Financial statements Hallmark Connections Limited

For the Year Ended 30 November 2022

Company No. 04390228

Contents

Strategic Report

Principal activities, review of business and future developments

The company's principal activity during the year has been the operation of bus services and other passenger transportation services at Heathrow Airport and in the surrounding area. The directors are satisfied with the outcome of the year, and the company's position at the year end. They are pleased with the progress made in the accounting period and anticipate a continued but slow return to normal operation.

Significant events in the period

In mid-2021 the Department for Transport ("DfT") replaced its initial support scheme for bus services during the COVID-19 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.
From 1 January 2023, the Government also introduced funding for a £2 single fare cap which will continue until 31 October 2023, when it will be replaced by a fare cap set at £2.50. This cap will extend until 30 November 2024. Early evidence from Government surveys suggests that these fare cap initiatives have had a positive impact on bus patronage. The Government continues to add its support following the end of BRG. The latest new initiative, called "BSOG+", introduced from 1 July 2023, adds a payment for each kilometre driven coupled to an additional pence per litre payment for fuel used, over and above the long-standing Bus Service Operators' Grant, which is also paid by litre in relation to usage. The BSOG+ initiative will last until April 2025.

Passenger numbers

Passenger volumes have yet to recover to pre-COVID 19 levels. At the start of the year passenger numbers ranged between 65% and 70% of pre-COVID levels, and remained in that range for most of the year. 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

The recovery in passenger numbers and the gradual reduction in Government support are reflected in revenues. In 2022 commercial revenues recovered sharply, as COVID-19 restrictions had fallen away by the start of the year. At the same time grants and subsidies from the Government were 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 2021, fell slowly in the second half of that year, and declined substantially in 2022.

Strategic Report (continued)

Review of the business and future outlook

The financial year under review obviously continued to be very challenging for the bus industry, as it was in the previous year. Before the COVID-19 pandemic took hold in early 2020, the Government had announced an ambitious package of new funding to overhaul bus provision in every English region outside London. In March 2021, it published a detailed National Bus Strategy paper, "Bus Back Better", which lays out a comprehensive plan of reform and promises up to £3 billion of new Government investment. New Enhanced Partnerships, combined with subsidies for 4,000 zero emission vehicles, are designed to re-invigorate the bus market all over the country and increase bus usage. This policy initiative has been reinforced locally with the institution of Bus Service Improvement Plans in many areas of the country. The company looks forward to continuing its close collaboration with all local authorities in its area of operation in order to improve the attractiveness of travel by bus, increase bus usage and achieve modal shift, to the general benefit of the travelling public.
Recovery in the company's other non-bus operations is dependent in turn on the full recovery of international air traffic volumes at Heathrow Airport.

Summary of key performance indicators

The company regards the following Key Performance Indicators (KPIs) as appropriate methods of measurement of its business:

	Year ended 30 November 2022	Year ended 30 November 2021
• Gross profit margin	**22.9%**	18.9%
• Operating profit/(loss)	**£998,244**	£(372,699)
• Total comprehensive profit/(loss)	**£584,102**	£(981,405)

These key performance indicators are used as follows:

- Gross (loss)/profit margin: it is fundamental to the longer term sustainability of the company 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.

- Operating (loss)/profit: (loss)/profit from operations is a very important determinant of the long term success of the business. Because this indicator is calculated before interest it represents the theoretical debt-free performance of the company and is thus a key measure of value. It is also a measure of how effectively and efficiently the company is using its operating assets, particularly in relation to its peers. Therefore this metric is monitored monthly and progress towards target is frequently reviewed;

- Total comprehensive (loss)/income: this indicator is a key determinant of return to the shareholder. Therefore it is monitored and reviewed regularly by the board. The board places particular emphasis upon this indicator because in this manner it can be confident that it is serving the interests of the shareholder and providing the company with the means to sustain its ambitions to increase its overall levels of business.

Strategic Report (continued)

The results of the year and the financial position as at 30 November 2022 are considered by the directors to be satisfactory in the circumstances described above.

Principal risks and uncertainties

The directors consider that the following factors may be considered to be the material risks and uncertainties facing the company in normal circumstances. The long term impact of the Coronavirus epidemic 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 for the business of the company. 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 prices if input costs rise in a sustained pattern. Management monitors fleet fuel efficiency and uses technological aids to optimise fuel usage.
The availability of sufficient capital and leasing facilities to finance the growth in the company's business.	The company may miss growth opportunities.	Management maintains close contact with its shareholder and vehicle financiers to keep them fully briefed about the progress of the company.
New government legislation 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 regulatory 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 and management structures as the business grows. Appropriate recruits are brought in to the business and any necessary management development courses are instituted.
Level of vehicle insurance rates – particularly in the event of a major accident involving passenger fatality.	The company may not be able to obtain adequate levels of insurance cover.	The company is self-insured for high frequency claims of low value. 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 (continued)

Financial risk management objectives and policies

The company's principal financial instruments comprise intra group balances, hire purchase contracts, cash, trade debtors and trade creditors. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are credit risk and liquidity risk.

Credit risk

Credit risk is managed by agreeing payment terms in advance and by taking appropriate references. The company's receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is mitigated.

Liquidity risk

The company maintains a mixture of long-term and short-term finance suitable to its needs. This mixture is designed to ensure that the company has sufficient funds available for its current operations and to enable the company to meet its strategic plan.

Employees and employee involvement

With regard to employment the company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues and operates a process of equality of opportunity and operates under the guiding principle of non-discrimination in line with its Equal Opportunities Policy. All staff are treated fairly and equally, training takes place throughout the business and individual circumstances are always considered in order to maintain the on-going support of the company's most valuable asset, its people.

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through consultation with employee representatives.

ON BEHALF OF THE BOARD

K. Taylor
Director
Date: 15 August 2023

Company no: 04390228

Directors' Report

The directors present their report and the financial statements of the company for the year ended 30 November 2022.

Results and dividends

The profit for the year, after taxation, amounted to £584,102 (2021: loss £981,405). The directors do not recommend the payment of a final dividend (2021: £nil).

Directors

The directors who served the company during the year were as follows:

A I Creba
J A S Dunn
S L Dunn
K M Taylor

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Effect of the Coronavirus pandemic

The impact of the COVID-19 pandemic is fully described in the Strategic Report, to which reference should be made upon this matter.

Directors' Report (continued)

Post balance sheet events
Significant events affecting the company since the year end are set out in note 21 to these financial statements.

Matters covered in the Strategic Report

Financial risk management objectives, principal risks and uncertainties, and the business review have been included in the Strategic Report.

ON BEHALF OF THE BOARD

K. Taylor
Director
Date: 15 August 2023

Company no: 04390228

Principal accounting policies

Basis of accounting

Hallmark Connections Limited is a private company limited by shares incorporated in the United Kingdom. Its registered office is Cross Quays Business Park, Hallbridge Way, Tividale, Oldbury, West Midlands, B69 3HW.

The principal activity of the company during the year was the operation of bus and contracted transportation services.

The financial statements are presented in Sterling (£).

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 (the Financial Reporting Standard applicable in the UK and the Republic of Ireland) and the Companies Act 2006. The presentation of financial statements in accordance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies as set out further below.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- financial instrument disclosures including (a) categories of financial instruments (b) items of income, expense, gain or loss relating to financial instruments (c) exposure to and management of financial risks.

This information is included in the consolidated financial statements of Rotala plc as at 30 November 2022 and these financial statements may be obtained from Companies House.

The principal accounting policies of the company are set out below:

Going concern

The company's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the principal activities, review of business and future developments contained in the Strategic Report.

In addition, the Directors' Report includes the company's objectives, policies and processes for managing financial risk, details of its financial instruments and its exposure to credit risk and liquidity risk.

Recovery in passenger numbers has continued to be slow following the COVID-19 pandemic. At present Government continues to support the operation of bus services with a specific grant package, including BRG. However it is still impossible to say what effect 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.

Principal accounting policies (continued)

Going concern (continued)

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 that further recovery in passenger volumes will only occur slowly in 2023. It has also evaluated the hire purchase, loan and overdraft facilities available to the company in connection with the period examined. After due enquiry, the board has judged the cash flow forecasts, asset financing and banking resources of the company to be adequate to support its continued operations for the foreseeable future and has adopted the going concern basis in preparing the financial statements.

Furthermore, although at the balance sheet date the company had net current liabilities of £827,704 (2021: £1,221,393), the ultimate parent company has confirmed its intention to provide such support as the company may require for a period of not less than one year from the date the financial statements were approved. Therefore the directors believe that it is appropriate to assume that the company will continue in operational existence for the foreseeable future, will be able to meet its liabilities as they fall due and can prepare the financial statements on a going concern basis.

Judgments and estimates in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in compliance with FRS 102 requires management to make judgements and estimates, and assumptions that affect both the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year.

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

Acquisition fair values and intangibles
In attributing value to intangibles on acquisition, management has made certain assumptions about the profitability of acquired businesses, brands and customer relationships. The key assumptions relate to the trading performance of the acquired business and the derivation of the fair value of assets or liabilities acquired, including any value attributable to intangible assets such as brands and contracts. Where a business acquired is loss-making, it is considered to be unlikely that brands or contracts have any value. Management uses valuation techniques and its knowledge of the market, combined with its experience of previous acquisitions, to determine the fair value of net assets acquired in business combinations. Management bases its assumptions on observable data as far as possible, but this is not always available. Where observable data is not available management uses the most suitable information it can identify. Estimated fair values may vary from the actual prices that would be achieved in an arms' length transaction at the reporting date. More details about carrying values are included in note 8.

Useful lives of property, plant and equipment
Property, plant and equipment is depreciated over its useful life. Useful lives are based on management's estimates of the periods within which the assets will generate revenue and which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to profit or loss in specific periods. More details about carrying values are included in note 9.

Principal accounting policies (continued)

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

Deferred tax assets
In determining the deferred tax asset to be recognised, management carefully review the recoverability of these assets on a prudent basis and reach a judgement based on the best available information.

Turnover

Turnover 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;
- Contracted and charter services revenues are recognised when services are delivered, based on agreed contract rates.

Grants and subsidies provided by the Department for Transport and Local Authorities (see note 1) 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 income

Grants and subsidies provided by the Department for Transport and Local Authorities 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 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.

Goodwill

Goodwill arising on an acquisition of a trade or subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 7 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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 statement of comprehensive income.

Principal accounting policies (continued)

Fixed assets

All fixed assets are initially recorded at cost. Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is calculated so as to write off the cost of all assets, less the estimated residual value, over the useful economic life of the assets, as follows:

Leasehold land and buildings	-	period of the lease
Passenger carrying vehicles	-	10 - 25% reducing balance
Plant, equipment and fixtures & fittings	-	3 to 10 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within operating profit in the statement of comprehensive income.

Stocks

Stocks are stated at the lower of cost and value in use. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out method. Cost includes the purchase price, including taxes and duties and transport and handling costs directly attributable to bringing the stocks to their present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified item is reduced to its value in use and an impairment charge is recognised in the profit and loss account. Where a reversal of an impairment charge is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

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 twenty four 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.

Principal accounting policies (continued)

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.
Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.
Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the date of the statement of financial position, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Pension costs

Defined contribution scheme
Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account. Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Principal accounting policies (continued)

Impairment of assets

The company'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 company 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.

Principal accounting policies (continued)

Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The company classifies all of its financial assets as loans and receivables.

Loans and receivables
Loans and receivables 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.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities
The company classifies all of its financial liabilities as liabilities at amortised cost.

Amortised cost
Financial liabilities at amortised cost including 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 statement of financial position.

In addition, the Strategic Report includes the company's objectives, policies and processes for managing its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk.

Statement of comprehensive income

	Note	2022 £	2021 £
Turnover	1	**11,711,081**	11,976,199
Other income	2	**-**	402,215
Cost of sales		**(9,026,376)**	(10,043,117)
Gross profit		**2,684,705**	2,335,297
Administrative expenses		**(1,686,461)**	(2,707,996)
Operating profit/(loss)	3	**998,244**	(372,699)
Interest payable and similar charges	6	**(158,905)**	(419,267)
Profit/(loss) on ordinary activities before taxation		**839,339**	(791,966)
Taxation charge on profit/(loss) on ordinary activities	7	**(255,237)**	(189,439)
Total comprehensive profit/(loss) for the financial year		**584,102**	(981,405)

All of the activities of the company are classed as continuing.

The accompanying principal accounting policies and notes form part of these financial statements.

Statement of financial position

	Note	2022	2021
		£	£
Fixed assets			
Intangible assets	8	**296,230**	618,741
Tangible assets	9	**3,288,146**	3,480,910
		3,584,376	4,099,651
Current assets			
Stocks	10	**129,806**	128,325
Debtors: amounts falling due within one year	11	**1,502,431**	3,885,421
Cash at bank and in hand		**36,853**	30,410
		1,669,090	4,044,156
Creditors: amounts falling due within one year	12	**(2,496,794)**	(5,265,549)
Net current liabilities		**(827,704)**	(1,221,393)
Total assets plus net current liabilities		**2,756,672**	2,878,258
Creditors: amounts falling due after more than one year	13	**(1,927,885)**	(2,888,810)
Deferred taxation	14	**(73,349)**	181,888
Net assets		**755,438**	171,336
Capital and reserves			
Called-up equity share capital	15	**800,000**	800,000
Share premium account	17	**3,639,709**	3,639,709
Profit and loss account	17	**(3,684,271)**	(4,268,373)
Shareholders' funds		**755,438**	171,336

Audit Exemption Statement
For the year ended 30 November 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:
- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved and authorised for issue by the directors on 15 August 2023 and are signed on their behalf by:

J. Dunn
Director
Company no: 04390228

The accompanying principal accounting policies and notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 November 2021

	Share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2020	800,000	3,639,709	(3,286,968)	1,152,741
Loss for the financial year	-	-	(981,405)	(981,405)
At 30 November 2021	800,000	3,639,709	(4,268,373)	171,336

For the year ended 30 November 2022

	Share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2021	800,000	3,639,709	(4,268,373)	171,336
Profit for the financial year	-	-	584,102	584,102
At 30 November 2022	800,000	3,639,709	(3,684,271)	755,438

Notes to the financial statements

1 Turnover

Turnover and profit on ordinary activities before taxation arose wholly from the principal activity within the United Kingdom. Turnover receivable from local authorities and the Department for Transport, as a result of the grant and subsidy package put in place during the COVID-19 pandemic and fully described in the Strategic Report, amounted to £448,000 (2021: £6,075,000).

2 Other income

Other income in 2021 consisted wholly of grant income received or receivable in respect of the Coronavirus Job Retention Scheme totalling £402,215.

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2022	2021
	£	£
Depreciation of owned fixed assets	**305,758**	725,458
Depreciation of assets held under hire purchase agreements	**367,422**	803,189
Amortisation of positive goodwill	**322,511**	393,819
(Profit) on disposal of fixed assets	**-**	(40,147)
Operating lease costs:		
Leasehold land and buildings	**229,787**	205,544
Other assets	**25,691**	261,671

4 Particulars of employees

The average number of staff employed by the company (including directors) during the financial year amounted to:

	2022	2021
	No	No
Number of management and administrative staff	**7**	6
Number of direct staff	**143**	171
	150	177

The aggregate payroll costs of the above were:

	2022	2021
	£	£
Wages and salaries	**5,446,077**	5,499,758
Social security costs	**574,610**	617,885
Other pension costs	**95,672**	104,414
	6,116,359	6,222,057

Notes to the financial statements (continued)

5 Directors

	2022	2021
	£	£
Emoluments of directors	**97,374**	89,267
	97,374	89,267

Key management personnel compensation (including directors) for the year ended 30 November 2022 was £97,374 (2021: £89,267).

One director in 2022 (2021: one) was in receipt of a contribution to a defined contribution pension scheme and a contribution of £2,850 was paid on his behalf (2021: £2,600).

6 Interest payable and similar charges

	2022	2021
	£	£
Bank loans and overdrafts	**13,439**	86,403
Interest payable to group undertakings	**64,219**	240,864
Finance leases and hire purchase contracts	**81,247**	92,000
	158,905	419,267

7 *Taxation on ordinary activities*

(a) Analysis of charge in the year

	2022	2021
	£'000	£'000
Current tax		
Adjustments in respect of prior periods	**-**	-
Total current tax	**-**	-
Deferred tax		
Origination and reversal of timing differences	**(218,805)**	74,725
Adjustments in respect of prior periods	**(18,828)**	(264,164)
Change in tax rate	**(17,604)**	-
Total deferred tax	**(255,237)**	(189,439)
	(255,237)	(189,439)

The accompanying principal accounting policies and notes form part of these financial statements.

Notes to the financial statements (continued)

7 Taxation on ordinary activities (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2022 £'000	2021 £'000
Profit/(loss) on ordinary activities before tax	**839,339**	(791,966)
Profit/loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**(159,474)**	150,474
Effect of		
Expenses not allowable/taxable	**(59,331)**	(75,749)
Adjustments in respect of prior periods	**(18,828)**	(264,164)
Effect of change in deferred tax rate	**(17,604)**	-
Total tax charge for year	**(255,237)**	(189,439)

(c) Factors that may affect future tax charges:

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.

8 Intangible fixed assets

	Customer contracts £	Purchased goodwill £	Total £
Cost			
At 1 December 2021	602,000	2,600,950	3,202,950
Acquisitions	-	500,000	500,000
At 30 November 2022	602,000	3,100,950	3,702,950
Amortisation			
At 1 December 2021	602,000	1,982,209	2,584,209
Acquisitions	-	500,000	500,000
Charge for the year	-	322,511	322,511
At 30 November 2022	602,000	2,804,720	3,406,720
Net book value			
At 30 November 2022	**-**	**296,230**	**296,230**
At 30 November 2021	-	618,741	618,741

Notes to the financial statements (continued)

9 Tangible fixed assets

	Plant and machinery	Passenger carrying vehicles	Total
	£	£	£
Cost			
At 1 December 2021	341,576	4,462,758	4,804,334
Additions	-	500,801	500,801
Net transfers to and from fellow group undertakings	-	(18,046)	(18,046)
At 30 November 2022	341,576	4,945,513	5,287,089
Depreciation			
At 1 December 2021	302,204	1,021,220	1,323,424
Charge for the year	27,534	645,646	673,180
Net transfers to and from fellow group undertakings	-	2,339	2,339
At 30 November 2022	329,738	1,669,205	1,998,943
Net book value			
At 30 November 2022	**11,838**	**3,276,308**	**3,288,146**
At 30 November 2021	39,372	3,441,538	3,480,910

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows:

Net book value	£	£	£
At 30 November 2022	5,595	2,524,040	2,529,635
At 30 November 2021	38,524	3,578,854	3,617,378
Depreciation charged thereon	£	£	£
In 2022	24,433	342,989	367,422
In 2021	18,221	784,968	803,189

Notes to the financial statements (continued)

10 Stocks

	2022	2021
	£	£
Spares, consumables and fuel	**129,806**	128,325

Stock recognised in cost of sales during the year as an expense was £2,146,000 (2021: £2,159,000). No impairment loss due to slow-moving and obsolete stock was recognised in 2022 or 2021 in cost of sales during the year.

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

11 Debtors

	2022	2021
	£	£
Amounts receivable within one year		
Trade debtors	**941,259**	415,777
Prepayments and accrued income	**504,650**	3,374,484
Taxation and social security	**272**	38,910
Other debtors	**56,250**	56,250
	1,502,431	3,885,421

12 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	-	146,988
Other taxation and social security	**137,423**	86,495
Hire purchase and finance lease obligations	**965,246**	628,673
Amounts owed to group undertakings	**1,110,933**	4,186,117
Other creditors	**86,405**	13,086
Accruals and deferred income	**196,787**	204,190
	2,496,794	5,265,549

The amounts owed to group undertakings attract interest at 6% per annum.

The hire purchase and finance lease liability is secured on the assets to which it relates.

Notes to the financial statements (continued)

13 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Hire purchase and finance lease obligations	**1,927,885**	2,888,810
	1,927,885	2,888,810

Maturity of debt:

	Loans and overdrafts		Hire purchase and finance lease obligations	
	2022	2021	2022	2021
	£	£	£	£
In one year or less, or on demand	**1,110,933**	4,186,117	**965,246**	628,673
In more than one year but not more than two years	**-**	-	**393,375**	973,605
Within two to five years	**-**	-	**1,032,785**	1,206,297
After five years	**-**	-	**501,725**	708,908
	-	-	**1,927,885**	2,888,810

Obligations under hire purchase contracts and finance lease agreements are repayable over various periods up to August 2032. Lease payments are analysed between capital and interest components. The interest element of the payment is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The interest rates implicit in these leases range between 2.70% and 8.75% per annum.

Notes to the financial statements (continued)

14 Deferred taxation

	2022	2021
	£	£
Deferred tax (liability)/asset	**(73,349)**	181,888

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

	Provided 2022	Provided 2021
	£	£
Accelerated capital allowances	**(73,349)**	(181,317)
Purchased goodwill	-	2,727
Losses	-	360,478
Total deferred tax (liability)/asset	**(73,349)**	181,888

	2022	2021
	£	£
Asset at beginning of period	**181,888**	371,327
(Charge) to profit and loss account	**(255,237)**	(189,439)
(Liability)/asset at end of period	**(73,349)**	181,888

15 Share capital

Allotted, called up and fully paid:

	2022		2021	
	No	£	No	£
Ordinary shares of 25p each	**800,000**	**800,000**	800,000	800,000

Notes to the financial statements (continued)

16 Financial instruments

	2022	2021
	£'000	£'000
Financial assets		
Cash and cash equivalents	**36,853**	30,410
Financial assets measured at amortised cost	**1,441,951**	3,765,601
	1,478,804	3,796,011
Financial liabilities		
Financial liabilities measured at amortised cost	**4,090,469**	7,863,674

Cash and cash equivalents represent cash at bank and in hand. Financial assets measured at amortised cost comprise trade debtors, accrued income and other debtors. Financial liabilities measured at amortised cost comprise trade creditors, other creditors, obligations under finance leases and hire purchase contracts and amounts owed to fellow group undertakings.

17 Reserves

Called up share capital
Nominal value of shares which have been issued.

Share premium
Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account
Includes all current and prior period retained profits and losses

Notes to the financial statements (continued)

18 Guarantees and other financial commitments

a) Lease commitments

At 30 November 2022 the company had total commitments under non-cancellable operating leases as follows:

	2022		2021	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Operating lease commitments payable				
- within one year	**235,616**	**754**	234,439	111,451
- between one and five years	**19,634**	**-**	19,529	1,457

b) Contingent liabilities

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

The company, together with other group undertakings, is a participant in and guarantor of the facilities provided by HSBC Bank plc to the group as principal bankers to the Rotala group. The Senior Facilities Agreement comprises a Revolving Commercial Facility ("RCF") of up to £17 million and a Mortgage Facility of £6.2 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 consists of two tranches, with a facility of £4.3 million which expires in July 2028 and another of £1.9m which expires in August 2034. Both tranches however have remaining repayment profiles of between twelve and sixteen years. In addition, the group has an Overdraft Facility of up to £3 million with the same bank, renewed annually.

19 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date contributions of £13,604 (2021: £12,529) were outstanding.

20 Capital commitments

As at 30 November 2022 the company had capital commitments for vehicles on order amounting to £nil (2021: £nil).

21 Post balance sheet events

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 14 June 2023 the company reclassified £3,389,000 of its share premium account as a distributable reserve and offset this sum against its negative revenue reserves.

The accompanying principal accounting policies and notes form part of these financial statements.

Notes to the financial statements (continued)

22 Related party transactions

The company has taken advantage of the exemption under FRS 102 relating to wholly-owned subsidiary undertakings not to disclose details of sales and purchases with other members of the group headed by Rotala plc. Details of any amounts owed to and from fellow group undertakings are disclosed in aggregate in note 12.

23 *Controlling party*

The company is a subsidiary of Rotala plc which is the ultimate parent company incorporated in England and Wales. Copies of the consolidated financial statements of Rotala plc are available from Companies House.