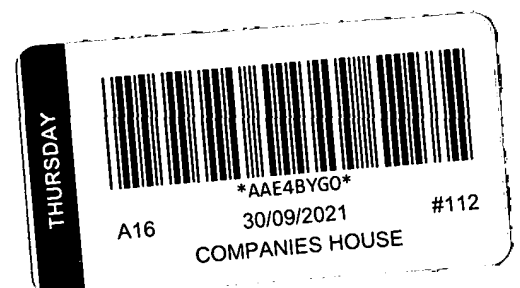


Company Registration No. 07922241 (England and Wales)

**MORTONS TRAVEL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2020**



# MORTONS TRAVEL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr A M Carter (Appointed 1 October 2019) Mr M R Jordan Mr A J W Lawman Mr T F Stables (Appointed 29 February 2020)
<b>Secretary</b>	Ms J Myram
<b>Company number</b>	07922241
<b>Registered office</b>	National Express House Birmingham Coach Station Mill Lane, Digbeth Birmingham B5 6DD
<b>Auditor</b>	Deloitte LLP Four Brindleyplace Birmingham B1 2HZ
<b>Business address</b>	National Express House Birmingham Coach Station Mill Lane, Digbeth Birmingham B5 6DD

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# **MORTONS TRAVEL LIMITED**

## **CONTENTS**

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	<b>Page</b>
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 25

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# MORTONS TRAVEL LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the 16 month period ended 31 December 2020. The reporting date has been amended from 31 August to 31 December to align with the wider National Express group.

### 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 2020.

### 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. The Directors have also taken into consideration the parents ability to provide such support if needed, 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 £1.9billion of overdraft and undrawn committed facilities that it can draw upon as at 31 December 2020.

### Results, dividends and future developments

The results for the period 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 period and up to the date of signature of the financial statements were as follows:

Mr A M Carter	(Appointed 1 October 2019)
Mr M R Jordan	
Mr A J W Lawman	
Mr T F Stables	(Appointed 29 February 2020)
Mr P R Barlow	(Appointed 29 February 2020 and resigned 18 June 2020)
Ms S J T Wassall	(Resigned 21 August 2020)

### Secretaries

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

Ms J Myram	(Appointed 29 February 2020)
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### Qualifying third party indemnity provisions

In line with market practice and the company's Articles, each Director has the benefit of a deed of indemnity from the company, which includes 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.

# MORTONS TRAVEL LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

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### **Auditor**

Deloitte LLP were appointed as the company's auditor during the period ended 31 December 2020. 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.

### **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: 30.9.21

# **MORTONS TRAVEL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2020**

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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**

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#### **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 2020 and of its loss for the period 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;
- the statement of accounting policies 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**

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### **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](http://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**

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### **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 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 UK Companies Act 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 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 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.

# MORTONS TRAVEL LIMITED

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

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### 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report has 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 directors' report.

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

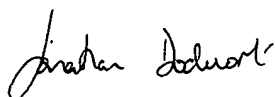
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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**

**30 September 2021**

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# MORTONS TRAVEL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020

		Period ended 31 December 2020 £	Year ended 31 August 2019 £
	Notes		
Revenue	4	2,552,138	3,468,578
Operating costs		(3,328,508)	(3,089,902)
Other operating income		439,467	-
Exceptional items	5	(788,216)	-
<b>Operating (loss)/profit</b>	6	<b>(1,125,119)</b>	<b>378,676</b>
Interest receivable and similar income	8	58	265
Interest payable and similar expenses	9	(40,993)	(53,927)
<b>(Loss)/profit before taxation</b>		<b>(1,166,054)</b>	<b>325,014</b>
Tax on (loss)/profit	10	198,093	(14,530)
<b>(Loss)/profit and total comprehensive income for the financial period</b>		<b>(967,961)</b>	<b>310,484</b>

All income has derived from continuing operations.

# MORTONS TRAVEL LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Non-current assets</b>					
Tangible fixed assets	12	2,846,701		2,592,179	
<b>Current assets</b>					
Stocks	13	37,892		67,918	
Debtors	14	1,701,264		1,041,870	
Cash at bank and in hand		151,215		634,719	
		<u>1,890,371</u>		<u>1,744,507</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,720,857)</u>		<u>(794,653)</u>	
<b>Net current assets</b>			169,514		949,854
<b>Total assets less current liabilities</b>			3,016,215		3,542,033
<b>Creditors: amounts falling due after more than one year</b>	15		(773,659)		(907,333)
<b>Provisions for liabilities</b>					
Deferred tax liabilities	18		(2,291)		(200,449)
Other provisions	19		(773,975)		-
<b>Net assets</b>			<u>1,466,290</u>		<u>2,434,251</u>
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Profit and loss reserves			1,466,190		2,434,151
<b>Total equity</b>			<u>1,466,290</u>		<u>2,434,251</u>

The financial statements for Mortons Travel Limited were approved by the board of directors and authorised for issue on 30.9.21 and are signed on its behalf by:



Mr T F Stables  
Director

Company Registration No. 07922241

The notes on pages 11 to 25 form part of these financial statements.

# MORTONS TRAVEL LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 September 2018</b>	100	2,123,667	2,123,767
Profit and total comprehensive income for the year	-	310,484	310,484
<b>Balance at 31 August 2019</b>	100	2,434,151	2,434,251
Loss and total comprehensive expense for the year	-	(967,961)	(967,961)
<b>Balance at 31 December 2020</b>	100	1,466,190	1,466,290

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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### 1 General information

#### 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.

The company meets the definition of a qualifying entity under FRS 101 Reduced Disclosure Framework. These financial statements for the period ended 31 December 2020 are the first financial statements of Mortons Travel Limited prepared in accordance with FRS 101. The company transitioned from FRS 102 to FRS 101 for all periods presented and the date of transition to FRS 101 was 1 September 2019 using the modified retrospective approach.

An explanation of how transition to FRS 101 has affected the reported financial position and financial performance is given in note 2.

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 23.

#### Reporting period

The financial statements cover the period from the 1 September 2019 to 31 December 2020. The company has decided to change reporting period to be inline with the group due to the change in ownership in the year. As a result, the comparatives, which cover the year ended 31 August 2019 are not entirely comparable.

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 1 General information

(Continued)

#### 1.2 Going concern

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

#### 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.

#### 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.

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 1 General information

(Continued)

#### 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
Fixtures and fittings	25% straight line
Plant and equipment	25% straight line
Computers	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 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.

#### 1.9 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.

#### 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.

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

---

### 1 General information

(Continued)

#### **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.

### **1.10 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.

### **1.11 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.

### **1.12 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 PERIOD ENDED 31 DECEMBER 2020

### 1 General information

(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.

#### 1.13 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.

#### 1.14 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.

#### 1.15 Retirement benefits

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

#### 1.16 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 PERIOD ENDED 31 DECEMBER 2020

### 1 General information

(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.

#### 1.17 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 period, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

The company has applied IFRS 16 for the first time using the modified retrospective approach. Under this method, the comparative information in the statement of profit or loss and other comprehensive income is not restated. The cumulative impact of first time adoption is recognised as an adjustment to the opening balance of retained earnings for the current period.

The company's accounting policies for IFRS 16 are disclosed in note 1. There has been no adjustment made by the application of IFRS 16 as right of use assets have been recognised on the transition date of 1 September 2019, therefore no adjustment to the opening balance of retained earnings is required.

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 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

	2020 £	2019 £
<b>Revenue analysed by class of business</b>		
Contract revenue	1,696,979	1,574,087
Private hire	787,141	1,706,101
Commuter & other	12,034	29,450
Intergroup charges	55,984	158,940
	<u>2,552,138</u>	<u>3,468,578</u>
	2020 £	2019 £
<b>Other significant revenue</b>		
Grants received	<u>439,467</u>	<u>-</u>

All revenue is driven by UK operations.

### 5 Exceptional items

	2020 £	2019 £
Exceptional items	<u>(788,216)</u>	<u>-</u>

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 5 Exceptional items

(Continued)

Total exceptionals of £788,216 (2019 - £nil) relates to:

**1. Onerous Contract - Schools (£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.

As pupils returned to schools in September 2020, school contracts for the academic year 2020/21 have been entered into, however there is no additional mid-day work to make these contracts commercially viable. As a result, an impairment test has been carried out which resulted as an onerous contract and a charge made to Exceptionals.

**2. Staff Restructuring (£12,979)**

The NETS business was adversely impacted by Covid-19, and saw significant reductions in passenger demand, in addition to operating restrictions. As a result, a restructuring exercise was carried out within the NETS business, with the main costs incurred relating to redundancy in each entity.

**3. One off costs (£1,262)**

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

### 6 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the period is stated after charging/(crediting):		
Government grants	(439,467)	-
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	2,900
Depreciation of property, plant and equipment - owned assets	612,725	459,948
Depreciation of property, plant and equipment - right of use assets	62,620	-
Cost of inventories recognised as an expense	263,279	852,314

### 7 Employees

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

	2020 Number	2019 Number
Managerial & admin	2	1
Operational	34	38
Total	36	39

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 7 Employees

(Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,042,053	1,181,460
Social security costs	114,291	116,639
Pension costs	28,421	21,636
	<u>1,184,765</u>	<u>1,319,735</u>

Included within staff costs above is grant income received of £439,467 (2019: £nil).

### 8 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	58	113
Other interest income	-	152
	<u>58</u>	<u>265</u>

### 9 Interest payable and similar expenses

	2020 £	2019 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	3,039	-
Interest on other loans	17,590	-
	<u>20,629</u>	<u>-</u>
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	20,364	53,927
	<u>40,993</u>	<u>53,927</u>

### 10 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	40,714
Adjustments in respect of prior periods	65	-
	<u>65</u>	<u>40,714</u>

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 10 Taxation

(Continued)

	2020 £	2019 £
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(221,551)	(24,594)
Adjustment in respect of prior periods	23,393	(1,590)
	<u>(198,158)</u>	<u>(26,184)</u>
<b>Total tax charge/(credit)</b>	<u>(198,093)</u>	<u>14,530</u>

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

	2020 £	2019 £
(Loss)/profit before taxation	<u>(1,166,054)</u>	<u>325,014</u>
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2019: 19.00%)	(221,550)	61,753
Group relief	-	(48,525)
Under/(over) provided in prior years	64	(1,590)
Deferred tax adjustments in respect of prior years	23,393	-
	-	2,878
Other adjustments	-	14
<b>Taxation (credit)/charge for the period</b>	<u>(198,093)</u>	<u>14,530</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 2020 and 2021. The current tax rate is 19%.

On 3 March 2021 the UK Chancellor of the exchequer announced a tax rise from 19% to 25% from 1 April 2023.

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 31 August 2019	446,958
At 31 December 2020	446,958
<b>Amortisation and impairment</b>	
At 31 August 2019	446,958
At 31 December 2020	446,958
<b>Carrying amount</b>	
At 31 December 2020	-
At 31 August 2019	-

### 12 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Plant and equipment £	Computers £	Motor vehicles £	Total £
<b>Cost</b>						
At 31 August 2019	-	5,965	91,080	10,505	4,458,047	4,565,597
Additions	908,203	-	-	-	21,664	929,867
Disposals	-	-	-	-	(19,822)	(19,822)
Transfers	-	(5,965)	16,470	(10,505)	-	-
At 31 December 2020	908,203	-	107,550	-	4,459,889	5,475,642
<b>Accumulated depreciation and impairment</b>						
At 31 August 2019	-	340	63,515	10,505	1,899,058	1,973,418
Charge for the period	62,620	746	20,784	-	591,195	675,345
Eliminated on disposal	-	-	-	-	(19,822)	(19,822)
Transfers	-	(1,086)	11,591	(10,505)	-	-
At 31 December 2020	62,620	-	95,890	-	2,470,431	2,628,941
<b>Carrying amount</b>						
At 31 December 2020	845,583	-	11,660	-	1,989,458	2,846,701
At 31 August 2019	-	5,625	27,565	-	2,558,989	2,592,179

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 12 Tangible fixed assets

(Continued)

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

	2020 £	2019 £
<b>Right-of-use assets</b>		
<b>Net values</b>		
Property	845,583	-
	<u>          </u>	<u>          </u>
<b>Depreciation charge for the period</b>		
Property	62,620	-
	<u>          </u>	<u>          </u>

The freehold land and buildings has been classified as a right of use asset on the 1 September 2019, in line with the adoption of FRS101 as stated in note 1.1.

### 13 Stocks

	2020 £	2019 £
Finished goods	37,892	67,918
	<u>          </u>	<u>          </u>

### 14 Debtors

	2020 £	2019 £
Trade debtors	64,047	100,049
Provision for bad and doubtful debts	(595)	(595)
	<u>          </u>	<u>          </u>
	63,452	99,454
VAT recoverable	33,539	14,480
Amounts owed by fellow group undertakings	1,549,378	885,448
Other debtors	18,032	17,863
Prepayments and accrued income	36,863	24,625
	<u>          </u>	<u>          </u>
	1,701,264	1,041,870
	<u>          </u>	<u>          </u>

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

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 15 Creditors

		Due within one year		Due after one year	
	Notes	2020 £	2019 £	2020 £	2019 £
Creditors	16	1,609,665	302,571	-	-
Taxation and social security		45,084	55,510	-	-
Lease liabilities	17	66,108	436,572	773,659	907,333
		<u>1,720,857</u>	<u>794,653</u>	<u>773,659</u>	<u>907,333</u>

### 16 Creditors

	2020 £	2019 £
Trade creditors	206,565	89,934
Payments received on account	-	76,510
Amounts owed to fellow group undertakings	1,187,890	-
Accruals and deferred income	214,857	131,621
Other creditors	353	4,506
	<u>1,609,665</u>	<u>302,571</u>

### 17 Lease liabilities

Maturity analysis	2020 £	2019 £
Within one year	66,108	436,572
In two to five years	773,659	907,333
<b>Total undiscounted liabilities</b>	<u>839,767</u>	<u>1,343,905</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:

	2020 £	2019 £
Current liabilities	66,108	436,572
Non-current liabilities	773,659	907,333
	<u>839,767</u>	<u>1,343,905</u>

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 17 Lease liabilities

(Continued)

	2020 £	2019 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	20,364	53,927

#### 18 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 2018	226,633	-	-	226,633
<b>Deferred tax movements in prior year</b>				
Credit to profit or loss	(25,844)	-	(340)	(26,184)
Deferred tax liability at 1 September 2019	200,789	-	(340)	200,449
<b>Deferred tax movements in current year</b>				
Credit to profit or loss	(32,121)	(166,093)	56	(198,158)
Deferred tax liability at 31 December 2020	168,668	(166,093)	(284)	2,291

#### 19 Provisions for liabilities

	2020 £	2019 £
	773,975	-

Movements on provisions:

Additional provisions in the year	773,975
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The provision is in respect of onerous school contracts and has been detailed further in note 5.

#### 20 Retirement benefit schemes

##### Defined contribution schemes

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.

# MORTONS TRAVEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

### 20 Retirement benefit schemes

(Continued)

The total costs charged to income in respect of defined contribution plans is £28,421 (2019 - £21,636).

Contributions totalling £1,432 (2019: £1,499) were payable at the year end and are included in creditors.

### 21 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	100	100	100	100

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

### 22 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.

### 23 Ultimate parent and controlling party

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

As of 29 February 2020 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.

### 24 Transition to FRS101

In the period ended the 31 December the company has changed its accounting reporting framework from FRS102 to FRS101 as issued by the Financial Reporting Council and in doing so has applied the requirements of IFRS.

There has been no material impact as a result of the transition.