

Company Registration No. 07922241 (England and Wales)

MORTONS TRAVEL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



MORTONS TRAVEL LIMITED

COMPANY INFORMATION

Directors	Mr C Hardy Mr A M Carter Mr T F Stables	(Appointed 15 August 2022)
Secretary	Mr S Callander	
Company number	07922241	
Registered office	National Express House Birmingham Coach Station Mill Lane, Digbeth Birmingham B5 6DD	
Auditor	Deloitte LLP Four Brindleyplace Birmingham B1 2HZ	
Business address	National Express House Birmingham Coach Station Mill Lane, Digbeth Birmingham B5 6DD	

MORTONS TRAVEL LIMITED

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MORTONS TRAVEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of coaches and other vehicles for private hire.

Financial risk management

The financial risk management objectives and policies of the Company are monitored as part of the wider Group. Details of the risks and exposure of the Group to financial risk including; credit risk, liquidity and market risk are provided in the National Express PLC Annual Report and Accounts 2021.

Going concern

After making enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future, being at least twelve months from the date of signing the financial statements.

National Express Group PLC, has confirmed in a signed letter of support that it will make funding available to the Company to enable it to meet its debts as they fall due for repayment for a period of at least one year following the signature date of these Financial Statements. Accordingly, the Financial Statements have been prepared on a going concern basis. The Directors note that even in light of the Covid 19 pandemic, National Express Group PLC has around £1.0 billion of overdraft and undrawn committed facilities that it can draw upon.

Results, dividends and future developments

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not propose to pay a final dividend.

In terms of future development, there will be more focus on integrating the business within National Express Transport Solutions group and the wider National Express Group Plc.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C Hardy	(Appointed 15 August 2022)
Mr A M Carter	
Mr M R Jordan	(Resigned 12 November 2021)
Mr A J W Lawman	(Resigned 15 August 2022)
Mr T F Stables	

Secretaries

The secretaries who held office during the period were as follows:

Ms J Myram	(Resigned 6 May 2022)
Mr S Callander	(Appointed 13 June 2022)

Qualifying third party indemnity provisions

In line with market practice and the company's Articles, each Director may have the benefit of a deed of indemnity from the company, which may include provisions in relation to duties as a Director of the company or an associated company, qualifying third party indemnity provisions and protection against derivative actions.

Auditor

Deloitte LLP have indicated their willingness to be re-appointed for another term. Appropriate arrangements have been put in place for them to be re-appointed as auditor in the absence of an Annual General Meeting.

MORTONS TRAVEL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' statement as to disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' Report confirm that:

- to the best of each Director's knowledge there is no information relevant to the preparation of their audit report to which the Company's auditor is unaware; and
- each Director has taken all steps that a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Approved for issue by the board of directors



Mr T F Stables

Director

Date: 28.9.22

MORTONS TRAVEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible 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, including FRS 101 "Reduced Disclosure Framework"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

MORTONS TRAVEL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MORTONS TRAVEL LIMITED

Opinion

In our opinion the financial statements of Mortons travel Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related Notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 directors' 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

MORTONS TRAVEL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MORTONS TRAVEL LIMITED

Responsibilities of directors.

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

MORTONS TRAVEL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MORTONS TRAVEL LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and in-house legal counsel about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- revenue recognition: the procedures performed to address the significant risk included agreeing that a sample of transactions recorded at the end of the financial year, and those at the start of the subsequent financial year, were included within the correct accounting period, as well as the testing of management's controls around revenue recognition.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

MORTONS TRAVEL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MORTONS TRAVEL LIMITED

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

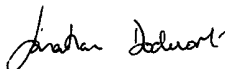
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Jonathan Dodworth (Senior Statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

Date: 29 September 2022

MORTONS TRAVEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021 £	Period ended 31 December 2020 £
	Notes		
Revenue	4	2,085,588	2,552,138
Operating costs		(732,176)	(3,328,508)
Other operating income		179,297	439,467
Exceptional items	5	(975,115)	(788,216)
Operating profit/(loss)	6	557,594	(1,125,119)
Interest receivable and similar income	8	4	58
Interest payable and similar expenses	9	(22,692)	(40,993)
Profit/(loss) before taxation		534,906	(1,166,054)
Tax on profit/(loss)	10	(146,778)	198,093
Profit/(loss) and total comprehensive income for the financial year		388,128	(967,961)

All income has derived from continuing operations.

MORTONS TRAVEL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Non-current assets					
Tangible fixed assets	12		2,224,382		2,846,701
Current assets					
Stocks	13	19,343		37,892	
Debtors	14	1,265,336		1,701,264	
Cash at bank and in hand		273,659		151,215	
		<u>1,558,338</u>		<u>1,890,371</u>	
Creditors: amounts falling due within one year	16	<u>(657,473)</u>		<u>(1,720,857)</u>	
Net current assets			900,865		169,514
Total assets less current liabilities			3,125,247		3,016,215
Creditors: amounts falling due after more than one year	16		(705,673)		(773,659)
Provisions for liabilities					
Deferred tax liabilities	19	(142,286)		(2,291)	
Other provisions	20	(422,870)		(773,975)	
Net assets			<u>1,854,418</u>		<u>1,466,290</u>
Capital and reserves					
Called up share capital	22		100		100
Profit and loss reserves			1,854,318		1,466,190
Total equity			<u>1,854,418</u>		<u>1,466,290</u>

Included within net assets are the following assets and liabilities related to disposal groups classified as held for sale (see note 15): Assets held for sale £29,875 (2020 - £Nil); Liabilities directly associated with assets held for sale £Nil (2020 - £Nil).

The financial statements for Mortons Travel Limited were approved by the board of directors and authorised for issue on 28.9.22 and are signed on its behalf by:



Mr T F Stables
Director

Company Registration No. 07922241

The notes on pages 11 to 26 form part of these financial statements.

MORTONS TRAVEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 September 2019	100	2,434,151	2,434,251
Loss and total comprehensive income for the period	-	(967,961)	(967,961)
Balance at 31 December 2020	100	1,466,190	1,466,290
Loss and total comprehensive expense for the year	-	388,128	388,128
Balance at 31 December 2021	100	1,854,318	1,854,418

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Mortons Travel Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The registered office is National Express House, Birmingham Coach Station, Mill Lane, Digbeth, Birmingham, B5 6DD. The company's principal activities and nature of its operations are disclosed in the directors' report.

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 £.

1.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of:

- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of revenue from contracts with customers;
- disclosure of capital lease accounting;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- comparative narrative information; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of National Express Group PLC. The group accounts of National Express Group PLC are available to the public and can be obtained as set out in note 24.

Reporting period

The financial statements cover the year ended 31 December 2021. The prior period covers a 16 month period from the 1 September 2019 to 31 December 2020. The date of the company accounting period was amended during the period ended 31 December 2020 to align with the National Express Group Plc following the change in ownership in that period. As a result, the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern

National Express Group PLC, has confirmed in a signed letter of support that it will make funding available to the Company to enable it to meet its debts as they fall due for repayment for a period of at least one year following the signature date of these Financial Statements. Accordingly, the Financial Statements have been prepared on a going concern basis. The Directors note that even in light of the Covid 19 pandemic, National Express Group PLC has around £1.0 billion of overdraft and undrawn committed facilities that it can draw upon as at 31 December 2021.

Thus, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of signing the Financial Statements. Accordingly, the Financial Statements has been prepared on a going concern basis.

1.3 Revenue

Revenue represents income from Coach Hire services provided during the year excluding VAT and is recognised based upon departure date.

The company recognises revenue from the following major sources:

- Contract revenue
- Passenger revenue
- Private hire
- Other revenue

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

Contract revenue

For the purposes of disclosures, the Company has applied the term contract revenues to describe documented contracts that typically cover periods of at least one year, excluding concessions and subsidies.

Revenues relating to the provision of transport services are recognised as the services are provided and in accordance with the terms of the contract. Revenue relating to any additional performance measures in the contract are recognised when the performance has been met and in accordance with the terms of the contract.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring services to the customer. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is resolved and when it becomes highly probable that a significant revenue reversal will not occur.

Passenger revenue

Revenue is recognised by reference to the date of customer travel. Revenue from tickets that cover more than one day, for example monthly travel cards and season tickets, are initially deferred as a liability and released to the Profit and Loss Account over the period of the ticket.

Deferred income liability is reduced when an eligible cancellation arises. Also, where applicable, deferred income is reduced for ticket breakage, being the portion of future travel that is not expected to be exercised.

Private hire

Revenue is recognised over the period in which the private hire is provided to the customer.

Other revenue

Revenues for non-passenger services are recognised when the performance of the service has been fulfilled and in accordance with the terms of the contract.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Over the lease term
Plant and equipment	25% straight line
Motor vehicles	10-25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Stocks

Stocks are valued at the lower of cost (which includes transportation / delivery where applicable) on LIFO basis and net realisable value after making due allowances for obsolete and slow moving stock.

1.8 Non-current assets held for sale

Fixed assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Fixed assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.9 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial assets

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 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 inventories or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.18 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below. There are no key sources of estimation uncertainty.

Critical accounting judgements

Certain directly attributable expenses resulting from the Covid-19 pandemic are considered to involve critical judgment. Specifically, judgement has been required to identify incremental costs associated with the pandemic that are not expected to arise in future periods and do not form part of the underlying operating activities of the Company.

4 Revenue

	2021 £	2020 £
Revenue analysed by class of business		
Contract revenue	1,369,596	1,696,979
Private hire	455,691	787,141
Other	17,837	12,034
Intergroup charges	242,464	55,984
	<u>2,085,588</u>	<u>2,552,138</u>
	2021 £	2020 £
Other operating income		
Grants received	<u>179,297</u>	<u>439,467</u>

All revenue is driven by UK operations.

Government grants have been received in relation to the COVID-19 pandemic that continued into 2021. There are no unfulfilled conditions or contingencies attached to these grants.

5 Exceptional items

	2021 £	2020 £
Expenditure		
Exceptional items	<u>975,115</u>	<u>788,216</u>

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Exceptional items

(Continued)

Total exceptionals of £975,115 (2020 - £788,216) relates to:

1. Onerous Contract - Schools £848,293 (2020 - £773,975)

School contracts tend to attract very low prices, and in isolation are not commercially viable to operate without the addition of "mid-day work", which when combined with the school contracts, becomes profitable. Due to the outbreak of Covid-19, demand for other "mid-day work" has significantly reduced which renders the contracts loss-making. A revised assessment of the onerous contracts has been made for the 2021/22 academic year.

2. Impairments and associated charges £126,821 (2020: £Nil)

Due to the Covid-19 pandemic, the company has experienced a significant fall in private hire and passenger numbers in line with the UK travel restrictions. The requirement for Coaches has been significantly reduced in 2021, with fewer vehicles required to deliver our customer's requirements also resulting in fewer cascade opportunities for fleet. It is due to the ongoing Covid-19 pandemic whose impact could not reasonably have been foreseen and its significant impact on the travel and particularly coach sector, that the Directors have reviewed and identified the revised fleet requirement, and all vehicles that are deemed to be excess to fleet requirements have been reclassified as "held for sale" under IFRS 5. The review resulted in impairment charges totalling £127k.

3. Business Restructuring £nil (2020 - £12,979)

In completing the business restructure that started in 2020, a number of critical business projects have taken place, focussed heavily on the simplification and standardisation of the business operational, finance and IT systems. The costs attributable to the business restructure are considered to be one off costs to support the strategic direction of the business, and therefore costs associated within these projects which interrelate are considered exceptional in nature.

4. One off costs £nil (2020 - £1,262)

The Company incurred one-off charges relating to incremental health and safety costs.

6 Operating profit/(loss)

	2021	2020
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(179,297)	(439,467)
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,500
Depreciation of property, plant and equipment - owned assets	381,756	612,725
Depreciation of property, plant and equipment - right of use assets	75,144	62,620
Loss on disposal of tangible fixed assets	10,342	-
Cost of inventories recognised as an expense	308,102	263,279

No fees in relation to non audit services were incurred during the current and prior accounting periods.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Managerial & admin	-	2
Operational	26	34
Total	26	36

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	896,588	1,042,053
Social security costs	82,490	114,291
Pension costs	19,114	28,421
	998,192	1,184,765

Included within staff costs above is grant income received of £179,297 (2020: £439,467).

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	4	58

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	3,039
Interest on other loans	-	17,590
	-	20,629
Interest on other financial liabilities:		
Interest on lease liabilities	22,692	20,364
Total interest expense	22,692	40,993

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	153,312	-
Adjustments in respect of prior periods	(146,528)	65
Total UK current tax	<u>6,784</u>	<u>65</u>
Deferred tax		
Origination and reversal of temporary differences	(71,364)	(221,551)
Changes in tax rates	51,276	-
Adjustment in respect of prior periods	160,082	23,393
	<u>139,994</u>	<u>(198,158)</u>
Total tax charge/(credit)	<u>146,778</u>	<u>(198,093)</u>

The charge for the year can be reconciled to the profit/(loss) per the profit and loss account as follows:

	2021 £	2020 £
Profit/(loss) before taxation	<u>534,906</u>	<u>(1,166,054)</u>
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2020: 19.00%)	101,632	(221,550)
Under/(over) provided in prior years	(146,528)	64
Deferred tax adjustments in respect of prior years	160,082	23,393
Effect of change of deferred tax rate	34,149	-
Other adjustments	(2,557)	-
Taxation charge/(credit) for the year	<u>146,778</u>	<u>(198,093)</u>

Factors that may affect future tax charges

The Finance Act 2020, enacted in March 2020, announced that the corporation tax rates would remain at 19% for 2021 and 2022.

On 3 March 2021 the UK Chancellor of exchequer announced a tax rise from 19% to 25% from 1 April 2023. Therefore this rate has been substantively enacted at the reporting date and has been used in the measurement of deferred tax.

On 23 September 2022, the Chancellor of the Exchequer announced that the planned tax rate change to 25% would no longer be implemented and that the main rate would remain at 19%. As the enacted rate at the balance sheet date was 25% this announcement does not represent an adjusting event and the company's deferred tax balances as at 31 December 2021 are still calculated at that higher rate. When recalculated at the lower 19% rate the deferred tax liability would reduce by approximately £34k.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Intangible fixed assets

	Goodwill £
Cost	
At 31 December 2020	446,958
At 31 December 2021	446,958
Amortisation and impairment	
At 31 December 2020	446,958
At 31 December 2021	446,958
Carrying amount	
At 31 December 2021	-
At 31 December 2020	-

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Plant and equipment	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 31 December 2020	908,203	-	107,550	-	4,459,889	5,475,642
Additions	-	-	13,786	-	-	13,786
Disposals	-	-	-	-	(110,450)	(110,450)
On assets reclassified as held for sale	-	-	-	-	(283,898)	(283,898)
IFRS 16 adjustment	-	-	(10,505)	-	7,913	(2,592)
At 31 December 2021	908,203	-	110,831	-	4,073,454	5,092,488
Accumulated depreciation and impairment						
At 31 December 2020	62,620	-	95,890	-	2,470,431	2,628,941
Charge for the year	75,144	-	7,775	-	373,981	456,900
Impairment loss (profit or loss)	-	-	-	-	126,821	126,821
Eliminated on disposal	-	-	-	-	(87,941)	(87,941)
On assets reclassified as held for sale	-	-	-	-	(254,023)	(254,023)
IFRS 16 adjustment	-	-	(10,505)	-	7,913	(2,592)
At 31 December 2021	137,764	-	93,160	-	2,637,182	2,868,106
Carrying amount						
At 31 December 2021	770,439	-	17,671	-	1,436,272	2,224,382
At 31 December 2020	845,583	-	11,660	-	1,989,458	2,846,701

Due to the Covid-19 pandemic, the business has experienced a significant fall in private hire and passenger numbers in line with the UK travel restrictions. The requirement for Coaches has been significantly reduced, with fewer vehicles required to deliver our customer's requirements also resulting in fewer cascade opportunities for fleet, as such the business has carried out an impairment assessment on vehicles expiring in 2021 and 2022.

An assessment of value in use has been calculated, as well as an assessment of fair value less costs to sell, and an impairment charge has been recognised.

Tangible fixed assets includes right-of-use assets, as follows:

Right-of-use assets	2021 £	2020 £
Net values		
Property	770,439	845,583
Depreciation charge for the year		
Property	75,144	62,620

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Stocks

	2021 £	2020 £
Finished goods	19,343	37,892

14 Debtors

	2021 £	2020 £
Trade debtors	111,551	64,047
Provision for bad and doubtful debts	(595)	(595)
	110,956	63,452
VAT recoverable	11,093	33,539
Amounts owed by fellow group undertakings	925,199	1,549,378
Other debtors	16,952	18,032
Prepayments	6,457	36,863
Accrued income	164,804	-
	1,235,461	1,701,264
Classified as part of a disposal group held for sale:		
Motor vehicles	29,875	-
	1,265,336	1,701,264

All amounts owed by fellow group undertakings are short term and interest free.

15 Assets and liabilities classified as held for sale

	2021 £	2020 £
Motor vehicles	29,875	-

As a result of the changing market conditions primarily caused by the COVID-19 pandemic, there has been a significant fall in private hire demand and passenger numbers in line with the UK travel restrictions. Therefore, there is a strong business case to reduce the number of vehicles within the fleet to reduce this excess capacity held. Management have engaged an independent agent to start the process of selling these selected vehicles.

We have compared the current value with the fair value less costs to sell, detailing the lowest figure on an asset-by-asset basis. We have obtained this figure from an established independent agent to give an independent, third party assessment of which we can rely.

Costs to sell have been quantified by using a fixed percentage on the fair value, as transactions such as these usually include a fixed percentage as commission. We have used a percentage of 5% based on previous transactions performed and believe this to be a prudent estimate.

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Creditors

	Notes	Due within one year		Due after one year	
		2021 £	2020 £	2021 £	2020 £
Creditors	17	558,633	1,609,665	-	-
Taxation and social security		30,855	45,084	-	-
Lease liabilities	18	67,985	66,108	705,673	773,659
		<u>657,473</u>	<u>1,720,857</u>	<u>705,673</u>	<u>773,659</u>

17 Creditors

	2021 £	2020 £
Trade creditors	36,810	206,565
Amounts owed to fellow group undertakings	239,846	1,187,890
Accruals	221,498	214,857
Deferred income	32,525	-
Other creditors	27,954	353
	<u>558,633</u>	<u>1,609,665</u>

All amounts owed to fellow group undertakings are repayable on demand and interest free.

18 Lease liabilities

	2021 £	2020 £
Maturity analysis		
Within one year	67,985	66,108
In two to five years	291,806	283,747
In over five years	413,867	489,912
Total undiscounted liabilities	<u>773,658</u>	<u>839,767</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £	2020 £
Current liabilities	67,985	66,108
Non-current liabilities	705,673	773,659
	<u>773,658</u>	<u>839,767</u>

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Lease liabilities

(Continued)

	2021 £	2020 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	22,692	20,364

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £	Tax losses £	Other timing differences £	Total £
Deferred tax liability at 1 September 2019	200,789	-	(340)	200,449
Deferred tax movements in prior year				
Charge/(credit) to profit or loss	(32,121)	(166,093)	56	(198,158)
Deferred tax liability at 1 January 2021	168,668	(166,093)	(284)	2,291
Deferred tax movements in current year				
Charge/(credit) to profit or loss	(15,790)	155,859	(74)	139,995
Deferred tax liability at 31 December 2021	152,878	(10,234)	(358)	142,286

20 Provisions for liabilities

	2021 £	2020 £	
Onerous contract	404,201	773,975	
Insurance claims	18,669	-	
	<u>422,870</u>	<u>773,975</u>	
	<u><u>422,870</u></u>	<u><u>773,975</u></u>	
Movements on provisions:	Onerous contract	Insurance claims	Total
	£	£	£
At 1 January 2021	773,975	-	773,975
Additional provisions in the year	-	18,669	18,669
Utilisation of provision	(369,774)	-	(369,774)
	<u>404,201</u>	<u>18,669</u>	<u>422,870</u>
At 31 December 2021	<u><u>404,201</u></u>	<u><u>18,669</u></u>	<u><u>422,870</u></u>

MORTONS TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Provisions for liabilities

(Continued)

The provision in respect of onerous school contracts and has been detailed further in note 5. The insurance claims provision arises from estimated exposures at the year end, the majority of which will be utilised in the year and comprises provisions for existing claims arising in the UK only.

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	19,114	28,421

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £5,569 (2020: £1,432) were payable at the year end and are included in creditors.

22 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

The Company has one class of ordinary shares which carry no rights to fixed income.

23 Related party transactions

The company has taken advantage of the exemption under FRS 101 from disclosing transactions with related parties that are wholly owned subsidiaries of National Express Group PLC.

24 Ultimate parent and controlling party

The immediate parent undertaking is Locketts Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is National Express Group PLC.

The smallest and largest group in which the company's results are consolidated is National Express Group PLC, registered in England and Wales. The group financial statements are available to the public and may be obtained from Companies House on request. The registered office of National Express Group PLC is National Express House, Birmingham Coach Station, Mill Lane, Digbeth, Birmingham, England, B5 6DD.