East London Bus & Coach Company Limited

Financial statements for the 52 week period ended 29 April 2023

Registered number: 02328402

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Strategic report

For the 52 week period ended 29 April 2023

The directors present their strategic report on the Company for the 52 week period ended 29 April 2023.

Review of the business

East London Bus & Coach Company Limited ("the Company") is a public transport operator, operating primarily contract services within the Greater London area. The Company operates a fleet of 707 (2022: 610) buses and employs 2,342 (2022: 2,100) people.

The Company has grown its operations in London with the acquisition of "red bus" services previously operated by HCT Group, which operate from two sites at Ash Grove and Walthamstow Avenue. The depot locations are a good strategic fit for our existing London operation and extend the area previously served.

Results and performance

The results of the Company for the period ended 29 April 2023 show a loss on ordinary activities before taxation of £14,511,000 (2022: profit £4,115,000) and revenue of £188,251,000 (2022: £165,912,000). The Company has net liabilities of £18,727,000 (2022: liabilities £67,975,000).

Business environment

Along with fellow subsidiaries South East London & Kent Bus Company Limited, East London Bus Limited and since 25 June 2022, Lea Interchange Bus Company Limited, together 'the London bus business', the Company provides public transport services, primarily under contract to Transport for London ("TfL"), under a number of five or seven year contracts with varying termination dates.

Trading in our London bus operations has been challenging with a substantial reduction in profitability over the course of the year, consistent with the experience of other operators in that market. The Company is contracted to run specified services on behalf of Transport for London and cannot unilaterally reduce service levels. Accordingly, staff shortages have resulted in higher levels of lost mileage and weaker operational performance, which have resulted in higher contractual penalties and lower quality incentive income. In addition, staff and other costs have increased significantly because of the staff shortages, as well as high inflation. However, we expect profitability to recover over the medium-term as we address labour market challenges, benefit from lagged inflationary increases in contract revenues and seek to re-price contracts as they are tendered.

The Company benefits from being part of the UK Bus (London) Division of Stagecoach Group Limited ("the Group"), a nationwide public transport operator.

Strategy

We have built a sustainable business in the contracted London bus market through a measured approach to bidding, a focus on high operational quality and a close control of costs. The Company's absolute focus remains safety and operational excellence, which underpin our delivery of high quality public transport services. We also continue to take steps to improve the efficiency of our operations and maintain close control of costs.

The value of the business is supported in part by a strong freehold property portfolio. Property in London is expensive and our properties provide a strong base for the continuing operation of our bus services in East and South East London.

Future outlook

Our London Bus revenue is principally contract revenue receivable from Transport for London. Part of that revenue is contractually adjusted for changes in inflation. That, together with our continued focus on cost control and our fuel hedging programme, should help offset inflationary costs pressures in the near future. We continue to see good prospects for the London bus business and we will maintain our discipline in bidding for new contracts as well as focusing on strong operational delivery.

We expect a modest improvement in financial performance in the year ending 27 April 2024, with the benefit from higher inflation indexation of contract revenue. We believe the business will recover its profitability over the medium-term.

Looking further ahead, we expect a lasting effect of the COVID-19 pandemic on travel patterns with an acceleration in trends of increased working from home, shopping from home, telemedicine and home education. At the same time, we see positive drivers for the business from a renewed societal focus on health, wellbeing and the environment. Buses across the UK can play a major role in a cleaner, greener and more resilient economy and society, tackling climate change with strong government action to reduce car use.

We continue to see positive long-term outlook, leveraging the benefits of new ownership and supportive government policy and funding. Strong partnership working between bus operators, national government and local transport authorities is critical if we are to maximise the opportunities ahead and we are pleased that this is reflected in the direction of public policy across the country.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The management and reporting of risk is undertaken at the Group level, rather than at an individual business unit level.

The principal risks and uncertainties of Stagecoach Group Limited, which includes those of the Company, are discussed in the Group's 2023 Annual Report (paragraph 1.4.5 of the Strategic Review), which does not form part of this report.

The principal risks and uncertainties for the Group that are also applicable to the Company are:

Insurance and claims environment

The Group receives claims in respect of traffic incidents and employee claims. The Group protects itself against the cost of such claims through third party insurance policies. An element of the claims is not insured as a result of the "excess" on insurance policies. There is a risk that the number or magnitude of claims are not as expected and that the cost to the Group of settling these claims is significantly higher or lower than expected.

Fuel price fluctuations

The cost of fuel is a significant expense for the Company and the price can fluctuate widely in the market place. The Group seeks to minimise its exposure in this area through the use of fuel hedge contracts by fixing the price of a proportion of estimated fuel purchases throughout the term of the contracts with TfL.

Key performance indicators ("KPIs")

The directors of Stagecoach Group Limited manage the Group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus (London) Division of Stagecoach Group Limited, which includes the Company, is discussed in the Strategic Review (paragraph 1.4.6) of the Group's 2023 Annual Report which does not form part of this report.

Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices. The effects of changes in interest rates and commodity prices are managed at a Group level by a central Group treasury function. The Company has implemented policies, which require appropriate credit checks to be performed on potential customers before sales are made. All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company.

Section 172 statement

The Directors believe that in the decisions taken during the period ended 29 April 2023, they have acted, both individually and together, in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors have had regard to, amongst other things, the matters set out in section 172(1)(a-f) of the Companies Act 2006.

Recognising their duty to have regard to stakeholders, the Board engages with, and receives updates from various stakeholders. The views of and impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions. Due to the number and distribution of both the Company's stakeholders and the Stagecoach Group, generally our stakeholder engagement takes place at an operational and group level. The culture and values upheld when engaging with stakeholders are consistent across the Group, whichever company is communicating with stakeholders.

From the perspective of the Board, as a result of the Group governance structure, the matters that it is responsible for considering under section 172(1) of the Companies Act 2006 have been considered to an appropriate extent by the Stagecoach Group Limited Board in relation to both the Group and the Company. To the extent necessary for an understanding of the development, performance and position of the Company, an explanation of how the Board of Directors of Stagecoach Group Limited has considered the matters set out in section 172 (for the Group and for the Company) is summarised on pages 36-37 of the Group's 2023 Annual Report, which does not form part of this report.

Employees

From the perspective of the Directors, as a result of the Group governance the Group Directors have taken the lead in carrying out the duties of a director in respect of the Company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the Company during the financial period). The Directors have also considered relevant matters where appropriate. An explanation of how the Group Directors have carried out these responsibilities for the Company is set out on pages 36-37 of the Group's Annual Report, which does not form part of this report.

Section 172 statement (continued)

Other stakeholders

Similarly, from the perspective of the Directors, as a result of the Group governance structure, the Group Directors have taken the lead in carrying out the duties of a directors in respect of the Company's other stakeholders. The Directors have also considered relevant matters where appropriate. An explanation of how the Group's Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial period, is set out for both the Group and Company on pages 36-37 of the Group's Annual Report, which does not form part of this report.

By order of the Board

Bruce Dingwall

BM Dingwall
Director

One Stockport Exchange
20 Railway Road
Stockport
Cheshire
SK1 3SW

29 January 2024

Directors' report
For the period ended 29 April 2023

The directors present their 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 (52 week period ended 30 April 2022).

Results and dividends
The results of the Company for the period ended 29 April 2023 show a loss on ordinary activities before taxation of £14,511,000 (2022: profit £4,115,000) and revenue of £188,251,000 (2022: £165,912,000). The Company declared dividends of £Nil in the current period (2022: £Nil), and that the loss for the financial period amounted to £10,117,000 (2022: profit £3,332,000) be transferred to reserves.

The directors have received a guarantee of financial support from Stagecoach Group Limited due to the net liability position and therefore the directors consider the going concern assumption for the preparation of these financial statements is appropriate.

Future developments
Future developments have been discussed in the strategic report on page 2.

Financial risk management
Financial risk management has been discussed in the strategic report on page 3.

Directors and their interests
The directors who held office during the period under review and up to the date of approval of these financial statements were:

BM Dingwall	
PG Lynch	
CL Stockton-Jones	Resigned 03 July 2023
SD Greer	Appointed 03 July 2023

Employees
Human resources are key to the Company's business and the Company's relationship with its employees is fundamental to achieving its objectives. We aim to recruit and retain the best employees in our sector, which allows us to deliver good customer service. The Company invests significantly in the training and development of our people. We have strong, long-established working relationships with trade unions and work in partnership with them on a range of issues including training and development, occupational health matters, pensions and other employee benefits, as well as areas such as new vehicle design and uniform.

The Company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

Refer to s.172 disclosure in the Strategic Report on page 3 for further details on the directors' engagement with employees.

Business relationships

The directors have had regard for the need to foster the Company's business relationships with suppliers, customers and others. Details of these activities are included as part of the s.172 disclosure in the Strategic Report.

Energy and carbon reporting

Energy and carbon reporting for Stagecoach Group Limited, which includes the energy and carbon emissions figures for the Company, are disclosed in Stagecoach Group Limited's 2023 Annual Report (paragraph 1.7.2 of the Strategic Report), which does not form part of this report.

Statement of corporate governance arrangements

As the Group is now a large private company, we now follow The Wates Corporate Governance Principles for Large Private Companies issued by the Financial Reporting Council ("The Wates Principles"). The principles can be found at https://www.frc.org.uk. Until June 2022, the Group's shares were traded on the London Stock Exchange and the Company's corporate governance reflected that. In the Group's 2022 Annual Report, we reported our corporate governance arrangements with reference to the Financial Reporting Council's UK Corporate Governance Code. On 9 March 2022, Inframobility UK Bidco Limited made an all-cash offer to acquire the entire issued and to be issued share capital of the Group. That offer became unconditional on 20 May 2022.

On 28 June 2022, the listing of the Group's shares was cancelled. On 15 August 2022, Inframobility UK Bidco Limited completed the acquisition of the Group's entire issued share capital, and on 17 October 2022, the Group re-registered as a private company. Inframobility UK Bidco Limited is a Company managed by DWS Infrastructure, a long-term infrastructure investment management business. During the period ended 29 April 2023, we adjusted our corporate governance arrangements to reflect the change in ownership of the Group and the de-listing of its shares, transitioning from applying the UK Corporate Governance Code to applying the Wates Principles, an explanation of is summarised on pages 41-43 of the Group's 2023 Annual Report, which does not form part of this report.

For the 52 week period ended 29 April 2023, the Company has prepared the financial statement in accordance with The Companies (Miscellaneous Reporting) Regulations 2018 (the "Reporting Regulations"). In complying with these requirements, the Company has elected not to apply a code because for the period ended 29 April 2023, Stagecoach Group Limited, has applied the Wates Principles, which was applied throughout the Group.

Reflecting the structure of the Group, a number of corporate governance matters are reserved for the board of Stagecoach Group Limited. The principal responsibilities include agreeing the overall strategy and investment policy, to approve major capital expenditure, to monitor performance and risk management procedures of senior management, to ensure there are proper internal controls in place and to consider major acquisitions or disposals.

The Executive Directors of the Group maintain day-to-day contact and meet regularly face-to-face or in video conferences with senior management and Directors of the Company. The Company's managing director reports to one of four regional directors and is supported by his or her own management teams. The regional directors report to the UK Managing Director. To the extent necessary for an understanding of the corporate governance arrangements applied across the Group, an explanation of is summarised on pages 41-43 of the Group's 2023 Annual Report, which does not form part of this report.

Donations

Donations to charitable organisations amounted to £500 (2022: £Nil).

The Company does not make political contributions and accordingly there were no payments for political purposes during the period (2022: £Nil).

Impact of COVID-19

We believe our business model remains appropriate for a post COVID-19 world. Our business model adjusted during the pandemic, with more of our income being from COVID-19 grants from government. We expect our business model will continue to evolve to reflect the opportunities presented from changes in government policy and climate change, and to respond to a closer relationship with government.

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 of the recent trading performance. The Company is in a net current liabilities and net liabilities 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 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(a) for further details on the going concern basis.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), Financial Reporting Standard 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101 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.

Independent auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of Stagecoach Group Limited.

Indemnification of directors and officers

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

Directors' report (continued)
For the period ended 29 April 2023

By order of the Board

Bruce Dingwall

BM Dingwall
Director

One Stockport Exchange
20 Railway Road
Stockport
SK1 3SW

29 January 2024

Opinion
We have audited the financial statements of East London Bus & Coach Company Limited for the period ended 29 April 2023 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22, 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 loss for the period 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 as applied to other entities of public interest, 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 Stagecoach Group Limited to provide financial support on a non-binding basis. As stated in Note 1, these events or conditions, along with the other matters as set forth in note 1, 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 evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- A reassessment of the conclusions reached on the Stagecoach Group Limited going concern assessment performed for a period to 26 October 2024 and an assessment of the Stagecoach Group Limited going concern assessment extended for a period to 31 January 2025, as the subsidiary is relying on parental company support.
- Procedures performed include: obtaining actual results and comparing them to the forecasts audited during the Group audit; assessing the underlying assumptions and confirming with management that no changes have occurred since the Group audit; assessing the underlying assumptions for the extended going concern period; and ensuring that there are no changes to the groups' debt facilities, liquidity and banking covenants compliance.

Material uncertainty related to going concern (continued)

- *Consideration of the total parental support required by all subsidiaries, and an assessment of Stagecoach* Group Limited's ability to provide the level of support required by its subsidiaries. From this assessment performed we note that there are sufficient resources available to provide the required level of support to for a period of 12 months from approval of the financial statements.

- Assessment of the wording of the Parental Support Letter and associated disclosures.

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.

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 period 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 8, 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 laws, and to the reporting framework (FRS 101 and Companies Act 2006) and relevant tax compliance regulations in the UK.
- We understood how East London Bus & Coach Company Limited is complying with those frameworks by making enquiries of management, those charged with governance, internal audit, and those responsible for legal and compliance procedures. We corroborated 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 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 manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included reading board minutes to identify any non-compliance with laws and regulations and enquiries of 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

Date: 30 January 2024

Income statement

For the period ended 29 April 2023

	Note	**52 week period ended 29 April 2023**	52 week period ended 30 April 2022
		£000	£000
Revenue	2	**188,251**	165,912
Operating cost		**(201,240)**	(159,885)
Gross (loss)/profit		**(12,989)**	6,027
Other operating income	3	**2,133**	1,950
Operating (loss)/profit		**(10,856)**	7,977
Finance charges	8	**(3,600)**	(3,862)
(Loss)/profit on ordinary activities before taxation and exceptional items		**(14,456)**	4,115
Exceptional items	4	**(55)**	-
(Loss)/profit before taxation		**(14,511)**	4,115
Tax on (loss)/profit on ordinary activities	9	**4,394**	(783)
(Loss)/profit for the financial period		**(10,117)**	3,332

All activities relate to continuing operations.

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

Statement of other comprehensive income
For the period ended 29 April 2023

	Note	**52 week period ended 29 April 2023**	52 week period ended 30 April 2022
		£000	£000
(Loss)/profit for the financial period		**(10,117)**	3,332
Other comprehensive income:			
Actuarial gain on retirement benefit obligations	15	**77,021**	76,510
Other comprehensive income		**77,021**	76,510
Tax charge relating to actuarial gain on retirement benefit obligations	14	**(17,703)**	(10,288)
Other comprehensive income for the period, net of tax		**59,318**	66,222
Total comprehensive income for the period		**49,201**	69,554

Balance sheet

As at 29 April 2023

	Note	2023	2022
		£000	£000
Non-current assets			
Intangible assets	10(a)	**12,203**	-
Tangible assets	10(b)	**22,243**	21,135
Right of use assets	10(c)	**7,513**	4,515
Retirement asset	15	**13,652**	-
Deferred tax asset	14	**1,076**	17,681
		56,687	43,331
Current assets			
Stocks	11	**1,038**	813
Debtors: amounts falling due within one year	12	**11,177**	24,393
Cash at bank and in hand		**809**	12
		13,024	25,218
Current liabilities			
Creditors: amount falling due within one year	13	**(77,251)**	(61,047)
Corporation tax creditor		**-**	(739)
Provisions for liabilities and charges	14	**(2,289)**	(283)
		(79,540)	(62,069)
Net current liabilities		**(66,516)**	(36,851)
Total assets less current liabilities		**(9,829)**	6,480
Creditors: amount falling due after more than one year	13	**(5,121)**	(2,354)
Provisions for liabilities and charges	16	**(3,777)**	(1,288)
Retirement benefit liabilities	15	**-**	(70,813)
Net liabilities		**(18,727)**	(67,975)
Capital and reserves			
Called up share capital	17	**4,263**	4,263
Share premium account	17	**10,662**	10,662
Revaluation reserve		**134**	134
Contribution reserve		**92**	45
Profit and loss account		**(33,878)**	(83,079)
Total shareholders' deficit		**(18,727)**	(67,975)

The financial statements on pages 14 to 47 were approved by the board of directors on 29 January 2024 and were signed on its behalf by:

Bruce Dingwall

BM Dingwall
Director

Statement of changes in equity
As at 29 April 2023

	Called up share capital £000	Share premium account £000	Contribution reserve £000	Profit and loss account £000	Revaluation reserve £000	Total shareholders' deficit £000
At 1 May 2021	**4,263**	**10,662**	**11**	**(152,633)**	**134**	**(137,563)**
Profit for the financial period	-	-	34	3,332	-	3,366
Other comprehensive income for the period	-	-	-	66,222	-	66,222
Total comprehensive income for the period	**-**	**-**	**34**	**69,554**	**-**	**69,588**
At 30 April 2022	**4,263**	**10,662**	**45**	**(83,079)**	**134**	**(67,975)**
Loss for the financial period	-	-	47	(10,117)	-	(10,070)
Other comprehensive income for the period	-	-	-	59,318	-	59,318
Total comprehensive income for the period	**-**	**-**	**47**	**49,201**	**-**	**49,248**
At 29 April 2023	**4,263**	**10,662**	**92**	**(33,878)**	**134**	**18,727**

Reference for called up share capital in note 16.

Notes to the financial statements

For the period ended 29 April 2023

1 Accounting policies

a) Basis of accounting

The principal accounting policies, all of which have been applied consistently throughout the 52 week period to 29 April 2023 and the preceding reporting period, are:

The Company is a private company limited by shares, incorporated and domiciled in the UK and registered in England. The address of the Company's registered office is shown on page 9 and a description of the Company's principal activities are set out on page 1. The registered number is 02328402.

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 IFRS 15 'Revenue from contracts with customers'
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- 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. The financial statements are prepared in Sterling which is the functional currency and presentational currency of the entity, and rounded to the nearest £'000.

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 of the recent trading performance and increased and uncertain cost inflation. The Company is in a net current liabilities and net liabilities 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.

1 Accounting policies (continued)

a) Basis of accounting (continued)

Going concern (continued)
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 costs 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.

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 between 75% and 76% of pre-COVID levels in the going concern period;
- commercial revenue at between 90% and 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.

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

1 Accounting policies (continued)

a) Basis of accounting (continued)

i) 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.

ii) 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 financial statements and are listed below.

International Accounting Standards and Interpretations	Effective for annual periods beginning on or after
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
Amendments to IAS 8, Definition of Accounting Estimates	01 January 2023
Amendments to IAS 1 and IFRS and IFRS Practice Statement 2, Disclosure of Accounting policies	01 January 2023
• IFRS 17 Insurance Contracts • Amendments to IFRS 17 • Initial Application of IFRS 17 and IFRS 9 – Comparative Information	01 January 2023
Amendments to IAS 1, Presentation of Financial Statements • Non-current Liabilities with Covenants • Deferral of Effective Date Amendment • Classification of Liabilities as Current or Non-Current	01 January 2024*
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	01 January 2024*
Amendments to IAS 12 Income taxes: International Tax Reform –Pillar Two Model Rules	01 January 2023*
Amendments to IFRS 16, Leases – Lease Liability in a Sale and Leaseback	01 January 2024*

* Not yet adopted by the UK Endorsement Board.

b) Revenue

Revenue principally comprises of revenue from the operation of contracted bus services in London and the South East of the United Kingdom primarily to Transport for London ("TfL") and engineering sales receivable in respect of the period. Revenue is shown net of value-added tax, rebates and discounts. The Company recognises revenue when the amount of revenue can be reliably measured. Performance based incentives are recognised in the period in which they become certain by reference to data provided by TfL. The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class.

1 Accounting policies (continued)

c) Other operating income

Revenues incidental to the Company's principal activity are as other operating income, and are recognised in the income statement in the period in which they are earned. Income from other sources is reported as other operating income. These other sources include COVID-related grant income and selling advertising space on vehicles.

d) Intangible assets and amortisation

Intangible assets consisting of software are shown at their original historic cost net of amortisation and any provision for impairment. Cost includes the original purchase price of the assets and costs attributable to bringing the asset to its working condition intended for its use. Intangible assets with finite lives are amortised over useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful economic life is as follows:

Software	5 years

Amortisation is recorded within operating costs

e) Property, plant and equipment

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. Land and buildings and other fixed assets are shown at cost, net depreciation and any provision for impairment as set out in note 10(b).

Depreciation on revalued buildings is charged to income. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the subsequent sale or scrappage of a revalued property the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to the profit and loss reserve.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its estimated useful life, as follows:

Freehold buildings	50 years
Leasehold land and buildings	over the period of lease
Public service vehicles ('PSVs')	7 to 12 years
Plant and equipment	3 to 10 years
Furniture and fittings	3 to 10 years

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) in the income statement.

Public service vehicles ('PSVs') are generally depreciated over periods ranging from 7 to 12 years after making allowances for estimated residual values.

1 Accounting policies (continued)

f) Leases

The Company leases many assets including properties, office and plant equipment. Rental contracts are typically made for a fixed period of 6 months to 100 years. Certain leases have extension options which the Company may choose to exercise.

For contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration, the Company recognises lease liabilities to make lease payments, and right-of-use assets representing the right to use the underlying asset.

Effect of lease extensions and break clauses on lease terms

Options to extend leases and break clauses are included in a number of the Company's leases. These are used by the Company to maximise flexibility in managing its assets and operations to meet passenger demands. The Company considers all the circumstances that create an economic incentive to exercise an extension option or not utilise a break clause. An extension option or the periods after a break clause are only included in a lease term if the lease is reasonably certain to be extended or if the break clause is reasonably certain not to be utilised.

For leases of properties, the Company considers the likely value of future rentals and anticipated changes in services operated from the property when considering whether it is reasonably certain to extend a lease or not to utilise a break clause.

Measurement of lease liabilities

Liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- Fixed lease payments, less any lease incentives receivable;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option;
- Payments to be made under reasonably certain extension options;
- Variable lease payments that are based on an on index or rate, initially measured using the index or rate at the commencement date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Incremental borrowing rates are determined for each internal reporting period and applied to the leases entered into during each such period.

1 Accounting policies (continued)

f) Leases (continued)

Measurement of lease liabilities (continued)

To determine the incremental borrowing rate, the Company:

- uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received;
- makes adjustments to the rate to reflect the terms and conditions specific to the lease. These will include adjustment for items such as the lease term and the right-of-use asset being leased.

The Company is exposed to potential future increases in variable lease payments for some properties based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. There are no leases with other forms of variable payment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Contracts can contain lease and non-lease components. For all property leases, the Company has separated lease and non-lease components. For all other leases, the Company has elected not to separate lease and non-lease components but instead accounts for these as a single lease component. Non-lease components for properties are excluded from the projection of future lease payments and are treated as a separate expense on a straight-line basis within operating costs. Lease terms are negotiated lease by lease resulting in a wide range of terms and conditions. The lease agreements do not generally impose any financial covenants. The principal restriction on assets held under lease or hire purchase agreements is a restriction on the right to dispose of the assets during the period of the agreement.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- dilapidation provisions.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and low-value assets
Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets have a capital value, when new, of less than £4,500 and comprise principally IT equipment and small items of office equipment.

1 Accounting policies (continued)

g) Stocks

Stocks of parts and consumables are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items. Cost is determined using the first-in, first-out ("FIFO") method for fuel stocks and average cost method for all other stocks.

h) Grants

Grants from government are recognised where there is reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs (or net losses) are deferred and recognised in the income statement over the period necessary to match them with the costs (or net losses) they are intended to compensate. Government grants received in excess of the amounts recognised in the income statement are held as deferred grant income within trade and other payables.

COVID-19 related grants are government grants receivable in light of the ongoing COVID-19 situation. The amounts principally reflect grants receivable under the Coronavirus Job Retention Scheme ("CJRS"). Under the CJRS, grant income may be claimed in respect of certain costs to the Company of furloughed employees. CJRS income is recognised in the income statement in the same period in which the related costs are incurred to the extent there is reasonable certainty that the grant will be received.

i) Financial assets

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company classifies its financial assets in the following category:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost and gains and losses are recognised in the income statement. They are included in current assets. The most significant financial assets under this category are 'debtors due within one year' and 'cash at bank and in hand'.

j) Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

k) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless at the balance sheet date, the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

m) Pensions and retirement benefit obligations

Certain employees of the Company are members of the Stagecoach Group Pension Scheme – London Section (formerly East London Bus & Selkent pension scheme), a defined benefit pension scheme that is also open to certain employees of other Group companies. It is funded through payments to a trustee-administered fund, determined by periodic actuarial calculations. The Company also contributes to a defined contribution scheme.

For the period until acquisition by Stagecoach Bus Holdings Limited, the retirement benefit obligation was held by a fellow group company and as the Company was unable to identify its share of the underlying assets and liabilities, the contributions paid by the Company are accounted for as if the scheme was a defined contribution scheme.

On acquisition by Stagecoach Bus Holdings Limited, the assets and liabilities of the East London & Selkent pension scheme were recognised.

In respect of the defined benefit scheme, obligations are measured at discounted present value whilst scheme assets are recorded at market value. The recognised net asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the scheme. An economic benefit is available to the Company if it is realisable during the life of the scheme or on settlement of the scheme liabilities.

The operating and financing costs of the defined benefit plan is included within operating profit and is disclosed separately in the notes to the financial statements; service costs are spread systematically over the working lives of employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income. Mortality rates are considered when retirement benefit obligations are calculated.

Past service costs and adjustments are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period), in which case the past service costs are amortised using a straight-line method over the vesting period.

A full actuarial valuation is undertaken triennially for the scheme and updated annually using independent actuaries following the projected unit credit method. The present value of the scheme obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity equivalent to the terms of the related obligations. Experience adjustments and changes in assumptions which affect actuarial gains and losses are reflected in the actuarial gain or loss for the period. For defined contribution schemes, the Company pays contributions to separately administered pension schemes. Once the contributions have been paid, the Company has no further payment obligations. The Company's contributions to defined contribution schemes are charged to the income statement in the period to which the contributions relate.

1 Accounting policies (continued)

n) Share based payments

The Group issues cash-settled share based payments to certain employees.

The cost of the cash-settled transactions is measured at fair value. Fair value is estimated initially at the grant date and at each balance sheet date thereafter until the awards are settled. Market based performance are taken into account when determining fair value.

During the vesting period, a liability is recognised representing the estimated fair value of the award and the portion of the vesting period expired as at the balance sheet date. Changes in the carrying amount of the liability are recognised in the income statement for the period.

o) Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to the present value where the effect is material. The increase in the provision due to passage of time is recognised as interest expense.

p) Tax

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 profits 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.

1 Accounting policies (continued)

q) Lease obligations

Assets acquired under leases are recorded in the balance sheet as an asset (at the equivalent of the purchase price) and as an obligation to pay future lease rentals. Obligations from leases within creditors represent the total of the capital payments outstanding at the balance sheet date. Future finance charges are not included.

The interest element of lease obligations is charged to the income statement over the period of the lease.

r) Dividend distribution

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

s) Cash flow statement

East London Bus & Coach Company Limited is not required to prepare a cash flow statement under IAS 7, as it is a wholly owned subsidiary undertaking of Stagecoach Group Limited whose consolidated financial statements, which are publicly available, include a consolidated cash flow statement in which the cash flows of the company are included.

t) Financial instruments

The disclosure of the accounting policy that follows for financial instruments are those that apply under IAS 39 'Financial Instruments: Recognition and measurement' for.

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company has only entered into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, financing arrangements with banks and other third parties and balances due from and to related parties.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Full details of the financial instruments policy of Stagecoach Group Limited are discussed in note 1 of the Group's 2023 Annual Report.

u) Trade and other payables

Trade and other payables are generally not interest bearing and are stated at amortised cost which approximates to nominal value due to creditors days being relatively low.

1 Accounting policies (continued)

v) Trade receivables

Trade receivables are recorded at their original amount less provision for expected credit losses. The Company has elected to apply the simplified version of the expected credit loss model permitted by IFRS 9 in respect of trade receivables. The lifetime expected credit losses are assessed for all balances. The Company has established a provision matrix that is based on its historical credit loss experience and is adjusted for specific forward-looking factors. The carrying amount of the receivable is reduced through the use of a provision account and movements in the provision are recognised in the income statement within operating costs and other income. When a previously provided trade receivable is uncollectable, it is written off against the provision.

Adjustments to this policy may be made in specific circumstances. At each reporting date, the Company assesses whether trade receivables are credit-impaired. This includes a review of whether the customer is in significant financial difficulty, the probability that the customer will enter bankruptcy or financial reorganisation, and any default or delinquency in payments.

w) Cash and cash equivalents

For the purposes of the balance sheet, cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities at the balance sheet date of twelve months or less that are available for meeting short-term cash commitments and subject to no significant penalty for early withdrawal.

x) Reserves

The Company has a number of reserve accounts.

Called up share capital represents the nominal value of the issued share capital of the Company.

Capital account represents capital contributions made prior to the Company adopting FRS 101.

Revaluation reserve represents the balance recognised on the revaluation of certain prior properties prior to the adoption of FRS 101.

Contribution reserve represents equity investments that have been made by the parent company.

The Profit and loss account is the cumulative retained loss of the Company.

1 Accounting policies (continued)

y) Critical accounting policies and estimates

Preparation of the financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' requires Directors to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual outcomes could differ from those estimated. The Directors believe that the accounting policies and estimation techniques discussed below represent those that require the greatest exercise of judgement. The Directors have used their best judgement in determining the estimates and assumptions used in these areas but a different set of judgements could result in material changes to the Company's reported financial performance and/or financial position.

The critical accounting policies summarised below cover the policies regarded by the Directors as critical to the Company's reporting in general.

i) *Pensions*

The determination of the Company's pension benefit obligation and expense for defined benefit pension schemes is dependent on the selection by the Directors of certain assumptions used by actuaries in calculating such amounts. Those assumptions include the discount rate, the annual rate of increase in future salary levels and mortality rates. The Directors' assumptions are based on actual historical experience and external data. While we believe that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the pension obligation and future expense.

ii) *Taxation*

The Company's tax charge is based on the pre-tax profit for the period and tax rates in force. Estimation of the tax charge requires an assessment to be made of the potential tax consequences of certain items that will only be resolved when agreed by the relevant tax authorities. Assessment of the likely outcome is based on historical experience, professional advice from external advisors, and the current status of any judgemental issues. However, the final tax cost to the company may differ from the estimates.

iii) *Property, plant and equipment*

Property, plant and equipment, other than land, are depreciated on a straight-line basis to write off the cost or valuation less estimated residual value of each asset over the shorter of their estimated useful lives. Useful lives are estimated based on a number of factors, including the expected usage of the asset, expected deterioration and technological obsolescence. If another depreciation method (for example, reducing balance) was used or different useful lives or residual values were applied, this could have a material effect on the Company's depreciation charge and net profit.

2 Revenue

Revenue represents contract services primarily to Transport for London, rail replacement services, excursion hires and engineering sales receivable in respect of the period. The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class.

	2023	2022
	£000	£000
Contract services	**184,325**	163,476
Other revenue	**3,926**	2,436
	188,251	165,912

3 Other operating income

	2023	2022
	£000	£000
Advertising income	**1,229**	1,221
Government grant income	**-**	19
Other miscellaneous revenue	**904**	710
Total income	**2,133**	1,950

In the prior period, we have recognised grant income under CJRS.

4 Exceptional items

In the current period, Share Based payments and National Insurance totalling £55,000 were recognised as exceptional items due to early vesting as a result of change of control for the Executive Participation Plan.

5 (Loss)/profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation for the period is stated after charging:

	2023	2022
	£000	£000
Loss on disposal of vehicles, plant & equipment	**9**	120
Depreciation		
- owned	**3,001**	3,119
- right of use assets	**1,672**	1,135
Rentals payable on low-value and short-term leases	**212**	44
PSV intercompany rental charges	**8,943**	6,484

No auditors' fees have been settled directly by the Company. Audit fees of £19,643 (2022: £11,250) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

6 Directors' remuneration

	2023	2022
	£000	£000
Emoluments of directors	**155**	116

The above details of directors' emoluments include an apportionment of the emoluments of PG Lynch, CL Stockton-Jones and BM Dingwall (2022: PG Lynch, CL Stockton-Jones and BM Dingwall) which are paid by fellow group undertaking, Stagecoach Services Limited with the exception of BM Dingwall which are paid by Stagecoach Holdings Limited.

No part of the remuneration of SD Greer is directly attributable to the Company.

The number of directors who accrued benefits in pension schemes during the period was a follows

	2023	2022
	Number	Number
Defined contribution scheme	**1**	1

The number of directors who exercised share options in the parent company during the period was a follows

	2023	2022
	Number	Number
Directors exercising share options	**-**	2

7 Staff costs

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

	2023	2022
By activity	**Number**	Number
Operations	**2,097**	1,870
Administration & supervisory	**245**	230
	2,342	2,100

	2023	2022
The aggregate remuneration comprised:	**£000**	£000
Wages and salaries	**96,265**	73,028
Social security costs	**10,004**	7,758
Other pension costs (see note 15)	**3,015**	6,219
Share based payments - equity settled (see note 19)	**-**	34
	109,284	87,039

8 Finance charge

	2023	2022
	£000	£000
Unwinding of other provision discount	13	-
Lease interest expense	121	99
Net finance charge on pension liability (see note 15)	2,083	2,874
Intercompany loan interest	1,383	889
	3,600	3,862

9 Tax on (loss)/profit on ordinary activities

a) Tax recognised in the income statement

	2023	2022
Current tax:	£000	£000
UK corporation tax on (loss)/profit of the period	-	739
Amounts receivable from fellow group undertaking in respect of losses	(3,286)	-
Adjustments in respect of prior periods	(10)	(39)
Total current tax	(3,296)	700
Deferred tax:		
Origination and reversal of timing differences	(1,181)	43
Adjustments in respect of prior periods	83	40
Total deferred tax (note 14)	(1,098)	83
Total tax reported in the income statement	(4,394)	783

b) Tax relating to items charged outside of the income statement

	2023	2022
	£000	£000
Tax on net actuarial gains on defined benefit pension scheme	17,703	10,288

9 Tax on (loss)/profit on ordinary activities (continued)

c) Factors affecting the tax (credit)/charge for the period

The tax assessed for the period is lower (2022: higher) than the standard rate of corporation tax in the UK of 19.49% (2022: 19.00%). The differences are explained below:

	2023	2022
	£000	£000
(Loss)/profit on ordinary activities before tax	**(14,511)**	4,115
(Loss)/profit on ordinary activities multiplied by standard rate of income tax in the UK of 19.49% (2022: 19.00%)	**(2,829)**	782
Effect of:		
Non tax deductible expenditure and other permanent differences	**33**	(10)
Treatment of inter-company transactions	**41**	5
Impact of excess pension contributions where pension in surplus	**(1,451)**	-
Impact on current year movement (differential in rates 19.5% - CT to 25% - DT)	**(260)**	-
Impact on deferred tax from change in UK corporation tax rate from 19% to 25%	**-**	5
Adjustments in respect of prior periods	**72**	1
Total tax reported in the income statement	**(4,394)**	783

d) 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%.

10 Fixed assets

a) intangible assets

The movement in the period is summarised below:

	Purchase goodwill	Profit making contracts	Computer software	Total
	£000	£000	£000	£000
Cost or valuation				
Beginning of period	-	-	-	-
Reclassification from tangible assets	-	-	393	393
Additions	11,485	1,170	63	12,718
End of period	**11,485**	**1,170**	**456**	**13,111**
Accumulated amortisation				
Beginning of period	-	-	-	-
Charge for the period	-	(453)	(1)	(454)
Reclassification from tangible assets	-	-	(393)	(393)
Additions	-	-	(61)	(61)
End of period	**-**	**(453)**	**(455)**	**(908)**
Beginning of period	-	-	-	-
End of period	**11,485**	**717**	**1**	**12,203**

Intangible assets consist of computer software, goodwill arising on the purchase of new routes or operations and the purchase of profit-making contracts.

During the period, the Company taken over the running of HCT Group's London 'red bus' services. The goodwill arising from this acquisition amounts to £11,485,000 with a further £1,170,000 attributable to profit making contracts.

Amortisation is calculated to write off the cost of the asset over its estimated useful life and is charged to operating costs in the income statement.

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

10 Fixed assets (continued)

b) Tangible assets

The movement in the period is summarised below:

	Freehold land and buildings £000	Leasehold land and buildings £000	Public service vehicles £000	Other plant & equipment and furniture & fittings £000	Total £000
Cost or valuation					
Beginning of period	2,261	4,551	39,020	7,412	53,244
Additions	134	-	4,257	476	4,867
Disposals	-	-	(495)	(67)	(562)
Reclassification to intangibles	-	-	-	(393)	(393)
Intercompany transfers	-	-	3,216	337	3,553
End of period	**2,395**	**4,551**	**45,998**	**7,765**	**60,709**
Accumulated depreciation					
Beginning of period	(891)	(2,880)	(21,545)	(6,793)	(32,109)
Charge for the period	(53)	(215)	(2,516)	(217)	(3,001)
Additions	-	-	(888)	(224)	(1,112)
Disposals	-	-	475	67	542
Reclassification to intangibles	-	-	-	393	393
Intercompany transfers	-	-	(3,037)	(142)	(3,179)
End of period	**(944)**	**(3,095)**	**(27,511)**	**(6,916)**	**(38,466)**
Beginning of period	1,370	1,671	17,475	619	21,135
End of period	**1,451**	**1,456**	**18,487**	**849**	**22,243**

There is no right of use assets included in the above.

Land and buildings were re-valued at 29 April 1996 by Oliver Liggins, Chartered Surveyors, independent valuers not connected with the company, on the basis of open market value for existing use.

At 29 April 2023 had the land and buildings of the Company been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately £2,811,000 (2022: £2,944,000).

10 Fixed assets (continued)

c) Right of use assets

The movement in the period is summarised below:

	Leasehold land and buildings £000
Cost or valuation	
Beginning of period	9,185
Additions	4,670
End of period	**13,855**
Accumulated depreciation	
Beginning of period	(4,670)
Charge for the period	(1,672)
End of period	**(6,342)**
Beginning of period	4,515
End of period	**7,513**

Cash outflows of £1,867,000 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: £2,249,000).

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

	Note	**2023 £000**	2022 £000
Depreciation			
Land and buildings	10(c)	**1,672**	1,186
Total depreciation for right-of-use assets		**1,672**	1,186
Expense relating to short-term leases		**9,145**	30
Expense relating to low value leases		**10**	14
Lease costs included within operating profit		**10,827**	1,230
Interest expense included in finance costs	8	**121**	99
Lease costs included within profit before tax		**10,948**	1,329

Notes to the financial statements (continued)

For the period ended 29 April 2023

11 Stocks

	2023	2022
	£000	£000
Finished goods	**1,038**	813

In the opinion of the directors, there is no material difference between the balance sheet value of stock and the replacement cost.

The cost of stock recognised as an expense and included in the operating costs during the period amounted to £28,941,000 (2022: £19,074,000)

12 Debtors

	2023	2022
Amounts falling due within one year:	**£000**	£000
Amounts owed by group undertakings	**1,429**	17,387
Intercompany group relief receivable	**3,286**	-
Prepayments	**892**	684
Contract assets	**5,570**	6,322
	11,177	24,393

Amounts owed by group undertakings within one year accrue no interest and are repayable on demand.

Contract assets represents amounts that have been earned by the Company prior to the balance sheet date which remain un-invoiced at the balance sheet date.

13 Creditors

	2023	2022
Amounts falling due within one year:	**£000**	£000
Lease liabilities	**2,278**	2,964
Amounts owed to group undertakings	**10,419**	1,316
Intercompany loans payable	**41,678**	40,633
PAYE and NIC payable	**3,174**	2,608
Accruals	**17,355**	12,429
Contract liabilities	**206**	232
Pension creditor	**1,380**	865
Other creditors	**761**	-
	77,251	61,047

13 Creditors (continued)

	2023	2022
Amounts falling due after more than one year:	**£000**	£000
Lease liabilities	**5,117**	2,354
Accruals	**4**	-
	5,121	2,354

Of the above amounts owed to group undertakings, £41,678,000 (2022: £40,633,000) incur interest at a rate of 4.7% (2022: 5%) above the six month London Inter Bank Offered Rate (LIBOR). All other amounts accrue no interest and are repayable on demand.

There is no significant difference between the net book amount and the fair value of current trade and other payables due to the short term nature.

14 Deferred tax asset

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

Deferred tax to be recovered after more than 12 months

	2023	2022
	£000	£000
Deferred tax asset/(liability)	**1,076**	(22)
Pension temporary differences	**-**	17,703
Net deferred tax asset	**1,076**	17,681

The gross movement on the deferred income tax account is as follows:

	2023	2022
	£000	£000
At beginning of period	**17,681**	28,052
Credited/(charged) to income statement (note 9a)	**1,098**	(83)
Charged to equity (note 9b)	**(17,703)**	(10,288)
At end of period	**1,076**	17,681

14 Deferred tax asset (continued)

The deferred tax included in the balance sheet comprises:

	2023	2022
	£000	£000
Accelerated capital allowances	(572)	(382)
Pension temporary differences	-	17,703
Other temporary differences	355	360
Losses	1,293	-
Net deferred tax asset	1,076	17,681

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

	2023	2022
	£000	£000
Accelerated capital allowances	(190)	(290)
Pension temporary differences	-	69
Other short-term temporary differences	(5)	138
Losses carried forward	1,293	-
Deferred tax expense	1,098	(83)

15 Retirement benefit liability

The Company participates to the Stagecoach Group Pension Scheme – London Section (formerly East London Bus & Selkent pension scheme) which is a defined benefit scheme under common control of the group entities.

Until acquisition by Stagecoach Bus Holdings Limited, the East London Bus & Selkent pension scheme was accounted for as a defined benefit plan in the financial statements of the Group's ultimate UK parent company, East London Bus Group Holdings Limited, and defined contribution accounting was used for this and other Group companies. Following its acquisition by Stagecoach Bus Holdings Limited on 15 October 2010, the East London Bus & Selkent pension scheme was accounted for as a defined benefit plan in the Company's financial statements, and defined contribution accounting has been used for other Group companies. Since 4 April 2016, the East London Bus & Selkent pension scheme name was changed to Stagecoach Group Pension Scheme – London Section.

In addition, the Company operates various defined contribution schemes for its employees, for which it has no further obligation once the contributions are paid. Contribution costs of £5,425,000 (2022: £4,235,000) were recognised by the Company, and as at 29 April 2023 there was a creditor of £1,380,000 (2022: £865,000) in relation to these contributions.

Notes to the financial statements (continued)

For the period ended 29 April 2023

15 Retirement benefit liability (continued)

The amounts recognised in the balance sheet were determined as follows:

	2023	2022
	£000	£000
Equities	37,966	282,101
Bonds	242,387	40,336
Property	31,475	-
Cash	18,138	11,486
Fair value of plan assets	329,966	333,923
Present value of obligations	(308,963)	(404,736)
Net surplus/(liability) before tax	21,003	(70,813)
Withholding tax provision on recoverable surplus	(7,351)	-
Retirement benefit surplus/(liability) net of withholding tax	13,652	(70,813)

At 29 April 2023, 100% (2022: 100%) of scheme assets were quoted on a recognised stock exchange or held in cash or asset readily convertible to cash and therefore considered to be liquid.

The amounts recognised in the income statement were as follows:

	2023	2022
	£000	£000
Current service cost	3,786	4,630
Administration cost	201	201
Interest cost	2,083	2,874
Total defined benefit cost	6,070	7,705
Defined contribution cost	5,425	4,235
Total income statement charge	11,495	11,940

The impact of the income statement charge can be analysed as follows:

	2023	2022
	£000	£000
Total included in staff costs (note 7)	3,015	6,219
Total included in interest receivable and similar charges (note 8)	2,083	2,874
	5,098	9,093

15 Retirement benefit liability (continued)

The amounts recognised within the statement of other comprehensive Income were as follows:

	2023	2022
	£000	£000
Actual return on assets higher than discount rate	**(13,187)**	8,211
Experience losses arising on benefit obligations	**(22,232)**	(6,802)
Changes in assumptions underlying the present value of the scheme liabilities	**119,791**	75,101
Credited to other comprehensive income	**84,372**	76,510
Withholding tax charge on distribution of recoverable surplus	**(7,351)**	-
	77,021	76,510

The movement in the asset recognised in the balance sheet in respect of the defined benefit plan during the period under IAS 19 was:

	2023	2022
	£000	£000
Liability at the beginning of period	**(70,813)**	(146,959)
Charged to income statement	**(6,070)**	(7,705)
Recognised in statement of comprehensive income	**84,372**	76,510
Employer's contributions	**13,514**	7,341
Surplus/(deficit) at end of period	**21,003**	(70,813)
Movement in withholding tax provision on recoverable surplus	**(7,351)**	-
Retirement benefit surplus/(liability) net of withholding tax	**13,652**	(70,813)

The movement in fair value of the plan assets during the period under IAS 19 is as follows:

	2023	2022
	£000	£000
At beginning of period	**333,923**	326,475
Remeasurement - return on plan assets	**(13,187)**	8,211
Interest income	**10,463**	6,276
Administration cost	**(201)**	(201)
Employer's contributions	**13,514**	7,341
Members' contributions	**330**	348
Benefits paid	**(14,876)**	(14,527)
At end of period	**329,966**	333,923

15 Retirement benefit liability (continued)

The movement in the present value of obligations recognised in the balance sheet in respect of the defined benefit plan during the period under IAS 19 is as follow:

	2023	2022
	£000	£000
At start of period	**404,736**	473,434
Current service cost	**3,786**	4,630
Past service cost		-
Interest cost on benefit obligations	**12,546**	9,150
Contribution by employees	**330**	348
Actuarial loss - experience on benefit obligations	**22,232**	6,802
Actuarial gain - changes in assumptions	**(119,791)**	(75,101)
Benefits paid	**(14,876)**	(14,527)
At end of period	**308,963**	404,736

In the consolidated financial statements of Stagecoach Group Limited, the scheme as a whole is accounted for as a defined benefit scheme. The consolidated financial statements of Stagecoach Group Limited provide further details of the scheme. A full actuarial valuation of the scheme is normally carried out every 3 years.

During the financial year, the Trustees of the SPS took advantage of the exceptional rise in gilt yields to move away from an equity and multi-asset growth led strategy to a liability driven investment ("LDI") strategy with the majority of assets now in gilts and high-quality credit. At the balance sheet date the SPS had achieved a hedge of liabilities against interest and inflation movements in excess of 95%.

With the agreement of the employer, the Trustees conducted another out-of-cycle valuation as at 31 October 2022 to recognise and align the new investment and funding strategies and to perform the first valuation of the Sheffield Supertram Section formed in March 2022. The results of this valuation have been incorporated in these financial statements.

The combined surplus across all three sections of the Scheme at 31 October 2022 on the Trustees' technical provisions basis was £87.3m (compared to £48.7m at the 30 September 2021 for the then two sections) comprising scheme assets of £1,433.8m less benefit obligations of £1,346.5m. Revised contributions agreed from 1 May 2023 are for £4.1m for one year with a further two years at the same rate being paid into an escrow account to be called upon if required

The management and reporting of the Stagecoach Group Pension Scheme – London Section is undertaken at the Group level. A sensitivity analysis of significant actuarial assumptions is included within note 22 of the Group's 2023 Annual Report, which does not form part of this report.

15 Retirement benefit liability (continued)

The principal actuarial assumptions used for both schemes were as follows:

	2023	2022
	%	%
Rate of increase in pensionable salaries	**2.95**	3.3
Rate of increase of pension payment	**2.51**	2.8
Discount rate	**4.90**	3.2
Rate of inflation (RPI)	**3.00**	3.5
Consumer prices inflation (CPI)	**2.45**	2.8

The life expectancy assumptions used for each scheme are periodically reviewed. The weighted average life expectancies announced at 29 April 2023 and 30 April 2022 were:

	29 April 2023	30 April 2022
	Years	Years
Current pensioner aged 65 - male	**20.1**	20.9
Current pensioner aged 65 - female	**22.4**	23.2
Future pensioner at 65 (aged 45 now) - male	**21.1**	22.0
Future pensioner at 65 (aged 45 now) - female	**23.6**	24.6

16 Provisions for liabilities

	2023	2022
	£000	£000
Current:		
Litigations provision (15b)	**268**	283
Loss making contracts (15d)	**2,021**	-
	2,289	283
Non-current:		
Dilapidation provision (15a)	**905**	800
Tyres provision (15c)	**690**	488
Onerous contracts provision - loss making contracts (15d)	**2,263**	-
	3,777	1,288
Total provisions	**6,066**	1,571

16 Provisions for liabilities (continued)

a) Dilapidation provision

	2023	2022
	£000	£000
Non-current: .		
Beginning of period	**800**	1,275
Utilised in the period	**-**	(475)
Provided in the period	**105**	
End of period	**905**	800

The provision, in respect of the Company's leased property at West Ham will be utilised over the duration of the lease.

b) Litigations provision

	2023	2022
	£000	£000
Current:		
Beginning of period	**283**	338
Provision used in period	**(15)**	(55)
End of period	**268**	283

The provision, in respect of the Company's employment tribunals is expected to be utilised over the period to April 2024.

c) Tyres provision

	2023	2022
	£000	£000
Beginning of period	**488**	500
Created in the period	**202**	-
Provision used in period	**-**	(12)
End of period	**690**	488

The Group hires the tyres on its fleet of buses and consequently would have to purchase tyres if a bus was to be sold. The provision is an estimate of the cost of buying tyres to fit on the fleet of buses.

16 Provisions for liabilities (continued)

d) Onerous contracts provision – loss making contracts

	2023
	£000
Beginning of period	-
Provision used in period	4,284
End of period	4,284
Current	2,021
Non-current	2,263
Total onerous contracts provision	4,284

The provision, in respect of the loss-making contracts acquired in the acquisition of services and operations from HCT Group during the period is expected to be utilised up to the expiry dates of the contracts.

17 Called up share capital and share premium account

	Ordinary shares	Share premium
Allotted, called up and fully paid	£000	£000
Ordinary shares of £1 each		
At beginning and end of period		
- 4,263,000 (2022: 4,263,000) ordinary shares of £1 each	4,263	10,662

Ordinary shares have the following rights, preferences and restrictions:
The ordinary shares carry a right to vote all general meetings of the Company, a right to share in any dividend issued, and a right to share in a distribution of capital of the Company.

18 Guarantees and other financial commitments

a) Lease commitments
The Company has commitments of £15,000 (2022: £Nil) for short-term leases and £6,000 (2022: £6,000) of low-value assets as at 29 April 2023.

b) Contingent liabilities
The Company, together with certain other Group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other Group undertaking.

c) Cross guarantees
The Company is subject to a cross corporate guarantee in relation to the Stagecoach Group Limited banking arrangements with the Bank of Scotland. There have been no instances where this guarantee has been called upon during the period and none are expected in the future.

19 Share based payments

The Company's employees participate in an Executive Participation Plan ("EPP") and a Buy as You Earn Scheme ("BAYE"). Further details of each of these arrangements are given below. All share options referred to in this note relate to ordinary shares of Stagecoach Group Limited (formerly Stagecoach Group plc).

Share based payment charges of £47,000 (2022: £34,000) have been recognised in the income statement during the period in relation to the above schemes of which £47,000 for the current period is shown under "Exceptional items" as a result of change of control of the Executive Participation Plan.

Executive Participation Plan ("EPP")
Under the EPP, executives and senior managers sacrifice part of their actual annual cash bonus and are awarded Deferred Shares with an initial market value approximately equal to the amount of bonus foregone.

All of the awards under the EPP vested in full, on 23 May 2022, following the change of control of the parent Company.

Award date	10 Dec 2020
Outstanding at start of year	107,027
Awards granted in year	-
Exercised in year	(107,027)
Lapsed in year	-
Outstanding at end of year	-
Vesting date	10 Dec 2023
Closing share price on date of grant (£)	0.7865

Buy As You Earn Scheme ("BAYE")
Buy As You Earn scheme (BAYE) enabled eligible employees to purchase shares ("partnership shares") from their gross income. The parent company provided two matching shares for every share bought from the first £10 of each employee's monthly investment, subject to a maximum parent company contribution of shares to the value of £20 per employee per month. If the shares were held in trust for five years or more, no income tax and national insurance was payable. The matching shares were forfeited if the corresponding partnership shares were removed from trust within three years of award. In light of the COVID-19 situation, share investments under the BAYE Plan were suspended from 6 April 2020.

At 30 April 2022, there were 334 participants in the BAYE scheme to which were attributed 772,627 shares that they purchased, 195,062 matching shares that the parent company contributed and 186,565 shares in respect of notional dividends. These amounts exclude unattributed shares and any shares to be withdrawn because the employee has left the Stagecoach Group or requested a withdrawal. All of the shares held in trust were subject to the offer for Stagecoach Group PLC. Following the change of control on 20 May 2022, all shares were purchased by Inframobility UK Bidco Limited, and proceeds returned to participants.

20 Related party transactions

The Company has taken advantage of the exemptions granted under IAS24 and no disclosure is made of transactions with wholly owned companies of Stagecoach Group Limited. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 12 and 13.

21 Ultimate parent undertaking

The Company's immediate holding Company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). Its ultimate holding 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 are expected to be prepared, is Stagecoach Group Limited, a company registered in Scotland with registered number SC100764 and registered address at 10 Dunkeld Road, Perth, PH1 5TW.

The parent undertaking of the largest group of which the company is a member, and for which consolidated financial statements are expected to be prepared, is Inframobility UK Topco Limited, a company registered in England with registered number 13919225 and registered address at C/O Stagecoach Services Limited, One Stockport Exchange, 20 Railway Road, Stockport, United Kingdom, SK1 3SW.

22 Post balance sheet events

On 16 June 2023, the High Court issued a ruling in respect of Virgin Media v NTL Pension Trustees II Limited (and others) calling into question the validity of rule amendments made to defined benefit pension schemes contracted-out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016. Amendments to these pension schemes over this time required confirmation from the Scheme Actuary that the Reference Scheme Test would continue to be met. In the absence of such a confirmation, the Rule amendment would be void. This ruling could have wide ranging implications for many UK pension schemes and will be subject to an Appeal in 2024.

The Company's SPS (note 15) was contracted-out as a "mixed benefits scheme" between 1997 and 2012 (when it ceased to contract-out), with over 99.9% of its membership contracted out on a "protected-rights" money purchase basis. As such, the Reference Scheme Test only applied to less than 20 employees and the company and pension scheme Trustees believe the impact of this ruling, should it stand under Scots Law, should be minimal.

In line with current legal advice the Company and pension scheme Trustees believe it is appropriate to await the outcome of the Appeal in 2024 before taking any further action.