

Stagecoach Bus Holdings Limited

Financial statements for the 52 week period ended 29 April 2023

Registered office:

10 Dunkeld Road
Perth
PH1 5TW

Registered number:

SC176671



Strategic report
For the 52 week period ended 29 April 2023

Registered No: SC176671

The directors are pleased to present their Strategic report for the 52 week period ended 29 April 2023.

Review of business

The Company operates as an investment and holding Company and also hires out buses to various group undertakings.

The Company continues to hold major investments in bus operating companies here in the UK and will continue to look for transport opportunities in which to invest in the UK for the foreseeable future.

The Company reported a profit before taxation of £79.9m (2022: £18.5m loss). The variance on prior period is due to dividends being received from subsidiary companies in the current period.

Principal risks and uncertainties

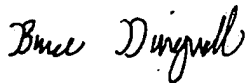
The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, foreign exchange rates and commodity prices. The directors of Stagecoach Group Limited, the parent undertaking of the smallest group of which the company is a member and for which consolidated financial statements have been prepared, consider these financial risks in the context of the Group as a whole. For this reason, the Company's directors believe that a discussion of the Group's financial risks would not be appropriate for an understanding of the performance or position of the Company's business.

The principal risks and uncertainties of Stagecoach Group Limited, which include the impact of those of the Company, are discussed in the Group's annual report (section 1.4.5 of the Strategic report), which does not form part of this report.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. Discussion on the KPIs affecting the Group as a whole can be found in the Group's annual report (section 1.4.6 of the Strategic report), which does not form part of this report.

On behalf of the Board



Bruce Dingwall
Director
30 January 2024

Directors' report

For the 52 week period ended 29 April 2023

Registered No: SC176671

The directors are pleased to present their annual report on the affairs of the Company, together with the audited financial statements and independent auditors' report for the 52 week period ended 29 April 2023.

Results and dividends

The results for the period have been discussed in the Strategic report on page 1.

The directors declared and paid interim ordinary dividends of £Nil (2022: £Nil). The directors do not propose a final ordinary dividend (2022: £Nil).

Directors

The directors of the Company who served during the period and up to the date of approval of the financial statements are listed below.

Bruce Dingwall
Katrina Leese
Karen Robbins
Sam Greer (appointed 3 July 2023)
Carla Stockton-Jones (resigned 3 July 2023)
Danny Elford (resigned 28 April 2023)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). 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 year.

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;
- 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.

Going concern

These financial statements have been prepared on a going concern basis. In applying the going concern basis, the directors have taken into account the recent trading performance and increased and uncertain cost inflation. The Company is in a net current liabilities and net assets position as at 29 April 2023. The directors have also considered the Company's cash position and forecast cash flows for a period of 12 months from the date of approval of these financial statements, arising from the services to be rendered.

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Directors' report

Registered No: SC176671

For the 52 week period ended 29 April 2023

The directors have received confirmation from Stagecoach Group Limited, the Company's intermediate parent company, that Stagecoach Group Limited intends to provide financial support to the Company, to assist the Company in meeting its liabilities as and when they fall due, to the extent that resources are not otherwise available to the Company to meet such liabilities. Stagecoach Group Limited has confirmed that it has the ability to provide such support and intends to provide the support, as appropriate, for a period of 12 months from the date of approval of these financial statements. In applying the going concern basis, the Directors have also considered the past practice of Stagecoach Group Limited in providing financial support to the Company and its fellow subsidiaries.

The directors note that although Stagecoach Group Limited has indicated its intention to provide financial support to the Company as appropriate, there is no commitment to provide such support. The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The directors cannot be absolutely certain that Stagecoach Group Limited will provide the Company with financial support if required but, having taken account of Stagecoach Group Limited's current intention, Stagecoach Group Limited's past practice, recent trading performance, and increased and uncertain cost inflation, the Directors have a reasonable expectation that the Company will continue to operate as a going concern for a period of 12 months from the date of approval of these financial statements. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

Refer to note 1 for further details on the going concern basis.

Indemnification of directors and officers

Stagecoach Group Limited maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against the directors and officers of the Company. Stagecoach Group Limited has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their positions with the Group.

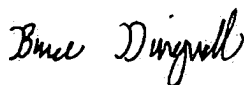
Independent auditors and statement of disclosure of information to auditors

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- So far as each of the directors are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- Each of the directors has taken steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act.

By order of the Board



Bruce Dingwall

Director

30 January 2024

Independent auditors' report to the members of Stagecoach Bus Holdings Limited

For the 52 week period ended 29 April 2023

Opinion

We have audited the financial statements of Stagecoach Bus Holdings Limited for the year ended 29 April 2023 which comprise the Income Statement, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 April 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates the intention of the ultimate parent company to provide financial support on a non-binding basis. As stated in Note 1, these events or conditions indicate a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of Stagecoach Bus Holdings Limited (continued)

For the 52 week period ended 29 April 2023

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant include compliance with applicable health & safety, environmental and data protection regulations, competition and consumer protection laws, labour regulations, employee rights law, and to the reporting framework (FRS 101 and Companies Act 2006) and relevant tax compliance regulations in the UK.

**Independent auditors' report to the members of Stagecoach Bus Holdings Limited
(continued)**

For the 52 week period ended 29 April 2023

- We understood how Stagecoach Bus Holdings Limited is complying with those frameworks by making enquiries of management, those charged with governance, internal audit, those responsible for legal and compliance procedures. We corroborate our enquiries through reading board minutes and papers provided to the Group Audit Committee, as well as other correspondence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered the performance targets and their influence on efforts made by management to manage earnings. Where this risk was considered to be higher, we performed audit procedures to address the identified fraud risk. These procedures included testing journals indicating manual or unusual transactions based on our understanding of the business and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries with senior management.

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

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.

Ernst & Young LLP

Julie Cavin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
31 January 2024

Income statement**For the 52 week period ended 29 April 2023**

Registered No: SC176671

	Notes	2023 £000	2022 (restated) £000
Revenue		129,606	42,815
Other operating charges		(36,552)	(51,166)
Operating profit/(loss)		93,054	(8,351)
Exceptional professional fees		(98)	-
Profit/(loss) before interest and taxation		92,956	(8,351)
Finance costs	2	(13,069)	(10,145)
Profit/(loss) before taxation	3	79,887	(18,496)
Taxation	4	2,425	1,312
Profit/(loss) for the financial period		82,312	(17,184)

The accompanying notes are an integral part of this income statement.

There are no recognised gains or losses in either period other than the results reported above and therefore no separate statement of other comprehensive income is presented.

The results for each period reported above are derived wholly from continuing operations.

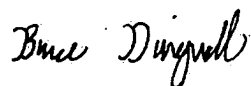
Balance sheet
As at 29 April 2023

Registered No: SC176671

	Notes	2023 £000	2022 (restated) £000
ASSETS			
Non-current assets			
Tangible assets	5	44,666	58,352
Investments	6	351,948	321,795
Deferred tax	7	81	-
		396,695	380,147
Current assets			
Receivables	7	253,181	212,503
Cash and cash equivalents		598	138
		253,779	212,641
Total assets		650,474	592,788
LIABILITIES			
Current liabilities			
Payables	8	(178,258)	(560,864)
Provisions for liabilities	8	-	(152)
		(178,258)	(561,016)
Non-current liabilities			
Deferred tax	7	-	(2,273)
Payables	8	(381,904)	(21,499)
		(381,904)	(23,772)
Total liabilities		(560,162)	(584,788)
Net assets		90,312	8,000
EQUITY			
Ordinary share capital	9	-	283
Share premium account	9	-	60,569
Retained earnings		90,312	(52,689)
Total equity		90,312	8,000

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 8 to 22 were approved by the Board of Directors on **30 January 2024** and signed on its behalf by:



Bruce Dingwall
Director

Statement of changes in equity
For the 52 week period ended 29 April 2023

Registered No: SC176671

	Ordinary share capital £000	Share premium £000	Retained earnings £000	Total equity £000
As at 1 May 2021	283	60,569	(35,526)	25,326
Loss for the financial period	-	-	(17,146)	(17,146)
Total comprehensive expense for the period	-	-	(17,146)	(17,146)
As at 30 April 2022	283	60,569	(52,672)	8,180
Profit for the financial period	-	-	82,312	82,312
Total comprehensive expense for the period	-	-	82,312	82,312
Effect of prior year adjustment (see note 1)	-	-	(180)	(180)
Capital reduction	(283)	(60,569)	60,852	-
As at 29 April 2023	-	-	90,312	90,312

Notes to the financial statements (continued)

Registered No: SC176671

For the 52 week period ended 29 April 2023

1. Accounting policies

A summary of the principal accounting policies is set out below. All principal accounting policies have been applied consistently throughout the period and the preceding period.

(a) Basis of preparation

The Company is a private limited company registered in Scotland. The address of the Company's registered office is shown on the cover sheet and a description of the Company's principal activities are set out on page 1.

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act).

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46-52 of IFRS 2, 'Share-based payment'
- Paragraphs 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of Assets'
- Second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120-127, and 129 of IAS 1 'Presentation of financial statements'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 'Presentation of financial statements'
- IAS 7, 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures'

The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements.

Change in the accounting policy for the treatment of Battery Contracts

The Company leases electric buses. In some cases, the Company enters into separate agreements for the provisions of batteries to power the buses (the "Battery Contracts"). Some judgement is involved in determining whether each Battery Contract is, or contains, a lease. The Battery Contracts are separate legal agreements from any leases of buses and contain separate terms and conditions. In the years ended 1 May 2021 and 30 April 2022, the Directors had formed the view that the Battery Contracts did not meet the IFRS definition of leases as in the Directors' view the battery provider had control of the battery assets and had substantive rights of substitution for the batteries. This matter was disclosed as a critical accounting judgement in both of those years. On 29 November 2022, the IFRS Interpretations Committee ("IFRIC") met and discussed the definition of a lease. Following the publication of the decision of IFRIC the Company reviewed its accounting treatment of the Battery Contracts. In light of the IFRIC decision the Company has decided that it would be more appropriate to treat the Battery Contracts as leases. The Company has restated its results for the year ended 30 April 2022 to reflect this change in accounting policy. The impact of the change in policy is summarised on page 12.

Notes to the financial statements (continued)

Registered No: SC176671

For the 52 week period ended 29 April 2023

Year ended 30 April 2022	As reported	Effect of change in treatment	Restated
	£000	£000	£000
Income Statement			
Revenue	42,815	-	42,815
Other operating charges	(51,302)	136	(51,166)
Profit/(loss) before interest and taxation	(8,487)	136	(8,351)
Finance costs	(9,975)	(170)	(10,145)
Profit/(loss) before taxation	(18,462)	(34)	(18,496)
Taxation	1,316	(4)	1,312
Loss for the financial period	(17,146)	(38)	(17,184)
Balance Sheet			
	As reported	Effect of change in treatment	Restated
	£000	£000	£000
ASSETS			
Non-current assets			
Tangible assets	51,998	6,354	58,352
Investments	321,795	-	321,795
Deferred tax	-	-	-
	373,793	6,354	380,147
Current assets			
Receivables	212,507	(4)	212,503
Cash and cash equivalents	138	-	138
Total assets	586,438	6,350	592,788
LIABILITIES			
Current liabilities			
Payables	(559,169)	(1,695)	(560,864)
Provisions for liabilities	(152)	-	(152)
	(559,321)	(1,695)	(561,016)
Non-current liabilities			
Deferred tax	(2,273)	-	(2,273)
Finance lease payables	(16,665)	(4,834)	(21,499)
	(18,938)	(4,834)	(23,772)
Total liabilities	(578,259)	(6,529)	(584,788)
Net assets	8,180	(180)	8,000
EQUITY			
Ordinary share capital	283	-	283
Share premium account	60,569	-	60,569
Retained earnings	(52,672)	(180)	52,852
Total equity	8,180	(180)	8,000

Notes to the financial statements (continued)

Registered No: SC176671

For the 52 week period ended 29 April 2023

(b) *Basis of consolidation*

The Company is a wholly owned subsidiary of another United Kingdom Company, Stagecoach Group Limited, which prepares consolidated financial statements including the Company. As permitted by Section 400 of the Companies Act 2006, the Company has not prepared consolidated financial statements.

(c) *Cash flow statement*

As permitted by IAS 7 the Company has not prepared a cash flow statement as it is a wholly owned subsidiary of another UK Company, Stagecoach Group Limited, which prepares consolidated financial statements, which include a consolidated cash flow statement in which the cash flows of the Company are included.

(d) *Going concern*

These financial statements have been prepared on a going concern basis. In applying the going concern basis, the directors have taken into account the recent trading performance and increased and uncertain cost inflation. The Company is in a net current liabilities and net assets position as at 29 April 2023. The directors have also considered the Company's cash position and forecast cash flows for a period of 12 months from the date of approval of these financial statements, arising from the services to be rendered. The directors have received confirmation from Stagecoach Group Limited, the Company's intermediate parent company, that Stagecoach Group Limited intends to provide financial support to the Company, to assist the Company in meeting its liabilities as and when they fall due, to the extent that resources are not otherwise available to the Company to meet such liabilities.

Stagecoach Group Limited has confirmed that it has the ability to provide such support and intends to provide the support, as appropriate, for 12 months from the date of approval of these financial statements. In applying the going concern basis, the directors have also considered the past practice of Stagecoach Group Limited in providing financial support to the Company and its fellow subsidiaries. The directors note that although Stagecoach Group Limited has indicated its intention to provide financial support to the Company as appropriate, there is no commitment to provide such support. The directors consider that the reliance on the letter of support with such limitations results in a material uncertainty related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The directors cannot be absolutely certain that Stagecoach Group Limited will provide the Company with financial support if required but, having taken account of Stagecoach Group Limited's current intention, Stagecoach Group Limited's past practice, recent trading performance, and increased and uncertain cost inflation, the directors have a reasonable expectation that the Company will continue to operate as a going concern for a period of at least 12 months from the date of approval of these financial statements. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

The Group going concern assessment performed by Stagecoach Group Limited (the "parent") was performed using financial forecasts for the period to 31 January 2025 and considering a wide range of downside scenarios.

The forecasts of the parent indicate that the Group is projected to operate within its cash balances and available facilities for the going concern period.

The broader political and economic uncertainty has been factored into the scenarios considered as part of the Group and parent's adoption of the going concern assumption.

Notes to the financial statements (continued)

Registered No: SC176671

For the 52 week period ended 29 April 2023

1. Accounting policies (continued)

In reaching its conclusion on the going concern assessment, the directors also assessed the Group's assessment of severe and plausible downside scenarios which contemplate lower regional bus commercial revenue over the forecast period, in addition to more cautious assumptions around our levels of cost increases and government funding support. The downside scenario considered in the going concern period was:

- passenger numbers at 75%-76% of pre-COVID levels in the going concern period;
- commercial revenue at 90%-91% of pre-COVID levels in the going concern period;
- concessionary revenue at 91% of pre-COVID levels for the remainder of the going concern period;
- no additional government funding of zero emission buses, beyond awards already made; and
- failure to win the majority of its bus franchise bids resulting in the loss of services in a number of its depots.

The accounts of the Group and parent undertaking, Stagecoach Group Limited, include more details of the downside scenarios, mitigating actions, funding requirements and liquidity headroom. In the downside scenarios modelled as set out above, liquidity headroom exists in the Group and parent undertaking throughout the going concern period after taking account of controllable, plausible mitigating actions.

(e) Revenue

Investment income comprises income from investment holdings. Income is accounted for on a receivable basis. Dividends receivable are recognised on the date on which they are declared.

Turnover also includes income earned from the hire of public service vehicles to other operating companies. Revenue is recognised by reference to stage of completion of services provided under contractual arrangements as a proportion of total services provided. Revenue incidental to the Company's principal activity is reported as other operating income.

(f) Other operating costs

Other operating costs largely represent costs paid in respect of internal fuel derivatives entered into with other group undertakings and fluctuates according to the number and value of fuel contracts active each year.

Notes to the financial statements (continued)

Registered No: SC176671

For the 52 week period ended 29 April 2023

1. Accounting policies (continued)

(g) Taxation

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date.

Corporation tax is provided on taxable profit at the current rate applicable. Tax charges and credits are accounted for through the same primary statement as the related pre-tax item.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is measured at the rates that are expected to apply in periods in which the temporary differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management estimates amounts relating to uncertain tax treatments based on the applicable law and regulations, historic outcomes of similar audits and discussions, independent, external specialist advice and consideration of the progress on, and nature of, current discussions with the tax authority. Where management determines that a greater than 50% probability exists that the tax authorities would accept the positions taken in the tax return, amounts are recognised in the financial statements on that basis. Where the amount of tax payable or recoverable is uncertain, the Company recognises a liability or asset based on either: management's judgement of the most likely outcome or, when there is a wide range of possible outcomes, a probability weighted average approach.

(h) Investments

Fixed asset investments are shown at cost less any amounts written off for impairment. An impairment loss is recognised for the amount by which the carrying amount of the net investment exceeds its recoverable amount, being the higher of net realisable value and value in use. The value in use is determined using a pre-tax discount rate which reflects our current market assessments of the risks specific to the investment.

(i) Tangible non-current assets

Fixed assets are shown at historical cost or fair value on acquisition less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of assets on a straight-line basis over their estimated useful lives, as follows:

Passenger service vehicles	12-16 years
Plant & machinery	5 years

(j) Related party transactions

The Company has taken advantage of the IAS 24 exemption from having to provide details of transactions with fellow wholly owned group undertakings.

Notes to the financial statements (continued)

Registered No: SC176671

For the 52 week period ended 29 April 2023

1. Accounting policies (continued)

(k) Hire purchase and lease obligations

Assets acquired under hire purchase and finance lease arrangements, where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Fixed lease payments are apportioned between the finance costs, and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly against income and are reported within finance costs in the income statement.

Assets capitalised under finance leases and other similar contracts are depreciated over the shorter of the lease terms and their useful economic lives.

Assets capitalised under hire purchase contracts are depreciated over their useful economic lives.

Rentals under operating leases are charged on a straight-line basis over the lease term.

The principal restriction on assets held under finance lease or hire purchase agreements is a restriction on the right to dispose of the assets during the period of the agreement.

(l) Dividends

Dividends on ordinary shares are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders, or in the case of interim dividends, in the period in which they are paid.

(m) New accounting standards adopted during the period

There have been no new accounting standards, amendments to standards and interpretations that are mandatory for the first time for the financial period beginning 1 May 2022 that have any significant effect on the financial statements.

(n) Other new standards

Other new standards, amendments to standards and interpretations that are mandatory for the first time for the financial period beginning 1 May 2022, do not have any significant effect on the consolidated financial statements and are listed below.

	<i>Effective for annual periods beginning on or after</i>
<i>International Accounting Standards and Interpretations</i>	
Amendment to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use	01 January 2022
Amendments to IAS 37, Provisions, Contingent Liabilities, Contingent Assets, Onerous Contracts – Cost of Fulfilling a Contract	01 January 2022
Annual Improvements to IFRS 2018–2020:	
• Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter	
• Amendment to IFRS 9 Financial Instruments – Fees in the “10 per cent” Test for Derecognition of Financial Liabilities.	
• Amendment to IAS 41 Agriculture – Taxation in Fair Value Measurements	01 January 2022
Amendments to IFRS 3, Business Combinations Reference to the Conceptual Framework	01 January 2022

Notes to the financial statements (continued)
For the 52 week period ended 29 April 2023

Registered No: SC176671

2. Finance income and costs

	2023	2022 (restated)
	£000	£000
Finance costs		
Interest payable on loans from fellow group undertakings	(11,603)	(8,970)
Unwinding discount on deferred consideration	(219)	-
Lease interest	(1,247)	(1,175)
	<u>(13,069)</u>	<u>(10,145)</u>

3. Loss before taxation

Loss before taxation is stated after charging:

	2023	2022 (restated)
	£000	£000
(Gain)/loss on sale of assets	(200)	27
Impairment of investments (note 6)	-	9,670
Impairment of owned assets	2,602	-
Loss on disposal of subsidiaries (note 6)	9,832	12,959
Depreciation – owned assets (note 5)	2,786	2,959
Depreciation – leased assets (note 5)	21,269	18,752
Settlement of asset lease	-	52
Operating lease charges	43	796
Professional fees	<u>19</u>	<u>-</u>

The remuneration of the auditors is not settled directly by the Company. Audit fees of £5,000 (2022: £5,000) were paid by Stagecoach Group Limited on behalf of the Company in respect of audit work performed in the UK.

The remuneration of the directors is borne by Stagecoach Group Limited and/or other group companies. The Company has no employees (2022: Nil).

Notes to the financial statements (continued)
For the 52 week period ended 29 April 2023

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4. Taxation

(a) Tax recognised in the income statement

	2023	2022 (restated)
	£000	£000
Current tax:		
Amounts receivable from fellow subsidiary in respect of group relief	-	(1,446)
Adjustments in respect of prior periods	(70)	(1,242)
Total current tax	(70)	(2,688)
Deferred tax:		
Origination and reversal of timing differences	(2,365)	390
Adjustments in respect of prior periods	10	986
Total deferred tax (note 8)	(2,355)	1,376
Total tax reported in the income statement	(2,425)	(1,312)

(b) Factors affecting the tax (credit)/charge for the period:

	2023	2022 (restated)
	£000	£000
Profit/(loss) on ordinary activities before tax	79,886	(18,496)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.49% (2022: 19%)	15,570	(3,514)
<i>Effect of:</i>		
Non tax deductible expenditure and other permanent differences	4	3,489
Treatment of intercompany transactions	266	279
Non taxable / non deductible release of inter-company loan	(578)	
Write-off of investment	2,533	-
Non taxable UK dividends	(19,639)	(3,693)
Impact on current year rate movement	(521)	-
Investment impairment	-	1,837
Impact of reduction in UK tax rate on prior period deferred tax	-	546
Adjustments in respect of prior periods	(60)	(256)
Current tax credit for the period	(2,425)	(1,312)

(c) Factors that may affect future tax charges

The deferred tax balances have been calculated with reference to the enacted UK corporation tax rate as at balance sheet date of 29 April 2023 of 25%.

Notes to the financial statements (continued)

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For the 52 week period ended 29 April 2023

5. Tangible non-current assets

	Passenger service vehicles (leased)	Passenger service vehicles (owned)	Plant & machinery	Total
		£000	£000	£000
Cost				
At beginning of period	74,721	45,290	1,865	121,876
Additions	11,208	52	-	11,260
Disposals	(8,659)	(1,749)	(35)	(10,443)
Transfers	-	2,062	70	2,132
At end of period	77,270	45,655	1,900	124,825
Accumulated depreciation				
At beginning of period	(35,579)	(26,238)	(1,708)	(63,525)
Charge for the period	(21,269)	(2,704)	(82)	(24,055)
Impairment	-	(2,602)	-	(2,602)
On disposals	8,659	1,698	35	10,392
On transfers	-	(298)	(70)	(368)
At end of period	(48,189)	(30,144)	(1,825)	(80,158)
Net book value				
At beginning of period	39,142	19,053	156	58,351
At end of period	29,081	15,511	75	44,667

Included in the net book value at end of period are the following amounts relating to right-of-use assets:

	Passenger service vehicles	Total
	£000	£000
Net book value at the beginning of the period	39,142	39,142
Net book value at the end of the period	29,081	29,081

Cash outflows of £22.5m in relation to leases and related interest have taken place during the 52 week period to 29 April 2023 (52 week period to 30 April 2022 (restated): £19.6m).

The income statement includes the following depreciation charges and other costs relating to leases:

	2023	2022 (restated)
	£000	£000
Depreciation charge for right-of-use assets		
Passenger service vehicles	21,269	18,752
Total depreciation charge for right-of-use assets	21,269	18,752
Expenses relating to short-term leases	43	796
Lease costs included within operating profit	21,312	19,420
Interest expense included within finance costs	1,247	1,005
Lease costs included within profit before tax	22,559	20,425

Notes to the financial statements (continued)

Registered No: SC176671

For the 52 week period ended 29 April 2023

6. Investments

Investments are stated at cost less any provision for impairment.

The movement in the year was as follows:

	Subsidiary undertakings £000	Joint ventures £000	Total £000
Cost			
At beginning of period	350,530	415	350,945
Additions	41,352	1,706	43,058
Disposals	(42,055)	-	(42,055)
At end of period	349,827	2,121	351,948
Accumulated impairment losses			
At beginning of period	(29,150)	-	(29,150)
Released in the period	29,150	-	29,150
At end of period	-	-	-
Net book value at beginning of period	321,380	415	321,795
Net book value at end of period	349,827	2,121	351,948

During the year the Company increased its investments in the joint venture with Scottish Citylink Coaches Limited (£1.7m), recognised the addition of Lea Interchange Bus Company Limited (£19.4m), and recognised additional capital investment in Stagecoach Services Limited (£10.0m) and Midland Red South Limited (£12.0m). The Company fully released impairments for Planet Coach SAS (£22.6m) and Planet Coach GmbH (£6.5m) upon dissolution.

The directors believe that the carrying value of the investments is supported by their underlying assets.

The Company owned the following subsidiary undertakings (ordinary shares 100% owned and 100% voting rights unless otherwise stated) at 29 April 2023:

	<u>Country of registration</u>	<u>Principal activity</u>
Bluebird Buses Limited	Scotland	Bus service operating company
Busways Travel Services Limited	England	Bus service operating company
Cambus Limited	England	Bus service operating company
Cheltenham and Gloucester Omnibus Company Limited	England	Bus service operating company
Cleveland Transit Limited	England	Bus service operating company
East Kent Road Car Company Limited	England	Bus service operating company
East London Bus and Coach Company Limited	England	Bus service operating company
East London Bus Group Property Investments Limited	England	Property rental
East London Bus Limited	England	Bus service operating company
Fife Scottish Omnibuses Limited	Scotland	Bus service operating company
Go West Travel Limited	England	Bus service operating company
Greater Manchester Buses South Limited	England	Bus service operating company
Highland Country Buses Limited	Scotland	Bus service operating company
Lea Interchange Bus Company Limited	England	Bus service operating company
Lincolnshire Road Car Company Limited	England	Bus service operating company
Midland Red (South) Limited	England	Dormant company
Nicecon Limited	Scotland	Dormant company

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Notes to the financial statements (continued)

For the 52 week period ended 29 April 2023

Registered No: SC176671

6. Investments (continued)

Planet Coach BVBA	Belgium	Inter-city coach operating company
PSV Claims Bureau	England	Claims handling company
Red and White Services Limited	England	Bus service operating company
Ribble Motor Services Limited	England	Bus service operating company
South East London and Kent Bus Company Limited	England	Bus service operating company
Stagecoach (North West) Limited	England	Bus service operating company
Stagecoach (South) Limited	England	Bus service operating company
Stagecoach Bus Services LLC	Dubai	LLC
Stagecoach Devon Limited	England	Bus service operating company
Stagecoach Rail Replacement (East) Limited	England	Bus service operating company
Stagecoach Services Limited	England	Support services company
Thames Transit Limited	England	Bus service operating company
The Yorkshire Traction Company Limited	England	Bus service operating company
Western Buses Limited	England	Bus service operating company

The Company also had the following joint venture interest during the period:

	<u>Country of registration</u>	<u>% held at 29 April 2023</u>
Scottish Citylink Coaches Limited	Scotland	37.5%
Crown Sightseeing Limited	England	33.3%

7. Receivables

	2023	2022
	£000	(restated) £000
<i>Current:</i>		
Amounts owed by group undertakings	253,112	210,958
Prepayments and accrued income	69	-
Group relief receivable	-	1,438
Amounts owed by joint venture	-	107
	253,181	212,503

All amounts owed by group undertakings are due within one period, accrue no interest and are repayable on demand.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. The offset amounts are as follows:

The movement in deferred tax during the period was as follows:

	2023	2022
	£000	£000
Provision at start of period	(2,273)	(897)
Deferred tax credit/(charge) in income statement (Note 4)	2,354	(1,376)
	81	(2,273)

Notes to the financial statements (continued)

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For the 52 week period ended 29 April 2023**7. Receivables (continued)**

Deferred tax included on the balance sheet comprises:

	2023	2022
	£000	£000
Accelerated capital allowances	(1,470)	(2,273)
Losses	1,551	-
Total provision for deferred tax asset/(liability)	81	(2,273)

The amount of deferred tax recognised in the income statement by type of temporary difference is as follows:

	2023	2022
	£000	£000
Accelerated capital allowances	804	390
Losses	1,551	986
	2,354	1,376

8. Payables

	2023	2022
	£000	(restated) £000
<i>Current:</i>		
Amounts owed to joint venture	7,776	1,750
Amounts owed to group undertakings	153,878	541,091
Deferred consideration on acquisition	976	-
Accruals and deferred income	6	-
Lease liabilities	15,622	18,023
Provisions for liabilities	-	152
	178,258	561,016

	2023	2022
	£000	£000
<i>Non-current:</i>		
Amounts owed to group undertakings	360,000	-
Lease liabilities	13,909	21,499
Deferred consideration on acquisition	7,995	-
Deferred tax	-	2,273
	381,904	23,772

The future minimum lease payments in respect of IFRS16 assets are as follows

	2023	2022
	£000	(restated) £000
Not later than one year	15,557	16,293
Later than one year and not later than five years	14,678	17,927
Later than five years	852	-
Total lease payments	31,087	34,220
Lease finance charges	(1,579)	(1,228)
Carrying amount of lease liabilities	(29,508)	(32,992)

Notes to the financial statements (continued)

Registered No: SC176671

For the 52 week period ended 29 April 2023

8. Payables (continued)

Of amounts owed to group undertakings, £360,000,000 (2022: £360,000,000) relates to an interest-bearing loan from SCUSI Ltd. This is repayable on demand but is not expected to be repaid in less than one year, and attracts interest at 4.7%. All other amounts owed to fellow group undertakings bear no interest and are repayable on demand. Of amounts owed to joint venture, £6,000,000 (2022: nil) relates to an interest-bearing loan from Scottish Citylink Coaches Limited. This is repayable within one year and attracts interest at 4.0%. All other amounts owed to joint venture are non-interest-bearing and repayable within ten years.

9. Ordinary share capital

	2023	2022
	£	£
<i>Allotted and unpaid</i>		
1 (2022: 282,579) ordinary shares of £1 each	1	282,579

On 11 April 2023, the Company completed a capital reduction where the capital of the Company was reduced from £282,579.00 (divided into 282,579 ordinary shares of £1) to £1 by cancelling and extinguishing 282,578 of the £1 ordinary shares.

10. Ultimate holding Company

The Company's immediate parent company is SCUSI Limited, registered in England and Wales (registered number 3787587).

Its ultimate parent company is Pan-European Infrastructure III, SCSp ("PEIF III"), an infrastructure fund managed and advised by DWS Infrastructure. PEIF III is not under the control of any single party or, parties acting in concert.

The parent undertaking of the smallest group of which the company is a member, and for which consolidated financial statements have been prepared, is Stagecoach Group Limited (registered number SC100764), a company registered in Scotland, and registered address at 10 Dunkeld Road, Perth, United Kingdom, PH1 5TW. The parent undertaking of the largest group of which the company is a member, and for which consolidated financial statements have been prepared is Inframobility UK Topco Limited (registered number 13919225) a company registered in England and Wales, and registered address at c/o Stagecoach Services Limited, One Stockport Exchange, 20 Railway Road, Stockport, Cheshire, SK1 3SW.

The financial statements of SCUSI Limited, Stagecoach Group Limited, and Inframobility UK Topco Limited are available from the Company Secretary at the following address:

Stagecoach Group Limited
10 Dunkeld Road
Perth
PH1 5TW

11. Related parties

The company has taken advantage of the exemptions granted under IAS 24 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group Limited. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 7 and 8.

12. Post balance sheet events

In November 2023, Compass European Infrastructure ScSp acquired a 21.44% share in Inframobility UK Topco Limited, the largest group of which the company is a member, and for which consolidated financial statements have been prepared. The remaining 78.56% is owned by PEIF III LUXCO Two S.a.r.l, with the ultimate owner of PEIF III LUXCO Two S.a.r.l remaining as Pan-European Infrastructure III, SCSp ("PEIF III").

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