

SCOTO Limited

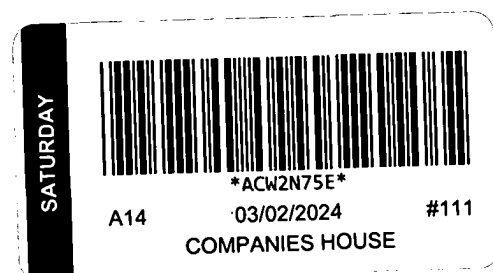
Financial statements for the 52 week period ended 29 April 2023

Registered office:

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

Registered number:

3795345



Strategic report
For the 52 week period ended 29 April 2023

Registered number: 3795345

The directors are pleased to present their Strategic report for the 52 week period ended 29 April 2023.

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 £2.4m (2022: £2.1m).

Principal risks and uncertainties

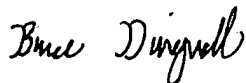
The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates and foreign exchange rates. The directors of Stagecoach Group Limited, the parent undertaking of the smallest group of which the company is a member and for which consolidated financial statements have been prepared, 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 Limited, 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
30 January 2024

Directors report

For the 52 week period ended 29 April 2023

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 29 April 2023.

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 (2022: £Nil). The directors do not propose a final ordinary dividend (2022: £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.

Directors report (continued)
For the 52 week period ended 29 April 2023

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 taken into account the recent trading performance and increased and uncertain cost inflation. The Company is in a net current liabilities and net assets position as at 29 April 2023. The directors have also considered the Company's cash position and forecast cash flows for a period of 12 months from the date of approval of these financial statements, arising from the services to be rendered.

The directors have received confirmation from Stagecoach Group Limited, the Company's intermediate parent company, that Stagecoach Group Limited 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 Limited 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 Limited in providing financial support to the Company and its fellow subsidiaries.

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

The directors cannot be absolutely certain that Stagecoach Group Limited will provide the Company with financial support if required but, having taken account of Stagecoach Group Limited's current intention, Stagecoach Group Limited's past practice, recent trading performance, and increased and uncertain cost inflation, the Directors have a reasonable expectation that the Company will continue to operate as a going concern for a period of 12 months from the date of approval of these financial statements. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

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

Indemnification of directors and officers

Stagecoach Group Limited maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against the directors and officers of the company. Stagecoach Group Limited 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 29 April 2023

Registered number: 3795345

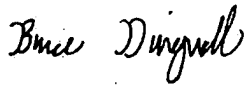
Independent auditors and statement of disclosure of information to auditors

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



Bruce Dingwall
Director
30 January 2024

Independent auditors' report to the members of SCOTO Limited

For the 52 week period ended 29 April 2023

Opinion

We have audited the financial statements of SCOTO Limited for the year ended 29 April 2023 which comprise the Income Statement, the Balance Sheet, 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 29 April 2023 and of its profit for the year 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 future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

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

We have nothing to report in this regard.

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

For the 52 week period ended 29 April 2023

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 year 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 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 year 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.

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

For the 52 week period ended 29 April 2023

- 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 law, and to the reporting framework (FRS 101 and Companies Act 2006) and relevant tax compliance regulations in the UK.
- We understood how SCOTO Limited is complying with those frameworks by making enquiries of management, those charged with governance, internal audit, those responsible for legal and compliance procedures. We corroborate our enquiries through reading board minutes and papers provided to the Group Audit Committee, as well as other correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered the performance targets and their influence on efforts made by management to manage earnings. Where this risk was considered to be higher, we performed audit procedures to address the identified fraud risk. These procedures included testing journals indicating manual or unusual transactions based on our understanding of the business and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries with senior management.

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

Use of our report

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

Ernst & Young LLP

Julie Cavin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
31 January 2024

Income Statement

For the 52 week period ended 29 April 2023

Registered number: 3795345

	Notes	2023 £000	2022 £000
Revenue	2	971	971
Other operating income		94	128
Depreciation		(250)	(251)
Profit before interest and taxation	3	815	848
Finance costs	4	(672)	(56,210)
Finance income	4	2,281	57,456
Profit before taxation		2,424	2,094
Taxation	5	(1,440)	(1,052)
Profit for the financial period		984	1,042

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.

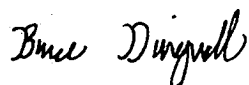
Balance sheet
As at 29 April 2023

Registered number: 3795345

	Notes	2023 £000	2022 £000
ASSETS			
Non-current assets			
Tangible assets	6	21,646	21,896
Investments	7	1,443,509	1,444,181
Receivables	8	50,000	-
		<u>1,515,155</u>	<u>1,466,077</u>
Current assets			
Receivables	8	111,787	159,749
Cash and cash equivalents		20	191
		<u>111,807</u>	<u>159,940</u>
Total assets		<u>1,626,962</u>	<u>1,626,017</u>
LIABILITIES			
Current liabilities			
Payables	9	(3,272)	(605,900)
Non-current liabilities			
Payables	9	(602,604)	-
Provisions for liabilities and charges	10	(351)	(366)
		<u>(602,951)</u>	<u>(366)</u>
Total liabilities		<u>(606,227)</u>	<u>(606,266)</u>
Net assets		<u>1,020,735</u>	<u>1,019,751</u>
EQUITY			
Ordinary share capital	11	-	803
Share premium account	11	-	948,517
Retained earnings		1,020,735	7,256
Capital contribution reserve	11	-	63,175
Total equity		<u>1,020,735</u>	<u>1,019,751</u>

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

The financial statements on pages 8 to 20 were approved by the Board of Directors on **30 January 2024** and signed on its behalf by:



Bruce Dingwall
Director

Statement of changes in equity
For the 52 week period ended 29 April 2023

Registered number: 3795345

	Ordinary share capital £000	Share premium £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
As at 1 May 2021	803	948,517	63,175	6,214	1,018,709
Profit for the financial period	-	-	-	1,042	1,042
Total comprehensive income for the period	-	-	-	1,042	1,042
As at 30 April 2022	803	948,517	63,175	7,256	1,019,751
Profit for the financial period	-	-	-	984	984
Total comprehensive expense for the period	-	-	-	984	984
Share issue	63,175	-	(63,175)	-	-
Capital reduction	(63,978)	(948,517)	-	1,012,495	-
As at 29 April 2023	-	-	-	1,020,735	1,020,735

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 29 April 2023

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 Limited, 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 Limited, 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 taken into account the recent trading performance and increased and uncertain cost inflation. The Company is in a net current liabilities and net assets position as at 29 April 2023. The directors have also considered the Company's cash position and forecast cash flows for a period of 12 months from the date of approval of these financial statements, arising from the services to be rendered. The directors have received confirmation from Stagecoach Group Limited, the Company's intermediate parent company, that Stagecoach Group Limited 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 29 April 2023

1. Accounting policies (continued)

Stagecoach Group Limited has confirmed that it has the ability to provide such support and intends to provide the support, as appropriate, for 12 months from the date of approval of these financial statements. In applying the going concern basis, the directors have also considered the past practice of Stagecoach Group Limited in providing financial support to the Company and its fellow subsidiaries. The directors note that although Stagecoach Group Limited has indicated its intention to provide financial support to the Company as appropriate, there is no commitment to provide such support. The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The directors cannot be absolutely certain that Stagecoach Group Limited will provide the Company with financial support if required but, having taken account of Stagecoach Group Limited's current intention, Stagecoach Group Limited's past practice, recent trading performance, and increased and uncertain cost inflation, the directors have a reasonable expectation that the Company will continue to operate as a going concern for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

The Group going concern assessment performed by Stagecoach Group Limited (the "parent") was performed using financial forecasts for the period to 31 January 2025 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 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 and plausible downside scenarios which contemplate lower regional bus commercial revenue over the forecast period, in addition to more cautious assumptions around our levels of cost increases and government funding support. The downside scenario considered in the going concern period was:

- passenger numbers at 75%-76% of pre-COVID levels in the going concern period;
- commercial revenue at 90%-91% of pre-COVID levels in the going concern period;
- concessionary revenue at 91% of pre-COVID levels for the remainder of the going concern period;
- no additional government funding of zero emission buses, beyond awards already made; and
- failure to win the majority of its bus franchise bids resulting in the loss of services in a number of its depots.

The accounts of the Group and parent undertaking, Stagecoach Group Limited, 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 29 April 2023

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 29 April 2023

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 2 May 2022 that have any significant effect on the financial statements.

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 29 April 2023

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 2 May 2022, 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>	
Amendment to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use	01 January 2022
Amendments to IAS 37, Provisions, Contingent Liabilities, Contingent Assets, Onerous Contracts – Cost of Fulfilling a Contract	01 January 2022
Annual Improvements to IFRS 2018–2020:	
• Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter	
• Amendment to IFRS 9 Financial Instruments – Fees in the “10 per cent” Test for Derecognition of Financial Liabilities.	
• Amendment to IAS 41 Agriculture – Taxation in Fair Value Measurements	01 January 2022
Amendments to IFRS 3, Business Combinations Reference to the Conceptual Framework	01 January 2022

2. Revenue

	2023	2022
	£000	£000
Rental income	971	971
	971	971

3. Profit before interest and taxation

The remuneration of the auditors is not settled directly by the Company. Audit fees of £5,000 (2022: £5,000) were paid by Stagecoach Group Limited, on behalf of the Company in respect of audit work performed in the UK.

The remuneration of the directors is borne by Stagecoach Group Limited and/or other group companies. The Company has no employees (2022: Nil).

Notes to the financial statements (continued)
For the 52 week period ended 29 April 2023

Registered number: 3795345

4. Finance costs and income

	2023	2022
	£000	£000
Finance income		
Translation gain on foreign currency net investment	672	56,210
Intercompany interest receivable	1,609	1,246
	2,281	57,456
Finance costs		
Translation loss on foreign currency borrowings used to hedge net investment	(672)	(56,210)
	(672)	(56,210)
Net finance income	1,609	1,246

5. Taxation

(a) Tax recognised in the income statement

	2023	2022
	£000	£000
Current tax:		
UK corporation tax on profits of the period	1,472	914
Adjustments in respect of prior period	(17)	61
Total current tax	1,455	975
Deferred tax:		
Origination and reversal of temporary differences	(24)	70
Adjustments in respect of prior periods	9	7
Total deferred tax (note 10)	(15)	77
Total tax on profit	1,440	1,052

(b) Factors affecting the tax charge for the period

	2023	2022
	£000	£000
Profit on ordinary activities before taxation	2,424	2,094
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.49% (2022: 19%)	472	398
Effect of:		
Non tax deductible expenditure and other permanent differences	21	21
Treatment of intercompany transactions	960	477
Impact of reduction in UK tax rate on current period deferred tax	-	88
Impact on current year movement of differential in current and deferred tax rates	(5)	-
Adjustment in respect of prior period	(8)	68
Current tax charge for the period	1,440	1,052

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 29 April 2023**5. Taxation (continued)***(c) Factors that may affect future tax charges*

The deferred tax balances have been calculated with reference to the enacted UK corporation tax rate as at balance sheet date of 30 April 2023 of 25%.

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 of period	24,472	155	24,627
At end of period	24,472	155	24,627
Accumulated depreciation			
At beginning of period	(2,631)	(100)	(2,731)
Charge for period	(225)	(25)	(250)
At end of period	(2,856)	(125)	(2,981)
Net book value			
At beginning of period	21,841	55	21,896
At end of period	21,616	30	21,646

7. Investments

	2023	2022
	£000	£000
Cost and net book value		
At beginning of period	1,444,181	1,387,971
Fair value hedge - translation adjustment	(672)	56,210
At end of period	1,443,509	1,444,181

The carrying value of the Company's investment in SCUSI Limited, a wholly owned subsidiary, was £840.9m as at 29 April 2023. 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 £1,270.2m as at 29 April 2023 but alternative assumptions could result in an impairment loss.

The value in use of the Company's investment in SCUSI Limited is most sensitive to assumptions regarding the future financial performance of the regional bus business.

Our base case forecast assumes that regional bus commercial revenue returns to 98% of pre-COVID levels in the year ending 27 April 2024, reflecting the assumed return in patronage as the country emerges from the long-term effect of the pandemic. Concessionary revenue for the year ending 27 April 2024 is forecast at 100% of pre-COVID levels. We have discounted our cash flow projections using a pre-tax discount rate of 11.2% (2022: 9.1%), and a growth rate of 2.4% (2022: 2.1%) per annum is used to extrapolate cash flows beyond management's base forecasting period.

As at 29 April 2023, the value in use of the investment exceeded its carrying amount by £429.3m.

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 29 April 2023**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>
Bluebird Buses Limited	Scotland	Bus service operating company
Busways Travel Services Limited	England	Bus service operating company
Cambus Limited	England	Bus service operating company
Cheltenham and Gloucester Omnibus Company Limited	England	Bus service operating company
Cleveland Transit Limited	England	Bus service operating 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
Fife Scottish Omnibuses Limited	Scotland	Bus service operating company
Go West Travel Limited	England	Bus service operating company
Greater Manchester Buses South Limited	England	Bus service operating company
Highland Country Buses Limited	Scotland	Bus service operating company
Lea Interchange Bus Company Limited	England	Bus service operating company
Lincolnshire Road Car Company Limited	England	Bus service operating company
Midland Red (South) Limited	England	Bus service operating company
Planet Coach BVBA	Belgium	Inter-city coach operating company
PSV Claims Bureau	England	Claims handling company
Red and White Services Limited	England	Bus service operating company
Ribble Motor Services Limited	England	Bus service operating company
SCOTO US Subsidiary Limited LLC*	United States	LLC
SCUSI Limited*	England	Holding company
SCUSI US Subsidiary Limited LLC*	United States	LLC
South East London and Kent Bus Company Limited	England	Bus service operating 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 Bus Services LLC	Dubai	LLC
Stagecoach Devon Limited	England	Bus service operating company
Stagecoach International Limited	Scotland	Dormant
Stagecoach Rail Replacement (East) Limited	England	Bus service operating company
Thames Transit Limited	England	Bus service operating company
The Yorkshire Traction Company Limited	England	Bus service operating company
Western Buses Limited	England	Bus service operating company

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

	<u>Country of registration</u>	<u>% held at 29 April 2023</u>
Crown Sightseeing Limited	England	33.3%
Scottish Citylink Coaches Limited	Scotland	37.5%

* Companies are directly held by SCOTO Limited

Notes to the financial statements (continued)
For the 52 week period ended 29 April 2023

Registered number: 3795345

8. Receivables

	2023	2022
	£000	£000
<i>Current:</i>		
Prepayments and accrued income	-	89
Amounts owed by group undertakings	161,787	159,660
	161,787	159,749
<i>Non-current</i>		
Amounts owed by group undertakings	50,000	-

Of non-current amounts owed by group undertakings, £50,000,000 (2022: £50,000,000) relates to an interest-bearing loan from SCUSI Ltd. This is repayable on demand but is not expected to be repaid in less than one year, and attracts interest at 4.7% (2022: 2.5%). All other amounts owed by group undertakings bear no interest and are repayable on demand.

9. Payables

	2023	2022
	£000	£000
<i>Current</i>		
Accruals and deferred income	1,800	1,710
Amounts owed to group undertakings	-	603,276
Corporation tax	1,472	914
	605,876	605,900
<i>Non-current:</i>		
Amounts owed to group undertakings	602,604	-

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

10. Provisions for liabilities and charges

	2023	2022
	£000	£000
The movement in deferred tax during the period was:		
At beginning of period	(366)	(289)
Credited/(charged) to income statement (note 5)	15	(77)
At end of period	(351)	(366)
	2023	2022
	£000	£000
Deferred tax included in the Balance Sheet comprises:		
Accelerated capital allowances	(366)	(366)

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

	2023	2022
	£000	£000
Accelerated capital allowances	15	(77)

Notes to the financial statements (continued)

Registered number: 3795345

For the 52 week period ended 29 April 2023

11. Ordinary share capital

	2023	2022
	£	£
<i>Allotted and fully paid</i>		
1 (2022: 73,018) ordinary shares of £1 each	1	73,018
0 (2022: 730,180) "A" shares of £1 each	-	730,180
	<u>1</u>	<u>803,198</u>

On 13 April 2023, the Company completed a bonus issue of shares, increasing the share capital to £63,978,079.00 (divided into 63,247,899 ordinary shares of £1 and 730,180 "A" ordinary shares of £1). On 13 April 2023 the Company then completed a capital reduction where the capital of the Company was reduced from £63,978,079.00 to £1 by cancelling and extinguishing 63,247,898 of the ordinary shares and 730,180 of the "A" ordinary shares.

12. Ultimate holding company

The Company's immediate holding company is Stagecoach Transport Holdings Limited (registered number SC183051).

Its ultimate parent company is Pan-European Infrastructure III, SCSp ("PEIF III"), an infrastructure fund managed and advised by DWS Infrastructure. PEIF III is not under the control of any single party or, parties acting in concert.

The parent undertaking of the smallest group of which the company is a member, and for which consolidated financial statements have been prepared, is Stagecoach Group Limited (registered number SC100764), a company registered in Scotland, and registered address at 10 Dunkeld Road, Perth, United Kingdom, PH1 5TW. The parent undertaking of the largest group of which the company is a member, and for which consolidated financial statements have been prepared is Inframobility UK Topco Limited (registered number 13919225) a company registered in England and Wales, and registered address at c/o Stagecoach Services Limited, One Stockport Exchange, 20 Railway Road, Stockport, Cheshire, SK1 3SW.

The financial statements of Stagecoach Transport Holdings Limited, Stagecoach Group Limited, and Inframobility UK Topco Limited are available from the Company Secretary at the following address:

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

14. Post balance sheet events

In November 2023, Compass European Infrastructure ScSP acquired a 21.44% share in Inframobility UK Topco Limited, the largest group of which the company is a member, and for which consolidated financial statements have been prepared. The remaining 78.56% is owned by PEIF III LUXCO Two S.a.r.l, with the ultimate owner of PEIF III LUXCO Two S.a.r.l remaining as Pan-European Infrastructure III, SCSp ("PEIF III").