

Registration number: 07690404

# Stewarts Coach Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2018

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# **Stewarts Coach Group Limited**

## **Contents**

Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Independent Auditor's Report	5 to 7
Consolidated Income Statement	8
Consolidated Statement Financial Position	9
Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 to 30

# **Stewarts Coach Group Limited**

## **Company Information**

<b>Directors</b>	A W Cotton C J Howell
<b>Registered office</b>	Headley Park 8 Headley Road East Woodley Reading Berkshire RG5 4SA
<b>Auditors</b>	Wilkins Kennedy LLP Statutory Auditor & Chartered Accountants Templars House Lulworth Close Chandlers Ford Hampshire SO53 3TL

## Stewarts Coach Group Limited

### Strategic Report for the Year Ended 31 March 2018

The directors present their strategic report for the year ended 31 March 2018.

#### Principal activity

The principal activity of the group during the year continued to be the provision of coaches and other vehicles for contract services and for group private hire.

#### Fair review of the business

The directors are pleased to report another successful year. It has been a further year of movements between income from contracts to income from private hire.

During the year, Stewarts Coach Group completed a one-off special project to source and provide coaches to one of its customers. This has resulted in an increase in turnover from £6,407,265 to £7,655,883. Cost of sales has also increased, from £4,403,501 to £5,506,467, which has seen the gross profit margin decrease from 31.27% to 28.08% as a consequence. Excluding the income generated from this project, turnover has experienced relatively minor growth this year as the market faced challenges from poor weather conditions and the economic uncertainty caused by Brexit. Despite these challenges, the company has managed to improve upon its final profit for the year, which has increased from £433,779 in the prior year to £485,775.

The group has invested a further £1.11m in new coaches during the year under review, bringing the value of the group's ongoing investment in fixed assets to £8.06m. The directors believe that the group's ongoing investment in new coaches is essential for continuing success in the industry. At the same time, cash levels remain healthy at £1,239,836, meaning the group is well placed to respond to future investment opportunities or deal with potential adversities in the market.

The group's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover growth	%	19.49	(2.34)
Gross profit margin	%	28.08	31.27
Liquidity: current assets to current liabilities	: 1	.89	1.05
Return on capital employed	%	10.15	7.22

#### Financial instruments

The group's principal financial instruments comprise of bank balances, trade debtors, trade creditors, hire purchase contracts, loans from directors and bank loans. The main purpose of these instruments is to finance the business' operations.

#### Principal risks and uncertainties

Market: Competition from key competitors and pressure on margins.

The group endeavours to ameliorate this risk by continuing to explore alternative markets, adding value to its services and maintaining strong relationships with its customers.

Safety: A major safety-related incident could impact the group both financially and reputationally.

The group has a strong safety culture driven from the directors. Appropriate insurance coverage is available and in place for accident related claims to employees and third parties. Stewarts Coaches have achieved DVSA Earned Recognition status in early 2018 which further cement the safety ambitions of the group.

IT Systems: Sufficiently rapid access to and accuracy of data; cyber security.

The group continues to attach great importance to its IT systems and their regular upgrading with direct participation at board level.

## Stewarts Coach Group Limited

### Strategic Report for the Year Ended 31 March 2018

Credit and cash flow: Any concentration of credit with individual customers and relaxation of good credit management.

The group ensures that appropriate due diligence is carried out on new customers and maintains a strong emphasis on the management of good credit control overall.

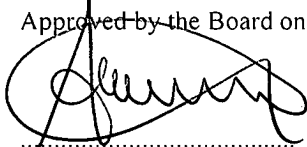
Liquidity: Exposure to inadequate cash flows.

The combined availability of bank balances and continued strong positive cash flows prevents any significant exposure to liquidity risk.

#### Future developments

The directors intend to continue the expansion of the group and build upon the success of recent years. This will be achieved by maintaining and improving on its excellent relationship with existing customers, while generating new business, improving operational efficiency and continuing to invest in its cutting edge fleet of vehicles. A new long-term contract won in Slough providing corporate shuttle bus services goes live in 2018, in addition to a 3-year extension of its biggest corporate contract in Reading underpins the group's financial resilience.

Approved by the Board on 28/7/18 and signed on its behalf by:



A W Cotton  
Director

## Stewarts Coach Group Limited

### Directors' Report for the Year Ended 31 March 2018

The directors present their report and the for the year ended 31 March 2018.

The group has chosen in accordance with section 414C(11) of the Companies Act 2006 to include the fair review of the business and the disclosure of principal risks and uncertainties in the strategic report.

#### Directors of the group

The directors who held office during the year were as follows:

A W Cotton

C J Howell

#### Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

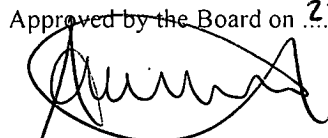
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

#### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 28/7/18 and signed on its behalf by:



A W Cotton  
Director

## **Stewarts Coach Group Limited**

### **Independent Auditor's Report to the Members of Stewarts Coach Group Limited**

#### **Opinion**

We have audited the financial statements of Stewarts Coach Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the Consolidated Income Statement, Consolidated Statement Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, 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 group's and the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## **Stewarts Coach Group Limited**

### **Independent Auditor's Report to the Members of Stewarts Coach Group Limited**

#### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of directors' responsibilities [set out on page 4], 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.

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 auditor's report.



## Stewarts Coach Group Limited

### Independent Auditor's Report to the Members of Stewarts Coach Group Limited

#### Use of our report

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



Adam Wilson FCA (Senior Statutory Auditor)

For and on behalf of Wilkins Kennedy LLP, Statutory Auditor & Chartered Accountants

Templars House  
Lulworth Close  
Chandlers Ford  
Hampshire  
SO53 3TL

Date: 31 July 2018

## Stewarts Coach Group Limited

### Consolidated Income Statement for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	3	7,655,883	6,407,265
Cost of sales		<u>(5,506,467)</u>	<u>(4,403,501)</u>
Gross profit		2,149,416	2,003,764
Administrative expenses		<u>(1,339,676)</u>	<u>(1,369,121)</u>
Operating profit	4	<u>809,740</u>	<u>634,643</u>
Other interest receivable and similar income		-	14
Interest payable and similar charges	5	<u>(196,490)</u>	<u>(204,328)</u>
		<u>(196,490)</u>	<u>(204,314)</u>
Profit before tax		613,250	430,329
Taxation	9	<u>(127,475)</u>	<u>3,450</u>
Profit for the financial year		<u><u>485,775</u></u>	<u><u>433,779</u></u>

The group has no recognised gains or losses for the year other than the results above.

All amounts relate to continuing operations.

The notes on pages 15 to 30 form an integral part of these financial statements.

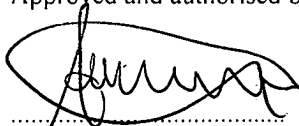
# Stewarts Coach Group Limited

(Registration number: 07690404)

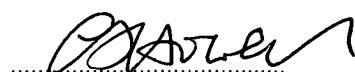
## Consolidated Statement Financial Position as at 31 March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	10	216,556	252,648
Tangible assets	11	<u>8,056,731</u>	<u>8,360,178</u>
		<u>8,273,287</u>	<u>8,612,826</u>
<b>Current assets</b>			
Stocks	13	56,001	24,000
Debtors	14	1,059,877	2,615,203
Cash at bank and in hand		<u>1,239,836</u>	<u>1,450,656</u>
		2,355,714	4,089,859
<b>Creditors: Amounts falling due within one year</b>	16	<u>(2,648,478)</u>	<u>(3,911,262)</u>
<b>Net current (liabilities)/assets</b>		<u>(292,764)</u>	<u>178,597</u>
<b>Total assets less current liabilities</b>		7,980,523	8,791,423
<b>Creditors: Amounts falling due after more than one year</b>	16	(5,209,604)	(6,309,858)
<b>Provisions for liabilities</b>	17	<u>(588,410)</u>	<u>(565,331)</u>
<b>Net assets</b>		<u>2,182,509</u>	<u>1,916,234</u>
<b>Capital and reserves</b>			
Called up share capital	20	100	100
Group reconstruction reserve		1,152,680	1,152,680
Profit and loss account		<u>1,029,729</u>	<u>763,454</u>
<b>Equity attributable to owners of the company</b>		<u>2,182,509</u>	<u>1,916,234</u>
<b>Total equity</b>		<u>2,182,509</u>	<u>1,916,234</u>

Approved and authorised by the Board on 28/7/18 and signed on its behalf by:



A W Cotton  
Director



C J Howell  
Director

The notes on pages 15 to 30 form an integral part of these financial statements.

# Stewarts Coach Group Limited

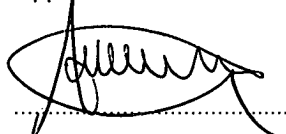
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## Statement of Financial Position as at 31 March 2018

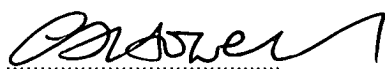
	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments	12	455,107	34,274
<b>Creditors: Amounts falling due within one year</b>	16	<u>(455,007)</u>	<u>(34,174)</u>
<b>Net assets</b>		<u>100</u>	<u>100</u>
<b>Capital and reserves</b>			
Called up share capital	20	<u>100</u>	<u>100</u>
<b>Total equity</b>		<u>100</u>	<u>100</u>

The company received dividends during the financial year from its subsidiaries of £219,500 (2017 - £208,000).

Approved and authorised by the Board on 28/7/18 and signed on its behalf by:



A W Cotton  
Director



C J Howell  
Director

# Stewarts Coach Group Limited

## Consolidated Statement of Changes in Equity for the Year Ended 31 March 2018 Equity attributable to the parent company

	Share capital £	Group reconstruction reserve £	Profit and loss account £	Total equity £
At 1 April 2017	100	1,152,680	763,454	1,916,234
Profit for the year	-	-	485,775	485,775
Total comprehensive income	-	-	485,775	485,775
Dividends	-	-	(219,500)	(219,500)
At 31 March 2018	100	1,152,680	1,029,729	2,182,509

	Share capital £	Group reconstruction reserve £	Profit and loss account £	Total equity £
At 1 April 2016	100	1,152,680	537,675	1,690,455
Profit for the year	-	-	433,779	433,779
Total comprehensive income	-	-	433,779	433,779
Dividends	-	-	(208,000)	(208,000)
At 31 March 2017	100	1,152,680	763,454	1,916,234

## Stewarts Coach Group Limited

### Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Profit and loss account £	Total £
At 1 April 2017	100	-	100
Profit for the year	-	219,500	219,500
Total comprehensive income	-	219,500	219,500
Dividends	-	(219,500)	(219,500)
At 31 March 2018	100	-	100

	Share capital £	Profit and loss account £	Total £
At 1 April 2016	100	-	100
Profit for the year	-	208,000	208,000
Total comprehensive income	-	208,000	208,000
Dividends	-	(208,000)	(208,000)
At 31 March 2017	100	-	100

# Stewarts Coach Group Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Profit for the year		485,775	433,779
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	899,869	897,350
(Profit) on disposal of tangible assets		(32,872)	(84,098)
Finance income		-	(14)
Finance costs	5	196,490	204,328
Income tax expense	9	127,475	(3,450)
		<u>1,676,737</u>	<u>1,447,895</u>
Working capital adjustments			
Increase in stocks	13	(32,001)	(3,035)
Decrease/(increase) in trade and other debtors	14	1,555,326	(1,675,751)
(Decrease)/increase in trade and other creditors	16	<u>(1,626,332)</u>	<u>1,765,534</u>
Cash generated from operations		1,573,730	1,534,643
Corporation tax paid	9	<u>(46,357)</u>	<u>(2,048)</u>
Net cash flow from operating activities		<u>1,527,373</u>	<u>1,532,595</u>
<b>Cash flows from investing activities</b>			
Interest received		-	14
Acquisitions of tangible assets		(1,114,458)	(1,029,574)
Proceeds from sale of tangible assets		<u>587,000</u>	<u>746,150</u>
Net cash flows from investing activities		<u>(527,458)</u>	<u>(283,410)</u>
<b>Cash flows from financing activities</b>			
Interest paid	5	(196,490)	(204,328)
Repayment of bank borrowing		(30,938)	(272,511)
Hire purchase funding		1,135,587	1,201,494
Repayment of other borrowing		(461,083)	(94,634)
Payments to hire purchase creditors		(1,438,311)	(1,606,953)
Dividends paid		<u>(219,500)</u>	<u>(208,000)</u>
Net cash flows from financing activities		<u>(1,210,735)</u>	<u>(1,184,932)</u>
Net (decrease)/increase in cash and cash equivalents		(210,820)	64,253
Cash and cash equivalents at 1 April		<u>1,450,656</u>	<u>1,386,403</u>
Cash and cash equivalents at 31 March		<u><u>1,239,836</u></u>	<u><u>1,450,656</u></u>

The notes on pages 15 to 30 form an integral part of these financial statements.

# Stewarts Coach Group Limited

## Statement of Cash Flows for the Year Ended 31 March 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Profit for the year		219,500	208,000
Adjustments to cash flows from non-cash items			
Finance income		<u>(219,500)</u>	<u>(208,000)</u>
		-	-
Working capital adjustments			
Increase in creditors	16	<u>420,833</u>	<u>-</u>
Net cash flow from operating activities		<u>420,833</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Dividends received		219,500	208,000
Acquisition of subsidiaries	12	<u>(420,833)</u>	<u>-</u>
Net cash flows from investing activities		(201,333)	208,000
<b>Cash flows from financing activities</b>			
Dividends paid		<u>(219,500)</u>	<u>(208,000)</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 April		<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 March		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 15 to 30 form an integral part of these financial statements.



## **Stewarts Coach Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Headley Park 8  
Headley Road East  
Woodley  
Reading  
Berkshire  
RG5 4SA

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2018.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Judgements

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

Determine whether leases entered into by the company are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determine whether there are any indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Determine whether borrowings are classified as current or non-current borrowings. These decisions depend on the cash flow requirements of the company and whether the other borrowings can be repaid.

#### Key sources of estimation uncertainty

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. The carrying amount is £8,056,731 (2017 - £8,360,178).

#### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable. Revenue in respect of coach hire, tours and excursions is recognised on delivery of the service.

#### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	2% straight line
Leasehold property	over the lease term
Integral plant and other fittings	10% straight line
Plant and machinery	10% to 33.33% straight line
Fixtures and fittings	25% straight line
Office equipment	20% to 33.33% straight line

#### Business combinations

Business combinations other than the original restructure of the group on 28 February 2014 are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% straight line

#### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and deposit accounts.

## **Stewarts Coach Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **Debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Inventories**

Stocks represent spare parts that are likely to be used by the maintenance department and are held at cost.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as hire purchase leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under hire purchase leases are recognised at the lower of their fair value at inception of the lease (deemed to be cost) and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the useful life of the asset. The corresponding liability to the lessor is included in the Balance Sheet as a hire purchase lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

**Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

**Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(iii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, hire purchase contracts and directors' loans, 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 receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**(iiii) Offsetting**

Financial assets and liabilities are offset and 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.

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Rendering of services	<u>7,655,883</u>	<u>6,407,265</u>

All turnover arose within the United Kingdom.

#### 4 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	863,777	861,258
Amortisation expense	36,092	36,092
Operating lease expense - property	25,400	25,400
Profit on disposal of property, plant and equipment	<u>(32,872)</u>	<u>(84,098)</u>

#### 5 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	28,667	30,312
Interest on obligations under finance leases and hire purchase contracts	<u>167,823</u>	<u>174,016</u>
	<u>196,490</u>	<u>204,328</u>

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	2,075,372	2,013,198
Social security costs	188,642	188,869
Pension costs, defined contribution scheme	147,107	133,665
	<u>2,411,121</u>	<u>2,335,732</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Drivers	59	63
Vehicle maintenance and driver support	6	6
Sales and marketing	13	12
Administration and finance	5	4
	<u>83</u>	<u>85</u>

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	-	8,070
Contributions paid to defined contribution pension schemes	30,000	30,000
	<u>30,000</u>	<u>38,070</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under defined contribution pension schemes	<u>1</u>	<u>1</u>

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 8 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	<u>22,700</u>	<u>22,050</u>
<b>Other fees to auditors</b>		
Other services	<u>11,170</u>	<u>5,200</u>

#### 9 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
<b>Current taxation</b>		
UK corporation tax	104,396	46,357
UK corporation tax adjustment to prior periods	<u>-</u>	<u>2,200</u>
	104,396	48,557
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>23,079</u>	<u>(52,007)</u>
Tax expense/(receipt) in the income statement	<u>127,475</u>	<u>(3,450)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>613,250</u>	<u>430,329</u>
Corporation tax at standard rate	116,518	86,066
Effect of expense not deductible in determining taxable profit	1,968	1,349
Deferred tax expense	23,079	(52,007)
Prior period over provision of corporation tax	-	2,200
Tax increase/(decrease) from effect of capital allowances and depreciation	25,311	(19,885)
Effect of tax losses	(49,057)	(32,037)
Other short term timing differences	44	228
Unequalised depreciation	<u>9,612</u>	<u>10,636</u>
Total tax charge/(credit)	<u>127,475</u>	<u>(3,450)</u>



# Stewarts Coach Group Limited

## Notes to the Financial Statements for the Year Ended 31 March 2018

### Deferred tax

#### Group

Deferred tax assets and liabilities

	Liability £
<b>2018</b>	
Difference between accumulated depreciation and capital allowances	589,465
Losses carried forward	-
Other timing difference	(1,055)
	<u>588,410</u>
<b>2017</b>	
	Liability £
Difference between accumulated depreciation and capital allowances	615,523
Losses carried forward	(49,057)
Other timing difference	(1,135)
	<u>565,331</u>

### 10 Intangible assets

#### Group

	Goodwill £	Total £
<b>Cost or valuation</b>		
At 1 April 2017	<u>360,924</u>	<u>360,924</u>
At 31 March 2018	<u>360,924</u>	<u>360,924</u>
<b>Amortisation</b>		
At 1 April 2017	108,276	108,276
Amortisation charge	<u>36,092</u>	<u>36,092</u>
At 31 March 2018	<u>144,368</u>	<u>144,368</u>
<b>Carrying amount</b>		
At 31 March 2018	<u>216,556</u>	<u>216,556</u>
At 31 March 2017	<u>252,648</u>	<u>252,648</u>

# Stewarts Coach Group Limited

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 11 Tangible assets

#### Group

	Land and buildings £	Fixtures and computer equipment £	Plant and machinery £	Total £
<b>Cost or valuation</b>				
At 1 April 2017	2,069,161	116,186	8,940,623	11,125,970
Additions	-	2,158	1,112,300	1,114,458
Disposals	-	-	(901,548)	(901,548)
At 31 March 2018	<u>2,069,161</u>	<u>118,344</u>	<u>9,151,375</u>	<u>11,338,880</u>
<b>Depreciation</b>				
At 1 April 2017	139,938	92,568	2,533,286	2,765,792
Charge for the year	41,126	9,994	812,657	863,777
Eliminated on disposal	-	-	(347,420)	(347,420)
At 31 March 2018	<u>181,064</u>	<u>102,562</u>	<u>2,998,523</u>	<u>3,282,149</u>
<b>Carrying amount</b>				
At 31 March 2018	<u>1,888,097</u>	<u>15,782</u>	<u>6,152,852</u>	<u>8,056,731</u>
At 31 March 2017	<u>1,929,223</u>	<u>23,618</u>	<u>6,407,337</u>	<u>8,360,178</u>

Included within the net book value of land and buildings above is £1,887,367 (2017 - £1,927,921) in respect of freehold land and buildings and £730 (2017 - £1,302) in respect of short leasehold land and buildings.

#### Assets held under hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under hire purchase contracts:

	2018 £	2017 £
Plant and machinery	<u>5,997,473</u>	<u>6,307,216</u>

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 12 Investments

##### Group

##### Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Stewarts Coaches Limited*	England and Wales	Ordinary	100%	100%
Brooke Management Limited*	England and Wales	Ordinary	100%	100%
Wood's Coaches Limited*	England and Wales	Ordinary	100%	100%
Woods Reisen Limited*	England and Wales	Ordinary	100%	100%

\* indicates direct investment of the company

During the year, 100% of the issued share capital for Woods Coaches Limited and Woods Reisen Limited was transferred from Brooke Management Limited to Stewarts Coach Group Limited.

##### Subsidiary undertakings

The principal activity of Stewarts Coaches Limited is the provision of coaches and other vehicles for private hire.

The principal activity of Brooke Management Limited is that of an intermediate Holding Company.

The principal activity of Wood's Coaches Limited is the provision of coaches and other vehicles for private hire.

The principal activity of Woods Reisen Limited is the provision of coach holidays and day excursions.

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Company

	2018 £	2017 £
Investments in subsidiaries	<u>455,107</u>	<u>34,274</u>

#### Subsidiaries

£

#### Cost or valuation

At 1 April 2017 34,274

Additions 420,833

At 31 March 2018 455,107

#### Carrying amount

At 31 March 2018 455,107

At 31 March 2017 34,274

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Stewarts Coaches Limited	England and Wales	Ordinary	100%	100%
Brooke Management Limited	England and Wales	Ordinary	100%	100%
Wood's Coaches Limited	England and Wales	Ordinary	100%	0%
Woods Reisen Limited	England and Wales	Ordinary	100%	0%

The principal activity of Stewarts Coaches Limited is the provision of coaches and other vehicles for private hire.

The principal activity of Brooke Management Limited is that of an intermediate Holding Company.

The principal activity of Wood's Coaches Limited is the provision of coaches and other vehicles for private hire.

The principal activity of Woods Reisen Limited is the provision of coach holidays and day excursions.

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 13 Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Spare parts	<u>56,001</u>	<u>24,000</u>	<u>-</u>	<u>-</u>

#### 14 Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	690,863	1,506,208	-	-
Other debtors	49,300	62,710	-	-
Prepayments	<u>319,714</u>	<u>1,046,285</u>	<u>-</u>	<u>-</u>
Total current trade and other debtors	<u>1,059,877</u>	<u>2,615,203</u>	<u>-</u>	<u>-</u>

#### 15 Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Cash at bank	<u>1,239,836</u>	<u>1,450,656</u>	<u>-</u>	<u>-</u>

#### 16 Creditors

		Group		Company	
	Note	2018	2017	2018	2017
		£	£	£	£
<b>Due within one year</b>					
Loans and borrowings	19	1,691,705	1,386,196	-	-
Trade creditors		349,788	1,193,110	-	-
Amounts due to related parties		-	-	455,007	34,174
Social security and other taxes		57,821	57,590	-	-
Other payables		9,611	6,173	-	-
Accrued expenses		84,151	907,999	-	-
Corporation tax liability	9	104,396	46,357	-	-
Payments in advance		<u>351,006</u>	<u>313,837</u>	<u>-</u>	<u>-</u>
		<u>2,648,478</u>	<u>3,911,262</u>	<u>455,007</u>	<u>34,174</u>
<b>Due after one year</b>					
Loans and borrowings	19	<u>5,209,604</u>	<u>6,309,858</u>	<u>-</u>	<u>-</u>

# Stewarts Coach Group Limited

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 17 Deferred tax and other provisions

#### Group

	Deferred tax £	Total £
At 1 April 2017	565,331	565,331
Decrease in existing provision	23,079	23,079
At 31 March 2018	<u>588,410</u>	<u>588,410</u>

### 18 Pension and other schemes

#### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £147,107 (2017 - £133,665).

Contributions totalling £6,206 (2017 - £5,973) were payable to the scheme at the end of the year and are included in creditors.

### 19 Loans and borrowings

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
<b>Non-current loans and borrowings</b>				
Bank borrowings	822,357	852,897	-	-
Hire purchase liabilities	4,387,247	4,656,961	-	-
Other borrowings	-	800,000	-	-
	<u>5,209,604</u>	<u>6,309,858</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
<b>Current loans and borrowings</b>				
Bank borrowings	27,383	27,781	-	-
Hire purchase liabilities	823,219	856,229	-	-
Other borrowings	841,103	502,186	-	-
	<u>1,691,705</u>	<u>1,386,196</u>	<u>-</u>	<u>-</u>

# Stewarts Coach Group Limited

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 20 Share capital

#### Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary 'A' shares of £1 each	41	41	41	41
Ordinary 'B' shares of £1 each	50	50	50	50
Ordinary 'C' shares of £1 each	9	9	9	9
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

All types of shares carry full voting rights.

### 21 Obligations under leases and hire purchase contracts

#### Group

#### Hire purchase contracts

The total of future minimum lease payments is as follows:

	2018	2017
	£	£
Not later than one year	823,219	856,229
Later than one year and not later than five years	3,673,109	3,613,405
Later than five years	<u>714,138</u>	<u>1,043,557</u>
	<u>5,210,466</u>	<u>5,513,191</u>

#### Operating leases

The total of future minimum lease payments is as follows:

	2018	2017
	£	£
Not later than one year	87,574	64,704
Later than one year and not later than five years	<u>61,935</u>	<u>67,926</u>
	<u>149,509</u>	<u>132,630</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £90,268 (2017 - £74,159).

### 22 Dividends

	2018	2017
	£	£
Interim dividends	<u>219,500</u>	<u>208,000</u>

## Stewarts Coach Group Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 23 Commitments

##### Group

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2017 - £1,083,170).

#### 24 Related party transactions

##### Group

##### Transactions with directors

	At 1 April 2017 £	Repayments to directors £	At 31 March 2018 £
<b>2018</b>			
<b>C J Howell</b>			
Loan	<u>800,000</u>	<u>(375,000)</u>	<u>425,000</u>
<b>A W Cotton</b>			
Loan	<u>502,186</u>	<u>(86,083)</u>	<u>416,103</u>
	At 1 April 2016 £	Repayments to directors £	At 31 March 2017 £
<b>2017</b>			
<b>C J Howell</b>			
Loan	<u>800,000</u>	<u>-</u>	<u>800,000</u>
<b>A W Cotton</b>			
Loan	<u>596,820</u>	<u>(94,634)</u>	<u>502,186</u>