excess of the amounts recognised in the income statement are held as deferred grant income within trade and other payables.

Bus service operators grant ("BSOG") is recognised as other operating income. Other grants are credited to the profit and loss account as the expenditure is expensed.

COVID-19 related grants are government grants receivable in light of the ongoing COVID-19 situation. The amounts principally reflect grants receivable under the Coronavirus Job Retention Scheme ("CJRS"), the COVID-19 Bus Services Support Grant ("CBSSG") scheme and the Bus Recovery Grant ("BRG").

Under the CJRS, grant income may be claimed in respect of certain costs to the Company of furloughed employees. CJRS income is recognised in the income statement in the same period in which the related costs are incurred to the extent there is reasonable certainty that the grant will be received.

Under the CBSSG scheme, grant income may be claimed by operators of local bus services to close the shortfall of revenue earned by them during the period affected by COVID-19 and the costs incurred by them in that period. The estimation of the grant income involves significant uncertainty).

1 Accounting policies (continued)

k) Grants (continued)

Under Bus Recovery Grant ("BRG") support, funding was allocated to operators with reference to revenue and mileage operated. Income is recognised in the income statement in the same period in which the related shortfall of revenue over costs is incurred to the extent there is reasonable certainty that: (a) the Company will comply with the conditions attaching to the grant and (b) the grant will be received and retained by the Company, taking account of the potential adjustments to grant payments as a result of any reconciliation process.

l) Dividends

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

m) Share based payments

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

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

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

n) Cash flow statement

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

o) Financial instruments

The disclosure of the accounting policy that follows for financial instruments are those that apply under IAS 39 'Financial Instruments: Recognition and measurement' for.

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 liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

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

1 Accounting policies (continued)

o) Financial instruments (continued)

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

Full details of the financial instruments policy of Stagecoach Group Limited (formerly Stagecoach Group plc) are discussed in note 1 of the Group's 2022 Annual Report.

p) 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.

q) Trade receivables

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

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

r) Cash and cash equivalents

For the purposes of the balance sheet, cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities at the balance sheet date of twelve months or less that are available for meeting short term cash commitments and subject to no significant penalty for early withdrawal.

s) Reserves

The Company has a number of reserve accounts.

Called up share capital represents the nominal value of the issued share capital of the Company.

Capital account represents capital contributions made prior to the Company adopting FRS 101.

Contribution reserve represents equity investments that have been made by the parent company.

The Profit and loss account is the cumulative retained loss of the Company.

1 Accounting policies (continued)

t) Critical accounting policies and estimates

Preparation of the financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' requires Directors to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual outcomes could differ from those estimated.

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

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

i) Pensions

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

ii) *Accounting for the Company's participation in Local Government Pension Schemes ("LGPS")*

The Company participates in a LGPSs, which are all closed to new members. In light of the accounting for the LGPS settlement in 2021, the Group, which the Company is part of, undertook a detailed re-assessment of the accounting more generally for its participation in LGPSs.

Where a private sector employer ceases to have any employees who are active members in a LGPS, that automatically triggers the employer's exit from the LGPS except where the employer agrees alternative arrangements with the relevant LGPS. Where an exit from an LGPS is triggered, an amount may be payable or receivable by the employer to or from the scheme. The Company concluded that its accounting for its participation in LGPSs remained appropriate.

However, the Company also identified a potential alternative basis of accounting for its participation in LGPSs and sees the choice of basis as a significant judgement in applying the Group's accounting policies. Since adopting FRS 101 on 1 May 2014, the Company has accounted for its LGPS participations in a manner consistent with how a "common" defined benefit pension arrangement is accounted for in accordance with International Accounting Standard 19 ("IAS 19"), Employee Benefits. Since its issue in 2007, the Company has also applied IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, to its LGPS participations where applicable.

1 Accounting policies (continued)

t) Critical accounting policies and estimates (continued)

ii) *Accounting for the Company's participation in Local Government Pension Schemes ("LGPS") continued*

In summary, at each balance sheet date, the Company has in the past:

- Measured the relevant assets in respect of LGPS participations at market value;
- Measured the obligations to pay pensions through to the deaths of the relevant members / their dependents at discounted present value;
- Where applicable, restricted the net asset recognised (i.e. the gross assets less the gross obligations) to the present value of economic benefits available in the form of any future refunds from the scheme or reductions in future contributions to the scheme.

We noted the following alternative basis of accounting for the Company's participations in LGPSs:

- The defined benefit obligation is measured based on the discounted present value of the cash flows payable to members from now to expected exit (estimated based on facts and circumstances, at the latest it would be the retirement date of the last active member) plus the expected exit payment or credit at the point of exit (including the transfer of assets). That contrasts with our current approach whereby the defined benefit obligation is measured based on the discounted present value of all obligations to pay pensions through to the deaths of the relevant members / their dependents.
- The asset ceiling for LGPSs is zero given the right of the Group to receive a refund from the scheme is limited to the extent that the scheme actuary / authority determines a surplus at the point of exit.

The Directors took independent expert advice on the accounting, which supported their view that the Company's accounting remains appropriate. They also confirmed that the basis of the Company's accounting is consistent with other major groups with UK public transport operations that have LGPS participations. They also noted that the alternative basis of accounting would result in an increase in the Company's profit before tax and net assets and so result in a less prudent outcome. In light of all of those factors, the Directors concluded that the Company's accounting for its participation in LGPSs remained appropriate.

The Company's auditor, Ernst & Young, has a different interpretation from the Directors and believes that the alternative accounting approach should be applied and accordingly, has qualified its audit opinion in relation to that.

The Directors, having considered the independent professional advice, consider that the accounting treatment adopted is the most appropriate because:

- The Directors have been advised that it complies with the applicable accounting standards;
- It provides comparability over time;
- It is consistent with how the Company understands its sector peers account for similar arrangements, and so it provides comparability with peers;
- It is less likely than the alternative approach to result in the recognition of irrecoverable net pension assets.

1 Accounting policies (continued)

t) Critical accounting policies and estimates (continued)

ii) *Accounting for the Company's participation in Local Government Pension Schemes ("LGPS") continued*

The impact of applying the alternative basis of accounting on the Company's financial statements for the period ended 1 May 2021 would have been as follows:

Period ended 1 May 2021	As reported	Effect of alternative basis of accounting	Alternative basis of accounting
	£000	£000	£000
Income statement			
Loss before tax before taxation	(23,357)	25,527	2,170
Taxation	(401)	(29)	(430)
Loss for the financial period	(23,758)	25,498	1,740

Period ended 1 May 2021	As reported	Effect of alternative basis of accounting	Alternative basis of accounting
	£000	£000	£000
Statement of other comprehensive income			
(Loss)/profit for the financial period	(23,758)	25,498	1,740
Other comprehensive income/(loss): Actuarial gain/(loss) on retirement benefit obligations	42,859	(36,217)	6,642
Other comprehensive income/(loss)	42,859	(36,217)	6,642
Tax charge/(credit) relating to actuarial gain/(loss) on retirement benefit obligations	(3,322)	102	(3,220)
Other comprehensive income/(loss) for the period net of tax	39,537	(36,115)	3,422
Total comprehensive income/(loss) for the period	15,779	(10,617)	5,162

There is no impact of applying the alternative basis of accounting on the Company's balance sheet as at 1 May 2021. As set out in Note 16, on 16 March 2021 the remaining active members of the LGPS ceased participation in the scheme and under the local government pension regulations the Company ceased to participate in the scheme. The impact of the applying the alternative basis of accounting has not impact on the Company's financial statements for the year ended 30 April 2022.

The figures above assume no withholding or corporation taxes arise on the refund of LGPS surpluses.

1 Accounting policies (continued)

t) Critical accounting policies and estimates (continued)

iii) Taxation

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

iv) Property, plant and equipment

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

v) COVID-19 support schemes

Under CBSSG and BRG, grant income may be claimed by operators of local bus services in England to close the shortfall of revenue earned by them during the period affected by COVID-19 and the costs incurred by them in that period. Estimating the amount of CBSSG and BRG receivable for the period ended 30 April 2022 involves significant estimation uncertainty. The extent to which certain costs are eligible for inclusion in claiming bus support grant income and how certain costs should be determined for the purposes of the schemes remains subject to reconciliation processes. That creates estimation uncertainty in determining the Group's bus support grant income.

In the period ended 30 April 2022, the Company has recognised bus support scheme grant income of £5.254m (2021: £7.940m), being the amount in respect of which the Company considers there to be reasonable certainty that: (a) the Company will comply with the conditions attaching to the grant and (b) the grant will be received and retained by the Company, taking account of the potential adjustments to grant payments as a result of the schemes' reconciliation processes.

Full details of CBSSG and BRG are discussed in note 1 of the Stagecoach Group 2022 Annual Report.

u) Financial statements not consolidated

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

1 Accounting policies (continued)

v) Dilapidations

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

2 Revenue

Due to the nature of the Company's business, the origin and destination of revenue (the United Kingdom) is the same in all cases. As the Company predominantly 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 include local authorities and transport authorities.

	2022	2021
	£000	£000
Commercial passenger revenue	**29,929**	17,975
Concessionary revenue	**14,922**	15,413
Tendered and school revenue	**1,817**	1,343
Contract and other revenue	**53**	44
	46,721	34,775

3 Other operating income

	2022	Restated 2021
	£000	£000
Advertising income	**319**	104
Printing income	**178**	142
Newspaper distribution income	**78**	61
Property rental income	**27**	28
Government grant income	**8,640**	14,178
Other miscellaneous revenue	**107**	52
	9,349	14,565

Government support grants in the form of BSOG, CJRS, CBSSG and BRG are reported as other operating income. Other operating income has been restated to correct for a prior period error. See note 21 for further details.

4 Finance income

	2022	2021
	£000	£000
Bank interest payable	**-**	(2)
Lease interest expense	**(78)**	(102)
Net finance expense on pension assets (note 15)	**(166)**	(275)
Net finance income on intercompany loan	**1,324**	1,324
	1,080	945

5 Profit on ordinary activities before taxation

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

	2022	2021
	£000	£000
Redundancy costs	**15**	55
Depreciation and amounts written off tangible fixed assets:		
- owned	**242**	256
- right of use assets	**688**	688
Operating lease rentals:		
- PSV	**3,123**	3,481
Rentals payable on low-value and short-term leases	**13**	22

No auditor's fees have been settled directly by the Company. Audit fees of £11,250 (2021: £11,071) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

6 Exceptional items

As described in note 16, during the prior period, on 16 March 2021 the Company ceased active participation in the Tyne & Wear Local Government Pension Scheme and transferred the small number of remaining employees to the Stagecoach Group Pension Scheme.

The Company's exit from the scheme was treated as a settlement under IAS 19 *Employee Benefits* and this resulted in a charge to the income statement in the current period of £25,373,000. In accordance with the requirements of paragraph 101A of IAS 19, the calculation of the charge arising on settlement of the scheme shall not consider the effects of any asset ceiling at the point of settlement. The amount of the asset ceiling provision brought forward from the prior year was £22,169,000 and this was further increased by £3,204,000 in the period up to the point of settlement. Consequently, the resulting asset ceiling provision of £25,373,000 immediately prior to the point of settlement is released as a credit to the statement of other comprehensive income.

7 Staff costs

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

	2022	2021
	Number	Number
Operations	**973**	990
Administration and supervisory	**51**	53
	1,024	1,043

	2022	2021
Staff costs	**£000**	£000
Wages and salaries	**24,404**	23,219
Social security costs	**2,201**	1,997
Other pension costs (see note 16)	**2,513**	2,700
Redundancy costs	**15**	55
	29,133	27,971

8 Directors' remuneration

	2022	2021
	£000	£000
Emoluments of directors	**160**	143

The above details of directors' emoluments include an apportionment of the emoluments of BM Dingwall, MC Hargreaves, J Summers, CL Stockton-Jones and S Walker (2021: AM Threapleton, BM Dingwall, C Acton-Brazier, MC Hargreaves, CL Stockton-Jones and S Walker) which are paid by fellow group undertaking, Stagecoach Services Limited with the exception of BM Dingwall which are paid by Stagecoach Holdings Limited.

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

	2022	2021
	Number	Number
Defined contribution scheme	**4**	6

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

	2022	2021
	Number	Number
Share options	**3**	4

9 Tax on profit/(loss) on ordinary activities

a) Tax recognised in the income statement

	2022	2021
	£000	£000
Current tax:		
UK corporation tax on profit/(loss) in the period	**939**	560
Adjustments in respect of prior years	**8**	(81)
Total current tax	**947**	479
Deferred tax:		
Origination and reversal of timing differences	**(32)**	(164)
Adjustments in respect of prior years	**7**	86
Total deferred tax (note 13)	**(25)**	(78)
Total tax reported in the income statement	**922**	401

b) Tax relating to items (credited)/charged outside of the income statement

	2022	2021
	£000	£000
Tax on net actuarial gains on defined benefit Pension schemes	**(97)**	3,322

c) Factors affecting the tax charge/(credit) for the period

The tax assessed for the period is higher (2021: higher) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022	2021
	£000	£000
(Loss)/profit on ordinary activities before tax	**4,565**	(23,357)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	**867**	(4,438)
Effect of:		
Non tax deductible expenditure and other permanent differences	**8**	8
Treatment of inter-company transactions	**51**	6
Non-deductible exceptional loss (note 6)	**-**	4,821
Impact on deferred tax from change in UK corporation tax rate from 19% to 25%	**(20)**	-
Adjustments in respect of prior years	**16**	4
Total tax charge for the period reported in the income statement	**922**	401

9 Tax on profit/(loss) on ordinary activities (continued)

d) Factors that may affect future tax charges

The deferred tax balances have been calculated with reference to the enacted UK corporation tax rate as at balance sheet date of 30 April 2022 of 25%. On 24 May 2021, an increase in the rate to 25% from 1 April 2023 was substantively enacted.

10 Fixed assets

a) Tangible assets

The movement in the period is summarised below:

	Leasehold land and buildings £000	Plant & equipment and furniture & fittings £000	Total £000
Cost			
Beginning of period	992	4,584	5,576
Disposals	-	(819)	(819)
End of period	**992**	**3,765**	**4,757**
Accumulated depreciation			
Beginning of period	(605)	(4,024)	(4,629)
Charge for period	(73)	(169)	(242)
Disposals	-	819	819
End of period	**(678)**	**(3,374)**	**(4,052)**
Net book value			
1 May 2021	387	560	947
30 April 2022	**314**	**391**	**705**

There is no right of use assets included in above.

10 Fixed assets (continued)

b) Right of use assets

The movement in the period is summarised below:

	Leasehold land & buildings £000
Cost	
Beginning of period	4,033
End of period	**4,033**
Accumulated depreciation	
Beginning of period	(1,388)
Charge for period	(688)
End of period	**(2,076)**
Net book value	
1 May2021	2,645
30 April 2022	**1,957**

Cash outflows of £757,000 in relation to leases and related interest have taken place during the 52 week period to 30 April 2022 (52 week period to 1 May 2021: £949,000).

The income statement includes the following depreciation charges and other costs relating to leases:

	Note	**2022 £000**	2021 £000
Depreciation			
Land and buildings	10(b)	**688**	688
Total depreciation for right-of-use assets		**688**	688
Expense relating to short-term leases		**4**	12
Expense relating to low value assets		**9**	10
Lease costs included within operating profit		**701**	710
Interest expense included in finance costs	4	**78**	102
Lease costs included within profit before tax		**779**	812

11 Stocks

	2022	2021
	£000	£000
Spares, consumables and fuel	**625**	300

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

The cost of stock recognised as an expense and included in the operating costs during the period amounted to £10,067,000 (2021: £8,191,000).

12 Debtors

	2022	Restated 2021
Amounts falling due within one year:	**£000**	£000
Trade debtors	**186**	121
Other debtors – pension receivable	**-**	8,243
Amounts owed by group undertakings	**17,122**	679
Inter-company loan receivable	**29,752**	28,428
Prepayments	**148**	180
Contract assets	**324**	341
Government grant receivable	**2,534**	732
	50,066	38,724

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

In the prior period, other debtors represent the funds receivable from the Tyne & Wear Local Government Pension Scheme (note 16). The Company received the funds in August 2021.

Prior period has been restated to correct a prior period error. See note 21 for further details.

Contract assets represents amounts that have been earned by the Company prior to the balance sheet date which remain un-invoiced at the balance sheet date.

13 Deferred tax asset

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

Deferred tax assets:

	2022	2021
	£000	£000
Deferred tax asset	**84**	47
Pension temporary differences	**81**	1,562
Total deferred tax asset	**165**	1,609

Deferred tax liabilities

	2022	2021
	£000	£000
Pension temporary differences	**-**	1,566
Deferred tax liability	**-**	1,566

The movement in deferred tax during period was:

	2022	2021
	£000	£000
At start of period	**43**	3,287
Credited to income statement (note 9a)	**25**	78
Credited/(charged) to equity (note 9b)	**97**	(3,322)
At end of period	**165**	43

Deferred tax included in the balance sheet comprises:

	2022	2021
	£000	£000
Accelerated capital allowances	**24**	(4)
Other temporary differences	**60**	51
Pension temporary differences	**81**	(4)
Net deferred tax asset	**165**	43

13 Deferred tax asset (continued)

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

	2022	2021
	£000	£000
Accelerated capital allowances	**27**	20
Pension temporary differences	**(12)**	138
Other short term temporary differences	**10**	(80)
Deferred tax credit	**25**	78

14 Creditors

Amounts falling due within one year:	**2022** **£000**	2021 £000
Lease liabilities	**1,001**	958
Amounts owed to group undertakings	**2,893**	2,760
PAYE and NIC payable	**679**	615
Revenue grants	**3,011**	1,548
Pension creditor	**271**	245
Other creditors	**11**	-
Accruals	**2,189**	2,309
Contract liabilities	**442**	502
	10,497	8,937

	2022	2021
	£000	£000
Amounts falling due after more than one year:		
Lease liabilities	**936**	1,668
Capital and revenue grants	**52**	-
	988	1,668

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

Contract liabilities represents amounts advanced by customers in respect of which the Company has not yet met the performance obligations to allow the recognition of the balance as revenue. These mainly relate to the season tickets held by passengers which cross over the year end date and concessionary payments received by the Company in respect of services that had yet to be performed.

14 Creditors (continued)

The contract liabilities as at 30 April 2022 are expected to be recognised as revenue in the year to 30 April 2022. The contract liabilities at the previous balance sheet date were predominately recognised within revenue in the subsequent year.

Changes in the contract liabilities relating to customer contracts at each year-end principally reflect changes in the volume of season tickets purchased in advance of the respective year-end dates. The increase in the liabilities from 1 May 2021 to 30 April 2022 reflects the reduction of the impact of COVID-19 on ticket purchasing.

15 Provisions for liabilities and charges

	2022	2021
	£000	£000
Current:		
Litigations provision (15b)	**10**	143
Non-current:		
Dilapidations provision (15a)	**13**	9
Total provisions	**23**	152

a) Dilapidations provision

	2022	2021
	£000	£000
Provision at start of period	**9**	9
Provision created during period	**4**	-
Provision at end of period	**13**	9

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

b) Litigations provision

	2022	2021
	£000	£000
Provision at start of period	**143**	-
Provision created during period	**-**	143
Provision utilised during period	**(133)**	-
Provision at end of period	**10**	143

The provision, in respect of the Company's employment tribunals is expected to be utilised over the period to April 2023.

16 Retirement benefit obligations

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

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

Tyne & Wear Local Government Pension Scheme ("LGPS")
The Tyne & Wear Local Government Pension scheme is a defined benefit scheme. On 16 March 2021 the remaining active members ceased participation in the scheme and under the local government pension regulations the Company ceased to participate in the scheme. The IAS 19 disclosures for the scheme have been based on the most recent actuarial valuations and updated to the point of exit on 16 March 2021 by an independent professionally qualified actuary.

Unfunded scheme
The Company also has unfunded legacy commitments for a number of former employees.

The Stagecoach Group Pension Scheme ("SPS")
The Stagecoach Group Pension scheme is a defined benefit scheme. The scheme is generally closed to new members and is closed to future accrual from April 2017. A small number of former members of the Tyne & Wear LGPS commenced participation as active members in the SPS on 17 March 2021. The Company, together with a number of companies within the Group headed by Stagecoach Group Limited (formerly Stagecoach Group plc), made contributions to the Scheme. The Company accounts for its portion of the retirement benefit obligation, based on its share of contributions to the scheme.

In the consolidated financial statements of Stagecoach Group Limited (formerly Stagecoach Group plc), the scheme as a whole is accounted for as a defined benefit scheme. The consolidated financial statements of Stagecoach Group Limited (formerly Stagecoach Group plc) provide further details of the scheme. A full actuarial valuation of the scheme is normally carried out every 3 years. The last actuarial valuation of the Stagecoach Group Pension Scheme was completed as at 30 September 2021. The combined surplus across the then two sections on the Trustees' technical provisions basis was £48.7m, comprising scheme assets of £1,482.3m less benefit obligations of £1,433.6m. The weighted average discount rate applied in determining the value of those benefit obligations was 3.4%. The discount rate reflects the asset allocation of SPS and its strong track record of investment returns.

The management and reporting of the Stagecoach Group Pension Scheme is undertaken at Group level. A sensitivity analysis of significant actuarial assumptions is included within note 23 of the Group's 2022 Annual Report, which does not form part of this report.

Additionally, the Company operates various defined contribution schemes for its employees, for which it has no further obligation once the contributions are paid. Contribution costs of £2,319,000 (2021: £2,036,000) were recognised by the Company, and as at 30 April 2022 there was a creditor of £271,000 (2021: £245,000) in relation to these contributions.

16 Retirement benefit obligations (continued)

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

As at 30 April 2022	LGPS £000	SPS £000	Unfunded £000	**Total £000**
Equities	-	52,596	-	**52,596**
Private Equity	-	1,344	-	**1,344**
Bonds	-	15,711	-	**15,711**
Cash	-	2,888	-	**2,888**
Property	-	7,415	-	**7,415**
Fair value of plan assets	-	79,954	-	**79,954**
Present value of obligations	-	(75,657)	(324)	**(75,981)**
Surplus/(deficit) before tax	-	4,297	(324)	**3,973**
Withholding tax provision on recoverable		(1,504)	-	**(1,504)**
Retirement benefit surplus/(deficit) net of withholding tax	-	2,793	(324)	**2,469**

As at 1 May 2022	LGPS £000	SPS £000	Unfunded £000	**Total £000**
Equities	-	53,725	-	**53,725**
Private Equity	-	1,564	-	**1,564**
Bonds	-	14,868	-	**14,868**
Cash	-	2,794	-	**2,794**
Property	-	5,494	-	**5,494**
Fair value of plan assets	-	78,445	-	**78,445**
Present value of obligations	-	(86,277)	(390)	**(86,667)**
Deficit in the scheme	-	(7,832)	(390)	**(8,222)**
Liability recognised in the balance sheet	-	(7,832)	(390)	**(8,222)**

At 30 April 2022, 89% (2021: 91%) of SPS scheme assets were quoted on a recognised stock exchange or held in cash or asset readily convertible to cash and therefore considered to be liquid. Following its exit from the LGPS on 16 March 2021, the Company no longer had an interest in LGPS scheme assets (2020: 80% considered to be liquid).

16 Retirement benefit obligations (continued)

Exit from the Tyne & Wear LGPS

On 16 March 2021, the small number of remaining members of the scheme withdrew from the Tyne & Wear LGPS as described above. Under the LGPS Regulations, this triggers an Exit Event with the Exiting Employer either receiving an Exit Credit or paying an Exit Charge as calculated by the scheme actuary. The calculation of this amount resulted in the Company being due an Exit Credit of £8,243,000 that it duly received in August 2021.

IAS 19 requires that where plan settlement has taken place, any asset ceiling hitherto applied in limiting the value of any surplus or deficit recognised in a scheme is disregarded and any underlying surplus is written off to the income statement down to the recoverable amount. Any asset ceiling provision is written back through the statement of other comprehensive income as a credit.

At the 16 March 2021, the underlying IAS 19 surplus in the scheme was £33,616,000 and the write down to the Exit Credit receivable from the LGPS of £8,243,000 resulted in a loss of £25,373,000 to the income statement (see note 6). At the same point, the asset ceiling provision of £25,373,000 (being £22,169,000 at the beginning of the prior period and a further £3,204,000 being provided during the prior period to the point of exit was released as a credit to the statement of other comprehensive income of £25,373,000.

The net impact of the exit in the prior period was therefore to crystallise a pension receivable and a pre-tax increase in shareholders' funds of £8,243,000.

The amounts recognised in the income statement were as follows:

Period ended 30 April 2022	LGPS	SPS	Unfunded	DC	**Total**
	£000	£000	£000	£000	**£000**
Current service cost	-	153	-	-	**153**
Administration cost	-	41	-	-	**41**
Interest expense	-	159	7	-	**166**
Total defined benefit cost	-	353	7	-	**360**
Defined contribution cost	-	-	-	2,319	**2,319**
Total income statement charge	-	353	7	2,319	**2,679**

16 Retirement benefit obligations (continued)

The amounts recognised in the income statement were as follows: (continued)

Period ended 1 May 2021	LGPS £000	SPS £000	Unfunded £000	DC £000	Total £000
Current service cost	150	21	-	-	**171**
Past service (credit)/cost	(114)	150	412	-	**448**
Administration cost	4	41	-	-	**45**
Settlement - Exit from Tyne & Wear pension fund	25,373	-	-	-	**25,373**
Interest (income)/expense	(303)	262	8	-	**(33)**
Interest expense on asset ceiling	308	-	-	-	**308**
Total defined benefit cost	25,418	474	420	-	**26,312**
Defined contribution cost	-	-	-	2,036	**2,036**
Total income statement charge	25,418	474	420	2,036	**28,348**

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

	2022 £000	2021 £000
Total included in staff costs (note 7)	**2,513**	2,700
Total included in exceptional items (note 6)	-	25,373
Total included in finance charges (note 4)	**166**	275
	2,679	28,348

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

Period ended 30 April 2022	LGPS £000	SPS £000	Unfunded £000	Total £000
Actual return on assets higher than discount rate	-	3,110	-	**3,110**
Experience (loss)/gain arising on benefit obligations	-	(2,346)	9	**(2,337)**
Changes in assumptions underlying the present value of the scheme liabilities	-	11,324	35	**11,359**
Credited to other comprehensive income	-	12,088	44	**12,132**
Withholding tax charge on distribution of recoverable	-	(1,504)	-	**(1,504)**
Total credited to other comprehensive income	-	10,584	44	**10,628**

16 Retirement benefit obligations (continued)

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

Period ended 1 May 2021	LGPS £000	SPS £000	**Total £000**
Actual return less expected return on pension scheme assets	15,012	11,015	**26,027**
Experience gains and losses arising on the scheme liabilities	(467)	(2,124)	**(2,591)**
Changes in assumptions underlying the present value of the scheme liabilities	(3,133)	79	**(3,054)**
Changes in asset ceiling	(2,896)	-	**(2,896)**
Reversal of asset ceiling due to settlement	25,373	-	**25,373**
Total pension related credits recognised in the statement of other comprehensive income	33,889	8,970	**42,859**

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

As at 30 April 2022	LGPS £000	SPS £000	Unfunded £000	**Total £000**
Liability at the beginning of the period	-	(7,832)	(390)	**(8,222)**
Charged to income statement	-	(353)	(7)	**(360)**
Recognised in statement of comprehensive income	-	12,088	44	**12,132**
Employer's contributions	-	394	29	**423**
Surplus/(liability) at end of period	-	4,297	(324)	**3,973**
Withholding tax provision on recoverable surplus	-	(1,504)	-	**(1,504)**
Surplus/(liability) net of withholding tax at end of the period	-	2,793	(324)	**2,469**

16 Retirement benefit obligations (continued)

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

As at 1 May 2021	LGPS £000	SPS £000	Unfunded £000	**Total £000**
Liability at the beginning of the period	(386)	(16,351)	-	**(16,737)**
Employer's contributions and settlements	158	24	30	**212**
Current service cost	(150)	(22)	-	**(172)**
Past service costs/credit	114	(150)	(412)	**(448)**
Finance cost	(5)	(262)	(8)	**(275)**
Administration cost	(4)	(41)	-	**(45)**
Loss on settlement in income statement	(25,373)	-	-	**(25,373)**
Recognised in the statement of comprehensive income	33,889	8,970	-	**42,859**
Exit proceeds from Tyne & Wear pension fund	(8,243)	-	-	**(8,243)**
Liability at end of the period	-	(7,832)	(390)	**(8,222)**

Exit Credit

The Exit Credit of £8,243,000 due to the Company following its ceasing to be a Participating Employer in the Tyne & Wear LGPS is disclosed within debtors (note 12).

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

As at 30 April 2022	LGPS £000	SPS £000	Unfunded £000	**Total £000**
At beginning of period	-	78,445	-	**78,445**
Remeasurement - return on plan assets	-	3,110	-	**3,110**
Interest income	-	1,492	-	**1,492**
Administration costs	-	(41)	-	**(41)**
Employer's contributions	-	394	29	**423**
Benefits paid	-	(3,446)	(29)	**(3,475)**
At end of period	-	79,954	-	**79,954**

16 Retirement benefit obligations (continued)

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

As at 1 May 2021	LGPS £000	SPS £000	**Total £000**
At beginning of period	106,671	69,730	**176,401**
Actuarial gain	15,012	11,016	**26,028**
Interest income	1,444	1,085	**2,529**
Administration costs	(4)	(41)	**(45)**
Employer's contributions	158	24	**182**
Members' contributions	32	-	**32**
Benefits paid	(6,015)	(3,369)	**(9,384)**
Exit from Tyne & Wear pension fund	(117,298)	-	**(117,298)**
At end of period	-	78,445	**78,445**

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

As at 30 April 2022	LGPS £000	SPS £000	Unfunded £000	**Total £000**
At beginning of period	-	86,277	390	**86,667**
Current service costs	-	153	-	**153**
Interest cost	-	1,651	7	**1,658**
Actuarial gain – experience on benefit obligations	-	2,346	(9)	**2,337**
Actuarial gain – changes in assumptions	-	(11,324)	(35)	**(11,359)**
Benefits paid	-	(3,446)	(29)	**(3,475)**
At end of period	-	75,657	324	**75,981**

16 Retirement benefit obligations (continued)

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

As at 1 May 2021	LGPS £000	SPS £000	Unfunded £000	**Total** **£000**
At beginning of period	84,888	86,081	-	**170,969**
Current service costs	150	22	-	**172**
Past service (credit)/cost	(114)	151	412	**449**
Interest cost	1,141	1,347	8	**2,496**
Members' contributions	32	-	-	**32**
Actuarial gain – experience gains and losses	467	2,124	-	**2,591**
Actuarial gain – changes in assumptions	3,133	(79)	-	**3,054**
Benefits paid	(6,015)	(3,369)	(30)	**(9,414)**
Exit from Tyne & Wear pension fund	(83,682)	-	-	**(83,682)**
At end of period	-	86,277	390	**86,667**

The movement in the asset ceiling is shown below:

Period ended 30 April 2022	LGPS £000	SPS £000	**Total** **£000**
At beginning of period	-		-
Interest expenses	-	-	-
Re-measurement	-	-	-
Exit from Tyne & Wear Pension Fund	-	-	-
At end of period	-	-	-

Period ended 1 May 2021	LGPS £000	SPS £000	**Total** **£000**
At beginning of period	(22,169)	-	**(22,169)**
Interest expenses	(308)	-	**(308)**
Re-measurement	(2,896)	-	(2,896)
Exit from Tyne & Wear Pension Fund	25,373	-	25,373
At end of period	-	-	-

16 Retirement benefit obligations (continued)

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

	2022	2021
	%	%
Rate of increase in pensionable salaries	**N/a**	N/a
Rate of increase of pension payment	**2.9**	2.9
Discount rate	**3,2**	2.0
Rate of inflation (RPI)	**3.5**	3.2
Consumer prices inflation assumption	**2.8**	2.4

In the prior period, the assumptions covered the full financial year for the SPS and from the 2 May 2020 to 16 March 2021, the date of settlement, for the LGPS.

The life expectancy assumptions used for each scheme are periodically reviewed. The weighted average life expectancies announced at 30 April 2022 and 1 May 2021 were:

	2022	2021
	Years	Years
Current pensioner aged 65 - male	**19.1**	19.1
Current pensioner aged 65 - female	**22.5**	22.4
Future pensioner at 65 (aged 45 now) - male	**20.5**	20.5
Future pensioner at 65 (aged 45 now) - female	**24.0**	24.0

17 Called up share capital

	2022	2021
Authorised	**£000**	£000
6,000,000 (2021: 6,000,000) Ordinary shares of £0.05p each	**300**	300
1 (2021: 1) 'A' share of £1	**-**	-
Allotted, called up and fully paid		
6,000,000 (2021: 6,000,000) Ordinary shares of £0.05p each	**300**	300
1 (2021: 1) 'A' share of £1	**-**	-

Ordinary shares have the following rights, preferences and restrictions:
The ordinary shares carry a right to vote all general meetings of the Company, a right to share in any dividend issued, and a right to share in a distribution of capital of the Company.

18 Guarantees and other financial commitments

a) Lease commitments

The Company has commitments of £Nil (2021: £Nil) for short-term leases and £8,000 (2021: £16,000) of low-value assets as at 30 April 2022.

b) Contingent liabilities

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

c) Cross guarantees

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

19 Share based payments

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

In light of the COVID-19 situation and in order to ensure fairness for all employees on the CJRS, since 6 April 2020, the Group has suspended share investments under the BAYE plan for the time being.

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

All share options referred to relate to ordinary shares of Stagecoach Group Limited (formerly Stagecoach Group plc), the ultimate parent company as at 30 April 2022.

At 30 April 2022, there were 165 (2021: 188) participants in the BAYE scheme who have cumulatively purchased 255,413 (2021: 292,802) shares with the Company contributing 91,512 (2021: 106,702) matching shares on a cumulative basis. Dividends had been reinvested in a further 68,646 (2021: 78,807) shares for these participants.

Share based payment charges of £Nil (2021: £Nil) have been recognised in the profit and loss account during the period in relation to the scheme.

20 Related party transactions

The Company has taken advantage of the exemptions granted under IAS 24 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group Limited (formerly Stagecoach Group plc). Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 12 and 14.

21 Prior period restatement

Income statement

In the prior period's financial statements, the Company recognised the Bus Service Operators Grant (BSOG) within operating costs as an offset to the fuel costs in error. In accordance with FRS 101, grant income should be presented gross as other operating income. This has since been presented as other operating income in the current period and restated in the prior period.

The effect of this prior period restatement is as follows:

	Operating costs	Other operating income	Profit and loss account
	£000	£000	£000
As at 1 May 2021 as previously reported	(44,666)	10,962	(23,758)
Impact of prior period error - BSOG	(3,603)	3,603	-
As at 1 May 2021 as restated	(48,269)	14,565	(23,758)

Balance sheet

The Company identified that the Bus Service Operator Grant (BSOG) debtor (£717,000) and COVID-19 support grants receivable (£15,000) have been incorrectly recorded as prepayments instead of Government grant receivable as at 01 May 2021. Additionally, contract assets had been incorrectly recorded in prepayments (£341,000) instead of being separately disclosed as contract assets as at 01 May 2021.

Therefore, the prior period comparatives have been restated in note 12.

There was no impact on the Net Assets or Profit for the 52 week period ended 1 May 2021 or on the reserves at 3 May 2020, being the beginning of the comparative period.

22 Ultimate parent company

The Company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company as at 30 April 2022 was Stagecoach Group plc, registered in Scotland (registered number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the Company Secretary at the following address:

Stagecoach Group Limited (formerly Stagecoach Group plc)
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW

23 Post balance sheet events

(i) Ultimate parent company

During the period ended 30 April 2022, and as at the balance sheet date of 30 April 2022, the Company's immediate parent company was Stagecoach Bus Holdings Limited, as disclosed in note 21. The Company's ultimate parent company during the period ended 30 April 2022 and as at 30 April 2022 was Stagecoach Group plc ("the Group"). The Group was not under the control of any single party or, parties acting in concert. On 9 March 2022, the boards of Inframobility UK Bidco Limited and Group announced that they had reached agreement on the terms of a recommended all-cash offer from Inframobility UK Bidco Limited for the entire issued share capital of the Group.

That offer became unconditional on 20 May 2022. Accordingly, with effect from 20 May 2022, Inframobility UK Bidco Limited controls the Group. As of 12 August 2022, Inframobility UK Bidco Limited controls 100% of the Group's issued ordinary shares (excluding shares held in treasury) and voting rights. DWS Infrastructure has management control of the Group from 20 May 2022, although its indirect ownership interest in the Group is less than 2%. The Group's immediate holding Company is therefore Inframobility UK Bidco Limited (registered number 13957417), registered in England. Its ultimate holding company is Pan-European Infrastructure III, SCSp ("PEIF III"), an infrastructure fund managed and advised by DWS Infrastructure. PEIF III is not under the control of any single party or, parties acting in concert.

The parent undertaking of the smallest group and the largest group, of which the company is a member and for which consolidated financial statements are expected to be prepared, is Inframobility UK Midco Ltd, a company registered in England with registered number 13954049 and registered address at Solent Business Park, Forum 4 C/O Aztec Financial Services (UK) Limited, Parkway South, Whiteley, Fareham, United Kingdom, PO15 7AD. That company has yet to produce its first financial statements.

(ii) De-listing of shares

On 28 June 2022, the listing of the Group's shares on the premium listing segment of the Official List, and the trading of the Group's shares on the London Stock Exchange's main market for listed securities, were cancelled.

(iii) Ultimate parent company re-registration

On 17 October 2022, the company's ultimate parent company Stagecoach Group plc re-registered as a private limited company under the name Stagecoach Group Limited.