

Stagecoach Transport Holdings Limited

Annual report and financial statements for the year ended 2 May 2020

Registered office:

10 Dunkeld Road
Perth
Perthshire
PH1 5TW

Registered number:

SC183051



The directors are pleased to present their Strategic report for the year ended 2 May 2020.

Review of business

The Company's principal activity is to invest in providers of public transport services in the UK and overseas.

The Company continues to look for investment opportunities in the coming year.

The Company reported a loss before taxation of £29.3m in the year (2019: £144.6m profit). The variance on prior year is due to reduced dividend income over the 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 plc, the Company's ultimate parent, 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 plc, 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.

COVID-19

As referred to in note 12 in the financial statements, subsequent to the Company's year-end, there has been significant volatility in the economy as a result of the Coronavirus (COVID-19) pandemic.

Due to the nature of the business, and having no employees, the Company has not experienced any COVID-19 related disruption in the short-term and has not required any company specific support from the Government.

The Company was in a good financial position pre-COVID-19 and we have taken action to ensure it is well positioned during this period of increased uncertainty. More details on the actions we have taken in relation to liquidity, funding and financial risk management are set out in section 1.6.10 of the Group's Annual Report, which also sets out our latest consolidated liquidity position. Section 3.11.1.4 includes comments on forecast liquidity. More details on the actions taken by Stagecoach Group plc, which includes the Company, are set out in section 3.11.1.3 of the Group's Annual Report.

Work has been undertaken to review the Company's cash position in order to ensure sufficient working capital is available to continue to trade.

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



Ross Paterson
Director
30 October 2020

Directors' report (continued)

For the year ended 2 May 2020

Registered No: SC183051

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 year ended 2 May 2020.

Results and dividends

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

The directors declared and paid total interim dividends of £Nil (2019: £120,000,000). The directors do not propose a final dividend (2019: £Nil).

Directors

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

Martin Griffiths
Ross Paterson

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 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;
- 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 considered the uncertainty caused by the COVID-19 pandemic, recognising that requires a higher level of judgement in assessing whether the Company is a going concern. The Company is in a net current liabilities and net liabilities position as at 2 May 2020. The directors have also considered the Company's cash position and forecast cash flows for 12 months from the date of these financial statements, arising from the services to be rendered and consultancy projects. The Directors have received confirmation from Stagecoach Group plc, the Company's ultimate parent company, that Stagecoach Group plc intends to provide financial support to the Company, to assist the Company in meeting its liabilities as and when they fall

Directors' report (continued)

Registered No: SC183051

For the year ended 2 May 2020

due, to the extent that resources are not otherwise available to the Company to meet such liabilities. Stagecoach Group plc has confirmed that it has the ability to provide such support and intends to provide the support, as appropriate, for a period of at least 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 plc in providing financial support to the Company and its fellow subsidiaries. The Directors note that although Stagecoach Group plc has indicated its intention to provide financial support to the Company as appropriate, there is no legally binding commitment to provide such support. The Directors consider that the reliance on the letter of support with such limitations results in a material uncertainty 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 plc will provide the Company with financial support if required but, having taken account of Stagecoach Group plc's current intention, Stagecoach Group plc's past practice, the COVID-19 situation, and other relevant factors, the Directors have a reasonable expectation that the Company will continue to operate as a going concern for 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.

Indemnification of directors and officers

The Company's ultimate parent maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against the directors and officers of the Company. The ultimate parent 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.

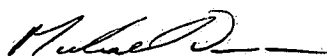
Independent auditors and statement of disclosure of information to auditors

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 he ought to have taken as a director to make himself 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, have indicated their willingness to continue in office and the directors have resolved that they be appointed as auditors for next period.

By order of the Board



Michael Vaux
Company Secretary
30 October 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAGECOACH TRANSPORT HOLDINGS LIMITED

For the year ended 2 May 2020

Opinion

We have audited the financial statements of Stagecoach Transport Holdings Limited for the year ended 2 May 2020 which comprise the Income statement, the Statement on comprehensive income, the Balance Sheet and 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 2 May 2020 and of its loss 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 below. 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 relating to going concern

We draw attention to Note 1 in the financial statements, which describes 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 that 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.

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.

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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAGECOACH TRANSPORT HOLDINGS LIMITED (continued)

For the year ended 2 May 2020

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 on page 3, 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 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

Kevin Weston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

3 November 2020

Income statement
For the year ended 2 May 2020

Registered No: SC183051

	Notes	2020 £000	2019 £000
Revenue		-	167,993
Other operating costs		(20,063)	(8,046)
(Loss)/profit before interest and taxation		(20,063)	159,947
Finance charges	2	(15,519)	(15,383)
(Loss)/profit before taxation	3	(35,582)	144,564
Taxation	4	6,328	4,741
(Loss)/profit for the financial year		(29,254)	149,305

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

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

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

Statement of comprehensive income
For the year ended 2 May 2020

Registered No: SC183051

	2020	2019
	£000	£000
(Loss)/profit for the financial year	(29,254)	149,305
Other comprehensive (loss)/income:		
Loss on assets previously classified as available for sale	-	(2,676)
Total comprehensive (loss)/income for the year	(29,254)	146,629

Balance sheet
As at 2 May 2020

Registered No: SC183051

	Notes	2020 £000	2019 £000
ASSETS			
Non-current assets			
Investments	5	1,056,145	1,056,129
Receivables	6	5,864	4
		<u>1,062,009</u>	<u>1,056,133</u>
Current assets			
Receivables	6	35,896	54,790
Cash and cash equivalents		18,001	29,447
		<u>53,897</u>	<u>84,237</u>
Total assets		<u>1,115,906</u>	<u>1,140,370</u>
LIABILITIES			
Current liabilities			
Payables	8	(469,807)	(465,017)
Total liabilities		<u>(469,807)</u>	<u>(465,017)</u>
Net assets		<u>646,099</u>	<u>675,353</u>
EQUITY			
Ordinary share capital	9	614,684	614,684
Share premium account		56,375	56,375
Retained (deficit)/earnings		(24,960)	4,294
Total equity		<u>646,099</u>	<u>675,353</u>

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

The financial statements on pages 6 to 20 were approved by the Board of Directors on **30 October 2020** and signed on its behalf by:



Ross Paterson
Director

Statement of changes in equity
As at 2 May 2020

Registered No: SC183051

	Ordinary share capital £000	Share premium £000	Retained earnings £000	Total equity £000
As at 29 April 2017	614,684	56,375	(22,335)	648,724
Profit for the financial year	-	-	149,305	149,305
Dividend	-	-	(120,000)	(120,000)
Other comprehensive expense	-	-	(2,676)	(2,676)
Total comprehensive income for the year	-	-	26,629	26,629
As at 27 April 2019	614,684	56,375	4,294	675,353
Loss for the financial year	-	-	(29,254)	(29,254)
Total comprehensive loss for the year	-	-	(29,254)	(29,254)
As at 2 May 2020	614,684	56,375	(24,960)	646,099

Notes to the financial statements

Registered No: SC183051

For the year ended 2 May 2020

1. Accounting policies

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

(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 page and a description of the Company's principal activities are set out on page 1.

These financial statements are 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'
- 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 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.

The Company has sufficient financial resources with which the directors believe that the Company is well placed to manage its business risks successfully, despite the current uncertain economic outlook.

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

(b) Basis of consolidation

The Company is a wholly owned subsidiary of another UK Company, Stagecoach Group plc, 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 United Kingdom Company, Stagecoach Group plc, which prepares consolidated financial statements, which include a consolidated cash flow statement in which the cashflows of the company are included.

1. Accounting policies (continued)

(d) Going concern

These financial statements have been prepared on a going concern basis. In applying the going concern basis, the Directors have considered the uncertainty caused by the COVID-19 pandemic, recognising that requires a higher level of judgement in assessing whether the Company is a going concern. The Company is in a net current liabilities and net liabilities position as at 2 May 2020. The directors have also considered the Company's cash position and forecast cash flows for 12 months from the date of these financial statements, arising from the services to be rendered and consultancy projects. The Directors have received confirmation from Stagecoach Group plc, the Company's ultimate parent company, that Stagecoach Group plc 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 plc has confirmed that it has the ability to provide such support and intends to provide the support, as appropriate, for a period of at least 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 plc in providing financial support to the Company and its fellow subsidiaries. The Directors note that although Stagecoach Group plc has indicated its intention to provide financial support to the Company as appropriate, there is no legally binding commitment to provide such support. The Directors consider that the reliance on the letter of support with such limitations results in a material uncertainty 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 plc will provide the Company with financial support if required but, having taken account of Stagecoach Group plc's current intention, Stagecoach Group plc's past practice, the COVID-19 situation, and other relevant factors, the Directors have a reasonable expectation that the Company will continue to operate as a going concern for 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 plc (the "parent") was performed using financial forecasts for the period to 30 April 2022 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 coupled with the potential future impact on the Group and parent undertaking, Stagecoach Group plc of the recent COVID-19 outbreak has been factored into the scenarios considered as part of the Group and parent's adoption of the going concern assumption.

In reaching its conclusion on the going concern assessment, the Directors also assessed the Group's assessment of severe but plausible downside scenarios related to its principal risks, including:

- commercial revenue at between 50% and 80% of pre-COVID levels by 1 May 2021;
- commercial revenue at between 75% and 85% of pre-COVID levels in the year ending 30 April 2022;
- concessionary revenue at between 70% and 85% of pre-COVID levels by 1 May 2021;
- concessionary revenue at between 75% and 90% of pre-COVID levels in the year ending 30 April 2022;
- vehicle mileage at between 80% and 90% of pre-COVID levels by 1 May 2021 and in the year ending 30 April 2022;
- additional COVID-related government measures ending between July 2020 and October 2020.

Notes to the financial statements (continued)

Registered No: SC183051

For the year ended 2 May 2020

1. Accounting policies (continued)

The accounts of the Group and parent undertaking, Stagecoach Group plc, 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

Turnover comprises investment and royalty income.

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.

Royalty income is received from other operating Company's within the Group in respect of their performance during that period. Royalty income is recognised in the same period that the performance relates to.

(f) Other operating costs

Other operating costs comprise largely of expenditure incurred in the investment of new business opportunities and fluctuates year on year according to the opportunities that arise.

(g) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any exchange differences arising from movements in the rates of exchange are included in the income statement.

(h) 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.

(i) 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.

Notes to the financial statements (continued)

Registered No: SC183051

For the year ended 2 May 2020

1. Accounting policies (continued)

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.

(j) Investments

Fixed asset investments are shown at cost, less any provision 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. Impairment reviews are carried out by the directors when there has been an indication of potential impairment.

(k) 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.

(l) New accounting standards adopted during the year

IFRIC 23 was issued in June 2017 and was implemented by the Company from 28 April 2019. The interpretation clarifies that if it is considered probable that a tax authority will accept an uncertain tax treatment, the tax charge should be calculated on that basis. If it is not considered probable, the effect of the uncertainty should be estimated and reflected in the tax charge by applying either the 'most likely outcome' or 'expected value' methodology. In assessing the uncertainty, it is assumed that the tax authority will have full knowledge of all information related to the matter. The Company has assessed the potential impact of the new interpretation. The application of IFRIC 23 on the opening balance of retained earnings as at 28 April 2019 has not resulted in a material change to the amounts held in the balance sheet for uncertain tax positions.

(m) Other new standards

Other new standards, amendments to standards and interpretations that are mandatory for the first time for the financial year beginning 28 April 2019, 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>	
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
IFRS 16 - Leases	1 January 2019
Amendments to IFRS 9 – Prepayment features with negative compensation	1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019

Notes to the financial statements (continued)

For the year ended 2 May 2020

Registered No: SC183051

2. Finance costs and income

	2020	2019
	£000	£000
Finance (costs)/income		
Intercompany interest payable	(15,585)	(15,412)
Other interest receivable	66	29
Total finance (costs)/income	(15,519)	(15,383)

3. Loss before taxation

The remuneration of the auditors is not settled directly by the Company. Audit fees of £9,500 (2019: £6,663) were paid by the ultimate holding Company, Stagecoach Group plc, on behalf of the Company in respect of audit work performed in the UK.

The remuneration of the directors is borne by the ultimate holding Company, Stagecoach Group plc and/or other group companies. No significant part of the directors' remuneration is directly attributable to the Company (2019: £Nil).

The Company has no employees (2019: Nil).

4. Taxation

(a) Tax recognised in the income statement

	2020	2019
	£000	£000
Current tax:		
Amounts receivable from fellow subsidiary in respect of group relief	(516)	(3,968)
Adjustments in respect of prior periods	48	(773)
Total current tax	(468)	(4,741)
Deferred tax:		
Origination and reversal of timing differences	(5,817)	(38)
Adjustments in respect of prior periods	(43)	45
Total deferred tax	(5,860)	7
Total tax reported in the income statement	(6,328)	(2,410)

Notes to the financial statements (continued)

Registered No: SC183051

For the year ended 2 May 2020

4. Taxation (continued)

(b) Factors affecting the tax (credit) /charge for the year

	2019 £000	2017 £000
(Loss)/profit on ordinary activities before taxation	(35,582)	144,564
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(6,760)	27,467
Effect of:		
Non tax deductible expenditure	428	-
Non taxable dividends	-	(31,540)
Treatment of intercompany transactions	5	105
Impact of reduction in UK tax rate on prior year's deferred tax	(6)	-
Adjustment in respect of prior years	5	(773)
Current tax credit for the year	(6,328)	(4,741)

(c) Factors that may affect future tax charges

Following legislation substantively enacted on 17 March 2020, the expected UK corporation tax rate increases from 17% to 19%. The deferred tax balance as at 2 May 2020 has therefore been calculated with reference to the enacted expected UK corporation tax rate of 19%.

5. Investments

Investments are stated at cost less any provisions for impairment.

The movement in the year was as follows:

	Subsidiary undertakings £000
Cost	
At beginning of year	1,112,549
Additions in the year	16
At end of year	1,112,565
Accumulated impairment losses	
At beginning and end of year	56,420
Net book value at beginning and end of year	1,056,145

The carrying value of the Company's investment in SCOTO Limited, a wholly owned subsidiary, was £1,007.4m as at 2 May 2020. SCOTO Limited holds investments in a number of businesses within the Group, including the UK regional bus business. The estimated value in use of the investment was £1,036.8m as at 2 May 2020 but alternative assumptions could result in an impairment loss.

The value in use of the Company's investment in SCOTO Limited is most sensitive to assumptions regarding the future financial performance of the Group's regional bus business, particularly given the forecasting uncertainty arising from the COVID-19 situation.

Notes to the financial statements (continued)

Registered No: SC183051

For the year ended 2 May 2020

5. Investments (continued)

Our base case forecast for the regional bus business assumes that vehicle mileage, a key driver of operating costs, is consistent with pre-COVID levels by October 2020. It also assumes that commercial revenue returns to 90% of pre-COVID levels later in the year ending 1 May 2021, is 95% of pre-COVID levels in the year ending 30 April 2022, with concessionary revenue remaining at or above 95% of pre-COVID levels throughout the forecasting period. We have discounted our cash flow projections using a

pre-tax discount rate of 9.7%, and a growth rate of 2.2% per annum is used to extrapolate cash flows beyond management's base forecasting period.

As at 2 May 2020, the value in use of the investment exceeded its carrying amount by £29.4m.

The Company owns the following subsidiary and related undertakings. The Company indirectly owns 100% of each undertaking through its holding of the stated class or classes of share or other interest unless otherwise stated.

Company	Country of registration	Class of shares/ other interest
A1 Service Limited	Scotland	Guarantor
AA Buses Limited	Scotland	Ordinary shares
Aberdare Bus Company Limited	England	Ordinary shares
Bayline Limited	England	Ordinary shares
Bluebird Buses Limited	Scotland	Ordinary shares
Busways Travel Services (1986) Limited	England	Ordinary shares
Busways Travel Services Limited	England	Ordinary shares and Ordinary-A shares
Busways Trustee (No. 1) Limited	England	Ordinary shares
Busways Trustee (No. 2) Limited	England	Ordinary shares
Cambus Limited	England	Ordinary shares
Cheltenham and Gloucester Omnibus Company Limited	England	Ordinary and Preference shares
Cheltenham District Traction Limited	England	Ordinary shares.
Chesterfield Transport (1989) Limited	England	Ordinary shares
Chesterfield Transport EBT (number 2) Limited	England	Ordinary shares
Chesterfield Transport Limited	England	Ordinary shares
Chesterfield Transport PST Limited	England	Ordinary shares
Cleveland Transit Limited	England	Ordinary shares
Cleveland Transit Trustee (No. 1) Limited	England	Ordinary shares
Cumberland Motor Services Limited	England	Ordinary shares
Devon General Limited	England	Ordinary shares
East Coast Mainline Company Limited (90%)	England	Ordinary shares
East Kent Coaches Limited	England	Ordinary shares
East Kent Road Car Company Limited	England	Ordinary shares
East London Bus and Coach Company Limited	England	Ordinary shares
East London Bus Group Property Investments Limited	England	Ordinary shares
East London Bus Limited	England	Ordinary shares
East Midlands Trains Limited	England	Ordinary shares
East Midlands Transport Information Service Limited (28%)	England	Ordinary shares
Fife Scottish Omnibuses Limited	Scotland	Ordinary shares
Formia Limited	England	Ordinary shares
Frenchwood Holdings Limited	England	Ordinary shares
G&G Travel Limited	England	Ordinary shares

5. Investments (continued)

Notes to the financial statements (continued)
For the year ended 2 May 2020

Registered No: SC183051

Glenvale Transport Limited	England	Ordinary shares
Glossopdale Bus Company Limited	England	Ordinary shares
GM Buses South (EBT) Limited	England	Ordinary shares
Greater Manchester Buses South Limited	England	Ordinary shares
Grimsby Cleethorpes Transport Company Limited	England	Ordinary shares
Go West Travel Limited	England	Ordinary shares
Halliday-HartleTravel (1988) Limited	England	Ordinary shares
Hartlepool Transport (1993) Limited	England	Ordinary B and Preference shares
Hartlepool Transport Limited	England	Ordinary shares
Hastings and District Transport Limited	England	Ordinary shares
Highland Country Buses Limited	Scotland	Ordinary shares
Inter City Railways Limited (90%)*	England	A Shares
JW Coaches Limited	Scotland	Ordinary shares
KHCT (ESOP) Limited	England	Ordinary shares
KHCT (Holdings) Limited	England	Ordinary shares
Kingston Upon Hull City Transport Limited	England	Ordinary shares
Lincoln City Transport Limited	England	Ordinary shares
Lincolnshire Road Car Company Limited	England	Ordinary shares
Megabus.com (UK) Limited	England	Ordinary shares
Megabus.com SAS	France	Ordinary shares
Megacity Limited (35%)	Scotland	Ordinary shares
Midland Red (South) Limited	England	Ordinary shares
Nicecon Limited (50%)	Scotland	Ordinary shares
P. Phythian and Son Limited	England	Ordinary shares
Parfitts Motor Services Limited	England	Ordinary shares
Planet Coach BVBA	Belgium	Ordinary shares
Planet Coach GmbH	Germany	Ordinary shares
Planet Coach SRL	Italy	Ordinary shares
Precis (1628) Limited*	England	Ordinary shares
PSV Claims Bureau	England	Ordinary shares
Red and White Services Limited	England	Ordinary shares
Rhondda Buses Limited	England	Ordinary shares
Rhondda Valley Buses Limited	England	Ordinary shares
Ribble Motor Services Limited	England	Ordinary shares
Schoolbus Limited	Scotland	Ordinary shares
SCOTO Limited*	England	Ordinary
SCOTO US Subsidiary Limited LLC	United States	LLC Units
Scottish Citylink Coaches Limited (35%)	Scotland	Ordinary shares
SCUSI Limited	England	Ordinary, A and B shares
SCUSI US Subsidiary Limited LLC	United States	LLC Units
Sharpston Limited	England	Ordinary shares
Sightseeing Buses SL (24.5%)	Spain	Ordinary shares
South East London and Kent Bus Company Limited	England	Ordinary shares
South West Trains Limited	England	Ordinary shares
South Yorkshire Supertram Limited	England	Ordinary shares
South Yorkshire Supertram Operating Company Limited	England	Ordinary shares
Southdown Motor Services Limited	England	Ordinary shares
Stagecoach (North West) Limited	England	Ordinary shares
Stagecoach (South) Limited	England	Ordinary shares
Stagecoach Bus Holdings Limited	Scotland	Ordinary shares
Stagecoach Buss Sverige AB*	Sweden	Ordinary shares
Stagecoach Devon Limited	England	Ordinary shares
Stagecoach East Midlands Trains Limited*	England	Ordinary shares

5. Investments (continued)

Notes to the financial statements (continued)

For the year ended 2 May 2020

Registered No: SC183051

Stagecoach Glasgow Limited	Scotland	Ordinary shares
Stagecoach Holdings Limited	Scotland	Ordinary shares
Stage-coach International Services Limited*	Scotland	Ordinary shares
Stagecoach Krösa AB*	Sweden	Ordinary shares
Stagecoach London Midland Trains Limited	England	Ordinary shares
Stagecoach Mälardalen AB*	Sweden	Ordinary shares
Stagecoach QUEST Trustee Limited	Scotland	Ordinary shares
Stagecoach Rail Holdings Limited*	Scotland	Ordinary shares
Stagecoach Rail Operations Limited*	England	Ordinary shares
Stagecoach Rail Projects Limited*	England	Ordinary shares
Stagecoach Rail Replacement (East) Limited	England	Ordinary shares
Stagecoach Rail Replacement (South) Limited	England	Ordinary shares
Stagecoach Rail Replacement Limited	England	Ordinary shares
Stagecoach (Scotland) Limited	Scotland	Ordinary shares
Stagecoach Services Limited	England	Ordinary shares
Stagecoach South Eastern Trains Limited*	England	Ordinary shares
Stagecoach South West Limited*	England	Ordinary shares
Stagecoach South Western Trains Limited	England	Ordinary shares
Stagecoach Supertram Maintenance Limited	England	Ordinary shares
Stagecoach Sweden AB*	Sweden	Ordinary shares
Stagecoach Technology Limited	Scotland	Ordinary shares
Stagecoach Thameslink Trains Limited	England	Ordinary shares
Stagecoach West Coast Trains Limited*	England	Ordinary shares
Swindon and District Bus Company Limited	England	Ordinary shares
Tanport Limited	England	Ordinary shares
Tees Valley Limited	England	Ordinary and A-Ordinary shares
Thames Transit Limited	England	Ordinary shares
The Barnsley and District Traction Company Limited	England	Ordinary shares
The Mexborough and Swinton Traction Company Limited	England	Ordinary shares
The Valleys Bus Company Limited	England	Ordinary shares
The Yorkshire Traction Company (Trustee) Limited	England	Ordinary shares
The Yorkshire Traction Company Limited	England	Ordinary shares
The Yorkshire Traction Group (LLCS) Limited	England	Ordinary shares
Transit Advertising Limited	England	Ordinary shares
Travel Hero Limited	England	Ordinary shares
Tyne and Wear Omnibus Company Limited	England	Ordinary shares
United Counties Omnibus Limited	England	Ordinary shares
Virgin Rail Group Holdings Limited (49%)	England	B shares
Virgin Rail Group Limited (49%)	England	Ordinary and Preference shares
Virgin Rail Projects Limited (49%)	England	Ordinary shares
Virgin Trains Sales Limited (49%)	England	Ordinary shares
Virgin Trains Limited (49%)	England	Ordinary shares
Welcome Passenger Transport Limited	England	Ordinary shares
West Coast Trains Partnership Limited (50%)*	England	Ordinary shares
West Coast Trains (49%)	England	Ordinary shares
West Sussex Buses Limited	England	Ordinary shares
Western Buses Limited	England	Ordinary shares
Whites World Travel Limited	England	Ordinary shares

* Companies are directly held by Stagecoach Transport Holdings Limited

Notes to the financial statements (continued)

Registered No: SC183051

For the year ended 2 May 2020

6. Receivables

	2020 £000	2019 £000
Non-current:		
Deferred tax asset (note 7)	<u>5,864</u>	<u>4</u>
Current:		
Amounts owed by group undertakings	<u>35,896</u>	<u>54,790</u>

All amounts owed by group undertakings accrued no interest and were repayable on demand.

7. Deferred tax asset

	2020 £000	2019 £000
At beginning of year	4	-
Credited to income statement (note 4a)	<u>5,860</u>	<u>4</u>
At end of year	<u>5,864</u>	<u>4</u>

Deferred tax included on the balance sheet comprises:

	2020 £000	2019 £000
Accelerated capital allowances	43	4
Losses	<u>5,821</u>	<u>-</u>
	<u>5,864</u>	<u>4</u>

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

	2020 £000	2019 £000
Accelerated capital allowances	39	4
Losses	<u>5,821</u>	<u>-</u>
	<u>5,860</u>	<u>4</u>

8. Payables

	2020 £000	2019 £000
Accruals	-	1,840
Amounts owed to group undertakings	<u>469,807</u>	<u>463,177</u>
	<u>469,807</u>	<u>465,017</u>

Of amounts owed to group undertakings, £402,208,000 (2019: £415,586,000) relates to interest bearing loans due to other Group companies which attract interest based on the 6 month UK LIBOR plus a margin of 3.5% or Bank of England base rate plus a margin of 1.5%. All interest bearing loans are repayable within one year. The remaining amounts owed to group companies bear no interest and are repayable on demand.

Notes to the financial statements (continued)

Registered No: SC183051

For the year ended 2 May 2020

9. Share capital

	2020	2019
	£	£
<i>Allotted and unpaid</i>		
614,683,500 (2019: 614,683,500) ordinary shares of £1 each	614,683,500	614,683,500

10. Ultimate holding Company

The Company's immediate and ultimate holding Company and controlling party is Stagecoach Group plc (registered number SC100764), registered in Scotland. Stagecoach Group plc heads the only group in which the results of the Company are consolidated. The financial statements of Stagecoach Group plc are available from 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 plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 7 and 8.

12. Post balance sheet events

Subsequent to the year end, there has been significant volatility in the economy as a result of the Coronavirus (COVID-19) pandemic.

Due to the nature of the business, and having no employees, the Company has not experienced any COVID-19 related disruption in the short-term and has not required any company specific support from the Government.

The Company was in a good financial position pre-COVID-19 and we have taken action to ensure it is well positioned to manage during this period of increased uncertainty. More details on the actions we have taken in relation to liquidity, funding and financial risk management are set out in section 1.6.10 of the Group's Annual Report, which also sets out our latest consolidated liquidity position. Section 3.11.1.4 includes comments on forecast liquidity. More details on the actions taken by Stagecoach Group plc, which includes the Company, are set out in section 3.11.1.3 of the Group's Annual Report.