

Registered no: 08205871

**Go North West Limited
(formerly Go Ahead XX Limited)**

Annual Report and Financial Statements

Year ended 29 June 2019



Go North West Limited**Directors**

D A Brown
E Brian
N P Featham
J L Croxford

Company Secretary

C Ferguson

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Bankers

The Royal Bank of Scotland plc
250 Bishopsgate
London
EC2M 4AA

Solicitors

Womble Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

Registered office

3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 6EE

Go North West Limited

Strategic report

The directors present their strategic report for the year ended 29 June 2019.

Go North West Limited (the "Company") is a wholly owned subsidiary of The Go-Ahead Group plc (the "Group").

The Company changed its name from Go-Ahead XX Ltd on 21 February 2019.

On 2 June 2019, the Company acquired a bus depot in Queens Road, Manchester, along with the associated trade and assets, from First Group plc. Operations started from this date. The Company did not trade in the prior year.

Results and dividends

The loss for the year, after taxation, amounted to £271,000 (2018: £nil).

The directors do not recommend a final ordinary dividend for the year (2018: £nil).

Principal activities and review of the business

The Company commenced trading on 2 June 2019 having transferred the Queen's Road depot operations from First Manchester Limited. The Company runs commercial and tendered local bus services in the Greater Manchester Area. Clearly with only 4 weeks of trading to set against the mobilisation costs of ensuring that bus services, vehicle maintenance and employee records and pay arrangements were transitioned smoothly, has meant that the business made a loss in the period of accounts.

With only 4 weeks of trading being reported in these financial statements, publishing key financial and non-financial indicators would not assist the interpretation of the financial statements or necessarily be representative of the likely short-term performance of the business.

Future developments

Go North West Limited intends to grow its presence in the Greater Manchester bus market by operating an efficient and reliable bus service for its customers. The development of contactless ticketing, mobile ticketing applications and investment in our fleet will improve the attractiveness of our offering to our customers. The Company intends to compete for local authority and other contracts as they arise and will assess acquisition opportunities if they become available in the area.

Brexit continues to be a focus in the UK following the triggering of Article 50. Whilst there could be an impact from lower tourism into the area, the principal affect is likely to be on availability of driving staff, however this is not considered to be a risk that could materially impact the Company.

Financial risk management objectives and policies

The main risks associated with the Company's financial assets and liabilities are set out below. Given that the majority of the risks below derive from transactions with other Group companies, the Company does not undertake any hedging activity locally. Significant financial risks from a Group perspective are addressed on a case-by-case basis at Group level.

Interest rate risk

All surplus cash is swept by the ultimate parent company, which is invested at a Group level. Interest is charged at a variable rate on Group loans. Therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates. However, the exposure is reduced because of the Group control.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities because all of these bear interest at floating rates.

Go North West Limited

Strategic report (continued)

Credit risk

The Company's credit risk is primarily attributable to its financial assets, comprising trade and other receivables, cash and cash equivalents and fuel hedge derivatives. The maximum credit risk exposure comprises amounts from a number of unconnected parties.

In relation to provisions for impairments of trade receivables, the Company applies the IFRS 9 simplified approach and provisions are made based on the expected credit losses at each reporting date. Expected credit losses are assessed based on the number of days past due, the customer type, customer rating and past experience. Provisions for the impairment of trade receivables are recorded within operating costs within the income statement, with any subsequent recoveries being offset against these.

Liquidity risk

The Company aims to mitigate liquidity risk by managing cash generated by its operations in line with Group policies. A cash sweeping facility exists with the ultimate parent company and therefore further information regarding the liquidity risk can be found in the Group financial statements. Capital expenditure is approved at Group level.

Foreign currency risk

The Company has no foreign currency risk, all of the transactions, assets and liabilities are in sterling.

The strategic report was approved by the Board of Directors on 20 November 2019 and signed on their behalf by:



E Brian

Go North West Limited

Directors' report

The directors present their annual report together with the audited financial statements and auditor's report for the year ended 29 June 2019.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to set out in the Company's strategic report the following which the directors believe to be of strategic importance:

- review of business;
- future developments; and
- financial risk management objectives and policies.

Dividends

Total dividends paid and proposed in the year were £nil (2018: £nil). The directors do not recommend a final ordinary dividend for the year.

Directors

The directors who served the Company during the year, and up to the date of approval of the financial statements, were as follows:

D A Brown	
S P Butcher	(resigned 30 November 2018)
E Brian	(appointed 14 February 2019)
N P Featham	(appointed 2 September 2019)
J L Croxford	(appointed 12 August 2019)

D A Brown, S P Butcher and E Brian were directors of the ultimate parent company, The Go-Ahead Group plc, during the year.

Management and staff

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, on matters likely to affect employees' interests. Information on matters of concern to employees is provided through information bulletins and reports to achieve a common awareness of the financial and economic factors affecting the Company's performance.

It is the policy of the Company that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes and abilities. As part of our continued staff engagement training the Company is working to ensure our workforce replicates the diversity of society as a whole.

The Company also encourages employee involvement in the Company's performance through a number of share schemes including a Share Incentive Plan and Save As You Earn Scheme.

Health and safety

Health and Safety is at the forefront of every process and decision the Company undertakes. This is managed through a process of established policies and procedures, safe systems of work and risk assessments. Our safety culture is embedded in everything we do and reviewed at regular intervals in a process led by the Engineering Director engaging with staff representatives. There were no serious incidents or near misses relating to Health and Safety reported during this financial year.

Going concern

The directors have considered the Company's current and future prospects, risks and uncertainties set out in the risk management objectives and policies, and its availability of financing, and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements. We have obtained confirmation from The Go-Ahead Group plc that they will

Go North West Limited

Directors' report (continued)

continue to provide financial support for a period of at least twelve months from the date of approval of the balance sheet.

Events after the balance sheet date

There were no significant events occurring after the balance sheet date, up to the date of approval of the financial statements, requiring disclosure in these financial statements.

Directors' indemnities

The Go-Ahead Group plc ("Group") maintains directors' and officers' liability insurance, for both the plc and its subsidiaries, which gives appropriate cover for any legal action brought against its directors. The Group has also granted indemnities to each of its, and its subsidiaries, directors to the extent permitted by law. Qualifying third party indemnity provisions (as defined in Section 234 of the Act) were in force during the year ended 29 June 2019 and remain in force, in relation to certain losses and liabilities that the directors may incur to third parties in the course of acting as directors or employees of the Group or of any associated company. Neither the Group's indemnity nor its insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

Auditor

Deloitte LLP were appointed as auditor on 23 September 2019. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Directors' responsibilities for audit information

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (this is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Registered office:
3rd Floor
41 - 51 Grey Street
Newcastle upon Tyne
NE1 GEE
Company registration no. 08205871

Approved by the Board of Directors and signed on their behalf:



E Brian
Director
20 November 2019

Go North West Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Go North West Limited

Independent auditor's report to the members of Go North West Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Go North West Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 29 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 19.

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

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Go North West Limited

Independent auditor's report (continued) **to the members of Go North West Limited**

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Go North West Limited

Independent auditor's report (continued)

to the members of Go North West Limited

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Hearne FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Liverpool, United Kingdom

20 November 2019

Go North West Limited

Income statement

for the year ended 29 June 2019

	<i>Notes</i>	<i>2019</i> £000	<i>2018</i> £000
Revenue	3	1,916	-
Operating costs	4	(2,158)	-
Operating loss before taxation	5	<u>(242)</u>	<u>-</u>
Tax on loss	8	(29)	-
Loss for the year from continuing activities		<u>(271)</u>	<u>-</u>

Statement of changes in equity

for the year ended 29 June 2019

	<i>Share capital</i> £,000	<i>Retained earnings</i> £,000	<i>Total equity</i> £,000
At 1 July 2017	-	-	-
Result for the year	-	-	-
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2018	-	-	-
Loss for the year	-	(271)	(271)
Total comprehensive expense for the year	<u>-</u>	<u>(271)</u>	<u>(271)</u>
At 29 June 2019	<u>-</u>	<u>(271)</u>	<u>(271)</u>

Go North West Limited
Registered no: 08205871
Balance sheet
at 29 June 2019

	<i>Notes</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
Assets			
<i>Non-current assets</i>			
Intangible assets	9	236	-
Tangible assets	10	12,417	-
		<u>12,653</u>	<u>-</u>
<i>Current assets</i>			
Inventories	11	164	-
Debtors: amounts due within one year	12	1,334	-
Cash at bank		1,793	-
		<u>3,291</u>	<u>-</u>
Total assets		<u>15,944</u>	<u>-</u>
Liabilities			
<i>Current liabilities</i>			
Creditors: amounts falling due within one year	13	(15,807)	-
Current tax liabilities	8	(24)	-
		<u>(15,831)</u>	<u>-</u>
Net current liabilities		<u>(12,540)</u>	<u>-</u>
Total assets less current liabilities		<u>113</u>	<u>-</u>
<i>Non-current liabilities</i>			
Deferred tax liabilities	8	(374)	-
Provisions	14	(10)	-
		<u>(384)</u>	<u>-</u>
Total liabilities		<u>(16,215)</u>	<u>-</u>
Net liabilities		<u>(271)</u>	<u>-</u>
Capital and reserves			
Share capital	17	-	-
Retained earnings		(271)	-
Total equity		<u>(271)</u>	<u>-</u>

The financial statements were approved by the Board of Directors, authorised for issue and signed on their behalf by:



E Brian
Director
20 November 2019

Notes to the financial statements

for the year ended 29 June 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Go North West Limited (the "Company") for the year ended 29 June 2019 were authorised for issue by the board of directors on 20 November 2019 and the balance sheet was signed on the board's behalf by E Brian. The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, The Go-Ahead Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of The Go-Ahead Group plc are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and are available to the public and may be obtained from Companies House, Cardiff and The Go-Ahead Group plc website. The Go-Ahead Group plc's registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne, NE1 6FF.

The Company has taken advantage of the exemption provided under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is a wholly owned subsidiary of The Go-Ahead Group plc and its subsidiary undertakings are included in the consolidated financial statements of that company for the year ended 29 June 2019.

The financial statements are prepared under the historical cost convention. The presentation and functional currency used is sterling and amounts have been presented in round thousands (£'000').

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures and standards not yet effective:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*
- the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - a) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - b) paragraph 118(e) of IAS 38 *Intangible Assets*;
- the requirements of paragraphs 10(d), 111 and 134 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirement of paragraph 17 of IAS 24 *Related Party Transactions*;
- the requirements in IAS 24 *Related Party Transactions* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based payments*;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66, B67 of IFRS 3 *Business Combinations*;
- the requirements of paragraphs 134 (d)-(f) and 135(c)-(e) of IAS 36 *Impairment of Assets*; and

Notes to the financial statements (continued)

for the year ended 29 June 2019

2.1 Basis of preparation (continued)

- the requirements of paragraphs 110 (2nd sentence), 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 *Revenue from Contracts with Customers*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

New standards

The following new standards or interpretations are mandatory for the first time for the financial year ended 29 June 2019:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- IFRS 4 (amendments) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- IAS 40 (amendments) Transfers of Investment Property; and
- IFRIC 22 Foreign Currency and Advance Consideration.

IFRS 9 and IFRS 15 came into effect on 1 January 2018 and have been applied by the Company for the first time in the current year. The nature and effect of the changes from adopting these new accounting standards are described below. The other standards and interpretations also apply for the first time in the current year, but their adoption has not had any significant impact on the financial statements.

IFRS 9 Financial instruments

IFRS 9 is split into three areas: classification and measurement of financial assets and liabilities, impairment of financial assets and hedging. The classification and measurement of the Company's financial assets and liabilities has not changed under the new standard. IFRS 9 states that impairment provisions should be based on expected credit losses rather than incurred credit losses and the impact of this change in accounting policy is not material to the Company. The Company has also applied the standard on its hedging instruments, which comprise fuel derivatives; again there is no impact and the Company's hedging instruments continue to be effective and qualify as continuing hedges under IFRS 9.

The increased disclosure requirements of IFRS 9 have been reflected in these financial statements. The Company has applied the new rules prospectively from 1 July 2018.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes the principles that an entity is required to apply regarding the nature, amount, timing and uncertainty of revenue and cash flow arising from a contract with a customer. The new model is based on a five-step approach which identifies whether, how much and when revenue is recognised.

The standard has been applied prospectively from 1 July 2018, the adoption of the standard has not had a material impact on the Company's revenue recognition for the period and no adjustments were required to opening retained earnings. The disclosure requirements of IFRS 15 are set out in note 2 and the accounting policies in respect of each revenue stream are outlined in the revenue recognition policy.

Other new standards

Adoption of the other standards and interpretations had no material impact on the Company's financial position or related performance.

Notes to the financial statements (continued)

for the year ended 29 June 2019

2.2 *Critical accounting judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Although these judgements and estimates are based on management's best knowledge, actual results ultimately may differ from these estimates.

Critical judgements in applying the Company's accounting policies

The company has no critical judgements to disclose that the directors have made in the process of applying the company's accounting policies and that have a significant effect on the financial statements.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty that could have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year.

2.3 *Significant accounting policies*

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The Company has net current liabilities of £12,538,756 (2018: £nil), including net amounts due to Group undertakings of £14,425,682 (2018: £nil). The Company meets its day-to-day working capital requirements through inter-company funding and continuing financial support from the ultimate parent undertaking. The directors have received confirmation from the Company's ultimate parent undertaking that the necessary financial support will continue to be available to the Company for the foreseeable future and, in particular, for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors of the Company believe that it is appropriate to prepare the financial statements on a going concern basis.

Revenue recognition

The revenue of the Company mainly comprises income from road passenger transport and rail passenger transport. Revenue is recognised to the extent that it is probable that the income will flow to the Company and the value can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales taxes or duty. An explanation of the main revenue streams is set out below:

Notes to the financial statements (continued)

for the year ended 29 June 2019

Passenger revenue

Passenger revenue mainly relates to revenue from ticket sales. Revenue generated from ticket sales is recognised in income on receipt of cash or card payment. Passenger revenue is recognised by reference to the stage of completion of the customer's journey or for other services based on the proportion of services provided. The attributable share of season ticket or travel card income is deferred within liabilities and released to the income statement over the life of the relevant season ticket or travel card.

Contract revenue

Revenue generated from services provided on behalf of local transport authorities is also recognised as income in the period to which it relates.

Other revenue

Other revenue mainly relates to revenue received for advertising on the sides of rolling stock and revenue received from the local authority for the carriage of tram passengers for free when the tram operation fails. Other revenue is recognised in the period to which it relates.

Interest receivable and similar income

Interest on deposits is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold land	-	Not depreciated
Buildings	-	35 years
Plant & equipment	-	5 to 10 years
Rolling stock	-	8 to 15 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Inventories

Inventories of fuel and engineering spares are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost comprises direct materials and costs incurred in bringing the items to their present location and condition. Net realisable value represents the estimated selling price less costs of sale. Inventory is calculated using the first in first out method (FIFO).

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax base of assets and liabilities for taxation purposes and their carrying amounts in the financial statements. It is provided for on all temporary differences.

Deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Notes to the financial statements (continued)

for the year ended 29 June 2019

Taxation (continued)

Tax relating to items recognised outside the Income Statement is recognised in other comprehensive income or directly in equity in correlation with the underlying transaction. Otherwise, tax is recognised in the Income Statement.

Operating lease agreements

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

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Uninsured liabilities

The Company limits its exposure to the cost of motor, employer and public liability claims through insurance policies issued by third parties. These provide individual claim cover, subject to high excess limits and an annual aggregate stop loss for total claims within the excess limits. An amount is recognised within Provisions for liabilities for the estimated cost to the Company to settle claims for incidents occurring prior to the balance sheet date, subject to the overall stop loss.

The estimation of this liability is made after taking appropriate professional advice and is based on an assessment of the expected settlement of known claims, together with an estimate of settlements that will be made in respect of incidents occurring prior to the balance sheet date but that have not yet been reported to the Company by the insurer.

Pensions

The Company is a member of the Go-Ahead Group Pension Scheme operated by The Go-Ahead Group plc for the majority of its employees. The scheme is split into two sections, a defined benefit and a defined contributions section. The defined benefit section is closed to future accrual and therefore no contributions are paid by the Company. The assets and liabilities for the defined benefit section are all held by The Go-Ahead Group plc.

For the defined contribution scheme, the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Intangible assets

Intangible assets are capitalised at cost and amortised on a straight-line basis over their estimated useful lives of five years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other years if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements (continued)

for the year ended 29 June 2019

2. Accounting policies

2.3 Significant accounting policies (continued)

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount, being the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, and the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

Impairment losses (including goodwill impairment) of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Goodwill impairment losses are not reversed. The reinstated amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, on a systematic basis less any residual value, over its remaining useful life.

Financial instruments

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 assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and

financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and derivatives

The Company uses derivatives to hedge its risks associated with fuel price fluctuations, and interest derivatives to hedge its risks associated with interest rate fluctuations. Such derivatives are initially recognised at fair value by reference to market values for similar instruments, and subsequently re-measured at fair value at each balance sheet date.

Changes in the fair value of financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised immediately in the income statement. When the cash flow hedge results in the recognition of a non-financial asset or a liability, then at the time that asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of that non-financial asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the period in which the hedged item affects net profit or loss.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement as they arise.

Notes to the financial statements (continued)

for the year ended 29 June 2019

2. Accounting policies

2.3 Significant accounting policies (continued)

Hedge accounting is discontinued when the derivative expires or is sold, terminated or exercised without replacement or rollover, or otherwise no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is kept in equity until the forecast transaction occurs, at which point it is taken to the income statement or included in the initial carrying amount of the related non-financial asset as described above. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. Revenue

Revenue recognised in the Income Statement is analysed by class of business as follows:

	2019 £000	2018 £000
Passenger revenue	1,753	-
Contract revenue	145	-
Other revenue	18	-
	<u>1,916</u>	<u>-</u>

Notes to the financial statements (continued)

for the year ended 29 June 2019

4. Operating costs

	2019 £000	2018 £000
Materials and external charges	104	-
Staff costs	1,327	-
Depreciation of owned tangible fixed assets	114	-
Amortisation of owned intangible fixed assets	4	-
	<u>1,549</u>	<u>-</u>

5. Operating loss

This is stated after charging:

	2019 £000	2018 £000
Auditor's remuneration - audit fee for the audit of the financial statements	<u>15</u>	<u>-</u>
Depreciation of owned tangible fixed assets	114	-
Amortisation of owned intangible fixed assets	<u>4</u>	<u>-</u>

6. Staff costs

	2019 £000	2018 £000
Wages and salaries	1,172	-
Social security costs	98	-
Other pension costs – defined contribution	57	-
	<u>1,327</u>	<u>-</u>

The monthly average number of employees during the year was as follows:

	2019 No.	2018 No.
Administration and supervision	17	-
Maintenance and engineering	78	-
Operations	470	-
	<u>565</u>	<u>-</u>

7. Directors' emoluments

Certain directors are also directors of The Go-Ahead Group plc and are remunerated by The Go-Ahead Group plc. It is not practical to allocate their remuneration between their services as directors of The Go-Ahead Group plc and their services to the Group's subsidiaries. For details on the remuneration of the directors of The Go-Ahead Group plc please refer to the Go-Ahead Group plc's consolidated financial statements, available as described in note 19.

Notes to the financial statements (continued)

for the year ended 29 June 2019

8. Taxation

(a) Tax recognised in the income statement

The tax charge is made up as follows:

	2019 £000	2018 £000
<i>Current tax:</i>		
UK corporation tax	(24)	-
Total current tax	<u>(24)</u>	<u>-</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(5)	-
Total deferred tax (note 9(e))	<u>(5)</u>	<u>-</u>
Tax reported in the income statement (note 9(c))	<u>(29)</u>	<u>-</u>

(b) Income tax recognised in other comprehensive income

There is no tax charge recognized in other comprehensive income relating to items that may be reclassified.

(c) Reconciliation

A reconciliation of income tax applicable to accounting profit before tax at the statutory tax rates for the year ended 29 June 2019 and 30 June 2018 is as follows:

The tax assessed on the profit for the year is the standard rate of corporation tax in the UK. The standard rate of corporation tax for the year ended 29 June 2019 was 19% (2018: 19%).

	2019 £000	2018 £000
Loss before taxation	<u>(242)</u>	<u>-</u>
Tax at UK corporation tax rate of 19% (2018: 19%)	(46)	-
Expenses not deductible for tax purposes	75	-
Difference between deferred and corporation tax rates	(1)	-
Other timing differences	1	-
Tax reported in income statement (note 9(a))	<u>29</u>	<u>-</u>

(d) Current tax liabilities

	2019 £000	2018 £000
Current tax liability at start of year	-	-
Corporation tax reported in income statement (note 9(a))	(24)	-
Current tax liability at end of year	<u>(24)</u>	<u>-</u>

Notes to the financial statements (continued)

for the year ended 29 June 2019

8. Taxation (continued)

(e) Deferred tax liabilities

The deferred tax included in the balance sheet is as follows:

	2019 £000	2018 £000
<i>Deferred tax liability</i>		
Accelerated capital allowances	(374)	-
Deferred tax liability	<u>(374)</u>	<u>-</u>

The movements in deferred tax in the income statement and in equity are as follows:

	1 July 2017 £000	<i>Recognised in income</i> £000	<i>Acquisitions</i> £000	30 June 2018 £000
Accelerated capital allowances	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	30 June 2018 £000	<i>Recognised in income</i> £000	<i>Recognised in equity</i> £000	29 June 2019 £000
Accelerated capital allowances	-	(5)	(369)	(374)
	<u>-</u>	<u>(5)</u>	<u>(369)</u>	<u>(374)</u>
	-	(5)	(369)	(374)
	<u>-</u>	<u>(5)</u>	<u>(369)</u>	<u>(374)</u>

The deferred tax asset is recognised as it is considered probable that there will be future taxable profits available.

(f) Factors affecting future tax charges

The standard rate of UK corporation tax reduced from 20% to 19% from 1 April 2017. A rate of 19% therefore applies to the current tax charge arising during the year ended 29 June 2019.

In addition to the change in rate of UK corporation tax identified above, a further reduction in the rate to 17% from 1 April 2020 was substantively enacted prior to the balance sheet date and has been applied where applicable to the Company's deferred tax balance at the balance sheet date.

Notes to the financial statements (continued)

for the year ended 29 June 2019

9. Intangible fixed assets

	<i>Licences</i> £000	<i>Total</i> £000
Cost:		
At 1 July 2018	-	-
Additions	240	240
	<hr/>	<hr/>
At 29 June 2019	240	240
Amortisation:		
At 1 July 2018	-	-
Charge for year	(4)	(4)
	<hr/>	<hr/>
At 29 June 2019	(4)	(4)
Net book value:		
At 29 June 2019	236	236
	<hr/>	<hr/>
At 30 June 2018	-	-
	<hr/>	<hr/>

Details of capital commitments are detailed in note 20.

Licences

Licences are amortised over the expected useful life of five years, dependent on the period of the licence acquired. These costs are included within the Operating Costs line of the income statement.

10. Tangible fixed assets

	<i>Freehold</i> <i>Land</i> £000	<i>Buildings</i> £000	<i>Plant &</i> <i>equipment</i> £000	<i>Rolling stock</i> £000	<i>Total</i> £000
Cost:					
At 1 July 2018	-	-	-	-	-
Additions	3,300	1,270	249	7,712	12,531
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 29 June 2019	3,300	1,270	249	7,712	12,531
Depreciation:					
At 1 July 2018	-	-	-	-	-
Provided during the year	-	3	4	107	114
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 29 June 2019	-	3	4	107	114
Net book value:					
At 29 June 2019	3,300	1,267	245	7,605	12,417
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Details of capital commitments are detailed in note 20.

None of the Company's assets are the subject of restrictions or security for indebtedness.

Notes to the financial statements (continued)

for the year ended 29 June 2019

11. Inventories

	2019 £000	2018 £000
Raw materials and consumables	164	-

The amount of any write down of inventories recognised as an expense during the year is £nil.

12. Debtors

	2019 £000	2018 £000
<i>Amounts due within one year</i>		
Trade debtors	630	-
Other debtors	324	-
Accrued income	31	-
Prepayments	349	-
	<u>1,334</u>	<u>-</u>

During the financial year £nil (2018: nil) was recognised in respect of impairment losses arising from contracts with customers.

Accrued income and amounts receivable from central government principally comprises amounts relating to contracts with customers.

The credit risk associated with the Company's trade and other receivables and the impact of the adoption of IFRS 9 is explained in the Strategic Report.

13. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	567	-
Amounts owed to Group undertakings	14,426	-
Other taxation and social security	297	-
Other creditors	223	-
Accruals	294	-
	<u>15,807</u>	<u>-</u>

Amounts owed to Group undertakings are repayable on demand and non-interest bearing.

Notes to the financial statements (continued)

for the year ended 29 June 2019

14. Provisions

	£000
<i>Uninsured claims provision:</i>	
At 1 July 2018	-
Provided during the year	10
At 29 June 2019	<u>10</u>

Uninsured claims represent the cost to the Company to settle claims for incidents occurring prior to the balance sheet date based on an assessment of the expected settlement, together with an estimate of settlements that will be made in respect of incidents that have not yet been reported to the Company by the insurer, subject to the overall stop loss. It is estimated that the majority of uninsured claims will be settled within the next six years.

Both the estimate of settlements that will be made in respect of claims received, as well as the estimate of settlements made in respect of incidents not yet reported, are based on historic trends which can alter over time reflecting the length of time some matters can take to be resolved. No material changes to carrying values are expected within the next 12 months.

15. Pension commitments

The Company participates in a defined contribution scheme:

Defined contribution:

During the year ended 29 June 2019, the Company participated in The Go-Ahead Group Pension Plan (Go-Ahead Plan). The defined contribution section of the Go-Ahead Plan is not contracted-out of the State Second Pension Scheme. The Money Purchase Section is now closed to new entrants, except by invitation from the Company, and has been replaced by the Workplace Saving Section, which is also defined contribution. The expense recognised for the Money Purchase Sections of the Go-Ahead Plan is £39k (2018: £nil), being the contributions paid and payable. The expense recognised for the Workplace Saving Scheme is £18k (2018: £nil), being the contributions paid and payable.

16. Related party transactions

The Company is a 100% subsidiary of The Go-Ahead Group plc. Advantage has been taken of the exemption in paragraph 8 (k) of Financial Reporting Standard 101 and transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, have not been disclosed.

The following shows the amounts due to/from related parties as at the year-end:

	2019	2018
	Group	Group
	subsidiaries	subsidiaries
	£000	£000
Amounts due to related parties	14,426	-
	<u>14,426</u>	<u>-</u>

Notes to the financial statements (continued)

for the year ended 29 June 2019

17. Share capital and reserves

Share capital:

	<i>Authorised, allotted, called up and fully paid</i>			
	<i>2019</i>		<i>2018</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	2	2	2	2
		<u>2</u>		<u>2</u>

Hedging reserve:

The hedging reserve records the movement in value of fuel price derivatives, offset by any movements recognised directly in equity.

18. Capital commitments

Amounts contracted for but not provided in the financial statements in respect of tangible fixed assets amounted to £nil (2018: £nil).

19. Ultimate parent company and controlling party

The Company's immediate parent undertaking is Go-Ahead Holding Limited, a company incorporated in England and Wales whose registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne, NE1 6EE. In the directors' opinion the Company's ultimate parent company and controlling party is The Go-Ahead Group plc, a Company incorporated in England and Wales whose registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne, NE1 6EE.

The Go-Ahead Group plc is also the parent undertaking of the group of undertakings for which Group financial statements are drawn up, and it is also the largest and smallest parent company preparing Group financial statements. The Go-Ahead Group plc whose registered office is 3rd Floor, 41 - 51 Grey Street, Newcastle upon Tyne, NE1 6EE is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.