

REGISTERED NUMBER: 06445349 (England and Wales)

Companies House

**BORDERS BUSES LTD**  
**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



Milne Craig  
Chartered accountants  
Statutory auditor  
Abercorn House  
79 Renfrew Road  
Paisley  
Renfrewshire  
PA3 4DA

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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**BORDERS BUSES LTD**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>DIRECTOR:</b>	Colin Robert Craig
<b>SECRETARY:</b>	Colin Robert Craig
<b>REGISTERED OFFICE:</b>	North Road Industrial Estate North Road Berwick Upon Tweed Northumberland TD15 1UN
<b>REGISTERED NUMBER:</b>	06445349 (England and Wales)
<b>INDEPENDENT AUDITORS :</b>	Milne Craig Chartered accountants Statutory auditor Abercorn House 79 Renfrew Road Paisley Renfrewshire PA3 4DA
<b>BANKERS:</b>	Bank of Scotland 61 Hide Hill Berwick Upon Tweed Northumberland TD15 1EN

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The director presents his strategic report for the year ended 31 December 2020.

**REVIEW OF BUSINESS**

Throughout 2020 the group has continued working in co-operation with Local Authorities, Regional Transport Partnerships and major customers, to navigate through the uncertainty caused by the COVID-19 pandemic and subsequent lockdown and restrictions on the transport industry. The company made use of the various government support schemes which were available to companies in the transport industry.

2021 will bring further uncertainty as the and route coverage and service levels will be kept under constant review as the situation evolves and restrictions are slowly eased. Continuing uncertainties over operating costs and key lines of income are all expected to contribute to another challenging year.

The results for the year are set out in the financial statements. The Directors' consider the result achieved on ordinary trading activities before taxation to be satisfactory and that the group has sufficient resources to meet its forecast requirements in 2021.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The key business risks affecting the company are as follows:

- Direct cost uncertainty, specifically in relation to fuel prices.
- Renewal of contracted income due for tender within the next twelve months.
- Current economic conditions.

The director has put in place a risk management system which aims to manage and reduce the above risks to which the company is exposed.

The company is following the relevant government guidance in relation to the continuing COVID-19 pandemic and will keep the situation under constant review.

**FINANCIAL INSTRUMENTS**

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of the instruments are to raise funds for and to finance the company's operations.

The company's approach to managing principal risks applicable to financial statements are shown below:

- a) In respect of bank balances, the liquidity risk is managed by maintaining balances and effective use of available resources.
- b) Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.
- c) Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts as they fall due.

**ON BEHALF OF THE BOARD:**



Colin Robert Craig - Director

20 August 2021

**REPORT OF THE DIRECTOR  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The director presents his report with the financial statements of the company for the year ended 31 December 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of passenger transport.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2020.

**DIRECTOR**

Colin Robert Craig held office during the whole of the period from 1 January 2020 to the date of this report.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Milne Craig, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



Colin Robert Craig - Director

20 August 2021

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BORDERS BUSES LTD**

### **Opinion**

We have audited the financial statements of Borders Buses Ltd (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, 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 their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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.

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 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 director with respect to going concern are described in the relevant sections of this report.

### **Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BORDERS BUSES LTD**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Director.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BORDERS BUSES LTD**

### **Auditors' 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 a Report of the Auditors 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. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company, and determined that the most significant are those that relate to the form and content of the financial statements such as the accounting policies and the UK Companies Act 2006.

We assessed how the Company is complying with these frameworks by observing the oversight of those charged with governance, the culture of honesty and ethical behaviours and a strong emphasis placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by making an assessment of the key fraud risks to the Company, and the manner in which such risks may occur in practice, based on our previous knowledge of the Company, as well as an assessment of the current business environment.

Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk, including management override of controls. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error. We evaluated the design and operational effectiveness of controls put in place to address the risks identified, or that otherwise prevent, deter and detect fraud.

In addition, our audit procedures included enquiring of management concerning actual and potential litigation and claims, and performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. We addressed the fraud risk in relation to revenue recognition by testing completeness and cut off of income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

As with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BORDERS BUSES LTD**

**Use of our report**

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



Kirsty Mackie BAcc CA (Senior Statutory Auditor)  
for and on behalf of Milne Craig  
Chartered accountants  
Statutory auditor  
Abercorn House  
79 Renfrew Road  
Paisley  
Renfrewshire  
PA3 4DA

20 August 2021

**BORDERS BUSES LTD (REGISTERED NUMBER: 06445349)****INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>TURNOVER</b>	4	7,680,833	9,952,572
Cost of sales		<u>(7,980,029)</u>	<u>(8,970,999)</u>
<b>GROSS (LOSS)/PROFIT</b>		(299,196)	981,573
Administrative expenses		<u>(1,345,304)</u>	<u>(1,145,892)</u>
		(1,644,500)	(164,319)
Other operating income		<u>2,128,614</u>	<u>1,813</u>
<b>OPERATING PROFIT/(LOSS)</b>		484,114	(162,506)
Interest payable and similar expenses	6	<u>(7,180)</u>	<u>(90,656)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	7	476,934	(253,162)
Tax on profit/(loss)	8	<u>(95,199)</u>	<u>206,673</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u>381,735</u></u>	<u><u>(46,489)</u></u>

The notes form part of these financial statements

**BORDERS BUSES LTD (REGISTERED NUMBER: 06445349)**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>PROFIT/(LOSS) FOR THE YEAR</b>		381,735	(46,489)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<u><u>381,735</u></u>	<u><u>(46,489)</u></u>

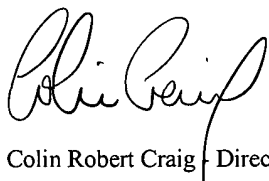
The notes form part of these financial statements

**BORDERS BUSES LTD (REGISTERED NUMBER: 06445349)**

**BALANCE SHEET  
31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	9	3,335	16,667
Tangible assets	10	112,222	166,277
		<u>115,557</u>	<u>182,944</u>
<b>CURRENT ASSETS</b>			
Stocks	11	120,335	126,827
Debtors	12	3,174,651	2,496,194
Cash at bank and in hand		105,101	142,973
		<u>3,400,087</u>	<u>2,765,994</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	1,085,635	890,288
<b>NET CURRENT ASSETS</b>		<u>2,314,452</u>	<u>1,875,706</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,430,009</u>	<u>2,058,650</u>
<b>PROVISIONS FOR LIABILITIES</b>	16	12,319	22,695
<b>NET ASSETS</b>		<u><u>2,417,690</u></u>	<u><u>2,035,955</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	10,000	10,000
Retained earnings	18	2,407,690	2,025,955
<b>SHAREHOLDERS' FUNDS</b>		<u><u>2,417,690</u></u>	<u><u>2,035,955</u></u>

The financial statements were approved by the director and authorised for issue on 20 August 2021 and were signed by:



Colin Robert Craig Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2019</b>	10,000	2,072,444	2,082,444
<b>Changes in equity</b>			
Total comprehensive loss	-	(46,489)	(46,489)
<b>Balance at 31 December 2019</b>	10,000	2,025,955	2,035,955
<b>Changes in equity</b>			
Total comprehensive income	-	381,735	381,735
<b>Balance at 31 December 2020</b>	10,000	2,407,690	2,417,690

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. STATUTORY INFORMATION**

Borders Buses Limited is a private company, limited by shares, registered in England. The Company's registered number is 06445349 and registered office address is North Road Industrial Estate, North Road, Berwick Upon Tweed, Northumberland, TD15 1UN.

The nature of the Company's operations and its principal activities in the year under review was that of passenger transport.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

**Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption 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.

**Critical accounting judgements and key sources of estimation uncertainty**

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment. If required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Bad debts are provided for where objective evidence of the need for a provision exists.

Inventories are assessed for evidence of obsolescence and a provision is made against any inventory unlikely to be sold, or where stock is sold post year end at a loss.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. ACCOUNTING POLICIES - continued**

**Turnover**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Consideration is given to the point at which the Company is entitled to receive the income, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from the provision of services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due;
- the costs incurred can be measured reliably.

The company's main income comes from passenger fares, Local Authority and Regional Transport Partnership contracts for the provision of passenger services, concessionary travel reimbursements and contracts for operating express services. All revenue is recognised as and when it is due in respect of services provided or performed.

**Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of its separable net assets. It is being amortised to the profit and loss account over its estimated economic life of three years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- |                     |  |
|---------------------|--|
| Short leasehold     | - in accordance with the property      |
| Plant and machinery | - 15% to 50% of net book value or cost |
| Motor vehicles      | - 10% to 50% of net book value or cost |

**Government grants**

Government grants received in relation to the Covid 19 pandemic have been recognised in the period to which the related revenue expenditure has been incurred. The company has benefited from the Coronavirus Job Retention Scheme, Coronavirus Rates Relief Grant, Bus Mobilisation Covid-19 Support Grant - Restart and Covid-19 Support Grant - Restart amounting to £2,128,614.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. ACCOUNTING POLICIES - continued**

**Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transactions costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. ACCOUNTING POLICIES - continued**

**Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Leases**

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. ACCOUNTING POLICIES - continued**

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal.

An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**4. TURNOVER**

The turnover and profit (2019 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
Fares and contracts	7,680,833	9,952,572
	<u>7,680,833</u>	<u>9,952,572</u>

**5. EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	4,705,781	4,667,908
Social security costs	349,040	395,998
Other pension costs	100,999	106,778
	<u>5,155,820</u>	<u>5,170,684</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**5. EMPLOYEES AND DIRECTORS - continued**

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

	2020	2019
Office and administration staff	7	5
Drivers, mechanics and support staff	191	200
	<u>198</u>	<u>205</u>

	2020 £	2019 £
Director's remuneration	<u>48,125</u>	<u>-</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020 £	2019 £
Other interest	7,180	-
Hire purchase	-	90,656
	<u>7,180</u>	<u>90,656</u>

**7. PROFIT/(LOSS) BEFORE TAXATION**

The profit (2019 - loss) is stated after charging/(crediting):

	2020 £	2019 £
Hire of motor vehicles	1,931,008	10,356
Other operating leases	153,046	143,475
Depreciation - owned assets	68,470	469,780
Depreciation - assets on hire purchase contracts or finance leases	-	701,727
Profit on disposal of fixed assets	-	(3,772)
Goodwill amortisation	13,332	13,333
Auditors remuneration	<u>6,500</u>	<u>4,500</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**8. TAXATION****Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	104,869	51,975
Under/(over) provision of tax in prior year	706	-
Total current tax	105,575	51,975
Deferred tax	(10,376)	(258,648)
Tax on profit/(loss)	<u>95,199</u>	<u>(206,673)</u>

UK corporation tax has been charged at 19% (2019 - 19%).

**Reconciliation of total tax charge/(credit) included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Profit/(loss) before tax	<u>476,934</u>	<u>(253,162)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	90,617	(48,101)
Effects of:		
Expenses not deductible for tax purposes	4,021	4,021
Deferred tax rate changes	-	33,100
Deferred tax		
Group relief claimed	(145)	(195,693)
Prior year adjustment	706	-
Total tax charge/(credit)	<u>95,199</u>	<u>(206,673)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 January 2020	
and 31 December 2020	228,064
<b>AMORTISATION</b>	
At 1 January 2020	211,397
Amortisation for year	13,332
At 31 December 2020	224,729
<b>NET BOOK VALUE</b>	
At 31 December 2020	3,335
At 31 December 2019	16,667

**10. TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 January 2020	116,310	629,618	57,264	803,192
Additions	-	-	14,415	14,415
At 31 December 2020	116,310	629,618	71,679	817,607
<b>DEPRECIATION</b>				
At 1 January 2020	82,491	522,697	31,727	636,915
Charge for year	7,829	51,742	8,899	68,470
At 31 December 2020	90,320	574,439	40,626	705,385
<b>NET BOOK VALUE</b>				
At 31 December 2020	25,990	55,179	31,053	112,222
At 31 December 2019	33,819	106,921	25,537	166,277

**11. STOCKS**

	2020 £	2019 £
Fuel and parts stock	120,335	126,827

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade debtors	295,299	279,467
Amounts owed by group undertakings	2,471,977	2,073,692
Other debtors	1,696	1,650
Prepayments and accrued income	405,679	141,385
	3,174,651	2,496,194

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	207,903	450,918
Social security and other taxes	239,307	174,029
Accrued expenses	617,950	238,566
Deferred government grants	20,475	26,775
	<u>1,085,635</u>	<u>890,288</u>

**14. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	93,775	70,700
Between one and five years	148,000	206,950
In more than five years	74,000	111,000
	<u>315,775</u>	<u>388,650</u>

**15. FINANCIAL INSTRUMENTS**

The carrying amount for each category of financial instrument is as follows:

	2020	2019
	£	£
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>3,278,056</u>	<u>2,637,517</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>825,853</u>	<u>698,484</u>

**16. PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred tax	<u>12,319</u>	<u>22,695</u>
		Deferred tax
		£
Balance at 1 January 2020		22,695
Originating and reversal of timing differences		<u>(10,376)</u>
Balance at 31 December 2020		<u>12,319</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£	£
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

**18. RESERVES**

	Retained earnings £
At 1 January 2020	2,025,955
Profit for the year	<u>381,735</u>
At 31 December 2020	<u>2,407,690</u>

Retained earnings

Includes all current and prior year retained profits and losses less dividends.

**19. PENSION COMMITMENTS**

The company operates a defined contribution scheme for some of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date unpaid contributions of £22,463 (2019 - £26,021) were due to the fund. The balances are included within other creditors and were fully paid in January 2020.

**20. ULTIMATE PARENT COMPANY**

The parent undertaking is Craig of Campbeltown Limited, a company registered in Scotland which has its registered office at Benmhor, Saddell Street, Campbeltown, Argyll.

**21. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £104,272 (2019 - £nil).

**22. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is is C R Craig by virtue of his shareholding in the parent company.