

SCOTO Limited

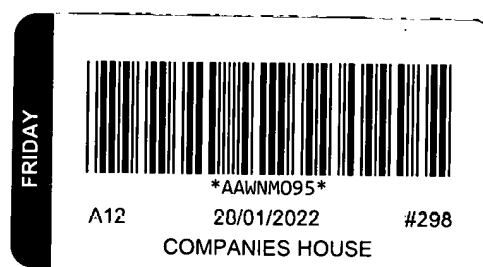
Financial statements for the 52 week period ended 1 May 2021

Registered office:

c/o Stagecoach Services Ltd
One Stockport Exchange
20 Railway Road
Stockport
Cheshire
SK1 3SW

Registered number:

3795345



Strategic report

Registered number: 3795345

For the 52 week period ended 1 May 2021

The directors are pleased to present their Strategic report for the 52 week period ended 1 May 2021.

Review of business

The principal activity of the Company is in holding investments and loans to group subsidiary companies. The Company also owns a number of properties which it leases to various group undertakings in return for rental income.

The Company continues to look for investment and rental opportunities in the coming year.

The Company reported a profit before taxation of £1.2m (2020: £0.8m).

Principal risks and uncertainties

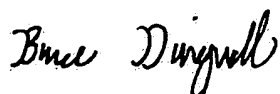
The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates and foreign exchange rates. The directors of Stagecoach Group plc, the Company's ultimate parent, consider these financial risks in the context of the Group as a whole. For this reason, the Company's directors believe that a discussion of the Group's financial risks would not be appropriate for an understanding of the performance or position of the Company's business.

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

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. Discussion on the KPIs affecting the Group as a whole can be found in the Group's annual report (section 1.4.6 of the Strategic report), which does not form part of this report.

On behalf of the Board



Bruce Dingwall
Director
8 October 2021

Directors report (continued)

For the 52 week period ended 1 May 2021

Registered number: 3795345

The directors are pleased to present their annual report on the affairs of the Company, together with the audited financial statements and independent auditors' report for the 52 week period ended 1 May 2021.

Results and dividends

The results for the period have been discussed in the Strategic report on page 1.

The directors declared and paid interim ordinary dividends of £Nil (2020: £Nil). The directors do not propose a final ordinary dividend (2020: £Nil).

Directors

The directors of the Company who served during the period and up to the date of approval of the financial statements are listed below.

Bruce Dingwall
John Hamilton
Karen Robbins

Statement of directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

COVID-19

Details on the actions taken by Stagecoach Group plc, which includes the Company, are set out in sections 1.3 and 1.4 of the Group's 2021 Annual Report with a further update in section 1.9 of the Group's 2021 Annual Report.

The Company was in a good financial position pre-COVID-19 and we have taken action to ensure it is well positioned to manage during this period of increased uncertainty. More details on the actions we have taken in relation to liquidity, funding and financial risk management are set out in section 1.6.10 of the Group's 2021 Annual Report, which also sets out our latest consolidated liquidity position. Section 3.11.1.3 includes comments on forecast liquidity.

Directors report (continued)

For the 52 week period ended 1 May 2021

Registered number: 3795345

Going concern

These financial statements have been prepared on a going concern basis. In applying the going concern basis, the directors have considered the uncertainty caused by the COVID-19 pandemic, recognising that requires a higher level of judgement in assessing whether the Company is a going concern. The Company is in a net current liabilities position as at 1 May 2021. The directors have also considered the Company's cash position and forecast cash flows for 12 months from the date of these financial statements, arising from the services to be rendered and consultancy projects.

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.

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 other relevant factors, the directors have a reasonable expectation that the Company will continue to operate as a going concern for 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.

Indemnification of directors and officers

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

Land and buildings

In the opinion of the Directors, there is no material difference between the open market value of the Company's interest in land and buildings and its net book value.

Directors report (continued)
For the 52 week period ended 1 May 2021

Registered number: 3795345

Independent auditors and statement of disclosure of information to auditors

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- So far as each of the directors are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- Each of the directors has taken steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) 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 the directors have resolved that they be appointed as auditors for next period.

By order of the Board



Michael Vaux
Company Secretary
8 October 2021

Independent auditors' report to the members of SCOTO Limited

For the 52 week period ended 1 May 2021

Opinion

We have audited the financial statements of SCOTO Limited for the period ended 1 May 2021 which comprise the Income Statement, the Balance Sheet and the Statement of Changes in Equity, and the related notes 1 to 14, 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 1 May 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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 the 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 there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of SCOTO Limited (continued)

For the 52 week period ended 1 May 2021

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant 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.

Independent auditors' report to the members of SCOTO Limited (continued)

For the 52 week period ended 1 May 2021

- We understood how SCOTO Limited is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures. We corroborated our enquiries through our reading of board minutes and papers provided to the Group Audit Committee.
- 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 manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- 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

Kevin Weston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
8 October 2021

Income Statement

For the 52 week period ended 1 May 2021

Registered number: 3795345

	Notes	2021 £000	2020 £000
Revenue	2	971	970
Other operating income		40	40
Depreciation		(255)	(264)
Operating profit		756	746
Gain on disposal of properties		-	43
Profit before interest and taxation	3	756	789
Finance costs	4	(56,835)	(18,348)
Finance income	4	57,297	18,348
Profit before taxation		1,218	789
Taxation	5	(775)	(323)
Profit for the financial period		443	466

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

There are no recognised gains or losses in either period other than the results reported above and therefore no separate statement of other comprehensive income is presented.

The results for each period reported above are derived wholly from continuing operations.

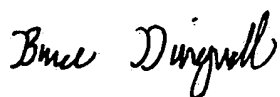
Balance sheet
As at 1 May 2021

Registered number: 3795345

	Notes	2021 £000	2020 £000
ASSETS			
Non-current assets			
Tangible assets	6	22,147	22,402
Investments	7	1,387,971	1,444,806
		<u>1,410,118</u>	<u>1,467,208</u>
Current assets			
Receivables	8	155,151	129,716
Cash and cash equivalents		3,297	28,058
		<u>158,448</u>	<u>157,774</u>
Total assets		<u>1,568,566</u>	<u>1,624,982</u>
LIABILITIES			
Current liabilities			
Payables	9	(549,568)	(606,416)
Non-current liabilities			
Provisions for liabilities and charges	10	(289)	(300)
Total liabilities		<u>(549,857)</u>	<u>(606,716)</u>
Net assets		<u>1,018,709</u>	<u>1,018,266</u>
EQUITY			
Ordinary share capital	11	803	803
Share premium account		948,517	948,517
Retained earnings		6,214	5,771
Capital contribution reserve		63,175	63,175
Total equity		<u>1,018,709</u>	<u>1,018,266</u>

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

The financial statements on pages 8 to 22 were approved by the Board of Directors on **8 October 2021** and signed on its behalf by:



Bruce Dingwall
Director

Statement of changes in equity
For the 52 week period ended 1 May 2021

Registered number: 3795345

	Ordinary share capital £000	Share premium £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
As at 27 April 2019	803	948,517	63,175	5,305	1,017,800
Profit for the financial period	-	-	-	466	466
Total comprehensive income for the period	-	-	-	466	466
As at 2 May 2020	803	948,517	63,175	5,771	1,018,266
Profit for the financial period	-	-	-	443	443
Total comprehensive expense for the period	-	-	-	443	443
As at 1 May 2021	803	948,517	63,175	6,214	1,018,709

Notes to the financial statements

For the 52 week period ended 1 May 2021

Registered number: 3795345

1. Accounting policies

A summary of the principal accounting policies is set out below. All principal accounting policies have been applied consistently throughout the period and the preceding period.

(a) Basis of preparation

The Company is a private limited company registered in England. The address of the Company's registered office is shown on the cover page 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'
- 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 IAS 1 'Presentation of financial statements'
- 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 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.

(b) Basis of consolidation

The Company is a wholly owned subsidiary of another UK company, Stagecoach Group plc, which prepares consolidated financial statements including the Company. As permitted by Section 400 of the Companies Act 2006, the Company has not prepared consolidated financial statements.

(c) Cash flow statement

As permitted by IAS 7 the Company has not prepared a cash flow statement as it is a wholly owned subsidiary of another United Kingdom company, Stagecoach Group plc, which prepares consolidated financial statements, which include a consolidated cash flow statement.

(d) Going concern

These financial statements have been prepared on a going concern basis. In applying the going concern basis, the directors have considered the uncertainty caused by the COVID-19 pandemic, recognising that requires a higher level of judgement in assessing whether the Company is a going concern. The Company is in a net current liabilities position as at 1 May 2021. The directors have also considered the Company's cash position and forecast cash flows for 12 months from the date of these financial statements, arising from the services to be rendered and consultancy projects. 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.

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 1 May 2021

1. Accounting policies (continued)

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 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.

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 other relevant factors, the directors have a reasonable expectation that the Company will continue to operate as a going concern for 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 plc (the "parent") was performed using financial forecasts for the period to 29 October 2022 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 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 73% and 90% of pre-COVID levels in the year ending 30 April 2022 and for the remainder of the going concern period;
- commercial revenue at between 75% and 80% of pre-COVID levels in the year ending 30 April 2022;
- commercial revenue at between 88% and 93% of pre-COVID levels for the remainder of the going concern period;
- concessionary revenue at between 80% and 90% of pre-COVID levels in the year ending 30 April 2022;
- concessionary revenue at between 93% and 98% of pre-COVID levels for the remainder of the going concern period;
- vehicle mileage at between 94% and 95% of pre-COVID levels in the year ending 30 April 2022 and for the remainder of the going concern period;
- additional COVID-related government measures ending by April 2022.

The accounts of the Group and parent undertaking, 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.

(e) Investments

Equity investments outwith the scope of IAS 39 "Financial instruments: Recognition and measurement" are shown at cost less provision for impairment. An impairment loss is recognised for the amount by which the carrying amount of the net investment exceeds its recoverable amount, being the higher of net realisable value and value in use. The value in use is determined using a pre-tax discount rate which reflects our current market assessments of the risks specific to the investment.

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 1 May 2021

1. Accounting policies (continued)

(f) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities (including amounts due from or to other group companies) denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any exchange differences arising from the movement in rate of exchange are included in the income statement.

Where the Company has designated foreign currency borrowings as a fair value hedge against its foreign equity investments, the part of that investment which has been hedged is treated as a monetary asset and retranslated at the spot rate at the balance sheet date.

Exchange differences arising on the translation of foreign currency equity investments and on foreign currency borrowings (including loans from other group companies), to the extent the borrowings hedge the equity investments, are dealt with within finance income and finance charges in the income statement.

(g) 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 which the temporary difference can be utilised.

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

(g) Dividends

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

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 1 May 2021

1. Accounting policies (continued)

(h) Tangible non-current assets

Tangible non-current assets include investments properties which are held at historical cost at acquisition less accumulated depreciation and any provision for impairment. 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. The option to fair value property held as investment property has not been applied.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of assets on a straight line basis over their estimated useful lives, as follows:

Investment property	Shorter of 50 years or period of lease
Fixtures & Fittings	3-5 years straight line

Land is not depreciated.

(i) Related party transactions

The Company has taken advantage of the IAS 24 exemption from having to provide details of transactions with fellow wholly owned group undertakings.

(j) Revenue

Rental income is received from other operating companies within the Group and is shown net of costs of ownership of the properties. Rental income is recognised for the period in which it relates.

(k) Other operating income

Other operating income consists of investment and other income.

Investment income comprises income from investment holdings. Income is accounted for on a receivable basis. Dividends receivable are recognised on the date on which they are declared.

(l) Financial instruments

The Company has the following non-derivative financial instruments: trade and other receivables, cash and cash equivalents and trade and other payables. The measurement for each of these is as follows:

Trade and other receivables

Other receivables are carried at original invoice amount less provision made for impairment of these receivables. Where the time value of money is material, receivables are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments.

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value.

(m) 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 3 May 2020 that have any significant effect on the financial statements.

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 1 May 2021

1. Accounting policies (continued)

(n) Other new standards

Other new standards, amendments to standards and interpretations that are mandatory for the first time for the financial period beginning 3 May 2020, do not have any significant effect on the consolidated financial statements and are listed below.

	<i>Effective for annual periods beginning on or after</i>
<i>International Accounting Standards and Interpretations</i>	
Amendments to references to conceptual framework in IFRS	01 January 2020
Definition of a Business (Amendments to IFRS 3)	01 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	01 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	01 January 2020

2. Revenue

	2021	2020
	£000	£000
Professional fees	-	(13)
Rental income	971	988
Rent paid	-	(5)
	971	970

3. Profit before interest and taxation

The remuneration of the auditors is not settled directly by the Company. Audit fees of £5,000 (2020: £9,500) were paid by the ultimate holding Company, Stagecoach Group plc, on behalf of the Company in respect of audit work performed in the UK.

The remuneration of the directors is borne by the ultimate holding Company, Stagecoach Group plc and/or other group companies. The Company has no employees (2020: Nil).

4. Finance costs and income

	£000	£000
Finance income		
Translation gain on foreign currency net investment	56,835	18,348
Intercompany interest receivable	462	-
	57,297	18,348
Finance costs		
Translation loss on foreign currency borrowings used to hedge net investment	(56,835)	(18,348)
	(56,835)	(18,348)
Net finance income	462	-

Notes to the financial statements (continued)
For the 52 week period ended 1 May 2021

Registered number: 3795345

5. Taxation

(a) Tax recognised in the income statement

	2021	2020
	£000	£000
<i>Current tax:</i>		
UK corporation tax on profits of the period	752	726
Adjustments in respect of prior period	34	(25)
Total current tax	786	701
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	(18)	15
Adjustments in respect of prior periods	7	(393)
Total deferred tax (note 11)	(11)	(378)
Total tax on profit	775	323

(b) Factors affecting the tax charge for the period

	2021	2020
	£000	£000
Profit on ordinary activities before taxation	1,218	789
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	231	150
<i>Effect of:</i>		
Non tax deductible expenditure and other permanent differences	22	15
Treatment of intercompany transactions	481	543
Impact of reduction in UK tax rate on current period deferred tax	-	33
Adjustment in respect of prior period	41	(418)
Current tax charge for the period	775	323

(c) Factors that may affect future tax charges

The deferred tax balance as at 1 May 2021 has been calculated with reference to the enacted expected UK corporation tax rate of 19%. Had the planned increase in the rate from 1 April 2023 to 25% been substantively enacted as at 1 May 2021 the estimated impact of this based on the DT liability at 1 May 2021 would be to increase the deferred tax liability by £91,259 with a debit in the income statement of £91,259.

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 1 May 2021

6. Tangible non-current assets

The movement on tangible non-current assets during the period was as follows:

	Investment properties	Fixtures & Fittings	Total
	£000	£000	£000
Cost or valuation			
At beginning and end of period	24,472	155	24,627
Accumulated depreciation			
At beginning of period	(2,176)	(49)	(2,225)
Charge for period	(230)	(25)	(255)
At end of period	(2,406)	(74)	(2,480)
Net book value			
At beginning of period	22,296	106	22,402
At end of period	22,066	81	22,147

7. Investments

	2021	2020
	£000	£000
Cost and net book value		
At beginning of period	1,444,806	1,426,458
Fair value hedge - translation adjustment	(56,835)	18,348
At end of period	1,387,971	1,444,806

The carrying value of the Company's investment in SCUSI Limited, a wholly owned subsidiary, was £840.9m as at 1 May 2021. SCUSI Limited holds investments in a number of businesses within the Group, including the UK regional bus business. The estimated value in use of the investment was £1,075.9m as at 1 May 2021 but alternative assumptions could result in an impairment loss.

The value in use of the Company's investment in Stagecoach Transport Holdings Limited is most sensitive to assumptions regarding the future financial performance of the Group's regional bus business, particularly given the forecasting uncertainty arising from the COVID-19 situation.

Our base case forecast for the regional bus business assumes that vehicle mileage, a key driver of operating costs, for the year ending 30 April 2022 is 95% of pre-COVID levels. It also assumes that regional bus commercial revenue returns to 80% of pre-COVID levels for the year ending 30 April 2022 reflecting the assumed return in patronage as the country emerges from the pandemic. Concessionary revenue for the year ending 30 April 2022 is forecast at 90% of pre-COVID levels. We have discounted our cash flow projections using a pre-tax discount rate of 9.1%, and a growth rate of 2.3% per annum is used to extrapolate cash flows beyond management's base forecasting period.

As at 1 May 2021, the value in use of the investment exceeded its carrying amount by £235.0m.

Notes to the financial statements (continued)

For the 52 week period ended 1 May 2021

Registered number: 3795345

7. Investments (continued)

The Company owns, either directly or indirectly, the following subsidiary undertakings (ordinary shares 100% owned and 100% voting rights unless otherwise stated):

	<u>Country of registration</u>	<u>Principal activity</u>
A1 Service Limited	Scotland	Dormant company
AA Buses Limited	Scotland	Dormant company
Aberdare Bus Company Limited	England	Dormant company
Bayline Limited	England	Dormant company
Bluebird Buses Limited	Scotland	Bus service operating company
Busways Travel Services (1986) Limited	England	Dormant company
Busways Travel Services Limited	England	Bus service operating company
Busways Trustee (No. 1) Limited	England	Dormant company
Busways Trustee (No. 2) Limited	England	Dormant company
Cambus Limited	England	Bus service operating company
Cheltenham and Gloucester Omnibus Company Limited	England	Bus service operating company
Cheltenham District Traction Limited	England	Dormant company
Chesterfield Transport (1989) Limited	England	Dormant company
Chesterfield Transport EBT (number 2)	England	Dormant company
Chesterfield Transport Limited	England	Dormant company
Chesterfield Transport PST Limited	England	Pension guarantor company
Cleveland Transit Limited	England	Bus service operating company
Cleveland Transit Trustee (No. 1) Limited	England	Dormant company
Cumberland Motor Services Limited	England	Dormant company
Devon General Limited	England	Dormant company
East Kent Coaches Limited	England	Dormant company
East Kent Road Car Company Limited	England	Bus service operating company
East London Bus and Coach Company Limited	England	Bus service operating company
East London Bus Group Property Investments Limited	England	Property rental
East London Bus Limited	England	Bus service operating company
East Midlands Motor Services Limited	England	Dormant company
East Midlands Transport Information Service Limited (28%)	England	Information services company
Fife Scottish Omnibuses Limited	Scotland	Bus service operating company
Formia Limited	England	Dormant company
Frenchwood Holdings Limited	England	Dormant company
G&G Travel Limited	England	Dormant company
Glenvale Transport Limited	England	Bus service operating company
Glossopdale Bus Company Limited	England	Dormant company
GM Buses South (EBT) Limited	England	Dormant company
Greater Manchester Buses South Limited	England	Bus service operating company
Grimsby Cleethorpes Transport Company Limited	England	Dormant company
Go West Travel Limited	England	Bus service operating company
Halliday-HartleTravel (1988) Limited	England	Dormant company
Hartlepool Transport (1993) Limited	England	Dormant company
Hartlepool Transport Limited	England	Dormant company
Hastings and District Transport Limited	England	Dormant company
Highland Country Buses Limited	Scotland	Bus service operating company
JW Coaches Limited	Scotland	Dormant company

Notes to the financial statements (continued)

For the 52 week period ended 1 May 2021

Registered number: 3795345

7. Investments (continued)

KHCT (ESOP) Limited	England	Dormant company
KHCT (Holdings) Limited	England	Dormant company
Kingston Upon Hull City Transport Limited	England	Dormant company
Lincoln City Transport Limited	England	Dormant company
Lincolnshire Road Car Company Limited	England	Bus service operating company
Megabus.com (UK) Limited	England	Inter-city coach operating company
Hartlepool Transport (1993) Limited	England	Dormant company
Megabus.com SAS	France	Inter-city coach operating company
Megacity Limited (35%)	Scotland	Dormant company
Midland Red (South) Limited	England	Dormant company
P. Phythian and Son Limited	England	Dormant company
Parfitts Motor Services Limited	England	Dormant company
Planet Coach BVBA	Belgium	Inter-city coach operating company
Planet Coach GmbH	Germany	Inter-city coach operating company
Planet Coach SRL	Italy	Inter-city coach operating company
PSV Claims Bureau	England	Claims handling company
Red and White Services Limited	England	Bus service operating company
Rhondda Buses Limited	England	Dormant company
Rhondda Valley Buses Limited	England	Dormant company
Ribble Motor Services Limited	England	Dormant company
Schoolbus Limited	Scotland	Dormant company
SCOTO US Subsidiary Limited LLC*	United States	LLC
SCUSI Limited*	England	Holding company
SCUSI US Subsidiary Limited LLC*	United States	LLC
Sharpton Limited	England	Dormant company
South East London and Kent Bus Company Limited	England	Bus service operating company
Southdown Motor Services Limited	England	Dormant company
Stagecoach (North West) Limited	England	Bus service operating company
Stagecoach (South) Limited	England	Bus service operating company
Stagecoach Bus Holdings Limited	Scotland	Holding company
Stagecoach Devon Limited	England	Bus service operating company
Stagecoach Glasgow Limited	Scotland	Dormant company
Stagecoach Rail Replacement (East) Limited	England	Bus service operating company
Stagecoach Rail Replacement (South) Limited	England	Bus service operating company
Stagecoach Rail Replacement Limited	England	Bus service operating company
Stagecoach Scotland Limited	Scotland	Dormant company
Tanport Limited	England	Dormant company
Tees Valley Limited	England	Dormant company
Thames Transit Limited	England	Bus service operating company
The Barnsley and District Traction Company Limited	England	Dormant company
The Mexborough and Swinton Traction Company Limited	England	Dormant company
The Valleys Bus Company Limited	England	Dormant company
The Yorkshire Traction Company (Trustee) Limited	England	Dormant company
The Yorkshire Traction Company Limited	England	Bus service operating company
The Yorkshire Traction Group (LLCS) Limited	England	Dormant company
Transit Advertising Limited	England	Dormant company

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 1 May 2021

7. Investments (continued)

Tyne and Wear Omnibus Company Limited	England	Dormant company
United Counties Omnibus Limited	England	Dormant company
Welcome Passenger Transport Limited	England	Dormant company
West Sussex Buses Limited	England	Dormant company
Western Buses Limited	England	Bus service operating company
Whites World Travel Limited	England	Dormant company

The Company also had the following joint venture interest during the period:

	<u>Country of registration</u>	<u>% held at 1 May 2021</u>
Crown Sightseeing Limited	England	33.3%
Scottish Citylink Coaches Limited	Scotland	35%

* Companies are directly held by SCOTO Limited

8. Receivables

	2021	2020
	£000	£000
Prepayments and accrued income	312	-
Amounts owed by group undertakings	154,839	129,716
	155,151	129,716

9. Payables

	2021	2020
	£000	£000
Accruals and deferred income	1,750	1,789
Amounts owed to group undertakings	547,066	603,901
Corporation tax	752	726
	549,568	606,416

Amounts owed to group undertakings bear no interest and are repayable on demand.

Notes to the financial statements (continued)
For the 52 week period ended 1 May 2021

Registered number: 3795345

10. Provisions for liabilities and charges

	2021	2020
	£000	£000
The movement in deferred tax during the period was:		
At beginning of period	(300)	(678)
Credited/(charged) to income statement (note 5)	11	378
At end of period	(289)	(300)
	2021	2020
	£000	£000
Deferred tax included in the Balance Sheet comprises:		
Accelerated capital allowances	(289)	(300)

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

	2021	2020
	£000	£000
Accelerated capital allowances	(11)	(378)

11. Ordinary share capital

	2021	2020
	£	£
<i>Allotted and fully paid</i>		
73,018 (2020: 73,018) ordinary shares of £1 each	73,018	73,018
73,018 (2020: 730,180) "A" shares of £1 each	730,180	730,180
	803,198	803,198

The "A" shares carry full voting rights, although various restrictions exist on their right to dividend payments and capital distributions as detailed in the Company's Articles of Association.

12. Ultimate holding company

The Company's immediate holding company is Stagecoach Transport Holdings Limited (registered number SC183051), 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 Stagecoach Group plc are available from 10 Dunkeld Road, Perth, PH1 5TW.

13. Related parties

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 plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 8 and 9.

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 1 May 2021

14. Post balance sheet events

The Company's ultimate parent company, Stagecoach Group plc, announced on 21 September 2021 that it is in discussions with National Express Group PLC in relation to a possible all-share combination. Discussions between the parties and reciprocal customary due diligence remain ongoing and there can be no certainty that any offer will be made.