

East London Bus & Coach Company Limited

Financial statements for the 52 week period ended 28 April 2018

Registered number: 02328402

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Strategic report

For the 52 week period ended 28 April 2018

The directors present their strategic report on the Company for the 52 week period ended 28 April 2018.

Review of the business

East London Bus & Coach Company Limited is a public transport operator, operating primarily contract services within the Greater London area. The Company operates a fleet of 621 (2017: 706) buses and employs 2,169 (2017: 2,359) people.

Results and performance

The results of the Company for the period ended 28 April 2018 show a loss on ordinary activities before taxation of £5,647,000 (2017: profit £3,595,000) and revenue of £147,052,000 (2017: £162,794,000). The Company has net liabilities of £76,674,000 (2017: £124,814,000).

Business environment

Along with fellow subsidiaries South East London & Kent Bus Company Limited and East London Bus Limited, together 'the London bus business', the Company provides public transport services, primarily under contract to Transport for London ("TfL"), under a number of five-year contracts with varying termination dates, which are extendable if qualitative metrics are achieved for a further two years at the Company's discretion.

Road works and traffic congestion are a continuing challenge for operators in the London bus market. Engagement is ongoing with both TfL and the London Assembly on these issues. The Company believe congestion is a major factor in the decline in bus passenger volumes, which are now falling at a faster rate in the capital than in the rest of the country. While London bus operators do not take passenger volume risk in the short term, a combination of declining revenues and moves by central government to make the London bus network self-financing means that TfL's current business plan envisages no significant growth in London bus mileage for the next five years.

The Company benefits from being part of the UK Bus (London) Division of Stagecoach Group plc, a nationwide public transport operator.

Strategy

We have built a sustainable business in the contracted London bus market through a measured approach to bidding, a focus on high operational quality and a close control of costs. The Company's absolute focus remains safety and operational excellence, which underpin our delivery of high quality public transport services. We also continue to take steps to improve the efficiency of our operations and maintain close control of costs.

The value of the all business is supported by its freehold property portfolio. Property in London is expensive and our properties provide a strong base for the continuing operation of our bus services in East and South East London.

Strategic report (continued)
For the period ended 28 April 2018

Future outlook

We currently expect our UK Bus (London) operating profit to remain below our long term aspiration in period ending 27 April 2019. Staff cost inflation in excess of what was assumed in previous successful bids for contracts is affecting profit, but our revised expectation of staff and other costs is reflected in our bids for new contracts.

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 Group level, rather than at an individual business unit level.

The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the Group's 2018 annual report (paragraph 1.4.5 of the Strategic Review), which does not form part of this report.

The principal risks and uncertainties for the Group that are also applicable to the Company are:

Insurance and claims environment

The Group receives claims in respect of traffic incidents and employee claims. The Group protects itself against the cost of such claims through third party insurance policies. An element of the claims is not insured as a result of the "excess" on insurance policies. There is a risk that the number or magnitude of claims are not as expected and that the cost to the Group of settling these claims is significantly higher or lower than expected.

Fuel price fluctuations

The cost of fuel is a significant expense for the Company and the price can fluctuate widely in the market place. The Group seeks to minimise its exposure in this area through the use of fuel hedge contracts by fixing the price of a proportion of estimated fuel purchases throughout the term of the contracts with TfL.

Key performance indicators ("KPIs")

The directors of 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 (London) Division of Stagecoach Group plc, which includes the Company, is discussed in the Strategic Review (paragraph 1.4.6) of the Group's 2018 annual report which does not form part of this report.

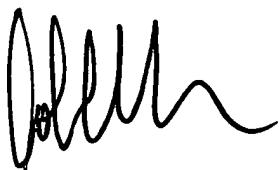
Strategic report (continued)

For the period ended 28 April 2018

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.

By order of the Board



C Brown
Director

One Stockport Exchange
20 Railway Road
Stockport
Cheshire
SK1 3SW

14 January 2019

Directors' report

For the period ended 28 April 2018

The directors present their report on the affairs of the Company, together with the audited financial statements and independent auditors' report, for the period ended 28 April 2018.

Results and dividends

The results of the Company for the period ended 28 April 2018 show a loss on ordinary activities before taxation of £5,647,000 (2017: profit £3,595,000) and revenue of £147,052,000 (2017: £162,794,000). The directors recommend that no dividend be paid (2017: £Nil), and that the loss for the financial period amounted to £3,832,000 (2017: profit £2,670,000) be transferred to reserves.

The directors have received a guarantee of financial support from Stagecoach Group plc due to the net liability position and therefore the directors consider the going concern assumption for the preparation of these financial statements is appropriate.

Future developments

Future developments have been discussed in the strategic report on page 2.

Financial risk management

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

Directors and their interests

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

C Brown

A M Threapleton

P Lynch

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.

Directors' report (continued)

For the period ended 28 April 2018

Donations

Donations to charitable organisations amounted to £1,450 (2017: £3,490).

The Company does not make political contributions and accordingly there were no payments for political purposes during the period (2017: £Nil).

Going concern

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

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 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.

Directors' report (continued)
For the period ended 28 April 2018

Independent auditors and disclosure of information to auditors

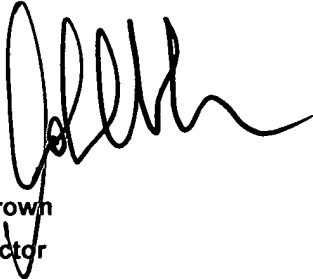
Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant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

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



C Brown
Director

One Stockport Exchange
20 Railway Road
Stockport
SK1 3SW

14 January 2019

Independent auditors' report to the members of East London Bus and Coach Company Limited

For the 52 week period ended 28 April 2018

Opinion

We have audited the financial statements of East London Bus and Coach Company Limited for the period ended 28 April 2018 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 21, 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, the financial statements:

- give a true and fair view of the Company's affairs as at 28 April 2018 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Independent auditors' report to the members of East London Bus and Coach Company Limited (continued)

For the 52 week period ended 28 April 2018

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.

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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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

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.

Independent auditors' report to the members of East London Bus & Coach Company Limited (continued)

For the period ended 28 April 2018

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

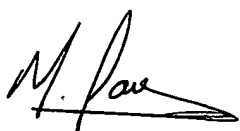
Auditor's responsibilities for the audit of the financial statements

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.

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



Mark Harvey (Senior statutory auditor)

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

Glasgow

15 January 2019

Income statement

For the period ended 28 April 2018

	Note	Period ended 28 April 2018 £000	Period ended 29 April 2017 £000
Revenue	3	147,052	162,794
Operating cost		(148,519)	(157,542)
Gross (loss)/profit	4	(1,467)	5,252
Other operating income	3	1,174	1,756
Operating (loss)/profit		(293)	7,008
Interest payable and similar charges	7	(5,354)	(3,413)
(Loss)/profit on ordinary activities before taxation		(5,647)	3,595
Tax on (loss)/profit on ordinary activities	8	1,815	(925)
(Loss)/profit for the financial period		(3,832)	2,670

All activities relate to continuing operations.

The notes on pages 14 to 34 form an integral part of these financial statements.

Statement of other comprehensive income

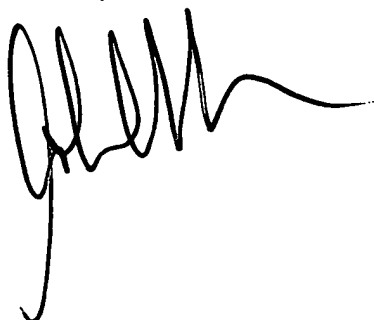
For the period ended 28 April 2018

		Period ended	Period ended
	Note	28 April 2018	29 April 2017
		£000	£000
(Loss)/profit for the financial period		(3,832)	2,670
Other comprehensive income/(expense):			
Actuarial gain/(loss) on retirement benefit obligations	14	62,617	(75,155)
Other comprehensive income/(expense)		62,617	(75,155)
Tax (charge)/credit relating to actuarial gain/(loss) on retirement benefit obligations	13	(10,645)	12,288
Other comprehensive income/(expense) for the period, net of tax		51,972	(62,867)
Total comprehensive income/(expense) for the period		48,140	(60,197)

Balance sheet
As at 28 April 2018

	Note	2018 £000	2017 £000
Non-current assets			
Property, plant and equipment	9	12,450	14,745
Deferred tax asset	13	12,506	22,195
		<u>24,956</u>	<u>36,940</u>
Current assets			
Stocks	10	505	483
Debtors: amounts falling due within one year	11	10,559	32,463
Cash at bank and in hand		-	14,105
		<u>11,064</u>	<u>47,051</u>
Total assets		<u>36,020</u>	<u>83,991</u>
Current liabilities			
Trade and other payables	12	(42,442)	(80,695)
		<u>(42,442)</u>	<u>(80,695)</u>
Non-current liabilities			
Retirement benefit liabilities	14	(68,561)	(126,399)
Provisions for liabilities	15	(1,691)	(1,711)
		<u>(70,252)</u>	<u>(128,110)</u>
Total liabilities		<u>(112,694)</u>	<u>(208,805)</u>
Net liabilities		<u>(76,674)</u>	<u>(124,814)</u>
Capital and reserves			
Called up share capital	16	4,263	4,263
Share premium account	16	10,662	10,662
Revaluation reserve		134	115
Profit and loss account		(91,733)	(139,854)
Total shareholders' deficit		<u>(76,674)</u>	<u>(124,814)</u>

The financial statements on pages 10 to 34 were approved by the board of directors on 14 January 2019 and were signed on its behalf by:



C Brown
Director

Statement of changes in equity

As at 28 April 2018

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Revaluation reserve £000	Total shareholders' deficit £000
At 30 April 2016	4,263	10,662	(79,661)	119	(64,617)
Profit for the financial period	-	-	2,670	-	2,670
Transfer from revaluation reserve	-	-	4	(4)	-
Other comprehensive loss for the period	-	-	(62,867)	-	(62,867)
Total comprehensive loss for the period	-	-	(60,193)	(4)	(60,197)
At 29 April 2017	4,263	10,662	(139,854)	115	(124,814)
Loss for the financial period	-	-	(3,832)	-	(3,832)
Transfer from revaluation reserve	-	-	(19)	19	-
Other comprehensive gain for the period	-	-	51,972	-	51,972
Total comprehensive gain for the period	-	-	48,121	19	48,140
At 28 April 2018	4,263	10,662	(91,733)	134	(76,674)

Notes to the financial statements

For the period ended 28 April 2018

1 Principal accounting policies

The principal accounting policies, all of which have been applied consistently throughout the 52 week period to 28 April 2018 and the preceding year, are:

1.1 Basis of preparation

The Company is a private limited company registered in England. The address of the Company's registered office is shown on page 3 and a description of the Company's principal activities are set out on page 1.

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'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 'Presentation of financial statements'
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- Paragraph 17 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.

At 28 April 2018, the Company had net liabilities of £76,674,000 (2017: £124,814,000). The directors have received confirmation of continuing financial support from the ultimate holding company. Accordingly, the financial statements have been prepared on the going concern basis.

1.2 Revenue recognition

Revenue principally comprises of revenue from the operation of contracted bus services in London and the South East of the United Kingdom ('Revenue'). Revenue is shown net of value-added tax, rebates and discounts. Revenues incidental to the Company's principal activity (including advertising income) are reported as other operating income.

(a) Sales of services

The Company recognises revenue when the amount of revenue can be reliably measured. Performance based incentives are recognised in the period in which they become certain by reference to data provided by TfL.

Notes to the financial statements (continued)

For the period ended 28 April 2018

1 Principal accounting policies (continued)

1.2 Revenue recognition (continued)

(b) Interest income

Interest income is recognised on an accruals basis

1.3 Property, plant and equipment

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 depreciation and any provision for impairment as set out in note 9.

Depreciation on revalued buildings is charged to income. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the subsequent sale or scrapping of a revalued property the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to the profit and loss reserve.

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:

Freehold buildings	50 years
Leasehold land and buildings	over the period of lease
Public service vehicles ('PSVs')	7 to 12 years
Plant and equipment	3 to 10 years
Furniture and fittings	3 to 10 years

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) in the income statement.

Public service vehicles ('PSVs') are generally depreciated over periods ranging from 7 to 12 years after making allowances for estimated residual values.

Notes to the financial statements (continued)

For the period ended 28 April 2018

1 Principal accounting policies (continued)

1.4 Stocks

Stock comprises of fuel and vehicle spare parts and is stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

1.5 Financial assets

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company classifies its financial assets in the following category:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost and gains and losses are recognised in the income statement. They are included in current assets. The most significant financial assets under this category are 'debtors due within one year' and 'cash at bank and in hand'.

1.6 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.7 Ordinary shares

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.8 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless at the balance sheet date, the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the financial statements (continued)

For the period ended 28 April 2018

1 Principal accounting policies (continued)

1.10 Pensions and retirement benefit obligations

Certain employees of the Company are members of the East London & Selkent pension scheme, a defined benefit pension scheme that is also open to certain employees of other Group companies. It is funded through payments to a trustee-administered fund, determined by periodic actuarial calculations. The Company also contributes to a defined contribution scheme.

For the period until acquisition by Stagecoach Bus Holdings Limited, the retirement benefit obligation was held by a fellow group company and as the Company was unable to identify its share of the underlying assets and liabilities, the contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme.

On acquisition by Stagecoach Bus Holdings Limited, the assets and liabilities of the East London & Selkent pension scheme were recognised.

In respect of the 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.

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

Notes to the financial statements (continued)

For the period ended 28 April 2018

1 Principal accounting policies (continued)

1.11 Share-based payment transactions

The Company operates a "Buy as You Earn Scheme" (BAYE). BAYE 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.

1.12 Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to the present value where the effect is material. The increase in the provision due to passage of time is recognised as interest expense

1.13 Tax

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 which the temporary difference can be utilised.

Notes to the financial statements (continued)

For the period ended 28 April 2018

1 Principal accounting policies (continued)

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease expense. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Under finance leases and hire purchase contracts, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, the assets acquired are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future hire purchase capital instalments or finance lease rentals. Assets held under hire purchase arrangements are depreciated over their useful life.

Obligations from hire purchase contracts and finance 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 hire purchase and finance lease obligations are charged to the income statement over the period of the hire purchase or finance lease.

1.15 Dividend distribution

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.

1.16 Cash flow statement

South East London & Kent Bus Limited is not required to prepare a cash flow statement under IAS 7, as it is a wholly owned subsidiary undertaking of 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.

1.17 Financial instruments

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

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables or borrowings, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Notes to the financial statements (continued)

For the period ended 28 April 2018

1 Principal accounting policies (continued)

1.17 Financial instruments (continued)

Financial liabilities within the scope of IAS 39 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.

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 plc are discussed in note 1 of the Group's 2018 annual report.

1.18 Critical accounting policies and estimates

Preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union 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.

Notes to the financial statements (continued)

For the period ended 28 April 2018

1 Principal accounting policies (continued)

1.18 Critical accounting policies and estimates (continued)

ii) *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.

iii) *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.

2 Segment information

Management has determined that there is only one reportable operating segment.

3 Revenue and other operating income

	2018 £000	2017 £000
Contracted services	147,052	162,794
Advertising income	1,016	1,756
Tyre sales	33	-
Other operating income	125	-
Total income	<u>148,226</u>	<u>164,550</u>

All the above income is generated in the United Kingdom. Due to the nature of the Company's business, the origin and destination of Revenue is the same in all cases. The Company provides services primarily to Transport for London and the directors consider that this represents one business segment.

Notes to the financial statements (continued)

For the period ended 28 April 2018

4 Gross (loss)/profit

Gross (loss)/profit is stated after charging/(crediting):

	2018	2017
	£000	£000
Staff costs (note 6)	83,244	89,999
Loss on disposal of vehicles, plant & equipment	201	231
Depreciation		
- owned	3,544	3,428
Operating lease rentals		
- land and buildings	1,987	2,689
- other	90	(9)
PSV intercompany rental charges	7,147	6,397

No auditors' fees have been settled directly by the Company. Audit fees of £4,475 (2017:£3,083) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

5 Directors' remuneration

	2018	2017
	£000	£000
Emoluments of directors	91	151

The above details of directors' emoluments include an apportionment of the emoluments of Mr C Brown, Mr P Lynch and Mr A M Threapleton (2017: Mr C Brown, Mr R G Andrew, Mr R Montgomery, Mr S Greer, Mr G Nolan, Mr P Lynch and Mr A M Threapleton) which are paid by a fellow group undertaking, Stagecoach Holdings Limited.

The number of directors who accrued benefits in pension schemes during the period was as follows

	2018	2017
	Number	Number
Defined benefit scheme	-	1
Defined contribution scheme	2	7
	2	8

Notes to the financial statements (continued)

For the period ended 28 April 2018

5 Directors' remuneration (continued)

During the prior period a number of directors participated in both defined benefit and defined contribution schemes during the current period directors only participated in defined contribution scheme.

The number of directors who exercised share options in the parent company during the period was as follows

	2018	2017
	Number	Number
Directors exercising share options	<u>3</u>	<u>8</u>

6 Staff costs

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

	2018	2017
	Number	Number
By activity		
Operations	1,925	2,120
Administration & supervisory	244	239
	<u>2,169</u>	<u>2,359</u>

	2018	2017
	£000	£000
The aggregate remuneration comprised:		
Wages and salaries	69,791	76,399
Social security costs	7,172	7,759
Other pension costs (see note 14)	6,184	5,764
Share based payments - cash settled (see note 18)	97	77
	<u>83,244</u>	<u>89,999</u>

7 Interest payable and similar charges

	2018	2017
	£000	£000
Interest payable and similar charges		
Net finance charge on pension liability (see note 14)	3,567	1,820
Intercompany loan interest	1,787	1,593
Net interest payable	<u>5,354</u>	<u>3,413</u>

Notes to the financial statements (continued)

For the period ended 28 April 2018

8 Tax on (loss)/profit on ordinary activities

a) Tax recognised in the income statement

	2018	2017
	£000	£000
Current tax:		
UK corporation tax on (loss)/profit of the period	-	1,298
Receivable in respect of group relief	(107)	-
Adjustments in respect of prior periods	(752)	34
Total current tax	(859)	1,332
Deferred tax:		
Origination and reversal of timing differences	(848)	(449)
Adjustments in respect of prior periods	(108)	42
Total deferred tax (note 13)	(956)	(407)
Total tax reported in the income statement	(1,815)	925

	2018	2017
	£000	£000
b) Tax relating to items charged or credited outside of the income statement		
Tax on net actuarial gains/(losses) on defined benefit Pension schemes	10,645	(12,288)

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

	2018	2017
	£000	£000
The tax assessed for the period is lower (2017: higher) than the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%). The differences are explained below:		
(Loss)/profit on ordinary activities before tax	(5,647)	3,595
(Loss)/profit on ordinary activities multiplied by standard rate of income tax in the UK of 19.00 % (2017: 19.92%)	(1,073)	716
<i>Effect of:</i>		
Non tax deductible expenditure and other permanent differences	13	15
Treatment of inter-company transactions	5	(2)
Impact of reduction in UK tax rate on current period's deferred tax	100	83
Impact of reduction in UK tax rate on prior period's deferred tax	-	37
Adjustments in respect of prior periods	(860)	76
Total tax reported in the income statement	(1,815)	925

Notes to the financial statements (continued)

For the period ended 28 April 2018

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

d) Factors that may affect future tax charges

The reduction in the UK corporate income tax rate to 17% which is expected to take effect from April 2020 had been enacted by the balance sheet date. The deferred tax balance as at 28 April 2018 has therefore been calculated with reference to the enacted expected UK corporation tax of 17%.

9 Property, plant and equipment

	Freehold land and buildings £000	Leasehold land and buildings £000	Public service vehicles £000	Plant and equipment and furniture and fittings £000	Total £000
Cost or valuation					
At 29 April 2017	2,085	3,668	34,112	6,679	46,544
Additions	65	252	1,285	400	2,002
Disposals	-	-	(4,156)	(228)	(4,384)
Intercompany transfers	-	-	(55)	55	-
At 28 April 2018	2,150	3,920	31,186	6,906	44,162
Accumulated depreciation					
At 29 April 2017	(891)	(1,254)	(23,680)	(5,974)	(31,799)
Charge for the period	(91)	(228)	(2,342)	(207)	(2,868)
Disposals	-	-	3,945	187	4,132
Intercompany transfers	-	-	(446)	(55)	(501)
Impairment	-	-	(676)	-	(676)
At 28 April 2018	(982)	(1,482)	(23,199)	(6,049)	(31,712)
Net book value at 28 April 2018	1,168	2,438	7,987	857	12,450
Net book value at 29 April 2017	1,194	2,414	10,432	705	14,745

Land and buildings were re-valued at 30 April 1996 by Oliver Liggins, Chartered Surveyors, independent valuers not connected with the company, on the basis of open market value for existing use.

At 28 April 2018 had the land and buildings of the Company been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately £3,472,000 (2017: £3,474,000).

Notes to the financial statements (continued)

For the period ended 28 April 2018

10 Stocks

	2018	2017
	£000	£000
Finished goods	<u>505</u>	<u>483</u>

In the opinion of the directors, there is no material difference between the balance sheet value of stock and the replacement cost.

The cost of stock recognised as an expense and included in the operating costs during the period amounted to £19,190,000 (2017: £21,620,000)

11 Debtors: amounts falling due within one year

	2018	2017
	£000	£000
Amounts owed by group undertakings	5,837	27,899
Intercompany tax relief	107	-
Prepayments and accrued income	4,615	4,564
	<u>10,559</u>	<u>32,463</u>

Responsibility for the collection of trade receivables lies with Stagecoach Services Limited, a fellow group company.

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

12 Creditors

	2018	2017
Current	£000	£000
Bank Overdraft	1,028	-
Amounts owed to group undertakings	26,547	64,443
Corporation tax payable	-	1,297
Social security and other taxes	2,291	2,533
Accruals and deferred income	12,576	12,422
	<u>42,442</u>	<u>80,695</u>

Of the above amounts owed to group undertakings, £26,118,000 (2017: £41,036,000) incur interest at a rate of 5% above the six month London Inter Bank Offered Rate (LIBOR). All other amounts accrue no interest and are repayable on demand.

Notes to the financial statements (continued)

For the period ended 28 April 2018

12 Creditors (continued)

There is no significant difference between the net book amount and the fair value of current trade and other payables due to the short term nature.

The Company's overdraft is subject to the rights of offset in the Group's bank offset arrangement as discussed in the Group's 2018 annual report (note 18 of the notes to the consolidated financial statements), which does not form part of this report.

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 when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

	2018	2017
	£000	£000
Deferred tax to be recovered after more than 12 months		
Deferred tax asset	851	707
Pension temporary differences	11,655	21,488
Net deferred tax asset	<u>12,506</u>	<u>22,195</u>

The gross movement on the deferred income tax account is as follows:

	2018	2017
	£000	£000
At beginning of period	22,195	9,500
Credited to income statement (note 8)	956	407
(Charged)/credited to equity	(10,645)	12,288
At end of period	<u>12,506</u>	<u>22,195</u>

The deferred tax included in the balance sheet comprises:

	2018	2017
	£000	£000
Deferred tax asset:		
Accelerated capital allowances	480	417
Pension temporary differences	11,655	21,488
Other short-term temporary differences	371	290
Net deferred tax asset	<u>12,506</u>	<u>22,195</u>

Notes to the financial statements (continued)

For the period ended 28 April 2018

13 Deferred tax asset (continued)

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

	2018	2017
	£000	£000
Accelerated capital allowances	(63)	(132)
Pension temporary differences	(812)	(402)
Other short-term temporary differences	(81)	127
Deferred tax expense	<u>(956)</u>	<u>(407)</u>

14 Retirement benefit liability

The Company participates to the East London & Selkent pension scheme which is a defined benefit scheme under common control of the group entities.

Until acquisition by Stagecoach Bus Holdings Limited, under IAS 19 the East London Bus & Selkent pension scheme was accounted for as a defined benefit plan in the financial statements of the Group's ultimate UK parent company, East London Bus Group Holdings Limited, and defined contribution accounting was used for this and other Group companies. Following its acquisition by Stagecoach Bus Holdings Limited on 15 October 2010, the East London Bus & Selkent pension scheme was accounted for as a defined benefit plan in the Company's financial statements, and defined contribution accounting has been used for other Group companies.

In addition, the Company contributes to defined contribution schemes for certain employees. Additionally contributions of £1,518,000 (2017: £1,360,000) were made to defined contribution schemes by the Company. At 28 April 2018 there was a creditor of £274,000 (2017: £147,000) in relation to these contributions

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

	2018	2017
	£000	£000
Equities	274,289	134,981
Government bonds	27,807	127,777
Cash	9,684	10,806
Property	-	31,642
Fair value of plan assets	<u>311,780</u>	<u>305,206</u>
Present value of obligations	<u>(380,341)</u>	<u>(431,605)</u>
Liability recognised in the balance sheet	<u>(68,561)</u>	<u>(126,399)</u>

At 28 April 2018, 88% (2017: 87%) of 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.

Notes to the financial statements (continued)

For the period ended 28 April 2018

14 Retirement benefit liability (continued)

The amounts recognised in the income statement were as follows:

	2018	2017
	£000	£000
Defined benefit obligation		
- Current service cost	4,512	4,199
- Administration cost	154	205
- Interest cost	3,567	1,820
Total defined benefit cost	8,233	6,224
Defined contribution cost	1,518	1,360
Total income statement charge	9,751	7,584

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

Total included in staff costs (note 6)	6,184	5,764
Total included in interest receivable and similar charges (note 7)	3,567	1,820
	9,751	7,584

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

	2018	2017
	£000	£000
Actual return less expected return on pension scheme assets	5,660	9,921
Experience gains and losses arising on the scheme liabilities	52,985	194
Changes in assumptions underlying the present value of the scheme liabilities	3,972	(85,270)
Total actuarial gain/(loss) recognised	62,617	(75,155)

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

	2018	2017
	£000	£000
Liability at the beginning of period	(126,399)	(48,877)
- Total expense	(8,233)	(6,224)
- Employer's contributions	3,454	3,857
- Actuarial gain/(loss)	62,617	(75,155)
Liability at end of period	(68,561)	(126,399)

Notes to the financial statements (continued)

For the period ended 28 April 2018

14 Retirement benefit liability (continued)

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

	2018	2017
	£000	£000
At beginning of period	305,206	291,844
Expected return on plan assets	5,660	9,921
Interest income	8,512	10,662
Administration cost	(154)	(205)
Employer's contributions	3,454	3,857
Members' contributions	455	498
Benefits paid	(11,353)	(11,371)
At end of period	311,780	305,206

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 follow:

	2018	2017
	£000	£000
At start of period	431,605	340,721
Current service costs	4,512	4,199
Interest cost	12,079	12,482
Members' contribution	455	498
Actuarial gain - experience gains and losses	(52,985)	(194)
Actuarial gain/(loss) - changes in assumptions	(3,972)	85,270
Benefits paid	(11,353)	(11,371)
At end of period	380,341	431,605

Notes to the financial statements (continued)

For the period ended 28 April 2018

14 Retirement benefit liability (continued)

A full actuarial valuation of the scheme by the actuaries, Lane Clark & Peacock, is carried out. The last actuarial valuation of the East London & Selkent pension scheme was undertaken on 5 April 2013. As at the last valuation date, the calculated technical provisions were equal to the market value of the assets so there was no surplus or shortfall in the scheme.

The management and reporting of the East London & Selkent pension scheme is undertaken at group level. A sensitivity analysis of significant actuarial assumptions is included within note 23 of the Group's 2018 annual report, which does not form part of this report.

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

	2018	2017
	%	%
Rate of increase in pensionable salaries	2.5	2.6
Rate of increase of pension payment	3.1	3.3
Discount rate	2.8	2.8
Rate of inflation (RPI)	3.2	3.4
Consumer prices inflation assumption	2.0	2.1

The life expectancy assumptions used for each scheme are periodically reviewed. The weighted average life expectancies announced at 28 April 2018 and 29 April 2017 were:

	2018	2017
	Years	Years
Current pensioner aged 65 - male	19.5	19.4
Current pensioner aged 65 - female	22.8	22.8
Future pensioner at 65 (aged 45 now) - male	20.9	20.8
Future pensioner at 65 (aged 45 now) - female	24.4	24.3

Notes to the financial statements (continued)

For the period ended 28 April 2018

15 Provisions for liabilities

	Tyre provision	Building provision	Total
	£000	£000	£000
Beginning of period	461	1,250	1,711
Provided in the period	74	-	74
Utilised in the period	(94)	-	(94)
End of period	441	1,250	1,691

Tyre Provision

The group hires the tyres on its fleet of buses and consequently would have to purchase tyres if a bus was to be sold. The provision is an estimate of the cost of buying tyres to fit on the fleet of buses.

Building Provision

The Company has been advised by an external party that the West Ham depot requires additional building expense to bring the building back in line with the required standard required by the lessor.

16 Called up share capital and share premium account

	Ordinary shares	Share premium
	£000	£000
Allotted, called up and fully paid		
Ordinary shares of £1 each		
At beginning and end of period		
- 4,263,000 (2017: 4,263,000) ordinary shares of £1 each	4,263	10,662

Notes to the financial statements (continued)

For the period ended 28 April 2018

17 Guarantees and other financial commitments

a) Lease commitments

The Company had commitments under non-cancellable operating leases. Future minimum rentals payable under these leases are as follows:

	2018 Land & buildings £000	2018 Plant & Equipment £000	2017 Land & buildings £000	2017 Plant & Equipment £000
Expiry date				
- not later than one year	1,994	71	2,652	88
- later than one year but not later than five years	7,977	109	10,610	145
- later than five years	3,926	-	7,787	-
	<u>13,897</u>	<u>180</u>	<u>21,049</u>	<u>233</u>

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 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.

18 Share based payments

The Company operates 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.

At 28 April 2018, there were 425 (2017: 514) participants in the BAYE scheme who have cumulatively purchased 717,297 (2017: 645,062) shares with the Company contributing 173,162 (2017: 152,556) matching shares on a cumulative basis. Dividends had been reinvested in a further 118,815 (2017: 73,145) shares for these participants.

All share options referred to relate to ordinary shares of Stagecoach Group plc, the ultimate parent company.

Share based payment charges of £97,000 (2017: £77,000) have been recognised in the statement of other comprehensive income during the period in relation to the scheme.

Notes to the financial statements (continued)

For the period ended 28 April 2018

19 Related party transactions

The Company has taken advantage of the exemptions granted under IAS24 and no disclosure is made of transactions with wholly owned companies of the Stagecoach Group. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 11 and 12.

20 Post balance sheet event

On 26 October 2018, the High Court handed down a judgement involving Lloyds Banking Group defined benefit pension schemes. The judgement concluded that the schemes should equalise pension benefits for men and women in relation to guaranteed minimum pension ("GMP") benefits. The judgement has implications for many defined benefit schemes, including those in which the Company participates. We are working with our actuarial advisors to understand the impact on our financial statements, but at this stage anticipate recording a past service cost through the income statement and associated increase in pension liabilities in the year ending 27 April 2019.

21 Ultimate parent undertaking

The Company's immediate holding company is Stagecoach Bus Holdings Limited (registered number SC176671) and its ultimate holding company and controlling party is Stagecoach Group plc (registered number SC100764) both registered in Scotland. Stagecoach Group plc heads the only group in which the results of the Company are consolidated. The financial statements of both Stagecoach Group plc and Stagecoach Bus Holdings Limited are available from the Company Secretary at the following address:

Stagecoach Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW