ROTALA PLC

ANNUAL REPORT

2022

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Country of incorporation of parent company	England and Wales
Company registration number	05338907
Legal form	Public Limited Company
Directors	John Gunn *(Non-Executive Chairman)* Graham Spooner *(Non-Executive Deputy Chairman and Senior Independent Director)* Simon Dunn *(Chief Executive)* Robert Dunn *(Managing Director North West)* Graham Peacock *(Independent Non-Executive Director)* Kim Taylor *(Group Finance Director)*
Registered Office	Rotala Group Headquarters Cross Quays Business Park Hallbridge Way Tipton Oldbury West Midlands B69 3HW Telephone: 0121 322 2222
Company Secretary	Kim Taylor
Nominated Adviser and Broker	Shore Capital & Corporate Limited Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD
Auditor	Jeffreys Henry LLP Statutory Auditor Finsgate 5-7 Cranwood Street London EC1V 9EE
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Bankers	HSBC Bank plc 120 Edmund Street Birmingham B3 2QZ

Chairman's Statement and Review of Operations

I am pleased to be able to make this report to the shareholders of Rotala Plc for the year ended 30 November 2022 ("FY 2022"). After the disruption of the last two years, caused by the COVID-19 pandemic, patterns of bus operation have begun to stabilise, though are still underpinned by grants and subsidies provided by the Department for Transport ("DfT") and local authorities.

Government support

In mid-2021 the DfT replaced its initial support scheme for bus services during the pandemic with a new scheme called "Bus Recovery Grant" ("BRG"). This scheme focuses on compensating bus operators for the absence of revenue whilst passenger numbers continue their recovery back to pre-pandemic levels. The period to be covered by BRG has been extended several times and the latest announcement from the DfT has set a new termination date of 30 June 2023. The other key measure of support comes from local authorities. With the encouragement of the DfT, concessionary fares re-imbursements, which are controlled by local authorities, have been maintained broadly at pre-COVID levels, subject to a variety of adjustments for actual service levels and miles driven, and do not yet reflect actual passenger usage. It is expected that this form of support will gradually be tapered down to reflect actual travel patterns during the year ending 30 November 2023 ("FY 2023").

Passenger numbers

Passenger volumes have yet to recover to pre-COVID 19 levels. At the start of FY 2022 passenger numbers ranged between 80% and 85% of pre-COVID levels, but continued to grow slowly and steadily throughout the year. Nationally for the bus industry, passenger volumes remain at about 85% of those levels. However, the company's own operations have outperformed the market and have reached 90% to 95% of pre-COVID 19 levels. Whilst some of the absence of passenger volume may be ascribed to the reduction in commuter traffic occasioned by the desire to "work from home", in the case of the bus industry, the principal issue is that concessionary cardholders (largely pensioners) have not returned to their previous travel habits. Recent industry reports make it clear that this is a matter of confidence in travel by bus rather than any other factor. Full recovery in bus passenger numbers will depend on concessionary card holders regaining their former confidence in travelling by bus. The board therefore expects passenger numbers to continue to increase only slowly.

Revenues

	FY 2022	FY 2021	FY 2020
	£' million	£' million	£' million
Commercial	53.8	31.7	31.6
Contracted	21.3	16.2	16.5
Total Commercial and Contracted Revenue	**75.1**	**47.9**	**48.1**
Charter	1.1	0.7	0.6
Grants and subsidies	8.7	47.9	29.4
Total Revenue	**84.9**	**96.5**	**78.1**

The recovery in passenger numbers and the gradual reduction in Government support are reflected in the breakdown of revenues in the above table. Bus operation in each of the years ended 30 November 2020 and 2021 ("FY 2020" and "FY 2021") was conducted under the burden of various COVID-related restrictions, but in FY 2022 commercial revenues recovered sharply, as these restrictions had fallen away by the start of the year, and passenger numbers responded accordingly. Grants and subsidies in FY 2022 were also much lower than in the two previous financial years as bus service levels were no longer mandated and paid for by Government and normal commercial operation returned. The peak of Government support for the bus industry was reached in the first half of FY 2021, fell slowly in the second half of that year, and declined substantially in FY 2022.

Revenues (continued)

Contracted revenue, largely derived from tendered bus contracts operated for local authorities, was much less sensitive to COVID restrictions. The company was particularly successful in expanding this area of its business during FY 2022 in both the West Midlands and the North West. These trends have continued so far in FY 2023. Charter revenue is always highly variable, but rebounded substantially in FY 2022 as interest in *ad hoc* leisure travel recovered. Overall total revenues in FY 2022 were £84.9 million, compared to £96.5 million in the previous year.

Financial results

	FY 2022	FY 2021	FY 2020
	£' million	£' million	£' million
Operating profit/(loss)	4.2	3.4	(2.6)
Loss before taxation and exceptional items	(1.1)	(1.3)	(0.8)
Profit/(loss) before tax and after exceptional items	2.0	0.3	(4.8)

Unlike the preceding forms of Government support, BRG does not demand that a bus operator makes neither a profit nor a loss. As passenger numbers have slowly recovered, so the company has benefited from a corresponding increase in operating profits. The board anticipated that FY 2022 would be a year of transition as Government support packages declined in value and the group realigned itself towards the "new normal". The group traded in line with its budget for FY 2022. The board believes that the group is now well positioned to return to profitability in FY 2023 at the normalised pre-tax line.

Profit before tax after exceptional items fluctuates principally as a result of the marking to market of the group's fuel derivative position (which produced profits of £2.6m in FY 2022 and £1.8m in FY 2021). In addition in FY 2022 a profit of £0.6 million was recorded on the sale of a surplus leasehold property. Note 10 to these financial statements contains a full analysis of the composition of exceptional items.

Working capital

	FY 2022	FY 2021	FY 2020
	£' million	£' million	£' million
Inventories	1.2	1.1	3.5
Trade and other receivables	8.2	21.8	22.3
Trade and other payables	(9.2)	(6.2)	(8.3)
Total working capital	**0.2**	**16.7**	**17.5**

The group's trade and other receivables of approximately £21.8 million at 30 November 2021 and £22.3 million at 30 November 2020 were inflated by the amounts receivable from the DfT under the various Government bus industry support schemes, which were the subject of lengthy reconciliation exercises. During FY 2022 these exercises were completed and all grants were received in cash. The working capital invested in trade and other receivables therefore fell steeply. Government support also called for payment terms on trade and other payables to be accelerated. The company has now reverted to its standard payment terms, which explains why trade and other payables have increased in FY 2022. Overall total working capital has fallen for the time being to very low levels. However, as the group increases its exposure to contracted services in the West Midlands and North West (as is set out in more detail later in this statement), more working capital will be absorbed in order to finance this type of revenue.

Total net debt (including hire purchase debt)

	FY 2022	FY 2021	FY 2020
	£' million	£' million	£' million
Revolving commercial facility drawn	nil	7.6	16.2
Mortgage debt	5.4	5.9	6.3
Hire purchase debt	33.4	39.9	37.1
(Cash)/overdraft net of cash	(1.2)	3.2	3.3
	37.6	**56.6**	**62.9**

In accordance with its stated strategy, during the COVID-19 pandemic, the board focused on cash generation and debt reduction. The board set a target for the company's total net debt to be at or below £40 million at 30 November 2022. This target was successfully met.

The release of working capital occasioned by the receipt of the grants and subsidies described above enabled the group to significantly reduce its drawings on its revolving commercial facility ("RCF"). In March 2022, the company also announced that it had signed new banking facilities with its principal bankers, HSBC Bank plc; these facilities include an RCF of up to £17 million. This leaves ample resources to fund future organic growth and acquisitions. Mortgage debt continued to amortise according to its stated terms.

The COVID-19 pandemic delayed the delivery of the replacement buses ordered as part of the company's acquisition of the Bolton depot from First Group plc in August 2019. The remainder of the vehicles ordered were delivered during FY 2021 and this is primarily why hire purchase debt peaked in that year. The group acquired a number of suitable second hand vehicles in FY 2022, but no new ones and so added no fresh hire purchase debt in the year. In FY 2023 hire purchase debt levels will be much changed by the developments in Greater Manchester, described in detail below. The board does not anticipate the need to acquire any new vehicles in FY 2023, unless for new business.

Acquisitions

During FY 2022 the group made three acquisitions. First, in April 2022, it acquired the bus business of Claribel Coaches Limited, operating in the eastern area of Birmingham, and its 18 related vehicles, for a total cash consideration of £339,000. Then in May 2022 the group acquired the bus business of Johnsons (Henley) Limited and a 20–strong vehicle fleet, for a total cash consideration of £1,016,000. This business was a well-established operator of commercial and contracted bus services in Warwickshire and the southern West Midlands. Rotala did not assume any material liabilities with these acquisitions and there was no associated goodwill. Both businesses were, following acquisition, immediately subsumed into the group's Diamond Bus business operating throughout the West Midlands and the services were rebranded into Diamond Bus livery. The acquisitions therefore extended the group's network of bus services in Warwickshire and the West Midlands and made more efficient use of the capacity of the group's existing depots in the region.

In August 2022 the company acquired the entire issued share capital of Midland Classic Limited ("Midland"), the principal bus operator in Burton-upon-Trent for a total cash consideration of £2 million. In addition, on completion, Rotala paid approximately £577,000 in cash to one of Midland's shareholders to repay an existing loan of the same sum. Midland operates about 60 vehicles from its freehold depot in Burton-upon-Trent and employs approximately 120 staff. Besides operating in Burton-upon-Trent, Midland provides bus services to other nearby towns such as Uttoxeter, Ashby-de-la-Zouch and Lichfield. The acquisition extended the group's business to a new territory in the East Midlands from which further growth will be targeted. Operationally, Midland (which has now been renamed Diamond Bus (East Midlands) Limited) is part of Rotala's Midlands division and is controlled from the company's headquarters at Tividale, Oldbury.

Franchising in Greater Manchester

On 23 December 2022, the company released an announcement about developments in the franchising scheme for Greater Manchester. That announcement should be consulted for greater detail, but the principal points are summarised below.
In March 2021, the Mayor of Greater Manchester made the decision to exercise his power to suspend the deregulated commercial bus market in his area through the introduction of a franchising scheme. The first tranche of the scheme is expected to begin operation in late September 2023. In the tender process for this first tranche of the franchising scheme, which covers the company's bus depot in Bolton, together with its related bus operations, the company was not successful in its bids for either of the large franchise areas covering Bolton and Wigan. However, the company was successful in winning seven out of the nine available small franchises in the same areas which have a combined annual revenue of approximately £18.7 million. These small franchises are for periods of between three and five years. As a result, the net effect on the group is expected to be a decline in its annual revenues in the Greater Manchester area of approximately £6 million, principally effective from the year ending 30 November 2024.

As a consequence of these developments, the company has agreed to dispose of its Bolton depot and the majority of the bus fleet based there in two separate stages, subject to shareholder approval. First the company has agreed to sell its Bolton bus depot to the Greater Manchester Combined Authority ("GMCA"), with all its associated fixtures, fittings, plant and machinery. Second the company has agreed to place the majority of the bus fleet currently based at the Bolton depot into a notional asset pool ("Residual Value Mechanism" ("RVM")) created by Transport for Greater Manchester ("TfGM") as part of the franchising arrangements. Under this scheme TfGM allocates buses in the asset pool to the incoming franchise operators. The successful franchise bidder is then obliged to acquire the vehicles allocated to it in the notional asset pool at the value determined by TfGM under the RVM.

The mortgage and hire purchase finance debt associated with these assets will be repaid out of the proceeds of their sale. However, the award of the seven small franchise contracts referred to above will require the company to purchase 60 new diesel buses, as specified by the relevant contracts, at a total cost of approximately £11.9 million, which will be financed by new hire purchase debt. The remaining vehicles in the Bolton fleet will be retained within the group for on-going work.

The overall effect of these transactions on the group is that, subject to signing conditional sale and purchase agreements and obtaining shareholder approval for these transactions, it will receive aggregate cash consideration of approximately £30.5 million for the assets included within the two disposal stages outlined above. The total net book value of these assets at their dates of sale is estimated to be approximately £23.0 million.
As the total consideration receivable for these disposals is material when compared to the company's market capitalisation, pursuant to Rule 15 of the AIM Rules for Companies, the approval of the company's shareholders in a general meeting will need to be obtained prior to the completion of the sale of the Bolton depot and the Bolton bus fleet. At the general meeting, the board intends to recommend to shareholders that they approve the relevant sale transactions, and the directors intend to irrevocably commit their own shareholdings in favour of approving any such transactions. Further announcements regarding these disposals will be made and a circular sent to shareholders in due course.

In the period from completion of the disposal to the GMCA of the company's Bolton bus depot to the commencement of the Bolton franchise by the successful franchise winner, which is expected to be in late September 2023, the group will continue to operate from the Bolton depot and carry out all the bus services which it currently runs from that depot. To facilitate this, the company has agreed to lease back from the GMCA, at a nominal rent, the Bolton depot, and all other assets necessary to support the continued operation of bus services from the bus depot until the formal commencement of the Bolton franchise in late September 2023. At that point the short-term lease will terminate.

Franchising in Greater Manchester (continued)

These changes in the company's operations in Greater Manchester do not preclude the company from bidding for the franchises which cover the north-east and southern areas of the TfGM region. The company has already successfully completed the pre-qualification stages for participation in these two further franchise rounds and submitted bids in the second round of franchising which is currently underway.

New contracts won in the West Midlands

Rotala has continued to work in partnership with Transport for the West Midlands ("TfWM") and other bus operators to optimise the existing overlaps on commercial routes to make sure that service frequencies are properly married to current passenger volumes. At the same time, in response to current Government policy and local needs, the size of the tendered services market has continued to grow. The company has participated fully in the recent tender rounds for contracts of this type and has won several new contracts such that it expects annualised revenues in this region to increase by approximately £2.9 million. These new contracts, which commenced on 1 January 2023, have durations of between one and four years. Since vehicles which were formerly used on commercial routes will be redeployed on tendered routes, the vehicle numbers used in the company's operation in the West Midlands will remain roughly the same and the new work will not necessitate the purchase of any new vehicles.

Tender Offer

The disposals outlined above are anticipated to realise capital of which the company has no current need. Therefore the board decided to return this surplus capital to shareholders and, after due consideration and consultation, concluded that the best and most efficient way to do this was by means of a Tender Offer. This Tender Offer was announced on 26 January 2023 and fully described in a circular to shareholders of the same date. This circular should be consulted for the full details of the Tender Offer and the background and reasons for its launch. In summary the Tender Offer proposed that the company would buy back up to £10 million of its own shares at a price of 55p per ordinary share. The Tender Offer was fully taken up and a total of 18,181,818 shares were acquired by the company at a cost of £10 million. Of these shares 13,993,134 were cancelled and 4,188,684 were taken to treasury to cover any potential issues of ordinary shares in respect of the outstanding share options. Immediately after the Tender Offer closed on 16 February 2023, a total of 5,910,000 ordinary shares was held in treasury.

Share buyback

On 23 March 2022 the company announced that it would commence a Share Buy Back programme in accordance with its existing authorities. Those authorities were renewed at the Annual General Meeting ("AGM") held on 19 May 2022. So far under this programme the company has acquired 921,316 ordinary shares at a total cost of £273,000. This programme is separate from the Tender Offer described above and the resolution passed at the 2022 AGM remains valid. It is intended that this resolution will be renewed at the forthcoming AGM. In accordance with accounting standards, the cost of the shares acquired in this manner has been written off to reserves. A total of 1,721,316 shares was held in treasury at 30 November 2022.

Dividend

In April 2022, the Company, as it resumed dividend payments post the pandemic, paid a special interim dividend of 1.0p per share. At the same time, the board stated its intention to return to its former policy of maintaining 2.5 times earnings cover for any future dividend payments. The board therefore declared an interim dividend of 0.5p per share which was paid on 9 September 2022. A final dividend of 1.0p per share in respect of FY 2022 will be recommended to the forthcoming AGM. This dividend, if approved, will be payable on 30 June 2023 to shareholders on the register on 16 June 2023.
While dividends will therefore now reflect the group's current profitability, the board plans to return to the progressive dividend policy, adopted before the onset of the COVID-19 crisis, recognising the importance of dividend flows to shareholders. It is anticipated that future interim dividends will be paid in September and final dividends in June, in the proportion of one third at the interim dividend stage and two thirds for the final.

Fleet management

	2022	2021	2020
Average fleet age	7.89 years	7.56 years	7.95 years

During FY 2022, the company's requirements for new vehicles were very limited, being restricted to vehicles for new work or contracts won. Aside from the new vehicles for the small franchise contracts in the GMCA area referred to above, the company does not expect to acquire a material number of new vehicles in FY 2023. The company expects that in FY 2024, it will begin a fresh cycle of fleet replacement. It is intended that these vehicles will be electric and not diesel fuelled.

When acquiring any vehicle new to the fleet, the board is always acutely conscious of its emission standards. At the same time the capability of buses driven by non-diesel propulsion systems has continued to improve and their operating costs to become increasingly attractive when compared to their diesel predecessors. However it should be noted that the new vehicles which will be acquired in FY 2023 as part of the move to a franchised bus network in Greater Manchester will necessarily be diesel fuelled due to the timing of the change and the specification of the buses under the franchise contract terms.

Part of the Government's National Bus Strategy includes the subsidised introduction of 4,000 new zero-emission vehicles. Consequently the board believes that in the medium to long term the group will gradually transition to the acquisition of battery-electric buses or buses propelled by other fuels, and move away from diesel-fuelled buses. Diesel driven vehicles will therefore gradually be phased out of the fleet in accordance with Government targets. The continuing disposal of older vehicles in the year ensured that the average fleet age remained closely comparable to previous periods. More than half of the bus fleet is now at EURO VI emissions standard or better.

Fuel hedging

The tranche of hedging contracts which covered fuel usage in FY 2022 expired at the end of that year. The group's budget for FY 2023 anticipates fuel usage of approximately 13 million litres, falling to 11 million litres in FY 2024 and FY 2025 as mileage driven aligns itself with the new contracts in Greater Manchester and the West Midlands set out above. To cover this anticipated fuel usage fresh hedging contracts have recently been taken out such that approximately 50% of the budgeted fuel usage in FY 2023 has been hedged, 92% of that of FY 2024 and 76% of that of FY 2025. All these hedging contracts are at an average price of between 103p and 112p per litre. For reference, the market price of fuel at the date of this statement (excluding VAT) is 106p per litre.

The board will continue to monitor market conditions closely and take out such further fuel hedging contracts as it deems are appropriate to meet its objective of reducing volatility in its costs and, where possible, creating greater business certainty.

Financial review

Income statement

The Consolidated Income Statement is set out on page 37. The sections set out above on Government Support, Passenger Numbers and Revenues analyse the key factors which determined group revenue in FY 2022, and how and where it differed from the previous year. Cost of sales fell back from the levels seen in FY 2021 in response to these changed operational conditions.
Administrative expenses before exceptional items also decreased from £12.3 million in FY 2021 to £9.1 million in FY 2022 as the needs of the business for an enhanced level of legal and technical advice in the complex and challenging operating environment under COVID-19 conditions fell away.
As stated above, the board expected FY 2022 to be the year of transition back to normal operating conditions and this indeed turned out to be the case. Given this, and the fact that FY 2021 was a year conducted under a variety of COVID restrictions, there is little meaningful to be said about Gross Profits, Profit from Operations and Profit before Tax, or comparisons to be drawn about these captions, in the two financial years under report.
Finance expense fell to £2.3 million (2021: £3.1 million). This decrease can be ascribed to two factors: first interest on hire purchase debts fell as the total level of that debt fell. Second bank borrowings also fell markedly during FY 2022 and this had a corresponding effect on the interest expense for this item.
The analysis of the exceptional items is set out in note 10 to these financial statements. In 2022 a profit of £3.1 million was recorded in this caption, compared to a profit of £1.6 million in 2021. As in 2021 the principal component of this line was the marking to market of the group's fuel derivative position. The other exceptional profit in 2022 of £0.6 million resulted from the disposal of a surplus leasehold property.
The Chancellor of the Exchequer has increased the rate of corporation tax from 19% to 25% from April 2023. This change requires the company to increase the corresponding rate at which deferred tax is provided in these financial statements. The extra charge included for this reason in the tax expense in FY 2022 amounts to £652,000.
There were no share issues in the year. As a result of all the factors set out above basic earnings per share in 2022, after all exceptional items, were 2.36p (2021: 0.13p).

Balance sheet

The gross assets of the group fell from £104.5 million at 30 November 2021 to £84.9 million as at 30 November 2022. The book value of property, plant and equipment declined by £4.2 million as depreciation in the year exceeded additions to the same caption. The additions that were made to fixed assets were almost all second-hand passenger carrying vehicles or were vehicle additions derived from the acquisitions described above. The impact of the interest rate and market turmoil in late 2022 caused the net asset represented by the defined benefit pension scheme to fall back considerably to £1.47 million by the end of the year (2021: £4.25 million). The value of the scheme's investments fell by 34%, but at the same time the present value of the scheme's defined benefit obligation fell by 27%. These changes returned the surplus in the pension scheme almost exactly to the level at which it had stood at 30 November 2020. Note 25 to these accounts sets out the full detail.
Goodwill increased as a result of the acquisition of Midland Classic Limited in August 2022, as set out above.
Group stocks of parts, tyres and fuel rose slightly as higher levels of fuel stocks were held. Trade and Other Receivables benefited from the realisation into cash of the DfT grants and subsidies accrued in prior years. The fuel derivative expired at the end of the year and so there was no asset or liability exposure from this source at the balance sheet date.
In the sections on Working Capital and Total Net Debt above the impact of the reduction of Trade and other receivables on bank borrowings has already been set out, together with the reasons for the increase in Trade and other payables. So, whilst Trade and other payables within Current Liabilities increased from £6.2 million to £9.2 million, loans and borrowings fell from £11.6 million to only £418,000, principally through a reduction in drawings under the group's RCF. Obligations under hire purchase contracts under both Current Liabilities and Non-Current Liabilities fell as no new hire purchase contracts were entered into during the year but repayments of

Financial review (continued)

£7.4 million were made. The current portion of hire purchase liabilities is higher than the previous year as a result of balloon payments due in 2023.
In Non-Current Liabilities the grant for the electrification of five vehicles continued to amortise over its agreed term, as did the mortgage liability. The decrease in Provisions for Liabilities results from the board's review of insurance claims outstanding at the end of the year. No corporation tax is payable on the profits for the year, but the deferred tax liability has increased in response to the increase in corporation tax rates from April 2023 as set out above. Of this increase in the deferred tax provision £652,000 has gone through the Consolidated Income Statement and £255,000 through the Consolidated Statement of Comprehensive Income (in relation to the defined benefit pension scheme). The gross liabilities of the group therefore fell to £54.1 million (2021: £71.5 million), a decrease of 24%.
Overall group net assets were £30.8 million at 30 November 2022, compared to £33.0 million at 30 November 2021.

Cash flow statement

Cash flows from operating activities (before changes in working capital and provisions) fell to £12.5 million in FY 2022 (FY 2021: £18.3 million), principally because the depreciation charge fell by £5.9 million by comparison with the previous year. As in 2021, working capital in 2022 was released rather than absorbed. The key reasons for this lie in the receipt in cash of the various DfT grants accrued in prior years and the return to the company's standard creditor payment terms, as already described above. The consequence of these various factors was that cash generated from operations reached £28.1 million (2021: £19.7 million), a considerable increase on the previous year. Interest paid on lease liabilities fell in line with the fall in total lease liability debt. Cash flows from operating activities therefore increased to £26.4 million (2021: £17.8 million).

The sale of surplus vehicles and the unused leasehold property served to offset to some extent the cash expended on the purchase of property, plant and equipment in FY 2022. As set out above, three acquisitions were made in the year, whereas none had been made in the previous year. The total of £3.9 million expended on acquisitions included the sum of £577,000 related to the repayment of a mortgage associated with one of the acquisitions. Thus, in contrast to the small amount of cash generated in 2021 in this caption, in FY 2022 a total of £4.8 million was expended.
Two interim dividends were paid in the year, after a break in dividend payment under COVID, totalling 1.5p per share. The company also commenced a share buy back scheme in FY 2022 under which a total of 921,316 ordinary shares were purchased. Financing activities also reflect the changes to loans and borrowings already described. In order to finance the acquisitions in the year, £3.9 million was drawn down under the RCF, but over the year as a whole £11.45 million was repaid, together with the usual mortgage instalments, making a total of £11.87 million. By the end of the year there were therefore no drawings on the RCF. The capital paid on lease liabilities rose somewhat as the Bolton fleet re-equipment of the previous year was reflected in increased hire purchase instalments. Overall £17.2 million was used in financing activities in 2022 compared to £17.8 million in 2021.
Cash and cash equivalents therefore increased by £4.4 million (2021: £84,000) and, instead of a net liability in cash and cash equivalents of £3.2 million as at 30 November 2021, at 30 November 2022 the company possessed an asset in cash and cash equivalents of £1.2 million. The board regards this outcome for the year as very satisfactory and in line with its plans and expectations.

Outlook

During the COVID-19 pandemic, the board decided to focus on cash conservation and set a specific debt reduction target, with the objective of emerging from the pandemic with a robust balance sheet, fit for renewed commercial operation. The board believes that these objectives have been successfully achieved.

The board's key assumption for FY 2023 is that, as passenger numbers continue to recover slowly and steadily, Government grants and subsidies will taper off, but that the overall outcome will be a return to normal commercial conditions and sustainable profits at the normalised pre-tax line. In response to inflation in many of the company's key cost inputs, such as salaries, fuel prices and parts, the board has throughout FY 2022 taken active steps to re-align service levels, bus operations and fares onto a footing which will enable the group to trade successfully for the foreseeable future. This internal work has been accompanied externally by close cooperation with all the local authorities in whose areas the group operates, particularly those which have received funding for Bus Service Improvement Plans, to redefine and reshape bus networks in order to take account of the changes, at a detailed route level, in bus usage and travel patterns.

This atmosphere of change enabled the group to make the three acquisitions in FY 2022 described above. At the same time further changes in the bus industry are bound to flow from the acquisition in FY 2022 of two of the UK's largest bus groups (Stagecoach Group plc and The Go Ahead Group plc). The board believes that these investments by new entrants to the bus market are an important statement about the positive direction of the bus industry, especially when considered against the background of the continued large-scale investment by the Government under its banner of the National Bus Strategy.

The board expects that change is likely to be a continuing feature of the bus industry because of the trends set out above and so it expects the industry to experience continued turbulence while it is reshaped in the industry's post-pandemic recovery phase. These business conditions should bring a healthy flow of opportunities to the company, much like the acquisitions made in FY 2022, for both organic growth and acquisitions. The board believes that the group has available to it ample bank facilities to cater for any such growth opportunities. For all these reasons, and despite the increased cost of living, fluctuating fuel prices and general rise of inflation, the board remains confident about the future prospects of the company.

John Gunn

John Gunn
Non-Executive Chairman

Date: 5 May 2023

Strategy

Rotala Plc is an AIM-traded company operating commercial and subsidised bus routes for businesses, local authorities, and the general public. Rotala was formed in 2005 and has grown largely through the acquisition of smaller local bus operations and business units disposed of by larger operators (such as Rotala's operations in Preston and Bolton).

Rotala aims to develop profitable and sustainable revenue streams through the expansion of its commercial bus and contracted activities and by being an active participator in transport business trends in the UK. The board believes that government policy since the election of the Coalition Government in 2010 has profoundly upset the old order in the bus industry. It has made life much more difficult for the small bus operator at the same time as undermining the viability of many operating units within the businesses of the large operators. Rotala's strategy is therefore to:

- Take advantage of the opportunities being created by the Bus Services Act 2017 and the National Bus Strategy;
- Continue to consolidate smaller businesses via bolt on acquisitions in existing areas of operation; and
- Look to consolidate unwanted business units from the larger bus operators.

Within these objectives Rotala Plc pursues the following key strategic goals:

- To achieve sustainable growth in shareholder value;
- To meet our stated progressive dividend policy;
- To improve continually the operational capability of the group; and
- To deliver a consistent quality of service to customers.

These goals are measured by:

- A focus on earnings per share and the resultant share price;
- A focus on strong organic growth and higher margin business;
- The level of new investment in infrastructure, technology and training with the objective of a sustained increase in operational efficiency; and
- Continually monitoring the timeliness and completeness of service delivery and levels of customer complaint.

Clearly all business activity contains risks. The objective of the board is to achieve the goals set out above whilst taking on acceptable, but not excessive levels of risk, so as to ensure that the company is viable in the long term. The key risks are outlined further below.

Rotala's Core Values

Our commitment is to conduct business in an ethical manner; our core values convey our organisational beliefs:

- **Professional** – in our approach to business, with expert presence;
- **Innovative** – in creating new solutions;
- **Agile** - quick to respond and make decisions;
- **Collaborative** - working together with all stakeholders;
- **Commercially orientated** - delivering what customers require;
- **Results focused** - focusing on the delivery of value and the job in hand; and
- **Risk aware** - assessing options for alternative strategies.

Our brands signify consistency, reliability and employee commitment.

Rotala's Mission

The commitment is to the delivery of a consistent quality of service in accordance with the service level requirements of all stakeholders. Continuous improvement is sought; close monitoring of service levels identifies areas for improvement. Well-planned, clearly focused training supports an improved quality of service.

Rotala aims to become the first choice supplier for bus operations in its target regions. Having grown through acquisition in key areas, Rotala has put itself into a position from which it can take advantage of future developments in the transport industry. With substantial operations in the North West, the East and West Midlands and Heathrow areas the company is well positioned for future contract wins and organic commercial growth.

Rotala is committed to providing service excellence to stakeholders, by offering value for money and continuous improvement without compromising on the quality of service. By working closely with other businesses, councils and educational institutions, we ensure that flexibility and proactive management are key strengths in which Rotala invests. Our commitment to all stakeholders makes it possible to offer value to all sizes of organisation from the largest corporate to the smallest individual daily user.

Corporate governance

As the company's shares are traded on AIM, the company is required to comply with a Corporate Governance code. It has chosen as its benchmark the Corporate Governance Code developed by the Quoted Companies Alliance ("QCA"). A full analysis of the company's compliance with the QCA Code is to be found on the company's website at www.rotalaplc.com/our-investors/corporate-governance-code.html.

The board is responsible for the management and successful development of the group by:

- setting its strategic direction;
- monitoring and guiding operational performance;
- establishing polices and internal controls to safeguard the group's assets.

The composition of the board provides a blend of skills and experience that ensures it operates as a balanced team. The board considers that it possesses collectively, through its members, a considerable range of experience in both transport and non-transport sectors. The board believes that this range of experience equips it well to supervise the running of the group and to give it effective direction. Members of the board commit through their contracts to devote as much time as is necessary to carry out their designated roles.

Departure from QCA Code

There is at present no formal performance review of individual directors or a formal review process of overall board effectiveness in accordance with Principle 7 of the QCA Code. In this respect only the company departs from the QCA Code. The reason for this departure from the Code is that the Chairman considers that the company still retains the characteristics of its starting point: it began as a family company and in the main still is one. Given these attributes the Chairman takes the view that the formal review of the performance of each director is not appropriate. The board supports the Chairman in this approach. The board as a whole also believes that, at the current time, to review in any formal sense the effectiveness or the performance of the board would not serve any purpose. This does not mean that the board tolerates under-performance or lacks self-criticism.

Departure from QCA Code (continued)
The Chairman has constructed a board in which he expects to see very robust, full and frank views delivered on the performance of the company and all other items on the agenda. This expectation is met at all board meetings. The board believes that it operates effectively at the current time in serving the strategic objectives of the company.

Succession planning in such an environment is difficult, as it always is in a family company. Succession to key executive roles is therefore a key risk, which the board acknowledges, while noting that it believes that no one is indispensable. As the company grows in size, the board expects that it too will grow commensurately. Over time therefore the expectation is that more formality over performance of individuals and board will naturally develop, as the company ceases to be reliant on its family base.

Board activity
The board meets regularly to review trading performance, to ensure adequate funding is available, to set and monitor strategy, and when appropriate, to report to shareholders. To enable the board to discharge its duties, all directors receive appropriate and timely information. The board is responsible for maintaining a strong system of internal control to safeguard shareholders' investments and the group's assets. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The directors are responsible for the group's system of financial control and for reviewing its effectiveness.

The attendance record of the board in the last year is as follows. Most of the meetings were held virtually:

Name	Number of board meetings in the last year	Number attended
John Gunn (Non-executive Chairman)	15	14
Graham Spooner (Non-executive Deputy Chairman and Senior Independent Director)	15	15
Simon Dunn (Chief Executive)	15	15
Robert Dunn (Managing Director North West)	15	15
Graham Peacock (Independent Non-executive Director)	15	14
Kim Taylor (Group Finance Director)	15	15

Board Structures

The board is responsible for the governance of the company and the supervision of its activities. The board has however delegated certain of its roles and responsibilities to Board Committees, whilst reserving certain matters to itself. The chairmen of these Committees are responsible for making appropriate reports to the board as a whole on the activities of their committees.

The following committees of the board have been instituted. These committees are formed of the non-executive directors only:

Name	Nominations committee member	Audit committee member	Remuneration committee member
John Gunn (Non-executive Chairman)	Yes; chairman	Yes	Yes
Graham Spooner (Non-executive Deputy Chairman and Senior Independent Director)	Yes	Yes; chairman	Yes; chairman
Graham Peacock (Independent Non-executive Director)	Yes	Yes	Yes

The functions of these committees are as follows:

1. **Nominations Committee**
   The responsibilities of the Committee include role specification for any proposed new board appointment, short-listing and selection of candidates, and consideration of any appointment or re-appointment to the board, whether of executive or non-executive directors.

2. **Audit Committee**
   The primary function of the Committee is to assist the board in fulfilling its oversight responsibilities by:

   - serving as an independent and objective party to monitor the quality and timeliness of the financial reporting process and the internal financial control system;
   - reviewing financial reports and other financial information in advance of their publication;
   - monitoring, on a continuing basis, the systems of internal controls covering finance and accounting established by management and the board; and
   - monitoring the auditing, accounting and financial reporting processes generally.

   The Committee's primary duties and responsibilities are to:

   - serve as an independent and objective party to monitor the quality and timeliness of the financial reporting process and monitor the internal financial control system;
   - review and appraise the audit efforts of the external auditors;
   - provide an open avenue of communication between the external auditors, financial and senior management, and the board; and
   - confirm and assure the independence and objectivity of the external auditor.

Board Structures *(continued)*

3. Remuneration Committee

The Committee's primary duties and responsibilities are to:

- make recommendations on the company's framework of executive remuneration and its cost; this will include, as appropriate, the implementation and overview of the company's bonus and share option programmes;
- determine, on the board's behalf, specific remuneration packages for each of the executive directors, including pension rights and any compensation payments;
- approve any contract of employment or related contract with executive directors on behalf of the company; and
- determine and approve any contract of employment of any other employee in respect of whom the board shall have requested the Committee to act.

In addition the board has reserved certain matters to itself. These matters include:

- Approval of interim and final financial statements;
- Approval of any significant changes in accounting policies or practices;
- Changes to the company's capital structure;
- Board appointments and removals;
- Responsibilities of and scope of tasks of the Chairman, Chief Executive and any other executive director;
- Terms of reference of and membership of board committees;
- Approval of the group's long term objectives and commercial strategy;
- Approval of the group's annual operating and capital expenditure budgets;
- Changes to the group's management and reporting structure;
- Any acquisition or disposal of any business or company;
- Any contract of any description not in the ordinary course of business;
- Risk management strategy;
- Health and safety policy; and
- Environmental policy.

The board does expect that, as the company grows in size and evolves, its governance structures will need to evolve and develop in commensurate fashion.

Relationships with stakeholders

In the bus industry there are many important interest groups. These groups may have direct influence over the company through the legal powers entrusted in them or they may possess a more informal influence, which is of no lesser importance to the company. The board regards it of the utmost importance to maintain contact with all these stakeholder interests and to listen to what they have to say. Identified more formally constituted stakeholders include:

- The Department for Transport and key government regulatory bodies (Traffic Commissioners and The Driver and Vehicle Standards Agency);
- Local Transport Authorities, Local Councils, local Members of Parliament, Local Councillors;
- Local bus user representative groups (including groups or charities with mobility interests); and
- Individual bus users: individual bus users can make their views known via the company's website. This also incorporates a complaints facility. All complaints are recorded and systematically replied to.

The company is in constant contact at managerial level with all these stakeholders and conducts formal meetings with all of them, whether individually or through bus operator representative bodies. By these means the company gains insight not only into fresh legal or regulatory demands but also into the thinking and more general objectives of these stakeholder groups, with the added advantage of being able to influence them in return. The board receives regular reports of developments in these key relationships from the Chief Executive as part of his formal reporting. The company regards its relations with these bodies as being of critical importance in ensuring its success.

Other stakeholders include:

Employees

The group's employment policies are regularly reviewed to ensure they remain effective. These policies promote a working environment which underpins the recruitment and retention of professional and conscientious employees, and which improves productivity in an atmosphere free of discrimination. The group is committed to giving full and fair consideration to all applications for employment from those who are disabled, to their training, career development and promotion, where employed, and to continuing the employment and training of those who become disabled while employed.

It is a key policy of the group to consider the health and welfare of employees by maintaining safe places and methods of work. The group employs a Health and Safety Auditor, who assesses regularly all places of work under a standardised testing scheme. Reports of these tests are communicated to the board.

Training is also a priority task and is a focus of considerable effort, especially in the field of dealing with passengers. All drivers are issued with a handbook at the commencement of their employment which sets out in detail the standards which they are expected to meet. All drivers are also regularly put through the training courses which are mandatory in enabling them to retain their driving qualifications.

Employees are briefed regularly about the performance and prospects of the group and their individual depots; they are also consulted about and involved in the development of the group in a number of ways, which include regular briefings, team updates and announcements. Executive directors and senior managers, as a matter of policy, are frequently on hand when services begin to run out first thing in the morning. By these means they make themselves known to all employees and enable themselves to get to know each individual employee.

Employees *(continued)*

Managers pride themselves on being approachable and ready to listen to employee suggestions and comments about operating difficulties.
An SAYE scheme exists for the benefit of all employees. The details of the scheme are set out in note 28 to these financial statements. The board has judged that it is not appropriate to offer further tranches under this scheme until the effects of the COVID-19 pandemic are shaken off and normal trading conditions in the bus industry resume.

Key suppliers and corporate customers

More formal relationships are conducted with corporate customers and key suppliers. Here the basis of the relationship is a written contract which governs dealings between the two parties. Contract performance reviews are regularly conducted with corporate customers. Here the key matters will be service delivery according to the targets embedded in the contract. It need hardly be pointed out that contract renewal is almost always dependent to some degree on the strength of the relationship with the customer and of course the performance against target. With the suppliers the relationship is the other way round: they are being held to account and their delivery performance reviewed against the agreed targets. Nevertheless a harmonious long-term relationship is always desired.

Relationships with shareholders

The company values the views of its shareholders and recognises their interest in the company's strategy and performance.
As regards institutional shareholders, the board obtains their views and expectations through the usual well-established channels:

- Individual meetings with such shareholders as and when requested;
- Invitations to business tours if requested;
- "Road show" meetings as part of each half year and full year reporting cycle;
- Close liaison with the company's broker; and
- Regular meetings with any analysts covering the company (who are in turn in close contact with their clients).

The company's broker provides regular feedback on the outcomes of all these forms of meeting and this feedback is distributed to the whole board. Each member of the board also receives all notes published by the analysts which follow the company.

As regards private shareholders the Annual General Meeting ("AGM") and the Annual Report are the principal channels of communication. The directors are always available to answer questions at the AGM. Private shareholders are encouraged to participate via the AGM but very few private shareholders presently attend it. Aside from the AGM, it is harder for the company to ascertain the views and expectations of private shareholders directly. Besides these initiatives the company normally attends a number of conferences during the year which are specifically aimed at the private shareholder. These events give the private shareholder the opportunity to ask questions and convey their views. The board has found these to be valuable and will continue to engage with private shareholders by these means. Any question can be put to the company by e-mail at info@rotala.co.uk
All historic annual reports, and Stock Exchange announcements, together with other key organisational documents, are available from the company's website www.rotalaplc.com/our-investors/ . The results of AGM business are announced via the Regulatory News Service, together with the details of each vote for and against AGM resolutions.

Streamlined energy and carbon reporting

Rotala, being an AIM-traded large company as defined by the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', is required to disclose its annual energy use and greenhouse gas emissions, and related information, as follows:

	2022	2022	2021	2021
Fuel	**Millions of KWH**	**Emissions – tonnes gross CO2e**	**Millions of KWH**	**Emissions – tonnes gross CO2e**
Diesel	123.21	29,640	116.76	27,657
Gas	0.93	136	2.24	392
Electricity	1.38	293	1.28	273
Total	125.52	30,069	120.28	28,322
Intensity ratio per £'million of revenue		**354**		**293**

Methodology

The figures in the above table have been derived from records of actual diesel fuel usage, gas and electricity consumption in the reporting period. These consumption statistics have then been converted into kilowatt hours ("KWH") and tonnes of gross CO2 equivalent ("tonnes gross CO2e") using the conversion factors set out in the paper "UK Government GHG Conversion Factors for Company Reporting".

As can be readily appreciated from the above table 98% of the group's energy consumption and CO2 emissions comes from the bus fleet. As set out in the section on "Fleet Management" in the Chairman's Statement, the board is acutely conscious of the emission standards both of the fleet as a whole and its individual component vehicles. The board's aim, over time, is gradually to improve the emission standards of the group and this policy guides the board's decisions on fleet replacement. All new vehicles introduced into the fleet in recent years are of a minimum EURO VI standard.
The above table sets out an Intensity Ratio for the year of 354 tonnes (2021: 293 tonnes) of CO2e per £'million of revenue. However, in comparing these two figures it should be born in mind that operations in 2021 were affected at various times by COVID-related restrictions. At the same time revenues were increased by the level of Government support in 2021, which tapered down in 2022. Given these factors apply unequally to the two years being compared, it is difficult to derive meaningful conclusions from the statistics set out above. It will require several years of bus operation under normal operating conditions to establish a data set against which performance can be compared and interrogated.

Statement in relation to Section 172 of the Companies Act

The board makes the following statement for the year ended 30 November 2022 in relation to Section 172 of the Companies Act.

Acting in good faith
The paragraph headed "Rotala's Core Values" above sets out very clearly the board's expectations in this area. Attention is drawn in particular to these words in that paragraph: "Our commitment is to conduct business in an ethical manner". This is a statement by which the board has stood for many years and continues to do so.

Reputation
The paragraph above headed "Rotala's Mission" sets out the commitment to deliver consistent quality of service in accordance with the service level requirements of all stakeholders, while at the same time offering value for money. The board also aims continually to improve the quality of service delivery, which it successfully did throughout the year.

Long-term decisions
By its very nature the bus industry is a long term business. Some of the company's bus routes, particularly those in urban centres, are the same today as they were a century and more ago, when they would first have been operated by horse drawn trams. This factor therefore requires decision *making of an equally long term nature. As set out in its statement on "Strategy" above, the board, in* its decision making always seeks to build profitable and sustainable revenue streams with the aim of improving continually the operating capability and efficiency of the group.
As the bus industry began in 2022 to recover from the effects of the COVID-19 pandemic, the board continued to have very close co-operation with relevant Local Authorities, Transport Authorities (particularly in the West Midlands and Greater Manchester) and the Department for Transport throughout the period.

Employees
The paragraph above headed "Employees" describes the many avenues by which employees are made aware of the progress of the group's business and their part in enhancing service delivery and continually improving the group's performance. The board also believes that employee training is a key contributor to the improvement in service delivery. Much effort is put into this activity, backed up by a very extensive handbook which every employee receives upon joining the group. As noted above this handbook lays out in great detail the standards to which every employee is expected to adhere.
Another key aspect of the operation of a bus company is a healthy and safe working environment, as much for passengers as for employees. The safety and security of passengers and employees is the first priority of the board. Indeed a standing item on the board meeting agenda is the one for "Health and Safety". All material events involving risk to Health & Safety are required to be reported to the board for consideration at every meeting. This subject was of course of particular relevance during the COVID-19 pandemic, from the perspective both of employees and passengers, but will always be a key item considered at every board meeting.

Business relationships
The manner in which the relationships with suppliers, corporate customers and other key stakeholders are governed is set out in the paragraphs above headed "Relationships with stakeholders" and "Key suppliers and corporate customers". Inevitably there is a certain tension between the interests and outlooks of these groups and the interests of shareholders but the board's approach is always to look to the long term and attempt to achieve a fair balance between the sometimes conflicting interests of these stakeholder groups.

Statement in relation to Section 172 of the Companies Act (continued)

Community and the environment

The board recognises that many of its individual bus users are completely reliant on the bus services provided by the group for their mobility because they do not have access to a car. Thus the board is keenly aware of its responsibility to ensure that it delivers low-cost, reliable and efficient services to its customer base, particularly to these individual bus users.

Bus services are furthermore largely delivered in high-density urban environments where the reduction in pollution from vehicles is a key aim. The board has been committed for many years to upgrading the group's bus fleet while continually improving the bus fleet's emission standards and fuel efficiency. The paragraph in the Chairman's Statement headed "Fleet Management" should be consulted for a full description of the progress in this area over the year. The Streamlined Energy and Carbon Report above should also be consulted for the impact of the group's business on the environment.

Principal risks and uncertainties

The directors consider that the following factors may be considered to be the material risks and uncertainties facing the group in normal circumstances. The long term impact of the COVID-19 pandemic on the bus industry is still not clear and so it is not possible at this time to evaluate and describe all the potential risk implications of the pandemic for the business of the group. With that caveat, the board has nevertheless taken action to mitigate identified risks, as follows:

Risk	Potential impact	Management or mitigation
Variations in the price of fuel.	Fuel is a significant cost to the business. If fuel increases in price in circumstances where sales prices cannot be increased, then profitability will be affected.	Management monitors fuel prices closely, negotiates fuel escalator clauses where possible and increases fares if input costs rise in a sustained pattern. Management enters into fuel price hedging arrangements as described in the Chairman's Statement. Management also closely monitors fleet fuel efficiency.
The availability of sufficient capital and leasing facilities to finance the growth in the group's businesses.	The group may miss growth opportunities.	Management maintains close contact with actual and potential shareholders. Relationships with the providers of the group's asset financing and banking facilities are dealt with centrally in order to keep them fully briefed about the progress of the group. All bank account and treasury management is conducted at group level.
New government legislation (such as the Bus Services Act 2017) or industry regulation.	Significant unplanned or unforeseen costs may be imposed on the business.	Management continually monitors regulatory and legal developments and participates keenly in industry forums. Management also ensures that it responds to requests for information and insight from governmental bodies.
Availability of management resources of the appropriate quality.	Lack of appropriate management skills damages the business and its prospects.	The board continually assesses skill requirements, management and structures as the business grows. Appropriate recruits are brought into the business and any necessary management development courses are instituted.
Fleet insurance and cover and level of vehicle insurance rates – particularly in the event of a major accident involving passenger fatality.	The group may not be able to obtain adequate levels of insurance cover.	The group is self-insured for high frequency claims of low value, as set out in the group's accounting policies. Claims above a certain level are comprehensively insured in the normal way. Driver training emphasises a risk - averse culture. Accident rates are monitored centrally. Claims are managed by a claims handler who works closely with the group's insurance adviser and insurers. Relationships with insurance brokers and providers are considered to be key and are managed centrally by the group.

STRATEGIC REPORT FOR THE YEAR ENDED 30 NOVEMBER 2022 (continued)

Streams of Business

The business is composed largely of contracted or predictable commercial revenue streams which equate to more than 90% of current revenue levels. To achieve this level of predictability the business focuses on the development of its three principal revenue streams: contract, commercial and charter.

- **Contract**

  The key aspect of Contracted Operations is that the service is delivered under contract, to specified standards, with the price for the service determined by the contract alone. Contracted operations service two types of customer:

  1. Individual organisations: these can have specific transport needs. Private bus networks are designed on a bespoke basis around these needs; and
  2. Local authorities: since bus denationalisation in the 1980's the bus market has evolved and the dominant operators are now more focused on creating profitable route networks, in contrast to the pre-denationalisation approach when size and breadth of service were the sole concerns. Thus commercial bus groups have, over time, either curtailed or withdrawn services and Local Authorities have made decisions that there is a social need to subsidise the on-going provision of bus services to locations which would not support a commercial bus route. Contracts for these subsidised services operate on a variety of different bases but the contracted element of the revenue is included under this heading. Major examples of these types of services during this accounting year were operated under contract to TfGM, TfWM, Lancashire County Council and Surrey County Council.

- **Commercial**

  On a purely commercial bus service, the company takes all the risk of operation. Where a contracted service obliges the operator to take an element of revenue risk (the proportion of which can vary considerably), the variable element of the revenue is also included under this heading. Since its foundation Rotala has considerably expanded the number of commercial services it conducts in all of its operating areas.

- **Charter**

  Besides the main business streams above, Rotala also provides a private hire service to a variety of customers. Typically this covers business or service disruption, such as rail replacement or plane diversion.

Key performance indicators (KPIs)

The group's key performance indicators from continuing operations (before mark to market provisions, acquisition expenses and other exceptional items) are considered to be:

	2022	2021
Revenue	**£84,871,000**	**£96,543,000**
Gross profit margin	12.1%	14.6%
Profit from operations before mark to market provisions and other exceptional items	£1,142,000	£1,780,000
(Loss) before taxation and mark to market provisions and other exceptional items	(£1,102,000)	(£1,297,000)

Key performance indicators (KPIs) *(continued)*

The group's key performance indicators from continuing operations (after all exceptional items) are considered to be:

	2022	2021
Revenue	**£84,871,000**	**£96,543,000**
Gross profit margin	12.1%	14.6%
Profit from operations	£4,216,000	£3,372,000
Profit before taxation	£1,972,000	£295,000

These key performance indicators are used as follows:

1. Revenue: this measure is a key indication of the success of the group in increasing its market share and thus its prominence within the bus industry. Management also tracks this measure and compares it to the targeted turnover levels which will maximise the throughput that the group achieves within its current depot infrastructure. The more throughput achieved, up to the maximum practicable amounts, the more efficient will be the group's operations;
2. Gross profit margin: it is fundamental to the longer term sustainability of the group that it attains a suitable level of gross profit in all of its activities. In any contracted business the gross profit margin is computed as part of the pricing process. Actual margin is then monitored in relation to the contract and service delivery targets. Gross profit margin will vary depending on the type, location and duration of the contract. Where the revenue is variable and derived from passengers, routes are constantly monitored for gross profit margin. Passenger loadings are also analysed and, in concert with margin analysis, frequencies and routes adjusted to maximise revenue yields. In these instances margins will vary in acceptability depending upon the length, locality and maturity of the route and the extent of competition;
3. Profit from operations before exceptional items: profit from operations before mark to market provisions and other exceptional items is a very important determinant of the long term success of the whole business. Because this indicator is calculated before interest it represents the theoretical debt-free performance of the group and is thus a key measure of value. It is also a measure of how effectively and efficiently the group is using its operating assets, particularly in relation to its peers. Therefore this metric is monitored monthly and progress is frequently reviewed;
4. Profit before taxation before mark to market provisions and other exceptional items: this indicator is a key determinant of return to shareholders. Therefore it is monitored through the prism of the monthly management accounts and reviewed by the board at its monthly meetings. The board places particular emphasis upon the target that this indicator should grow constantly because in this manner it can be confident that it is serving the interests of shareholders and providing the group thereby with the means to sustain its ambitions to increase its overall levels of business.

Trading results and Statement of Financial Position

A review of the group's activities, using its key performance indicators, and a review of its future prospects are contained in the Chairman's Statement and Review of Operations on pages 2 to 10. The group's results for the year are set out on page 37. The results of the year and the financial position as at 30 November 2022 are considered by the directors to be satisfactory.

Going concern

The UK Government from early in the COVID-19 pandemic designated bus operation to be an essential service. In the early months of the pandemic passenger numbers dropped to very low levels but have since climbed steadily, though not yet to pre-pandemic levels. At present Government continues to support the operation of bus services with the BRG grant package. However it is still not clear what effect, if any, the pandemic will have had on living and work patterns in the long term and therefore what the impact of any new trends will be on demand for bus travel.

In the light of this uncertainty the board has examined its strategy and considered its profit and loss and cash flow projections for the accounting periods to 30 November 2025. It has assumed, in its downside scenario, that passenger volumes will only recover fully during 2023. It has also evaluated the hire purchase, loan and overdraft facilities available to the group in connection with the periods examined. After due enquiry and the modelling of the downside scenario, the board has judged the cash flow forecasts, asset financing and banking resources of the group to be adequate to support its continued operations for the foreseeable future and has adopted the going concern basis in preparing the financial statements.

By order of the board

Kim Taylor

Kim Taylor
Secretary

Date: 5 May 2023

The directors present their statutory report for the group for the year ended 30 November 2022.

Directors
The following directors have held office during the year:

J H Gunn
R A Dunn
S L Dunn
G F Peacock
G M Spooner
K M Taylor

Future developments and achievement of strategic goals
Likely future developments in the business and the progress that the group has made towards its strategic goals are required to be addressed in the Directors' Report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in accordance with section 414C (11) of the Companies Act. In these accounts reference should be made to the Chairman's Statement and Review of Operations set out on pages 2 to 10 for a full description of these matters.

Streamlined energy and carbon reporting
AIM-traded 'large' companies (such as Rotala) are also required to disclose their annual energy use and greenhouse gas emissions, and related information in the Directors' Report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008'. In these accounts reference should be made to the Strategic Report on page 18 for a full description of these matters.

Financial instruments

Details of financial instruments, including information about exposure to financial risks and the financial risk management objectives and policies, are given in note 31.

Dividends and Share Price
A special interim dividend of 1.0p per share was paid on 29 April 2022 and an ordinary interim dividend of 0.5p per share on 9 September 2022. A final dividend of 1.0p per share will be proposed to the Annual General Meeting.

The company's share price at 30 November 2022 was 34.0p (2021: 30.00p). The high and low prices in the year were 35.5p and 21.5p respectively.

Effect of the COVID-19 pandemic

The impact of the COVID-19 pandemic, following its emergence and the various stages of restriction which the UK Government imposed in response, is fully described in the Chairman's Statement, to which reference should be made upon this matter.

Directors' interests

The beneficial interests of the directors and their families in the company's shares and share options at 30 November 2022 and 2021 were as follows:

		2022 Ordinary shares of 25p each	2022 Options over ordinary shares of 25p each	2021 Ordinary shares of 25p each	2021 Options over ordinary shares of 25p each
J H Gunn	Beneficial	5,623,897	-	5,623,897	-
R A Dunn	Beneficial	2,470,676	1,415,000	1,999,676	615,000
S L Dunn	Beneficial	1,827,196	2,900,000	1,773,187	900,000
G F Peacock	Beneficial	3,184,166	-	3,184,166	-
G M Spooner	Beneficial	800,000	-	746,540	-
K M Taylor	Beneficial	590,556	795,000	590,556	395,000

J H Gunn is also a director of and shareholder in The 181 Fund Limited: see note 32 – Related Parties and Transactions.

Share options	**At 30 November 2021**	**Issued**	**Exercise price**	**At 30 November 2022**	***Date exercisable***
R A Dunn	615,000	-	54.0p	615,000	24/11/2017
	-	800,000	25.0p	800,000	16/03/2022
Total	615,000	800,000		1,415,000	
S L Dunn	900,000	-	54.0p	900,000	24/11/2017
	-	2,000,000	25.0p	2,000,000	16/03/2022
Total	900,000	2,000,000		2,900,000	
K M Taylor	395,000	-	54.0p	395,000	24/11/2017
	-	400,000	25.0p	400,000	16/03/2022
Total	395,000	400,000		795,000	

All share options expire on 23 November 2024. Further details about the performance conditions which must be reached before these options become fully exercisable are to be found in note 28.

The remuneration of the directors is set out in note 6 of these financial statements. Contracts existing during, or at the end of the year, in which a director was or is materially interested, other than employment contracts, are disclosed in note 32 – Related Parties and Transactions.

Substantial shareholdings

As at 5 May 2023 the company had been notified that the following were interested in 3% or more of the ordinary share capital of the company:

Name	Number of ordinary shares	%
Mr John Gunn	5,623,897	18.13
Mr Nigel Wray	2,742,249	8.84
Mr Robert Dunn	2,470,676	7.96
Mr Graham Peacock	2,275,075	7.33
Mrs S Tobbell	2,275,075	7.33
Close Asset Management Limited	2,201,712	7.10
Mr Simon Dunn	1,827,196	5.89
The 181 Fund Limited	1,702,443	5.49

Purchase of own shares

Ordinary shares have been purchased for treasury in order to meet the need to issue shares in respect of the exercise of share options.

	2022	2022	2022	2021	2021	2021
	Number	% of called up share capital	Cost or proceeds	Number	% of called up share capital	Cost or proceeds
			£			£
Ordinary shares held in treasury at beginning of year	833,809	1.64	805,540	833,809	1.64	805,540
Acquired during the year	921,316	1.81	273,031	-	-	-
Issued in lieu of cash bonus	(33,809)	(0.07)	(9,805)	-	-	-
Ordinary shares held in treasury at end of year	1,721,316	3.38	1,068,766	833,809	1.64	805,540

The maximum number of ordinary shares held in treasury during the year was 1,721,316 (2021: 833,809), representing 3.38% of the called up share capital of the company (2021: 1.64%). A total of 2,515,000 shares were acquired for treasury between 2014 and 2016 at prices between 54p and 75p per ordinary share to meet the share issues which were occasioned by share option exercises and loan stock conversions in those financial years.

Directors' indemnity

The company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company. Appropriate directors' and officers' liability insurance cover is in place in respect of all the directors.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors prepare the group financial statements in accordance with UK adopted international accounting standards ("IFRSs"). The directors have elected to prepare the parent company financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Standards (United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'). 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 and profit or loss of the company and group 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;
- for the group financial statements, state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records which are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Employment policies and employee involvement and communication

The group's policies in the matters of employment (including the disabled), employee involvement and communication are dealt with in the Strategic Report, to which reference should be made for these items. The Strategic Report also covers such matter as relationships with customers and suppliers.
Note 34 should be consulted for any significant post balance sheet events.

Auditors
Mazars LLP resigned as auditors on 2 August 2022 and Jeffreys Henry LLP were appointed to fill the casual vacancy. Jeffreys Henry LLP (a member of the Gravita Group) has indicated that it will not seek re-appointment as the company's auditor at the forthcoming Annual General Meeting as, following a business reorganisation, the group will provide audit services to clients from another company in the group, Gravita Audit Limited. A resolution to appoint Gravita Audit Limited as the company's auditor will be proposed at the Annual General Meeting.

For the year ended 30 November 2022, the group has taken advantage of the exemption offered in sections 479A – 479C of the Companies Act 2006 and some of its subsidiaries have not been subject to an individual annual audit. Rotala Plc has given a statutory guarantee to each of these subsidiaries guaranteeing their liabilities, a copy of which will be filed at Companies House.

By order of the board

Kim Taylor

Kim Taylor
Secretary
Date: 5 May 2023

Company no: 05338907

Opinion

We have audited the financial statements of Rotala Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 November 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position and the company statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International accounting standards (IFRSs). The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 November 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for at least 12 months from the date of approval, to determine expected cash burn, which was compared to the liquid assets held in the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Goodwill and other intangible assets and investments carrying value As at 30 November 2022, goodwill and other intangible asset on the statement of financial position is £15.96 million (2021: £14.91 million). There is a risk that the goodwill carrying value may not be adequately reported and an impairment omitted by management due to inadequate consideration of estimates. The Directors have a duty to confirm that all intangibles, are correctly recognised and appropriately considered for any impairment at the year end. Furthermore, should impairment indicators be identified, there is a level of judgement exercised by management in estimating fair value of intangibles, which may result in inaccurate valuation of balances. The Company had investments of £40.55 million (2021: £42.63 million) as at the year ended 30 November 2022. The Directors have confirmed all investments, including additions were correctly calculated and being held at cost. We identified a risk that the investment held within the parent company financial statements in its subsidiaries, may be impaired. Management's assessment of the recoverable amount of investments in subsidiaries requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of investment in the subsidiary and impairment charges.	**We have performed the following audit procedures:** • We enquired of management and reviewed their assessment in line with related justifications and evidence to ensure appropriate carrying value disclosed at year end; • We reviewed the projected revenue and income streams to evaluate management's judgement that the carrying value is recoverable; • Where no indicators of impairment were highlighted by management, we challenged the judgements made in management's assessment by identifying contradictory signs of any potential indicators of impairment; • We also considered the appropriateness of the Group's disclosures. • Reviewed management's assessment of future operating cashflows and indicators of impairment; • Assessed the methodology used by management to estimate the future profitability of its subsidiaries and recoverable value of the investment, in conjunction with any intra-group balances, to ensure that the method used is appropriate; • Assessed the appropriateness and applicability of discount rate applied to the current business performance; Based on the audit work performed, we are satisfied that management have appropriately valued intangibles and investments in line with their accounting policy and in accordance with the requirements of IFRS. We are also satisfied that all necessary disclosure have been made in the consolidated financial statements.

Key audit matters (continued)

Carrying value of retirement benefit obligation and disclosures of retirement benefit obligations	**We have performed the following audit procedures:**
There is a risk that the retirement benefit asset amounting to £1.47m (2021: £4.25m) and before deferred tax adjustment, has been incorrectly stated. The valuation of scheme is comprehensive and requires a high degree of judgement based on the actuarial assumptions over the prevailing future outlook at the point of valuation. Therefore, we considered that there are risks associated with the judgements related to key assumptions used in the valuation reporting of defined benefit scheme.	• Audit procedures were designed to ensure that reliance could be placed on the expert actuary. • Additional procedures were designed to ensure that the calculations used were reasonable and that they were properly extracted from the report prepared by the actuary and presented in the consolidated financial statements. • Enquiries were made where required, to document and obtain further insight in terms of the key assumptions for liabilities and assets disclosed by the actuary; Based on the audit procedures, we are satisfied that management has appropriately valued the defined benefit pension scheme and all necessary disclosures has been made in the consolidated financial statements.
Revenue recognition The Group had a total turnover of £84.9m (2021 £96.5m) as at the year ended 30 November 2022. Revenue is the principal measure used by stakeholders to determine the performance of the group. Revenue recognition and in particular cut-off are presumed to be significant risk areas of the audit. The directors disclose the basis of recognition of revenue in the accounting policies and have also in note 4 segmented income based on 3 key streams: contracted, commercial and charter. In addition, in the current and prior year, income from grants and subsidies were a significant source for the group.	**We have performed the following audit procedures:** • Commercial income receipts in the year were reconciled to the till receipts system and nominal ledgers. Detailed testing of a sample of transactions were performed and cut-off checked. Walkthrough of revenue were performed to check that controls were working appropriately. • We performed detailed testing of a sample of accrued and deferred income to ensure that income was posted to the correct period. • We agreed a sample of contracts and vouched income through to bank statements. • For grant income we verified receipts to bank statements and reviewed correspondence with relevant government bodies to identify any potential issues regarding the claims made. We confirmed that the grant income was recognised in accordance with the grant rules and conditions. We checked for completeness and accuracy of grant income. Based on the audit work performed, we are satisfied that management has appropriately recognised revenue and all necessary disclosures have been made in the consolidated financial statements.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.
Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group Financial statements	**Company Financial Statements**
Overall materiality	£850,000	£425,000
How we determined it	Based on 1% of turnover	Based on 1% of gross assets
Rationale for benchmark applied	We believe that turnover is the primary measure used by the shareholders in assessing the performance of the Group and that the group has full operations and trading activities.	We believe that gross assets is the primary measure used by the shareholders in assessing the performance of the parent company as it does not have any trading activities and its purpose is that of holding of investments in subsidiary entities.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components ranged from £110,000 to £300,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit for the Group above £42,500 and for the Parent Company above £21,250 as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of the parent company and its subsidiaries detailed in Note 36 of the consolidated financial statements. We conducted a full scope audit of the Group and key components whilst carrying out targeted audit procedures on non-significant components. We conducted sufficient appropriate audit procedures on the subsidiaries for the purposes of the consolidation.

We have audited all components within the Group, and no unaudited components remain.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the 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 nor the 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 by the Company, 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 28, 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 Group's and the Parent 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 Group or the Parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

The objectives of our audit, in respect to fraud are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. 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 to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience of the entity's activities.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and reviewing legal expenditure; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

We assessed the susceptibility of the Group and the Parent Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- *performed analytical procedures to identify any unusual or unexpected relationships*;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify noncompliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

This description forms part of our auditor's report.

Use of this report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sachin Ramaiya (Senior Statutory Auditor)
For and on behalf of
Jeffreys Henry LLP, Statutory Auditor
Finsgate
5-7 Cranwood Street
London EC1V 9EE
5 May 2023

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2022

	Note	2022	2022	2022	2021	2021	2021
		Results before exceptional items	***Exceptional items*** **(note 10)**	**Results for the year**	*Results before exceptional items*	*Exceptional items* (note 10)	Results for the year
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Continuing operations							
Revenue	4	**84,871**	**-**	**84,871**	96,543	-	96,543
Cost of sales		**(74,611)**	-	**(74,611)**	(82,429)	-	(82,429)
Gross profit		**10,260**		**10,260**	14,114		14,114
Administrative expenses		**(9,118)**	**3,074**	**(6,044)**	(12,334)	1,592	(10,742)
Profit from operations	7	**1,142**	**3,074**	**4,216**	1,780	1,592	3,372
Finance income	8	**68**	**-**	**68**	19	-	19
Finance expense	9	**(2,312)**	**-**	**(2,312)**	(3,096)	-	(3,096)
(Loss)/profit before taxation	10	**(1,102)**	**3,074**	**1,972**	(1,297)	1,592	295
Tax credit/(expense)	11	**209**	**(1,014)**	**(805)**	247	(476)	(229)
(Loss)/profit for the year attributable to the equity holders of the parent		**(893)**	**2,060**	**1,167**	(1,050)	1,116	66
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the parent during the year:							
Basic (pence)	12	**(1.80)**		**2.36**	(2.10)		0.13
Diluted (pence)	12	**(1.80)**		**2.36**	(2.10)		0.13

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2022

	Note	2022 £'000	2021 £'000
Profit for the year		**1,167**	66
Other comprehensive income:			
Items that will not subsequently be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension scheme	25	**(2,847)**	2,821
Deferred tax on actuarial gain/(loss) on defined benefit pension scheme	26	**712**	(536)
Adjustment for change in deferred tax rate	26	**(255)**	-
Other comprehensive (loss)/profit for the year (net of tax)		**(2,390)**	2,285
Total comprehensive (loss)/income for the year attributable to the equity holders of the parent		**(1,223)**	2,351

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	**56,900**	61,091
Defined benefit pension asset	25	**1,474**	4,253
Goodwill and other intangible assets	14	**15,960**	14,907
Total non-current assets		**74,334**	80,251
Current assets			
Inventories	16	**1,229**	1,090
Trade and other receivables	17	**8,154**	21,796
Derivative financial instruments	23	**-**	958
Cash and cash equivalents	18	**1,214**	442
Total current assets		**10,597**	24,286
Total assets		**84,931**	104,537
Liabilities			
Current liabilities			
Trade and other payables	19	**9,175**	6,217
Loans and borrowings	20	**418**	11,615
Lease liabilities	21	**8,566**	7,319
Total current liabilities		**18,159**	25,151
Non-current liabilities			
Deferred income	19	**410**	640
Loans and borrowings	20	**5,021**	5,445
Lease liabilities	21	**25,361**	34,485
Provisions for liabilities	24	**2,088**	3,414
Net deferred taxation	26	**3,085**	2,377
Total non-current liabilities		**35,965**	46,361
Total liabilities		**54,124**	71,512
TOTAL NET ASSETS		**30,807**	33,025
Shareholders' funds			
Share capital	27	**12,731**	12,731
Share premium reserve		**12,369**	12,369
Merger reserve		**2,567**	2,567
Shares in treasury		**(1,069)**	(806)
Retained earnings		**4,209**	6,164
TOTAL EQUITY		**30,807**	33,025

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 May 2023 Simon Dunn Kim Taylor

Simon Dunn — ***Chief Executive***

Kim Taylor — ***Group Finance Director***

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Shares in treasury £'000	Retained earnings £'000	Total £'000
At 1 December 2020	12,731	12,369	2,567	(806)	3,813	30,674
Profit for the year	-	-	-	-	66	66
Other comprehensive income	-	-	-	-	2,285	2,285
Total comprehensive income	-	-	-	-	2,351	2,351
Transactions with owners:						
Dividends paid and accrued	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-
At 30 November 2021	12,731	12,369	2,567	(806)	6,164	33,025
Profit for the year	-	-	-	-	1,167	1,167
Other comprehensive income	-	-	-	-	(2,390)	(2,390)
Total comprehensive income	-	-	-	-	(1,223)	(1,223)
Transactions with owners:						
Dividends paid	-	-	-	-	(742)	(742)
Purchase of own shares	-	-	-	(273)	-	(273)
Shares issued from treasury	-	-	-	10	(10)	-
Share based payment	-	-	-	-	20	20
Transactions with owners	-	-	-	(263)	(732)	(995)
At 30 November 2022	12,731	12,369	2,567	(1,069)	4,209	30,807

- Called up share capital represents the nominal value of shares which have been issued;
- The share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuance of shares are deducted from the share premium reserve;
- The merger reserve arose as a consequence of an acquisition in 2005 in which more than 90% of the share capital of the acquired companies was purchased and new shares formed part of the consideration;
- Shares in Treasury result from the acquisition by the company of its own shares. Shares are issued from Treasury to meet the requirement to satisfy the exercise of share options under the company's SAYE and unapproved share option schemes and to pay bonuses in lieu of cash;
- Retained earnings include all current and prior period retained profits and losses.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit before taxation		**1,972**	295
Adjustments for:			
Depreciation	7	**9,022**	14,906
Finance expense (net)	8,9	**2,244**	3,077
Acquisition expenses	10	**143**	-
(Profit)/loss on sale of property, plant and equipment	7	**(655)**	3
Contribution to defined benefit pension scheme		**-**	-
Share based payment	5	**20**	1
Amortisation of grants received	20	**(230)**	(50)
Notional expense of defined benefit pension scheme	25	**-**	28
Cash flows from operating activities before changes in working capital and provisions		**12,516**	18,260
(Increase)/decrease in inventories		**(63)**	2,398
Decrease in trade and other receivables		**14,413**	503
Increase/(decrease) in trade and other payables		**1,947**	(2,233)
Movement in deferred income and provisions		**(1,326)**	2,834
Movement on derivative financial instruments		**639**	(2,060)
		15,610	1,442
Cash generated from operations		**28,126**	19,702
Interest paid on lease liabilities		**(1,697)**	(1,920)
Net cash flows from operating activities carried forward		**26,429**	17,782

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2022 *(Continued)*

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities brought forward		**26,429**	17,782
Investing activities			
Purchases of property, plant and equipment		**(1,489)**	(1,883)
Grants received thereon		**-**	690
Business acquisitions (including mortgage repaid)		**(3,914)**	-
Sale of property, plant and equipment		**560**	1,268
Net cash (used in)/from investing activities		**(4,843)**	75
Financing activities			
Dividends paid	29	**(742)**	-
Purchase of own shares		**(273)**	-
Bank borrowings drawn down		**3,851**	-
Repayment of bank and other borrowings		**(11,869)**	(8,987)
Bank and other interest paid	9	**(608)**	(1,124)
Capital settlement payments on vehicles sold		**(171)**	(719)
Capital paid on lease liabilities		**(7,399)**	(6,943)
Net cash used in financing activities		**(17,211)**	(17,773)
Net increase in cash and cash equivalents		**4,375**	84
Cash and cash equivalents at beginning of year	18	**(3,161)**	(3,245)
Cash and cash equivalents at end of year	18	**1,214**	(3,161)

The accompanying notes form an integral part of these financial statements.

1 General information

Rotala Plc is incorporated and domiciled in the United Kingdom. Its principal activity is the provision of bus services and all activities take place in the United Kingdom.

The financial statements for the year ended 30 November 2022 (including the comparatives for the year ended 30 November 2021) were approved by the Board of Directors on 5 May 2023. Amendments to the financial statements are not permitted after they have been approved.

2 Accounting policies

Basis of preparation

The group's financial statements have been prepared in accordance with UK adopted international accounting standards ("IFRSs"). The financial statements have been prepared on a going concern basis as described on page 24.

Overall considerations
The significant accounting policies that have been used in the preparation of these financial statements are summarised below. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Critical accounting estimates and judgements
Certain estimates and judgements need to be made by the directors of the group which affect the results and position of the group as reported in the financial statements. Estimates and judgements are required if, for example, as at the reporting date not all liabilities have been settled, and certain assets and liabilities are recorded at fair value which require a number of estimates and assumptions to be made. No significant judgements were made by the directors during the current year.

Estimates

The major areas of estimation within the financial statements are as follows:

(a) **Impairment of goodwill**
The group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information about the impairment review and the reasons for the directors' assessment that there is but a single Cash Generating Unit is included in note 15.

(b) **Pension scheme valuation**
The liabilities in respect of defined benefit pension schemes are calculated by qualified actuaries and reviewed by the group, but are necessarily based on subjective assumptions. The principal uncertainties relate to the estimation of the life expectancies of scheme members, future investment yields and general market conditions for factors such as inflation and interest rates. The specific assumptions adopted are disclosed in detail in note 25 to the consolidated financial statements. Profits and losses in relation to changes in actuarial assumptions are taken directly to Other Comprehensive Income and therefore do not impact on the profitability of the business, but the changes do impact on net assets. For carrying amounts at the period end, see note 25.

2 Accounting policies (continued)

(c) **Self-insurance**
The estimation of insurance costs, under the group's self-insurance scheme, is based on premiums paid and claims experience. The actual outcome of claims made is determined over the five years following each period end; no rebate of premium is accounted for until each insurance period is closed. The directors regularly review claims made and, should insurance premiums paid to date and the insurance claims provision be considered inadequate in the light of claims experience, further appropriate provision would be made. The carrying amount at the period end amounted to £2,088,000 (2021: £3,414,000).

(d) **Useful lives of property, plant and equipment**

Property, plant and equipment is depreciated over its useful life. Useful lives are based on the management's estimates of the periods within which the assets will generate revenue; the useful lives of passenger carrying vehicles in particular are regularly reviewed, and depreciation rates correspondingly adjusted, to reflect management's estimates of their remaining service lives within the bus fleet. Changes to judgements can result in significant variations in the carrying value and amounts charged to the Consolidated Income Statement in specific periods. More details about carrying values are included in note 13.

Basis of consolidation
The group financial statements consolidate the results of the company and all its subsidiary undertakings as at 30 November 2022. The results of subsidiary undertakings acquired are included from the date on which control over the acquisition, the right to exercise that control, and exposure to variable returns from the acquisition passed to the group. Intercompany transactions and balances between group companies are therefore eliminated in full.

Business combinations
Where the acquisition method is used, the results of the subsidiary are included from the date of acquisition. The purchase consideration is allocated to assets and liabilities on the basis of fair value at the date of acquisition. Acquisition costs are expensed as incurred.

Goodwill
Goodwill represents any excess of the fair value of consideration transferred for the business acquisition over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is tested annually for any impairment and carried at cost less accumulated impairment losses. Any impairment charge would be included within administrative expenses in the Consolidated Income Statement. As the group has taken advantage of the exemption from restating all pre-transition period acquisitions under IFRS 3 'Business Combinations', goodwill includes intangibles arising on those acquisitions that are not separately identifiable prior to the date of the change of policy.
Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full in profit or loss on the acquisition date.

2 Accounting policies (continued)

Other intangible assets - brands
Purchased brands, which are controlled through custody or legal rights and which could be sold separately from the rest of the business, are capitalised, where fair value can be reliably measured. Where intangible assets are regarded as having a limited useful economic life, the cost is amortised on a straight-line basis over that life. Currently these intangibles are amortised over a period of 3 years in administrative expenses in the Consolidated Income Statement.

Other intangible assets - contracts
Where an acquisition is made which contains within it rights to contracted revenue, the present value of the profits inherent in those contracts is capitalised as an intangible asset. This asset is then amortised over the remaining life of those contracts in administrative expenses in the Consolidated Income Statement.

Impairment
The group's goodwill and intangible assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management controls the related cash flows.

Individual intangible assets or cash-generating units that include goodwill with an indefinite useful life are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged *pro rata* to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income immediately.

2 Accounting policies (continued)

Revenue

Revenue represents sales to external customers excluding value added tax. Revenue is recognised at a point in time upon satisfaction of the relevant performance obligations for the various revenue streams:

- Passenger revenue is recognised when the service is delivered;
- Subsidy revenue from local authorities is recognised on an accruals basis, based on actual passenger numbers when services are provided; and
- Contracted and charter services revenues are recognised when services are delivered, based on agreed contract rates.

Contracted and Charter Services are usually delivered against an agreed service level agreement. Detailed costs for that individual contract are monitored against those modelled in the original bid calculation. Management then takes appropriate action to correct variances as necessary whilst maintaining the agreed level of service.

In Commercial Business, where the revenue is variable and derived from passengers, individual routes are constantly monitored for loadings and revenues and trends in passenger revenues and loadings. Passenger loadings are analysed, often by fare stage, to establish usage and appropriate routes. In concert with margin analysis, individual frequencies and routes are adjusted to maximise revenue yields.

In certain parts of the business revenues can be derived from a complex combination of a variable passenger revenue underpinned by a fixed revenue base delivered by contract.

These types of service are managed by individual contract and route and so require a combination of management techniques and analyses to ensure that loadings and revenues are maximised whilst delivery to the service agreement is maintained.

Grants and subsidies provided by the Department for Transport and Local Authorities (see note 4) to support bus services run at their behest under COVID-19 conditions have been taken directly to income. Grant income is recognised on submission of a claim as there are no unfulfilled conditions at this point in time.

Government grant receipts

Government revenue grants are recognised as income when there is a reasonable assurance that the business will comply with the attached conditions and that the grant will be receivable. Revenue grant income is recognised as income over the relevant period and deducted against the related cost. Government capital grants are initially recognised as a liability and amortised to the profit and loss account over the relevant period stated by the grant.

2 Accounting policies (continued)

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost, which includes both the purchase price and any directly attributable costs. Following initial recognition property, plant and equipment is carried at depreciated cost.

The useful lives and residual values of property, plant and equipment are reviewed at least annually and adjusted, where applicable. When disposed of, property plant and equipment is derecognised. Where an asset continues to be used by the group but is expected to provide reduced or minimal future economic benefits, it is considered to be impaired. Profits and losses on disposal are calculated by comparing the disposal proceeds with the carrying value of the asset, and the resultant gains or losses are included in the consolidated income statement. A gain or loss incurred at the point of derecognition is also included in the consolidated income statement at that point.

Repairs and maintenance are charged to profit or loss in the financial period in which they are incurred. Where probable future economic benefits, in excess of the current standard of performance of the existing asset, are considered to be derived from its major renovation, the cost of that major renovation is added to the carrying value of that asset. Major renovations are then depreciated over the remaining useful life of the asset.

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment, except freehold land, over their expected useful lives. It is calculated at the following rates:

Freehold land	-	Not depreciated
Freehold buildings	-	Fifty years straight line
Leasehold property	-	Shorter of the lease term or fifty years straight line
Plant and machinery	-	Between ten and four years straight line
Passenger Carrying Vehicles ("PCVs")	-	On a reducing balance basis over the remaining useful economic life
Fixtures and fittings	-	Three years straight line
Right of use asset	-	Straight line over the period of the lease

Cash and cash equivalents
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Inventories
Inventories are initially recognised at cost on a first in first out basis, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Mark to market provision and other exceptional costs
These items are those which the directors consider to be outside of the normal trading transactions of the group or those which hinder understanding of the underlying trading results of the group. They are highlighted separately on the Consolidated Income Statement.

2 Accounting policies (continued)

Taxation
The charge for current taxation is provided at rates of corporation tax that have been enacted or substantively enacted by the reporting date. Current tax is based on taxable profits for the year and any adjustments to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet method, on all temporary differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The exceptions, where deferred tax assets are not recognised nor deferred tax liabilities provided, are:

- On initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Taxable temporary differences associated with investments in subsidiary undertakings where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Leased assets
At inception of a leasing contract, the company assesses whether a contract contains a right-of-use asset and a corresponding lease liability. It recognises a right-of-use asset and a corresponding lease liability, as appropriate, with respect to all lease arrangements in which it is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.
Right of use assets and liabilities arising from a lease are initially measured at the present value of the lease payments and payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions in the event the interest rate implicit within the lease is not readily determinable.

Lease payments are allocated between principal, presented as a separate category within borrowings, and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs and are presented as a separate category within tangible fixed assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.
Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 Accounting policies (continued)

Self- insurance
The group's policy is to self-insure high frequency, but low value, claims such as those for traffic accidents and to protect itself against high value claims through an insurance policy issued by a third party subject to an excess. Under this scheme, premiums to obtain the latter insurance are paid to the third party insurer in respect of each accounting period. These premiums are held by the third party insurer in a trust separate from the assets of the company in order to meet those claims as and when they are settled. The company has no control over the assets of this trust. The administration of high frequency but low value claims is made by a claims handling specialist and the funding of the settlement of these claims is made by the company to the claims handler as and when required.
Provisioning for insurance claims is a major area of estimation in these financial statements and the approach used is described in detail in item (c) of the section on "*Estimates*" set out above. Claims can be made for a period of up to five years after the accounting period to which they relate. Should a year of insurance be in surplus, no rebate is recognised until the claim period has expired. Should a year of insurance be calculated at any time to be in deficit, an appropriate provision is made. Any provision made is discounted to take account of the expected timing of future payments.

Pension costs
Defined contribution schemes
Contributions to the group's defined contribution pension schemes are charged in profit or loss in the year in which they become payable.

Defined benefit pension schemes
Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for unrecognised actuarial gains or losses and past service costs. Any actuarial gains and losses are recognised immediately in Other Comprehensive Income. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the group recognises past service cost immediately.

2 Accounting policies (continued)

Financial assets
The group classifies its financial assets as a financial asset measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with IFRS 9.

Trade and other receivables: these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of trade receivables is established based on the expected credit loss ("ECL"). The group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables, which are grouped based on shared credit risk characteristics and the days past due. The amount of the provision is recognised in the balance sheet within trade receivables. Movements in the provision are recognised in the profit and loss account in administrative expenses. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or when the financial asset and all substantial risks and rewards are transferred.

Financial assets and liabilities include derivative financial instruments held at fair value through profit and loss ("FVTPL"). These assets and liabilities are, if they meet the relevant conditions, designated at FVTPL upon initial recognition. All of the group's derivative financial instruments currently fall into this category. Assets and liabilities in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of these financial assets and liabilities are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities
The group classifies its financial liabilities in a manner which depends on the purpose for which the liability was acquired:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding;
- Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method;
- The group has entered into diesel commodity forward contracts. The agreements do not meet the definitions of hedging transactions under IAS 39 'Financial Instruments: Recognition and Measurement', but are accounted for as a derivative and are recorded at fair value through profit and loss.

A financial liability is de-recognised when it is extinguished, cancelled or it expires. The group has not classified any of its financial liabilities, other than derivatives, at fair value through profit or loss.

2 Accounting policies (continued)

Equity
Share capital is determined using the nominal value of shares that have been issued. Premiums received on the initial issuing of share capital are credited to the share premium reserve. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Retained earnings include all current and prior period results.

The merger reserve represents the difference between the issue price and the nominal value of shares issued as consideration for the acquisition of a subsidiary undertaking.

Share based payments
Where share options are awarded to employees, the fair value of the options at the date of grant is charged in profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market and non-market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged in profit or loss over the remaining vesting period. A decrease in fair value is not recognised.

Dividends
Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements on the date when dividends are approved by the company's shareholders. Interim dividends are recognised on the date that they are declared.

Segmental reporting
IFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker ("CODM"). The CODM has been determined to be the executive directors.

Aside from the grant and subsidy regime provided by the DfT and Local Authorities, which is described in the Chairman's Statement, the group has three main commercial revenue streams: contracted, commercial and charter. All operate within a single operating segment, that of the provision of bus services. The activities of each revenue stream are as described in the Strategic Report.

3 Changes in accounting standards and interpretations

The group has, in its annual reporting period commencing on 1 December 2021, applied for the first time the following accounting standards and amendments, none of which have had a material impact on the group's financial statements for the year ended 30 November 2022:

- IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract;
- IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework;
- Annual Improvements to IFRSs (2018 – 2020 cycle).

The following new accounting standards, amendments to accounting standards and interpretations, which are relevant to the group, have been published but are not yet effective; they have not been adopted early by the group. These standards, amendments or interpretations are not expected to have a material impact on the group in the current or future reporting periods:

	IASB effective date: periods beginning on or after
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (Amendment): Disclosure of Accounting Policies	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Accounting Estimates	1 January 2023
IAS 1 Presentation of Financial Statements (Amendment): Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2024
IFRS 16 Lease liability in a Sale and Leaseback	1 January 2024
IAS 1 Non-current Liabilities with Covenants	1 January 2024

4 Segmental analysis and revenue

All of the activities of the group are conducted in the United Kingdom within the operating segment of provision of bus services. Management monitors revenue across the following streams: contracted, commercial and charter.

	2022	2021
	£'000	£'000
Commercial	**53,838**	31,684
Contracted	**21,318**	16,179
Charter	**1,067**	734
Grants and subsidies	**8,648**	47,946
Total Revenue	**84,871**	96,543

As set out in the Chairman's Statement the group has been the beneficiary of extensive support in the current accounting period from the Department for Transport and Local Authorities.

The group consists of a number of operational depots arranged around and reliant on a central core, in concept a hub and spoke arrangement. All the services that the group performs are similar and most depots in the group deliver services in each of the first three sub-headings set out above. Furthermore, as a matter of management practice, the business of the group is managed by contract (for Contracted Revenue) or by route (for Commercial Revenue) or in certain circumstances by both contract and route, depending on the type of business. Charter business is typically delivered by short term contracts.

In these circumstances it is impractical to allocate local and central overhead to individual routes and contracts. Costs and Operating Profits by revenue stream are therefore not calculated. By the very nature of the business the operating assets are also interchangeable and the vehicles used in particular localities or on specific routes are frequently changed. Thus it is also not practicable to calculate figures for revenue stream assets. Other information such as capital expenditure, depreciation and impairment is also not analysed separately for this reason.

In 2022 and 2021 no service customer constituted more than 10% of Revenues.

5 Staff costs

	2022 £'000	2021 £'000
Staff costs (including directors) comprise:		
Wages and salaries	43,046	40,784
Employer's national insurance contributions	4,261	4,305
Defined contribution pension costs	675	1,110
	47,982	46,199
Share-based payment expense	20	1
	48,002	46,200

Staff costs in 2021 are stated after grant income received or receivable in respect of the Coronavirus Job Retention Scheme totalling £751,000.

The average number of employees, including directors, during the year was as follows:

	2022 Number	2021 Number
Management and administrative	81	82
Direct	1,337	1,438
	1,418	1,520

6 Directors' and key management personnel remuneration

	2022 £'000	2021 £'000
Salaries and other short term employee benefits	752	787
Contribution to defined contribution pension scheme (note 25)	16	16
	768	803

One director (2021: one) is a member of the group's defined contribution pension scheme.

Emoluments of the highest paid director were £290,000 (2021: £294,000). Pension contributions of £16,500 (2021: £15,500) were made on his behalf.

6 Directors' and key management personnel remuneration *(continued)*

The directors' remuneration was as follows:

	2022 £'000 Remuneration	2022 £'000 Pension contributions	2022 £'000 Total	2021 £'000 Remuneration	2021 £'000 Pension contributions	2021 £'000 Total
Executive						
S L Dunn	290	16	306	294	16	310
R A Dunn	199	-	199	225	-	225
K M Taylor	111	-	111	116	-	116
Non-Executive						
J H Gunn	80	-	80	80	-	80
G M Spooner	40	-	40	40	-	40
G F Peacock	32	-	32	32	-	32
	752	16	768	787	16	803

Certain of the services of John Gunn were provided by Wengen Limited under a contract with that company.

The board considers the directors of the company to be the key management personnel of the group.

7 Profit/(loss) from operations

	2022 £'000	2021 £'000
This is arrived at after charging:		
Depreciation of property, plant and equipment	8,639	14,425
Depreciation of right of use assets	383	481
Short term or low value asset lease expense:		
- property	398	349
- plant and machinery	508	389
(Profit)/loss on disposal of property, plant and equipment	(655)	3
Auditor's fees:		
- audit of the parent company and the group	68	52
- audit of the accounts of subsidiaries	12	11
- other non–audit services	-	-

8 Finance income

	2022 £'000	2021 £'000
Net finance income on pension scheme (note 25)	68	19

9 Finance expense

	2022 £'000	2021 £'000
Bank borrowings and overdraft interest	608	1,069
Lease liabilities	1,704	1,972
Other interest	-	55
	2,312	3,096

10 Exceptional items within profit/(loss) before taxation

Profit/(loss) before taxation includes the following mark to market provisions and other exceptional items:

	2022 £'000	2021 £'000
Mark to market profit on fuel derivatives (note 31)	2,620	1,779
Loss resulting from Heathrow depot fire	-	(187)
Acquisition costs	(143)	-
Share based payment	(20)	-
Sale of surplus leasehold property	617	-
Profit within profit before taxation	3,074	1,592

11 Tax expense

	2022 £'000	2021 £'000
Current tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	(292)	(150)
Prior year adjustments	139	(79)
Change in rate of tax	(652)	-
Total deferred tax	(805)	(229)
Income tax expense	(805)	(229)

The tax assessed for the year is different to the standard rate of corporation tax in the U.K. for the following reasons:

	2022 £'000	2021 £'000
Profit before taxation	1,972	295
Profit at the standard rate of corporation tax in the UK of 19% (2021: 19%)	(375)	(56)
Non-taxable items	83	(94)
Adjustments in respect of prior periods	139	(79)
Impact of change in tax rates	(652)	-
Total tax expense	(805)	(229)

Deferred tax has been measured at the average tax rates that are expected to apply in the accounting periods in which the timing differences are expected to reverse, based on the tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

Under the Finance Act 2021 the main rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023, with a corresponding effect on deferred tax balances arising or reversing after that date.

12 Earnings per share

(a) Basic earnings per share

	Basic 2022 £'000	Basic 2021 £'000
Profit attributable to ordinary share holders	1,167	66
Weighted average number of shares in issue	49,502,254	50,091,109
Basic earnings per share	2.36p	0.13p

The calculation of the basic earnings/(loss) per share is based on the earnings attributable to the ordinary shareholders divided by the weighted average number of shares in issue during the year.

(b) Basic diluted earnings per share

	Diluted 2022 £'000	Diluted 2021 £'000
Profit attributable to ordinary share holders	1,167	66
Profit for the purposes of diluted earnings per share	1,167	66
Weighted average number of shares in issue	49,502,254	50,091,109
Adjustment for exercise of options	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	49,502,254	50,091,109
Diluted earnings per share	2.36p	0.13p

In order to arrive at the diluted earnings per share, the weighted average number of ordinary shares has been adjusted on the assumption of conversion of all dilutive potential ordinary shares. The potential ordinary shares take the form of share options. A calculation has been carried out to determine the number of shares, at the average annual market price of the company's shares, which could have been acquired, based on the monetary value of the rights attached to those shares. This number has then been subtracted from the number of shares that could be issued on the assumption of full exercise of the outstanding options, in order to compute the necessary adjustments in the above table. However all share options in existence during the year were antidilutive and thus no adjustment was required.

12 Earnings per share (continued)

(c) Adjusted basic (loss)/earnings per share (adjusted before mark to market provision and other exceptional items):

	Basic 2022 £'000	Basic 2021 £'000
(Loss) attributable to ordinary share holders	(893)	(1,050)
Weighted average number of shares in issue	49,502,254	50,091,109
Adjusted basic (loss) per share	(1.80p)	(2.10p)

The calculation of the adjusted basic (loss)/earnings per share is based on the earnings attributable to the ordinary shareholders divided by the weighted average number of shares in issue during the year.

(d) Adjusted diluted (loss) per share (adjusted before mark to market provision and other exceptional items):

	Diluted 2022 £'000	Diluted 2021 £'000
(Loss) attributable to ordinary share holders	(893)	(1,050)
(Loss) for the purposes of diluted earnings per share	*(893)*	*(1,050)*
Weighted average number of shares in issue	49,502,254	50,091,109
Adjustment for exercise of options	-	-
Weighted average number of ordinary shares for the purposes of diluted (loss) per share	49,502,254	50,091,109
Adjusted diluted (loss) per share	(1.80p)	(2.10p)

In order to arrive at the diluted earnings per share, the weighted average number of ordinary shares has been adjusted on the assumption of conversion of all dilutive potential ordinary shares. The potential ordinary shares take the form of share options. A calculation has been carried out to determine the number of shares, at the average annual market price of the company's shares, which could have been acquired, based on the monetary value of the rights attached to those shares. This number has then been subtracted from the number of shares that could be issued on the assumption of full exercise of the outstanding options, in order to compute the necessary adjustments in the above table. However all share options in existence during the year were antidilutive and thus no adjustment was required.

13 Property, plant and equipment

	Freehold and leasehold land and buildings	Right of use assets under IFRS16	Plant and machinery	Passenger carrying vehicles	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Cost:					
At 1 December 2020	10,907	4,814	6,267	71,392	93,380
Additions	-	-	-	11,905	11,905
Disposals	-	(1,751)	(239)	(15,115)	(17,105)
At 30 November 2021	10,907	3,063	6,028	68,182	88,180
Additions	69	-	56	1,364	1,489
Acquisitions	956	-	400	4,335	5,691
Disposals	-	(1,136)	(12)	(2,052)	(3,200)
At 30 November 2022	11,932	1,927	6,472	71,829	92,160
Depreciation:					
At 1 December 2020	344	2,859	2,193	22,592	27,988
Charge for the year	512	481	2,210	11,703	14,906
Disposals	-	(1,722)	(103)	(13,980)	(15,805)
At 30 November 2021	856	1,618	4,300	20,315	27,089
Charge for the year	113	383	857	7,669	9,022
Acquisitions	-	-	186	1,355	1,541
Disposals	-	(542)	(2)	(1,848)	(2,392)
At 30 November 2022	969	1,459	5,341	27,491	35,260
Net book value:					
At 30 November 2022	10,963	468	1,131	44,338	56,900
At 30 November 2021	10,051	1,445	1,728	47,867	61,091

The group's freehold property provides security for the bank loans – see note 20.

13 Property, plant and equipment (continued)

Net book value held under leases:	Freehold and leasehold land and buildings £'000	Right of use assets under IFRS16 £'000	Plant and machinery £'000	Passenger carrying vehicles £'000	Total £'000
At 30 November 2022	-	468	479	38,467	39,414
At 30 November 2021	-	1,445	968	36,816	39,229
Depreciation charged thereon :					
In 2022	-	383	347	5,530	6,260
In 2021	-	481	426	3,583	4,490

Net book value of right of use assets:	At 30 November 2022 £'000	At 30 November 2021 £'000
Passenger carrying vehicles	468	842
Leasehold land and buildings	-	603
Depreciation charged thereon :		
Passenger carrying vehicles	374	458
Leasehold land and buildings	9	23

14 Goodwill and other intangible assets

	Purchased brands £'000	Contracts £'000	Goodwill £'000	Total £'000
Cost				
At 1 December 2020	250	1,621	14,907	16,778
Additions	-	-	-	-
At 30 November 2021	250	1,621	14,907	16,778
Additions	-	-	1,053	1,053
At 30 November 2022	250	1,621	15,960	17,831
Amortisation				
At 1 December 2020	250	1,621	-	1,871
Charge for the year	-	-	-	-
At 30 November 2021	250	1,621	-	1,871
Charge for the year	-	-	-	-
At 30 November 2022	250	1,621	-	1,871
Net book value				
At 30 November 2022	-	-	15,960	15,960
At 30 November 2021	-	-	14,907	14,907

15 Goodwill and impairment

The group consists of a number of operational depots arranged around and reliant on a central core, in concept a hub and spoke arrangement. The central core provides all support services such as purchasing, accounting and payroll. The complex matrix of management of the group's business is set out in detail in note 4 to these financial statements. In summary, the group's businesses are managed at their lowest levels by contract and by bus route, or sometimes by both methods. They are not managed by revenue stream. Moreover the manner in which the group has expanded, with the addition, integration and transformation of a number of businesses and entities, has obscured the formal breakdown of the total amount of goodwill. The directors consider that, in the light of these factors, the group's business represents a single cash generating unit for the purposes of evaluating the carrying value of goodwill. Accordingly, the evaluation calculations have been carried out on this basis.

15 Goodwill and impairment *(continued)*

The recoverable amount of the goodwill of the business has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a three year period to 30 November 2025. Major assumptions are as follows:

	CGU 2022 %	**CGU 2021 %**
Discount rate	12	10
Operating margin	8	8
Long term growth rate	2	2
Inflation	3	3

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the group's weighted average cost of capital. Growth rates, beyond the first three years, are based on management estimates and on the historic achievements of the group. This rate does not exceed the average long term growth rate for the relevant markets. Inflation has been based on management's expectation given historic trends. Based on the above assumptions, the value in use calculated for the business is £48m (2021: £51m). After applying sensitivity analysis in respect of the results and future cash flows, in particular for presumed growth rates and discount rates, management is satisfied that it is highly improbable that there would be such change in a key assumption that it would reduce recoverable amount to below book value.

16 Inventories

	2022 £'000	**2021 £'000**
Fuel, tyres and spares	1,229	1,090

There is no material difference between the replacement cost of stocks and the amounts stated above.

The amount of inventories recognised as an expense during the year was £22,984,000 (2021: £21,175,000). No inventory has been written down to fair value in 2022 or 2021 and therefore no associated expense was incurred.

17 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	1,408	825
Tax and social security	709	546
Prepayments and accrued income	6,037	20,425
	8,154	21,796

The carrying values of trade and other receivables are considered to be a reasonable approximation of fair value. The effect of discounting trade and other receivables has been assessed and is deemed to be immaterial to the results.

In 2022 and 2021 all trade and other receivables have been reviewed for indicators of impairment. A provision of £37,000 (2021: £453,000) has been created.

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The ages of trade receivables past due but not impaired are as follows:

	2022 £'000	2021 £'000
Not more than 3 months overdue	28	-
More than 3 months but not more than 1 year	5	-
	33	-

Movements in the group trade receivables provision in the year are as follows:

	2022 £'000	2021 £'000
Balance brought forward at 1 December	453	
Provided	37	453
Used	-	-
Balance carried forward at 30 November	490	453

18 Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement are analysed as follows:

	2022 £'000	2021 £'000
Cash at bank	1,214	442
Bank overdraft (note 20)	-	(3,603)
	1,214	(3,161)

19 Trade and other payables - current

	2022 £'000	2021 £'000
Trade payables	4,756	2,747
Taxation and social security	1,115	519
Other creditors	972	1,037
Accruals and deferred income	2,332	1,914
	9,175	6,217

The directors consider that the carrying amount of trade and other payables approximates to their fair value. The effect of discounting trade and other payables has been assessed and is deemed to be immaterial to the group's results.

Trade and other payables – non-current

	2022 £'000	2021 £'000
Deferred income	410	640
	410	640

In 2021 the group received a capital grant of £690,000 in order to facilitate the conversion of five diesel PCV's to all-electric operation. This grant is being amortised to the profit and loss account over the life of the grant, which is five years.

20 Loans and borrowings

	2022 £'000	2021 £'000
Current:		
Overdrafts	-	3,603
Bank loans - RCF	-	7,600
Bank loans – Mortgage Facility	418	412
	418	11,615
Non-current:		
Bank loans – Mortgage Facility	5,021	5,445
	5,439	17,060

On 14 March 2022 new banking facilities were agreed with the group's principal bankers, HSBC Bank plc. These facilities comprise a Revolving Commercial Facility ("RCF") of up to £17 million and a Mortgage Facility of £5.8 million. The RCF has an initial term of three years, expiring on 14 March 2025, with the option to extend it for up to a further two years. The Mortgage Facility commenced in 2017, when HSBC Bank plc became bankers to the group, and was originally of £8.0 million. Since that time repayments have reduced the amounts outstanding to £5.4 million. It remains on a term of up to twenty years expiring in December 2037. In addition, the company has an Overdraft Facility of up to £3 million with the same bank, renewed annually.

The Mortgage Facility is secured on the group's freehold property. The annual mortgage repayments are calculated such that the mortgage facilities amortise in a straight line over a term of 20 years which is considered to give a reasonable approximation to the effective interest rate.

Analysis of maturity

	Bank Loans and overdrafts 2022 £'000	Obligations under hire purchase agreements (note 22) 2022 £'000	Other lease liabilities (note 22) 2022 £'000	Trade and other payables 2022 £'000	Total 2022 £'000
In one year or less, or on demand	744	9,330	429	4,756	15,259
In more than one year but less than two years	719	6,990	180	-	7,889
In more than two years but less than five years	2,007	15,004	4	-	17,015
Later than five years	4,957	5,442	-	-	10,399
	8,427	36,766	613	4,756	50,562

The analysis above represents minimum payments on an undiscounted basis, except for other lease obligations under IFRS 16, which are discounted.

20 Loans and borrowings *(continued)*

	Bank Loans and overdrafts	Obligations under hire purchase agreements (note 22)	Other lease liabilities (note 22)	Trade and other payables	Total
	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000
In one year or less, or on demand	12,003	8,426	561	2,747	23,737
In more than one year but less than two years	684	9,718	523	-	10,925
In more than two years but less than five years	1,991	17,954	364	-	20,309
Later than five years	5,696	8,800	1,514	-	16,010
	20,374	44,898	2,962	2,747	70,981

The analysis above represents minimum payments on an undiscounted basis.

21 Lease liabilities

Current liabilities	**2022 £'000**	**2021 £'000**
Obligations under hire purchase agreements (see note 22)	8,177	6,897
Other lease liabilities (see note 22)	389	422
Total current liabilities	8,566	7,319

Non - current liabilities	**2022 £'000**	**2021 £'000**
Obligations under hire purchase agreements (see note 22)	25,184	33,025
Other lease liabilities (see note 22)	177	1,460
Total non - current liabilities	25,361	34,485

The group's obligations under hire purchase agreements are secured by the lessors' rights over the leased assets. Other lease liabilities are long term operating lease agreements. The total cash outflow in respect of lease liabilities (including interest) in 2022 was £9,096,000 (2021: £8,863,000).

22 Obligations under hire purchase agreements and other lease liabilities

(a) Obligations under hire purchase agreements:

Future lease payments are due as follows:

	Minimum lease payments 2022 £'000	**Interest 2022 £'000**	**Present value 2022 £'000**
Not later than one year	9,330	1,153	8,177
More than one year but less than two years	6,990	834	6,156
More than two years but less than five years	15,004	1,163	13,841
Later than five years	5,442	255	5,187
	36,766	3,405	33,361

	Minimum lease payments 2021 £'000	**Interest 2021 £'000**	**Present value 2021 £'000**
Not later than one year	8,426	1,529	6,897
More than one year but less than two years	9,718	1,657	8,061
More than two years but less than five years	17,954	1,518	16,436
Later than five years	8,800	272	8,528
	44,898	4,976	39,922

The present values of future lease payments are analysed as:

	2022 £'000	**2021 £'000**
Current liabilities	8,177	6,897
Non-current liabilities	25,184	33,025
	33,361	39,922

It is the group's policy to lease certain of its plant and equipment and the majority of its vehicles under hire purchase agreements. The average lease term is 5.0 years (2021: 5.8 years). For the year ended 30 November 2022, the average effective borrowing rate was 4.36 per cent (2021: 4.24 per cent). All leases are on a fixed repayment basis, but interest rates are variable on some leases and fixed on others (see note 31). No arrangements have been entered into for contingent rental payments. All lease obligations are denominated in UK sterling.

22 Obligations under hire purchase agreements and other lease liabilities (continued)

(b) Other lease liabilities:

Future lease payments for leases treated as leases under IFRS 16 but which take the legal form of rental agreements without the right of ownership of the asset leased are as follows:

	Minimum lease payments 2022 £'000	Interest 2022 £'000	Present value 2022 £'000
Not later than one year	429	40	389
More than one year but less than two years	180	7	173
More than two years but less than five years	4	-	4
Later than five years	-	-	-
	613	47	566

	Minimum lease payments 2021 £'000	Interest 2021 £'000	Present value 2021 £'000
Not later than one year	561	139	422
More than one year but less than two years	523	91	432
More than two years but less than five years	364	163	201
Later than five years	1,514	687	827
	2,962	1,080	1,882

The present values of future lease payments are analysed as:

	2022 £'000	2021 £'000
Current liabilities	389	422
Non-current liabilities	177	1,460
	566	1,882

23 Derivative financial instruments

Derivative financial instruments are analysed as follows (see also note 31):

	2022 £'000	2021 £'000
Current assets	-	958
Current liabilities	-	-
Asset	-	958

Financial assets at fair value through profit or loss are presented within Operating Activities and therefore form part of changes in working capital in the statement of cash flows.

The fair value of the commodity forward contracts is determined in accordance with the procedure described in note 31.

24 Provisions for liabilities

	Insurance claims provision £'000
At 1 December 2021	3,414
Additions	760
Released	(2,086)
Balance at 30 November 2022	2,088

Insurance claims provision
As set out in note 2 to these financial statements, the policy of the group is to self-insure high frequency, but low value, claims such as those for traffic accidents and to protect itself against high value claims through an insurance policy issued by a third party subject to an excess.

As at 30 November 2022 and 2021 it is considered by the company that the provision held is sufficient to meet the settlement responsibility which falls on the company at those dates.

Given the length of time which can elapse in dealing with insurance claims, it is probable that the above provision will be utilised gradually over the five year period in which claims can be made. Claims experience in the future will dictate the extent to which additions to the provision may be required and the extent of its utilisation in any accounting period.

25 Pensions

Group companies operate defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension charge amounted to £675,000 (2021: £1,110,000). Contributions amounting to £114,000 (2021: £113,000) were payable to the funds at the balance sheet date.

Another group company operates a defined benefit pension scheme within the West Midlands Pension Fund ("WMPF"), governed by the Local Government Pension Regulations ("LGPR"). The administering authority for the Fund is the West Midlands Combined Authority. This pension scheme provides a pension to its members.

The group accounts for pensions in accordance with IAS 19 "Employee Benefits". No contributions were paid in the year and none were payable to the fund at the balance sheet dates. Expected contributions for the year ending 30 November 2023 are £nil.

The plan exposes the group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

Interest rate risk
The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and is denominated in UK sterling. A decrease in market yield on high quality corporate bonds will increase the group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk
The plan assets at 30 November 2022 are predominantly in equities and bonds. The equities are largely invested in a spread of UK, North American, European and Asian equities. This is considered to form a good spread of risk.

Longevity risk
The group is required to provide benefits for life for the members of the defined benefit pension scheme. An increase in the life expectancy of members will increase the defined benefits liability.

Inflation risk
A significant proportion of the defined benefits liability is linked to inflation. An increase in the inflation rate will increase the group's liability.

The weighted average duration of the defined benefit obligation at 30 November 2022 is 12 years (2021: 12 years).

WMPF defined benefit pension scheme
The calculations of the IAS 19 disclosures for the WMPF have been based on the most recent actuarial valuation, which have been updated to 30 November 2022 to take account of the requirements of IAS 19. The calculations and disclosures have been made by the actuary to the WMPF, who is an independent professionally qualified actuary.

25 Pensions *(continued)*

The principal actuarial assumptions used were as follows:

	30 November 2022 %	30 November 2021 %
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment	3.05	3.15
Discount rate	4.30	1.60

The life expectancy assumptions used for the scheme are periodically reviewed and as at 30 November were:

	30 November 2022 Years	30 November 2021 Years
Current pensioner aged 65 – male	20.4	20.6
Current pensioner aged 65 – female	23.7	23.8
Future pensioners at aged 65 (aged 45 now) – male	22.2	22.4
Future pensioners at age 65 (aged 45 now) – female	25.5	25.7

Since the scheme has been closed for a number of years, there is no current service cost to be charged to operating profits.

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 0.1%	Increase/decrease of 1.0%
Pension increase rate	Increase/decrease by 0.1%	Increase/decrease of 1.0%
Life expectancy	Increase by 1 year	Increase of 4%

The above analysis is based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to significant actuarial assumptions has been estimated, based on the average age and the normal retirement age of members and the duration of the liabilities of the scheme.

25 Pensions *(continued)*

The amounts recognised in the statement of financial position were determined as follows:

	30 November 2022 £'000	30 November 2021 £'000
Equities	1,749	3,068
Bonds	7,645	11,686
Other	2,791	6,637
Cash	1,937	142
Total market value of assets	14,122	21,533
Present value of scheme liabilities	(12,648)	(17,280)
Gross pension asset before tax	1,474	4,253
Related deferred tax liability	(369)	(808)
Net pension asset	1,105	3,445

The equity investments and bonds which are held in plan assets are valued at the current bid price.

The current actuarial valuation was carried out as at 31 March 2022. In this valuation cycle the actuary has set a contribution rate of £nil for the period to 31 March 2026. As at 31 March 2022 the actuarial surplus of the scheme was £5,139,000, which represented a funding level of 136% of actuarial liabilities. The economic benefit of the pension asset may be realised in the future by further contribution holidays or, ultimately, refunds of contributions paid.

25 Pensions *(continued)*

The total charge to profit and loss for pensions is as follows:

	2022 £'000	2021 £'000
Administration expense	-	(28)
Finance cost		
- interest return on plan assets	337	251
- interest cost on pension liabilities	(269)	(232)
Net finance income	68	19
Total defined benefit profit/(loss)	68	(9)
Defined contribution costs (note 5)	(675)	(1,110)
Total profit and loss charge	(607)	(1,119)

Analysis of amount included within the group's statement of total comprehensive income:

	2022 £'000	2021 £'000
Return on assets (in excess of interest)	(6,794)	2,406
Changes in demographic assumptions	86	293
Experience gain on defined benefit obligation	8	498
Changes in assumptions underlying the present value of the scheme liabilities	3,853	(376)
Actuarial (loss)/gain	(2,847)	2,821

Actuarial gains/(losses) as a percentage of scheme assets and liabilities at 30 November 2022 were as follows:

	2022	2021	2020
Return on assets as a percentage of scheme assets	(48.1)	11.2	4.1
Total actuarial (loss)/gain recognised in statement of *total comprehensive income as a percentage of the* present value of scheme liabilities	(22.5)	16.3	(4.9)

25 Pensions *(continued)*

The cumulative amount of actuarial gains and losses on defined benefit schemes recognised in the statement of total comprehensive income since 25 January 2011 (the date at which the pension scheme entered the group) is a loss of £670,000 (2021: gain of £2,177,000). The actual return on plan assets was a loss of £6,457,000 (2021: gain of £2,657,000).

The movement in deficit during the year under IAS 19 was:

	2022 £'000	2021 £'000
Surplus in scheme at 30 November	4,253	1,441
Movement in the period		
- Contributions	-	-
- Administrative expenses	-	(28)
- Actuarial (loss)/gain due to changes in financial assumptions	(2,847)	2,821
- Interest on plan assets	337	251
- Interest cost	(269)	(232)
Surplus in scheme at the end of the year	1,474	4,253

The movement in assets during the year under IAS 19 is as follows:

	2022 £'000	2021 £'000
At 30 November	21,533	19,731
Interest return on plan assets	337	251
Return on plan assets	(6,794)	2,406
Employer contributions	-	-
Administrative expenses	-	(28)
Benefits paid	(954)	(827)
At end of year	14,122	21,533

The movement in liabilities during the year under IAS 19 is as follows:

	2022 £'000	2021 £'000
At 30 November	(17,280)	(18,290)
Interest cost	(269)	(232)
Actuarial gain/(loss) – changes in assumptions	3,853	(376)
Change in demographic assumptions	86	293
Experience gain on defined benefit obligation	8	498
Benefits paid	954	827
At end of year	(12,648)	(17,280)

26 Deferred taxation

The net deferred tax liability included in the Statement of Financial Position is analysed as follows:

	Accelerated capital allowances	Arising on fair value adjustments on acquisitions	Arising on defined benefit pension scheme	Arising on provisions	Losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 December *2020*	(1,638)	14	(274)	209	77	(1,612)
Dealt with in the profit and loss account	(56)	(11)	2	(87)	(77)	(229)
Dealt with in other comprehensive income	-	-	(536)	-	-	(536)
At 30 November 2021	(1,694)	3	(808)	122	-	(2,377)
Dealt with in the profit and loss account	(797)	(3)	(18)	(19)	32	(805)
Dealt with in other comprehensive income	-	-	457	-	-	457
Dealt with in business combinations	(360)	-	-	-	-	(360)
At 30 November 2022	(2,851)	-	(369)	103	32	(3,085)

At 30 November 2022 there were £nil (2021: £nil) temporary differences or unused tax losses for which deferred tax has not been provided.

27 Share capital

	2022 Number	Allotted and called up and fully paid 2022 £'000	2021 Number	2021 £'000
Ordinary shares of 25p each	50,924,918	12,731	50,924,918	12,731

Issued share capital	**Number**	**Nominal Value £'000**
As at 1 December 2020 and 2021, and 30 November 2021 and 2022	50,924,918	12,731

Ordinary shares participate fully in the rights to vote, receive dividends and take part in any distribution of capital. There are no restrictions on ordinary shares nor are there any redeemable shares of any kind.

At 30 November 2022 1,721,316 ordinary shares were held in treasury (2021: 833,809).

28 Share options

As at 30 November 2022 the following share options had been issued and were outstanding under the company's employee share option schemes:

Date of grant	Number of options granted	Earliest exercise date	Date of expiry	Exercise price
24 November 2014	1,910,000	24 November 2017	23 November 2024	54.00p
15 October 2021	800,000	15 October 2021	23 November 2024	29.00p
16 March 2022	3,200,000	16 March 2022	23 November 2024	25.00p

The company operates an unapproved equity-settled share based remuneration scheme for group executive directors and senior management. The individual must remain an employee of the group until the option is exercised and the relevant market price vesting condition must have been met.

In respect of the issue of 24 November 2014 the options are split into three equal tranches. For a tranche to be exercisable the share price of the company must have reached 65p, 80p and 95p respectively. At the balance sheet date the market price vesting condition had been met only in respect of the first tranche.

In respect of the issue of 15 October 2021 for the options to be exercisable the share price of the company must have reached 75p. At the balance sheet date the market price vesting condition had not been met.

In respect of the issue of 16 March 2022 the options are split into three tranches of 924,445, 1,061,926 and 1,213,629 options. For a tranche to be exercisable the share price of the company must have reached 56p, 60p and 62p respectively, and remain at that price for at least 20 consecutive business days. At the balance sheet date the market price vesting condition had not been met in relation to any of these tranches.

28 Share options *(continued)*

In addition the company possesses a His Majesty's Revenue & Customs approved share option scheme, open to all employees, called "The Rotala Plc SAYE Share Option Scheme" (the "Scheme"), but there are at present no issues outstanding in relation to this Scheme because of the uncertainties resulting from COVID-19. Nominally a Scheme runs for a three year period. Employees subscribe, through payroll deductions, a monthly sum which accumulates in their individual savings accounts at a chosen institution. At the end of the three year period the employee has then the option to purchase ordinary shares of 25 pence in the company ("Ordinary Shares") at a price fixed at the start of each three year period. Under the rules of the Scheme, the board is free to price the share option at a discount to the market price of the Ordinary Shares, at the time the option is granted.

	2022 Weighted average exercise price (p)	2022 Number	2021 Weighted average exercise price (p)	2021 Number
Outstanding at beginning of the year	46.62	2,710,000	54.21	1,910,000
Forfeited during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Granted during the year	25.00	3,200,000	29.00	800,000
Outstanding at the end of the year	34.91	5,910,000	46.62	2,710,000

The exercise price of options outstanding at the end of the year ranged between 25.0p and 54.0p (2021: 29.0p and 54.0p) and their weighted average remaining contractual life was 2 years (2021: 3 years).

Of the outstanding options at the reporting date 636,667 (2021: 636,667) were exercisable. The weighted average exercise price of these options was 54.0p (2021: 54.0p).

The fair value of options granted in 2022 was determined under IFRS 2 using a binominal valuation model. Significant assumptions used in the calculations included:

- a share price volatility of 25% based on expected and historical price movements;
- a discount of 50% to reflect the market-related performance conditions applicable to these options;
- a weighted average share price of 24.0p;
- a risk-free interest rate of 5.5%; and
- a period to maturity of 2.71 years from the date of grant of the options.

The weighted average fair value of options granted was 2.0p.

29 Dividends paid and proposed

Declared and paid in the year

	2022 £'000	2021 £'000
Special interim dividend for 2022 of 1.00 pence per share	496	-
Ordinary interim dividend for 2022 of 0.50 pence per share	246	-
	742	-

Proposed for approval (not recognised as a liability at 30 November)

	2022 £'000	2021 £'000
Ordinary final dividend for 2022 of 1.0 pence per share	310	-
	310	-

No dividends were paid or proposed in respect of 2021.

30 Commitments under operating leases

The group had total commitments under non-cancellable operating leases as set out below:

	2022 Land and buildings £'000	2022 Other assets £'000	2021 Land and buildings £'000	2021 Other assets £'000
Operating lease commitments payable:				
Within one year	236	6	231	6
In two to five years	20	-	38	1
In more than five years	-	-	-	-
	256	6	269	7

Operating lease payments for land and buildings in 2022 and 2021 consist principally of rentals payable by the group on short term leases for a depot and for facilities at bus stations.

31 Financial instruments - risk management

The group holds derivative financial instruments to finance its operations and manage its operating risks. The board agrees and reviews policies and financial instruments for risk management. Financial assets are classified as fair value through profit and loss ("FVTPL") or at amortised cost; financial liabilities are measured at amortised cost or FVTPL.

The principal financial assets and liabilities on which financial risks arise are as follows:

	Carrying value 2022 £'000	Carrying value 2021 £'000
Financial assets		
Trade and other receivables	6,343	19,981
Cash and cash equivalents	1,214	442
	7,557	20,423
Financial asset or liability – FVTPL		
Fuel commodity forward derivative contracts - asset	-	958
Fuel commodity forward derivative contracts – liability	-	-
Financial liabilities – at amortised cost		
Trade and other payables	8,060	5,698
Loans and borrowings	5,439	17,060
	13,499	22,758

The group's derivative financial instruments relate to fuel commodity forward contracts which help to mitigate the group's exposure to fluctuations in diesel prices. These gave the group certainty over a substantial proportion of its projected diesel expenditure up to 30 November 2022.

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The allocation of the group's financial assets and financial liabilities at fair value is classified as Level 2.

31 Financial instruments - risk management (continued)

The group's diesel forward contracts are not traded in active markets. The fair value of the diesel forward contracts has been measured by the contracting entities using inputs obtained from forward pricing curves corresponding to the maturity of the contracts.

The reconciliation of the carrying amounts of financial instruments classified within Level 2 is as follows:

	2022 £'000
Balance (asset) at 1 December 2021	958
Taken to exceptional items within operating profit	2,620
Receipts on matured instruments	(3,578)
Balance at 30 November 2022	-

Gains or losses related to these financial instruments are recognised within profit from operations in profit or loss and all amounts recognised in the current period relate to financial assets or liabilities held up to 30 November 2022.

Changing inputs to Level 2 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets, total liabilities or total equity.

Financial risk management
The principal financial risks to which the group is exposed are liquidity, credit, interest rate, commodity and capital risk. Each of these is managed as set out below. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility.

Liquidity risk

The group has a policy of ensuring that sufficient funds are always available for its operating activities. The board continually monitors the group's cash requirements, as disclosed in the Strategic Report.

In assessing and managing the liquidity risks of its derivative financial instruments the group considers both contractual inflows and outflows. The contractual cash flows of the group's derivative financial assets and liabilities are as follows:

	2022			2021		
	< 6 months £'000	6-12 months £'000	> 12 months £'000	< 6 months £'000	6-12 months £'000	> 12 months £'000
Cash inflow/(outflow)	-	-	-	520	438	-

31 Financial instruments - risk management *(continued)*

Interest rate risk
The group seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

The interest rate profile of the financial liabilities of the group, all of which are in UK sterling, was as follows:

	Financial liabilities on which a floating rate is paid 2022 £'000	Financial liabilities on which a fixed rate is paid 2022 £'000	Financial liabilities on which a floating rate is paid 2021 £'000	Financial liabilities on which a fixed rate is paid 2021 £'000
UK Sterling	18,173	21,193	28,136	30,728

In the year the group paid interest at a rate of between 3.19% and 5.26% (2021: between 2.59% and 3.65%) on the liabilities subject to floating rates of interest set out above. The financial liabilities set out above subject to fixed rates of interest (fixed for the whole year) were at rates between 1.97% and 13.79% (2021: between 2.09% and 11.52%) in the year. If floating rates of interest changed by 1%, the group's interest expense would not change by a material sum.

Credit risk
The group is exposed to credit risk on cash and cash equivalents, and trade and other receivables. Cash balances, all held in the UK, are placed with the group's principal bankers. The client base of the group lies mainly in government and semi-government bodies and substantial blue chip organisations. As a result the group rarely needs to carry out credit checks, but does do so if it judges this to be appropriate. Provisions for doubtful debts are established in respect of specific trade and other receivables where, based on management's consideration of an individual customer's payment history, credit risk and relevant forward-looking conditions, it is deemed that they are impaired.

Commodity risk
The group is exposed to risk in the fluctuating price of diesel. It mitigates this risk when it considers it appropriate to do so through entering fixed price purchase contracts and fuel commodity forward derivative contracts.

Capital risk
The group considers its capital to comprise its ordinary share capital, share premium, other reserves and accumulated retained earnings. The group manages its capital to ensure that entities in the group will be able to continue as going concerns, while maximising the return to shareholders. The board closely monitors current and forecast cash balances to allow the group to maximise returns to shareholders by way of dividends, whilst maintaining suitable amounts of liquid funds to allow continued investment in the group. The group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may also adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

31 Financial instruments - risk management *(continued)*

Capital risk (continued)

Capital for the reporting period under review is as follows:

	2022 £'000	2021 £'000
Share capital	12,731	12,731
Share premium reserve	12,369	12,369
Merger reserve	2,567	2,567
Shares in treasury	(1,069)	(806)
Retained earnings	4,209	6,164
At end of year	30,807	33,025

32 Related parties and transactions

- Certain of the services of J H Gunn were provided by Wengen Limited, a company controlled by J H Gunn, and invoiced by that company to Rotala, as set out in note 6. At the year end £nil (2021: £nil) of the amount charged was unpaid and included within creditors. During the year J H Gunn received from Rotala a total of £84,358 (2021: £nil) in dividends on ordinary shares.

- During the year R A Dunn received from Rotala a total of £36,835 (2021: £nil) in dividends on ordinary shares.

- During the year S L Dunn received from Rotala a total of £27,408 (2021: £nil) in dividends on ordinary shares.

- During the year K M Taylor received from Rotala a total of £8,858 (2021: £nil) in dividends on ordinary shares.

- During the year G M Spooner received from Rotala a total of £12,000 (2021: £nil) in dividends on ordinary shares.

- During the year G F Peacock received from Rotala a total of £47,762 (2021: £nil) in dividends on ordinary shares.

- J H Gunn is a director of The 181 Fund Limited ("The Fund"), a company incorporated in Jersey. The Fund held an interest in 1,702,443 ordinary shares of Rotala as at 30 November 2022 (2021: 1,702,443 ordinary shares). At 30 November 2022 Mr. Gunn and his beneficial interests held 35.14% (2021: 35.14%) of the ordinary share capital of The Fund. During the year The Fund received from Rotala a total of £25,537 (2021: £nil) in dividends on ordinary shares.

33 Capital commitments

As at 30 November 2022 the group had capital commitments outstanding of £nil (2021: £nil).

34 Acquisitions

(a) Midland Classic Limited (now renamed Diamond Bus (East Midlands) Limited)

As set out in the Chairman's Statement, in August 2022 the company acquired Midland Classic Limited. The Chairman's Statement describes the details of and the reasons for the acquisition, and should be consulted for a detailed description of all the relevant factors. The consideration for the acquisition (excluding acquisition costs) was £2 million in cash. In addition, on completion, the company paid approximately £577,000 in cash to one of Midland's shareholders to redeem an existing loan of the same sum.

The book values of the assets acquired are set out below.

	Book value £'000	Fair value adjustments £'000	Fair value on acquisition £'000
Fixed assets			
Freehold property	956	-	956
Goodwill	134	-	134
Vehicles	1,737	-	1,737
Plant and equipment	103	-	103
Total fixed assets	2,930	-	2,930
Current assets			
Inventory	76		76
Trade and other receivables	454	-	454
Cash	160	-	160
	690	-	690
Current liabilities			
Trade and other payables	(956)	-	(956)
Taxation	-	(50)	(50)
	(956)	(50)	(1,006)
Non-current liabilities			
Obligations under hire purchase contracts	(596)	-	(596)
Loans and borrowings	(577)	-	(577)
Deferred taxation	(360)	-	(360)
	(1,533)	-	(1,533)
Net assets			1,081
Goodwill			919
Acquisition costs (note 10)			95
			2,095
Total cash consideration paid			

(a) Midland Classic Limited (now renamed Diamond Bus (East Midlands) Limited) (continued)

The revenues of the acquired business for the period from acquisition up to 30 November 2022 were £2,420,000, and the profits before taxation attributable to the group for this period were approximately £5,000.
Pre-acquisition book values were determined based on applicable IFRS, immediately prior to the acquisition. The values of assets recognised on acquisition are their estimated fair values. For the vehicles acquired this is based on the directors' assessment of the age and condition of each of the vehicles and their knowledge of disposal values for equivalent vehicles.
The directors have made an assessment of whether there were any intangible assets acquired with the business. No licenses were acquired with the business. The sales and purchase agreement includes a standard non-compete clause; however, the sellers had no intention of re-entering the respective markets at the acquisition date and so there could be no value attributable to this clause. Where there were contracts in place, there was no evidence that these contracts produced any immediately identifiable profits or positive cash flows in the hands of the previous owners. On these bases no separate intangible assets have been identified. The acquisition expenses incurred by the group amounted to £95,000 and have been expensed in the Consolidated Income Statement in Administrative Expenses.

(b) Bus businesses of Claribel Coaches Limited and Johnsons (Henley) Limited

As set out in the Chairman's Statement, in January and April 2022 the group acquired, respectively, the bus businesses of Claribel Coaches Limited and Johnsons (Henley) Limited. The Chairman's Statement describes the details of and the reasons for the acquisitions, and should be consulted for a detailed description of all the relevant factors. The aggregate consideration for these acquisitions was £1.355 million in cash. The consideration paid was represented by the value of the vehicles acquired. No liabilities of any materiality were assumed.
Because the acquired businesses were immediately folded into the existing operations of the group in the relevant localities, it is not possible to distinguish revenues and profits for the acquired businesses in the period to 30 November 2022. The values of assets recognised on acquisition are their estimated fair values and equate to their pre-acquisition book values determined under applicable IFRS. For the vehicles acquired this is based on the directors' assessment of the age and condition of each of the vehicles and their knowledge of disposal values for equivalent vehicles.
The directors have made an assessment of whether there were any intangible assets acquired with the business. No licenses were acquired with the business. The sales and purchase agreement includes a standard non-compete clause; however, the sellers had no intention of re-entering the respective markets at the acquisition date and so there could be no value attributable to this clause. Where there were contracts in place, there was no evidence that these contracts produced any immediately identifiable profits or positive cash flows in the hands of the previous owners. On these bases no separate intangible assets have been identified. The acquisition expenses incurred by the group amounted to £48,000 and have been expensed in the Consolidated Income Statement in Administrative Expenses.

35 Post balance sheet events

The Chairman's statement covers the two principal events which occurred after 30 November 2022, that is the Tender Offer, which was announced on 26 January 2023 and closed on 16 February 2023, and the effect on the company and the group of the advent of franchising in the Greater Manchester area. The statement sets out the latest position as at the date of approval of these accounts but shareholders will be kept updated with further announcements on the Regulatory News Service, as necessary.

On 13 February 2023 the company commenced a contract to provide a private bus service in the Heathrow area. Whilst initially the service requires no fresh capital expenditure, through the use of existing diesel vehicles, the company has entered into a commitment to replace these vehicles in due course with new electric vehicles at a total capital cost of approximately £1.1 million. The extra costs of the electric vehicles will be entirely offset by income increments.

On 31 March 2023 the company announced the acquisition of a new freehold depot in the Eccles area of Greater Manchester for a cash consideration of £1.9 million.

36 Audit exemption for subsidiary undertakings

For the year ended 30 November 2022, the group has taken advantage of the exemption offered in sections 479A – 479C of the Companies Act 2006 and, with the exception of Preston Bus Limited, its subsidiary undertakings have not been subject to an individual annual audit. Rotala Plc has given a statutory guarantee to each of these subsidiary undertakings guaranteeing their liabilities, a copy of which will be filed at Companies House.

The companies which have taken this exemption are as follows:

Name	Company number
Rotala Shared Services Limited	04327651
Shady Lane Property Limited	03506681
Diamond Bus Limited	02531054
Hallmark Connections Limited	04390228
Hallbridge Way Property Limited	06504654
Diamond Bus (North West) Limited	03037228
Diamond Bus Company Holding Limited	06504657
Diamond Bus (East Midlands) Limited	05504785

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	4	40,548	42,626
Tangible assets	5	163	64
		40,711	42,690
Current assets			
Debtors	6	715	15,544
Cash at bank and in hand		716	-
Total current assets		1,431	15,544
Creditors: amounts falling due within one year	7	(2,963)	(12,157)
Net current (liabilities)/assets		(1,532)	3,387
Total assets less current liabilities		39,179	46,077
Creditors: amounts falling due after more than one year	8	(5,021)	(5,445)
Provisions for liabilities	10	(2,088)	(3,414)
Net assets		32,070	37,218
Capital and reserves			
Share capital	11	12,731	12,731
Share premium account	13	12,369	12,369
Shares in treasury	13	(1,069)	(806)
Retained earnings	13	8,039	12,924
Shareholders' funds - equity		32,070	37,218

The parent company loss for the year after taxation was £4,153,000 (2021: profit £1,965,000).

The parent company financial statements were approved by the Board of Directors and authorised for issue on 5 May 2023.

Simon Dunn	Kim Taylor

Simon Dunn
Chief Executive

Kim Taylor
Group Finance Director

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Share capital £'000	Share premium reserve £'000	Shares in treasury £'000	Retained earnings £'000	Total £'000
At 1 December 2020	12,731	12,369	(806)	10,959	35,253
Profit for the year	-	-	-	1,965	1,965
Dividends paid	-	-	-	-	-
Shares issued	-	-	-	-	-
At 30 November 2021	12,731	12,369	(806)	12,924	37,218
Loss for the year	-	-	-	(4,153)	(4,153)
Dividends paid	-	-	-	(742)	(742)
Purchase of own shares	-	-	(273)	-	(273)
Share based payment	-	-	-	20	20
Shares issued from treasury	-	-	10	(10)	-
At 30 November 2022	12,731	12,369	(1,069)	8,039	32,070

The accompanying notes form an integral part of these financial statements.

1 Accounting policies

The following principal accounting policies have been applied in the preparation of the parent company financial statements.

The principal activity of the company is that of a holding company which has remained unchanged from the previous year.

Basis of preparation
The financial statements have been prepared under the historical cost convention and are in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Critical accounting estimates and judgements

Certain estimates and judgements need to be made by the directors of the company which affect the results and position of the company as reported in the financial statements. There were no significant judgements made by the directors during the current year.

Estimates

The major areas of estimation within the financial statements are as follows:

(a) **Impairment of investments in subsidiary undertakings**
The company has carried out an impairment review on its investment in subsidiary undertakings. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. No impairment loss was identified. At the year end, the carrying value of the investment in subsidiary undertakings subject to this estimation uncertainty is £44.6 million.

(b) **Impairment of receivables**
The company has carried out an impairment assessment on the amounts due from subsidiary undertakings. This assessment has applied the IFRS 9 simplified approach measuring expected credit losses using a lifetime expected credit loss allowance. In making this assessment, consideration has been given to the ageing of debt amounts, the individual subsidiary's payment history, credit risk and relevant current and forward-looking economic conditions. At the year end the provision held is £nil and the carrying value of the amounts due from subsidiary undertakings subject to this estimation uncertainty is £nil.

Functional and presentation currency
The financial statements are presented in UK sterling.

1 Accounting policies *(Continued)*

Financial Reporting Standard 101 – reduced disclosure exemptions

The company has applied the disclosure exemptions available in the standard in the following areas:

- IFRS 5 disclosures regarding cash flows from discontinued operations;
- IFRS 7 disclosures regarding financial instruments;
- IFRS 13 disclosures on fair values;
- IFRS 15 disclosures regarding revenue from contracts with customers;
- IFRS 16 disclosures regarding leases;
- IAS 1 requirement for full comparative information on property, plant and equipment and intangible assets;
- IAS 1 requirement to disclose the company's objectives, policies and processes for managing capital;
- IAS 7 requirement to produce a statement of cash flows and related notes;
- IAS 8 requirement to disclose information about the impact of standards not yet effective;
- IAS 16 requirement to disclose information about the sale of items that are not an output of the entity's ordinary activities;
- IAS 24 requirements in respect of disclosing remuneration of key management personnel and intragroup transactions; and
- IAS 36 requirements on some detailed disclosures regarding impairment of assets.

Investments
Investments in subsidiary undertakings are stated at cost less any provision for impairment. Where possible, advantage is taken of the merger relief rules and shares issued for acquisitions are accounted for at nominal value.

Fixed assets
Items of property, plant and equipment are initially recognised at cost, which includes both the purchase price and any directly attributable costs. Following initial recognition property, plant and equipment is carried at depreciated cost.

The useful lives and residual values of property, plant and equipment are reviewed at least annually and adjusted, where applicable. When disposed of, property plant and equipment is derecognised. Where an asset continues to be used by the company but is expected to provide reduced or minimal future economic benefits, it is considered to be impaired. Profits and losses on disposal are calculated by comparing the disposal proceeds with the carrying value of the asset, and the resultant gains or losses are included in the income statement. A gain or loss incurred at the point of derecognition is also included in the income statement at that point.

Repairs and maintenance are charged to profit or loss in the financial period in which they are incurred. Where probable future economic benefits, in excess of the current standard of performance of the existing asset, are considered to be derived from its major renovation, the cost of that major renovation is added to the carrying value of that asset. Major renovations are then depreciated over the remaining useful life of the asset.

1 Accounting policies *(Continued)*

Fixed assets (continued)

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment, except freehold land, over their expected useful lives. It is calculated at the following rates:

Plant and machinery - 33% per annum straight line

Financial assets
The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity or available for sale.

Trade and other receivables: these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services , but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of receivables is established based on the expected credit loss ("ECL"). The company applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables, which are grouped based on shared credit risk characteristics and the days past due. The amount of the provision is recognised in the balance sheet within receivables. Movements in the provision are recognised in the profit and loss account in administrative expenses. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or when the financial asset and all substantial risks and rewards are transferred.

Financial assets and liabilities include derivative financial instruments held at fair value through profit and loss ("FVTPL"). These assets and liabilities are, if they meet the relevant conditions, designated at FVTPL upon initial recognition. All of the company's derivative financial instruments currently fall into this category. Assets and liabilities in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of these financial assets and liabilities are determined by reference to active market transactions or using a valuation technique where no active market exists.

1 Accounting policies *(Continued)*

Financial liabilities
The company classifies its financial liabilities in a manner which depends on the purpose for which the liability was acquired:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding;
- Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method;
- The company has entered into diesel commodity forward contracts. The agreements do not meet the definitions of hedging transactions under IAS 39 'Financial Instruments: Recognition and Measurement', but are accounted for as a derivative and are recorded at fair value through profit and loss.

A financial liability is de-recognised when it is extinguished, cancelled or it expires. The company has not classified any of its financial liabilities, other than derivatives, at fair value through profit or loss.

Taxation
The charge for current taxation is provided at rates of corporation tax that have been enacted or substantively enacted by the reporting date. Current tax is based on taxable profits for the year and any adjustments to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet method, on all temporary differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The exceptions, where deferred tax assets are not recognised nor deferred tax liabilities provided, are:

- The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- Taxable temporary differences associated with investments in subsidiary undertakings where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Fuel commodity forward contracts
The company has a number of fuel commodity forward contracts at the year end, the settlement of which lies in the future; therefore the company has recognised both an asset and a liability in respect of these contracts, as appropriate.

1 Accounting policies *(Continued)*

Pension costs
Defined contribution schemes
Contributions to the company's defined contribution pension schemes are charged in profit or loss in the year in which they become payable.

Self- insurance
The company's policy is to self-insure high frequency, but low value, claims such as those for traffic accidents and to protect itself against high value claims through an insurance policy issued by a third party subject to an excess. Under this scheme, premiums to obtain the latter insurance are paid to the third party insurer in respect of each accounting period. These premiums are held by the third party insurer in a trust separate from the assets of the company in order to meet those claims as and when they are settled. The company has no control over the assets of this trust. The administration of high frequency but low value claims is made by a claims handling specialist and the funding of the settlement of these claims is made by the company to the claims handler as and when required.
Claims can be made for a period of up to five years after the accounting period to which they relate. Should a year of insurance be in surplus, no rebate is recognised until the claim period has expired. Should a year of insurance be calculated at any time to be in deficit, an appropriate provision is made. Any provision made is discounted to take account of the expected timing of future payments.

Share based payments
Where share options are awarded to employees, the fair value of the options at the date of grant is charged in profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market and non-market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged in profit or loss over the remaining vesting period. A decrease in fair value is not recognised.

Changes in accounting standards and interpretations

The company, in its annual reporting period commencing on 1 December 2021, has for the first time applied the following accounting standards and amendments, none of which have had a material impact on the company's financial statements for the year ended 30 November 2022:

- IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use;
- IAS 37 Provisions, *Contingent Liabilities and Contingent* Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract;
- IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework;
- Annual Improvements to IFRSs (2018 – 2020 cycle).

2 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The company's profit/loss for the year includes a loss after taxation of £75,000 (2021: profit £1,965,000) which is dealt with in these parent company financial statements.

For disclosure of the Auditor's fees reference should be made to note 7 to the consolidated financial statements.

3 Staff costs

	2022 £'000	2021 £'000
Staff costs (including directors) comprise:		
Wages and salaries	1,486	1,361
Employer's national insurance contributions	185	151
Defined contribution pension costs	41	43
	1,712	1,555
Share-based payment expense	20	-
	1,732	1,555

For disclosure of the directors' remuneration reference should be made to note 6 to the consolidated financial statements.

The average number of employees, including directors, during the year was as follows:

	2022 Number	2021 Number
Management and administrative	29	28

4 Investments

	Subsidiary undertakings £'000
Cost and net book value	
At 1 December 2021	42,626
Additions	
At cost	2,000
Impairment charge for the year	(4,078)
Net book value	
At 30 November 2022	40,548
Net book value	
At 30 November 2021	42,626

In August 2022 the company acquired all the share capital of Midland Classic Limited (now renamed Diamond Bus (East Midlands) Limited) for a consideration of £2 million. Reference should be made to the Chairman's statement in the consolidated financial statements and to note 34 in those statements for more details about this acquisition.

The principal undertakings (all held directly except where indicated), in which the company's interest at the year end is 20% or more, are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Diamond Bus Limited*	England	100%	Transport
Diamond Bus (North West) Limited	England	100%	Transport
Diamond Bus (East Midlands) Limited	England	100%	Transport
Hallbridge Way Property Limited	England	100%	Property holding
Hallmark Connections Limited	England	100%	Transport
Preston Bus Limited	England	100%	Transport
Shady Lane Property Limited	England	100%	Property holding
Rotala Shared Services Limited	England	100%	Transport
Diamond Bus Company Holding Limited	England	100%	Holding company
Flights Hallmark Limited	England	100%	Dormant

* Held indirectly

All subsidiary undertakings in the group are registered at the same address. This is:

Rotala Group Headquarters
Cross Quays Business Park
Hallbridge Way
Tipton
Oldbury
West Midlands
B69 3HW

5 Tangible assets

	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost:			
At 1 December 2021	178	327	505
Additions	104	-	104
At 30 November 2022	282	327	609
Depreciation:			
At 1 December 2021	114	327	441
Charge for the year	5	-	5
At 30 November 2022	119	327	446
Net book value:			
At 30 November 2022	163	-	163
At 30 November 2021	64	-	64

6 Debtors

	2022 £'000	2021 £'000
Prepayments and accrued income	351	40
Taxation	2	34
Deferred tax (note 9)	43	45
Other debtors	319	-
Financial instruments	-	958
Amounts due from subsidiary undertakings	-	14,467
	715	15,544

All amounts shown under debtors fall due for payment within one year. The company is exposed to credit risk from its amounts due from subsidiary undertakings. Provisions for doubtful debts are established in respect of amounts due from subsidiary undertakings where, based on management's consideration of an individual subsidiary's payment history, credit risk and relevant forward-looking conditions, it is deemed that they are impaired. No such provision was considered to be necessary at 30 November 2022 or 2021.

7 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank loans and overdrafts (note 8)	418	11,615
Trade creditors	-	103
Taxation and social security	50	50
Accruals and deferred income	260	150
Other creditors	238	239
Amounts due to subsidiary undertakings	1,997	-
	2,963	12,157

8 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Bank loan	5,021	5,445
	5,021	5,445

Bank borrowings
On 14 March 2022 new banking facilities were agreed with the group's principal bankers, HSBC Bank plc. These facilities comprise a Revolving Commercial Facility ("RCF") of up to £17 million and a Mortgage Facility of £5.8 million. The RCF has an initial term of three years, expiring on 14 March 2025, with the option to extend it for up to a further two years. The Mortgage Facility commenced in 2017, when HSBC Bank plc became bankers to the group, and was originally of £8.0 million. Since that time repayments have reduced the amounts outstanding to £5.4 million. It remains on a term of up to twenty years expiring in December 2037. In addition, the Company has an Overdraft Facility of up to £3 million with the same bank, renewed annually.

The Mortgage Facility is secured on the group's freehold property. The annual mortgage repayments are calculated such that the mortgage facilities amortise in a straight line over a term of 20 years which is considered to give a reasonable approximation to the effective interest rate.

8 Creditors: amounts falling due after more than one year *(Continued)*

Analysis of maturity

	Bank loans and overdrafts 2022	Bank loans and overdrafts 2021
	£'000	£'000
In one year or less, or on demand	418	11,615
In more than one year but not more than two years	418	412
In more than two years but not more than five years	1,254	1,254
In more than five years	3,349	3,779
	5,439	17,060

9 Deferred tax

The deferred tax asset included in the company balance sheet is analysed as follows:

	2022 £'000	2021 £'000
Accelerated capital allowances	43	45
Net asset	43	45

All movements in each category of deferred tax asset or liability in the above table were dealt with in the profit and loss account.

The movements in the deferred tax asset in the year are as follows:

	2022 £'000	2021 £'000
Balance brought forward at 1 December	45	231
Recognised in profit or loss	(2)	(186)
Balance carried forward at 30 November	43	45

At 30 November 2022 there were £nil (2021: £nil) temporary differences or unused tax losses for which deferred tax has not been provided.

Deferred tax has been measured at the average tax rates that are expected to apply in the accounting periods in which the timing differences are expected to reverse, based on the tax rates and laws which have been enacted or substantively enacted at the balance sheet date.

10 Provisions

	2022 £'000	2021 £'000
Insurance claims provision	2,088	3,414
	2,088	3,414

As set out in note 1 to the company financial statements and note 2 to the consolidated financial statements, the policy of the company and the group is to self-insure high frequency, but low value, claims such as those for traffic accidents and to protect itself against high value claims through an insurance policy issued by a third party subject to an excess. Formally the company contracts with these service providers on behalf of group operating companies. Therefore the provision is maintained in the parent company balance sheet and is not passed down to its subsidiary undertakings.

As at 30 November 2022 and 2021 it is considered by the company that the provision held is sufficient to meet the settlement responsibility which falls on the company and the group at those dates.

Given the length of time which can elapse in dealing with insurance claims, it is probable that the above provision will be utilised gradually over the five year period in which claims can be made. Claims experience in the future will dictate the extent to which additions to the provision may be required and the extent of its utilisation in any accounting period.

11 Share capital

	Allotted and called up and fully paid			
	2022 Number	2022 £'000	2021 Number	2021 £'000
Ordinary shares of 25p each	50,924,918	12,731	50,924,918	12,731

Issued share capital	**Number**	**Nominal Value £'000**
As at 1 December 2020 and 2021, and 30 November 2021 and 2022	50,924,918	12,731

Ordinary shares participate fully in the rights to vote, receive dividends and take part in any distribution of capital. There are no restrictions on ordinary shares nor are there any redeemable shares of any kind.

At 30 November 2022 1,721,316 ordinary shares were held in treasury (2021: 833,809).

12 Share options

For details of the company's share option schemes see note 28 to the consolidated financial statements.

13 Reserves

- Called up share capital represents the nominal value of shares which have been issued;
- The share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuance of shares are deducted from the share premium reserve;
- Shares in Treasury result from the acquisition by the company of its own shares. Shares are issued from Treasury to meet the requirement to satisfy the exercise of share options under the company's SAYE and unapproved share option schemes; and
- Retained earnings include all current and prior period retained profits and losses.

14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension charge amounted to £41,000 (2021: £43,000). Contributions amounting to £2,967 (2021: £3,520) were payable to the scheme at the balance sheet date.

15 Capital commitments

As at 30 November 2022 and 2021 the company had no capital commitments.

16 Commitments under operating leases

The company had total commitments under non-cancellable operating leases as set out below:

	2022 Other assets £'000	2021 Other assets £'000
Operating lease commitments payable:		
Within one year	6	5
In two to five years	-	-
	6	5

Operating lease payments for other assets in 2022 consist of rentals payable for low value assets.

17 Contingent liabilities

The company has entered into a cross-guarantee and floating charge agreement with its subsidiaries. At 30 November 2022 the contingent liability amounted to £nil (2021: £nil).

The company has guaranteed the hire purchase obligations of its subsidiaries. At 30 November 2022 the contingent liability amounted to £33,361,000 (2021: £39,922,000).

18 Related parties and transactions

For details of the company's related parties and their transactions see note 32 to the consolidated financial statements.

19 Post balance sheet events

For disclosure of post balance sheet events reference should be made to note 35 to the consolidated financial statements.