

Company No 131912

TRENT MOTOR TRACTION COMPANY LIMITED(THE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2018



TRENT MOTOR TRACTION COMPANY LIMITED(THE)

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Registered Office:

Mansfield Road
Heanor
Derbyshire
DE75 7BG

STRATEGIC REPORT

The directors in preparing this strategic report, have complied with s414C of the Companies Act 2006.

BUSINESS REVIEW, KEY PERFORMANCE INDICATORS, PRINCIPAL ACTIVITIES AND FUTURE OUTLOOK

The company's immediate parent is Wellglade Limited, which is a wholly owned subsidiary of Wellglade Holdings Limited (the "Wellglade Group").

The company's principal activity is the operation of buses primarily in Derbyshire and Nottinghamshire. There have not been any significant changes in the company's principal activity in the year under review and the directors are not aware, at the date of this report, of any major changes during 2019.

As shown in the company's profit and loss account on page 9, the company's turnover has decreased by 1.2% over the prior year and profit after tax has decreased from £1.7m to £0.6m. These are considered to be the key performance indicators.

The balance sheet on page 10 of the financial statements shows that the company's net assets have fallen by £0.4m, whilst the level of cash and short term deposits has increased by £10.4m.

A dividend of £1,975,781 (2017 - £1,641,997) was recommended and paid to Wellglade Limited in respect of the year ended 31 December 2018 see page ten for further details.

The company purchased 30 new buses in the year at a cost of £5.0m. No new buses are expected to be purchased in 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure in the deregulated bus market is a continuing risk for the company, which could result in the loss of customers to its competitors – especially the private car. The company manages this risk by continually looking to maximise its offer to customers through new vehicles, continuous improvement in interior design, focused delivery standards and quality control – backed by high profile branding and sales initiatives.

The other major risk for revenue is trying to meet the customer's number one requirement, reliability. Ever increasing congestion on our roads makes this an increasingly difficult task which often can only be overcome by extending journey times, and hence cost, to maintain timetables. The company is continually punching above its weight at both local and national level to convince government bodies and partners that bus 'tracks' need to be afforded the same respect as those used by trains and trams if the bus is to break out of this downward spiral and present a credible alternative to the car.

One of the major cost risks for the company is the purchase of bio diesel on the spot market due to exposure to both movements in the dollar exchange rate and the oil prices on international markets. The company keeps this position under constant review and looks to cap its exposure if prices are expected to exceed acceptable budgeted parameters.

The company has a loan at a fixed rate of interest, and therefore had no interest rate exposure.

TRENT MOTOR TRACTION COMPANY LIMITED(THE)

STRATEGIC REPORT (Continued)

Page 2

PRINCIPAL RISKS AND UNCERTAINTIES (Continued)

The wider Wellglade group has considerable financial resources, as a consequence, the directors believe that the group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Group risks are discussed in the group's Annual Report which does not form part of this Report.

ENVIRONMENT

The company recognises the importance of its environmental responsibilities. Like the rest of the group the company already runs the fleet on bio diesel fuel. In addition the engines in this modern fleet have the latest technology to reduce the amount of CO2 emissions. The consumption of water is minimised by recycling water in the bus washes at our major engineering sites.

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 18.

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.

During the year arrangements have been maintained whereby employees of the Company are systematically provided with information on matters of concern to them as employees. Such matters have included the financial and economic factors affecting the performance of the Company. Consultation with representatives of employees has continued to take place on a regular basis, so that the views of employees can be taken into account in making decisions which are likely to affect their interests. Such measures, which ensure provision of relevant information and consultation, encourage the involvement of employees in the Company's performance.

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



G SUTTON

Company Secretary

Mansfield Road, Heanor, Derbyshire, DE75 7BG

6 August 2019

TRENT MOTOR TRACTION COMPANY LIMITED(THE)

REPORT OF THE DIRECTORS

Page 3

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditor's report for the year ended 31 December 2018.

DIRECTORS

The Directors who served during the year and subsequently to the date of this report were:

B R King
R I Morgan
G Sutton
J Counsell

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made in prior years and remain in force at the date of this report.

FINANCIAL RISK MANAGEMENT POLICIES

The group's principal financial instruments comprise short-term deposits and cash. Surplus cash balances are held on the money market in the short term at fixed rates of interest. See the principal risks and uncertainties in the strategic report for additional information.

EMPLOYEES

See strategic report for details of employee policies.

DIVIDENDS

A dividend of £1,975,781 (2017 - £1,641,997) was recommended and paid to Wellglade Limited in respect of the year ended 31 December 2018.

GOING CONCERN

The company continues to be profitable and has net assets of £23.0m (2017: £23.4m). The wider Wellglade group made a profit in the year after tax of £2.6m (2017 £4.3m loss), has net assets of £44.9m (2017 £45.2m) and has considerable financial resources.

The Board have reviewed the Group's forecasts, which include this company, for an appropriate period making due consideration of the associated risks and uncertainties and are confident that the company is in a strong position.

Having considered the factors above, the directors believe with reasonable certainty that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly continue to adopt the going concern basis in preparing the financial statements.

AUDITOR

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

- (1) so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- (2) each of the directors has taken all the steps that he ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TRENT MOTOR TRACTION COMPANY LIMITED(THE)

REPORT OF THE DIRECTORS (Continued)

Page 4

AUDITOR (Continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Smith Cooper Audit Limited have expressed their willingness to continue in office as auditor and a resolution to reappoint them as the company's auditor will be proposed at the forthcoming Annual General Meeting.

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

A handwritten signature in black ink, appearing to read 'G. Sutton', is positioned above the printed name.

G SUTTON
Company Secretary
Mansfield Road, Heanor, Derbyshire, DE75 7BG

6 August 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Independent auditor's report to the members of Trent Motor Traction Company Limited(The)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Trent Motor Traction Company Limited(The) (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 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.

**Independent auditor's report to the members of Trent Motor Traction Company Limited(The)
(Continued)****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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Independent auditor's report to the members of Trent Motor Traction Company Limited(The)
(Continued)**

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.

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.

Smith Cooper Audit Limited

James Delve (Senior Statutory Auditor)
For and on behalf of Smith Cooper Audit Limited
Chartered Accountants & Statutory Auditors
St Helen's House, King Street
Derby DE1 3EE

6 August 2019

PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	32,426	32,808
Other operating income	7	267	226
		<u>32,693</u>	<u>33,034</u>
Other operating charges	4	(31,266)	(31,495)
Operating profit		<u>1,427</u>	<u>1,539</u>
Interest receivable and similar income	8	51	590
Interest payable and similar charges	9	(757)	(371)
		<u>721</u>	<u>1,758</u>
Profit before taxation			
Taxation on profit	10	(170)	(20)
		<u>551</u>	<u>1,738</u>
Profit after taxation attributable to the equity shareholders of the company			

All activities derive from continuing operations. The notes on pages 12 to 28 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2018

	2018 £'000	2017 £'000
Profit for the financial year	<u>551</u>	<u>1,738</u>
Actuarial gain / (loss) relating to the pension scheme	1,214	5,265
Tax (charge)/credit relating to components of other comprehensive income	(230)	(1,000)
Other comprehensive income	<u>984</u>	<u>4,265</u>
Total comprehensive income attributable to the equity shareholders of the company	<u>1,535</u>	<u>6,003</u>

BALANCE SHEET

At 31 December 2018

	Note	£'000	2018 £'000	2017 £'000
Fixed assets				
Tangible assets	12		22,175	20,627
Investments	13		1,017	1,017
			<u>23,192</u>	<u>21,644</u>
Current assets				
Stock	14	1,030	970	
Debtors	15	16,358	25,071	
Short term deposits		10,992	11,386	
Cash at bank and in hand		15,635	4,823	
		<u>44,015</u>	<u>42,250</u>	
Creditors - amounts falling due within one year	16	<u>(35,603)</u>	<u>(32,267)</u>	
Net current assets			<u>8,412</u>	<u>9,983</u>
Total assets less current liabilities			<u>31,604</u>	<u>31,627</u>
Creditors - amounts falling due after more than one year	17		(8,083)	(8,065)
Provision for liabilities	18		(527)	(127)
Net assets			<u>22,994</u>	<u>23,435</u>
Capital and Reserves				
Called up share capital	19		1,500	1,500
Revaluation reserve	20	397	416	
Profit and loss account	20	21,097	21,519	
			<u>21,494</u>	<u>21,935</u>
Shareholder's funds			<u>22,994</u>	<u>23,435</u>

These financial Statements were approved by the Board of Directors on the 6th August 2019. Signed on behalf of the Board of Directors



B R King



G Sutton

Company Number: 131912

STATEMENT OF CHANGES IN EQUITY

31 December 2018

	Called-up share capital £'000	Profit and loss account £'000	Revaluation reserve £'000	Total £'000
AT 1 JANUARY 2017	1,500	17,139	435	19,074
Profit for the year	-	1,738	-	1,738
Other comprehensive income	-	4,265	-	4,265
Transfer of realised profit	-	19	(19)	-
Profit and total comprehensive income for the year	-	6,022	(19)	6,003
Dividends paid	-	(1,642)	-	(1,642)
AT 31 DECEMBER 2017	1,500	21,519	416	23,435
Profit for the year	-	551	-	551
Other comprehensive income	-	984	-	984
Transfer of realised profit	-	19	(19)	-
Total comprehensive income for the year	-	1,554	(19)	1,535
Dividends paid	-	(1,976)	-	(1,976)
AT 31 DECEMBER 2018	1,500	21,097	397	22,994

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

1a) ACCOUNTING CONVENTION

Trent Motor Traction Company Limited(The) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on the contents page. The nature of the company operations and its principal activities are set out in the strategic report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Trent Motor Traction Company Limited(The) is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements have been rounded to the nearest £'000.

Trent Motor Traction Company Limited(The) meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

GOING CONCERN

The company continues to be profitable and has net assets of £23.0m (2017: £23.4m). The wider Wellglade group made a profit in the year after tax of £2.6m (2017 £4.3m loss), has net assets of £44.9m (2017 £45.2m) and has considerable financial resources.

The Board have reviewed the Group's forecasts, which include this company, for an appropriate period making due consideration of the associated risks and uncertainties and are confident that the company is in a strong position.

Having considered the factors above, the directors believe with reasonable certainty that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly continue to adopt the going concern basis in preparing the financial statements.

b) TURNOVER

The turnover is the gross revenue for road passenger transport and is attributable to operations in the United Kingdom. Revenue is recognised on completion of service provided.

c) STOCK

Stock is valued at the lower of cost and net realisable value. Cost represents materials cost less due allowance for obsolete or slow moving items.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

1 ACCOUNTING POLICIES (Continued)**d) TAXATION**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)**e) FINANCIAL INSTRUMENTS**

All financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method: The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law. Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)**e) FINANCIAL INSTRUMENTS (CONTINUED)**

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(i) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

f) GOVERNMENT GRANTS

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to expenses. Grants relating to expenses are recognised over the period in which the related costs are recognised.

g) INVESTMENTS

Investments held as fixed assets are stated at cost less provision for any impairment.

h) IMPAIRMENT OF ASSETS

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES (CONTINUED)**i) TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset as follows:

Freehold properties	50 Years Straight Line
Plant and equipment	3 - 14 Years Straight Line
For leasehold properties, depreciation is based on 50 years or the life of the lease if the latter is shorter.	
Public service vehicles, including Midibuses	20% Reducing Balance
Minibuses	10 Year Straight line
Ancillary Vehicles	30% Reducing Balance

In prior years the company adopted the transitional rules available and as such previous valuations of freehold and short leasehold land and buildings will not be updated.

j) EMPLOYEE BENEFITS

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account 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.

k) LEASES

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, 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.

Critical judgements in applying the Company's accounting policies

No critical judgements have been identified by the directors in the process of applying the Company's accounting policies.

Key sources of estimation uncertainty

The assumptions used in the calculation of the defined benefit obligations as outlined in note 22, are considered to be key sources of estimation uncertainty.

3. TURNOVER

The turnover for the year was derived from the company's principal activity, which was carried out in the UK.

4. OTHER OPERATING CHARGES

	2018 £'000	2017 £'000
Materials and consumables	7,449	7,161
Grants	(2,289)	(2,325)
External charges	4,758	5,839
Staff costs	18,075	17,879
Depreciation of owned fixed assets	1,428	1,731
Depreciation of leased fixed assets	1,829	1,187
Auditor's remuneration for audit services	16	23
	<hr/> 31,266	<hr/> 31,495

Auditor's remuneration for audit services represents fees payable to the company's auditor for the statutory audit of the company's annual financial statements. No non-audit fees were incurred during the year or prior year.

Grants represent amounts received in respect of bus service operators grant, a partial rebate on the fuel duty.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

5. EMPLOYEES

The average number employed by the company within each category of persons was:

	2018	2017
	Number of Employees	
Drivers	547	571
Maintenance and engineering	128	132
Other	93	95
	<hr/>	<hr/>
	768	798
	<hr/>	<hr/>

The costs incurred in respect of these employees were:

	2018	2017
	£'000	£'000
Wages and salaries	15,521	15,335
Social security costs	1,645	1,594
Other pension costs	909	950
	<hr/>	<hr/>
	18,075	17,879
	<hr/>	<hr/>

6. DIRECTORS

	2018	2017
	£'000	£'000
Emoluments of the Directors	389	381
Remuneration of highest paid Director	225	219
	<hr/>	<hr/>

Two directors (2017: Two) are members of a defined benefit Pension Scheme. The accrued pension of the highest paid director at 31 December 2018 amounted to £24,541 (2017: £23,827).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2018

7. OTHER OPERATING INCOME

	2018 £'000	2017 £'000
Rental income	192	204
Profit on disposal of fixed assets	71	6
Miscellaneous revenue	4	16
	<hr/>	<hr/>
	267	226

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Interest receivable – Short term deposits	45	34
Other	6	556
	<hr/>	<hr/>
	51	590

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
Hire purchase interest	302	184
Other	422	-
Net charge on pension scheme (See note 22)	33	187
	<hr/>	<hr/>
	757	371

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2018

10. TAX ON PROFIT

i) Analysis of tax charge.

	2018 £'000	2017 £'000
United Kingdom Corporation tax at 19% (2017: 19%)	-	-
Deferred taxation (see note 18)	170	20
	<u>170</u>	<u>20</u>

ii) Factors affecting the tax charge for the current year

The tax assessed for the year is different than that resulting from applying the standard rate of corporation tax in the UK: 19% (2017: 19%).

The differences are explained below:

	2018 £'000	2017 £'000
Profit before taxation	721	1,758
Tax at 19% (2017: 19%) thereon:	137	334
Effects of:		
Expenses not deductible for tax purposes	1	1
Transfer pricing adjustment	(108)	(28)
Loss relief to / (from) subsidiary companies	66	(270)
Movement in short term timing differences	74	(17)
Total Tax charge for the year	<u>170</u>	<u>20</u>

iii) Factors that may affect the future tax charge.

In November 2015 the Government enacted the Finance (No. 2) Act 2015 which reduces the standard rate of corporation tax from its current level of 20% to 19% from 1 April 2017 and 18% from 1 April 2020. As these changes had been substantively enacted at the balance sheet date, the deferred tax assets and liabilities included within these financial statements have been calculated using these rates based on when the deferred tax timing differences are expected to materially reverse.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2018

11. DIVIDEND

	2018	2017
	£'000	£'000
Dividend of £1.32 (2017: £1.09) paid per ordinary share	1,976	1,642

12. TANGIBLE ASSETS

	Buildings		Public Service Vehicles	Plant & Equipment	Total
	Freehold £'000	Leasehold £'000	£'000	£'000	£'000
Cost or Valuation					
At 1 January 2018					
At 1985 Valuation	-	270	-	-	270
At 1991 Valuation	1,651	-	-	-	1,651
At cost	3,189	3,500	32,034	8,637	47,360
	<u>4,840</u>	<u>3,770</u>	<u>32,034</u>	<u>8,637</u>	<u>49,281</u>
Additions	-	-	5,095	249	5,344
Disposals	-	-	(2,622)	(13)	(2,635)
At 31 December 2018	<u>4,840</u>	<u>3,770</u>	<u>34,507</u>	<u>8,873</u>	<u>51,990</u>
At 31 December 2018					
At 1985 Valuation	-	270	-	-	270
At 1991 Valuation	1,651	-	-	-	1,651
At cost	3,189	3,500	34,507	8,873	50,069
	<u>4,840</u>	<u>3,770</u>	<u>34,507</u>	<u>8,873</u>	<u>51,990</u>
Depreciation					
At 1 January 2018	1,872	194	19,105	7,483	28,654
Charge for the year	97	75	2,841	253	3,266
Disposals	-	-	(2,092)	(13)	(2,105)
At 31 December 2018	<u>1,969</u>	<u>269</u>	<u>19,854</u>	<u>7,723</u>	<u>29,815</u>
Net book value					
At 31 December 2018	<u>2,871</u>	<u>3,501</u>	<u>14,653</u>	<u>1,150</u>	<u>22,175</u>
At 31 December 2017	<u>2,968</u>	<u>3,576</u>	<u>12,929</u>	<u>1,154</u>	<u>20,627</u>

Assets held under hire purchase agreements at 31 December 2018 have a net book value of £11,325,100 (2017: £8,283,648)

	2018	2017
	£'000	£'000
Future capital expenditure		
Contracted for but not provided in the financial statements	<u>Nil</u>	<u>Nil</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

13. INVESTMENTS

	£'000
Unlisted Investments	
At 1 January 2018 and 31 December 2018	1,000
Listed Investment at cost	
At 1 January 2018 and 31 December 2018	17
Total Investments at 31 December 2018	<u>1,017</u>

Listed investments consist of investments listed on the London Stock Exchange and have a market value of £15,280 at 31 December 2018 (2017: £14,890).

14. STOCK

	2018 £'000	2017 £'000
Engineering spare parts	673	684
Fuel and Oil	334	264
Other	23	22
	<u>1,030</u>	<u>970</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

15. DEBTORS

	2018	2017
	£'000	£'000
Trade debtors	1,569	2,544
Amount owed by group companies	13,539	20,353
Corporation tax	239	206
VAT	617	1,360
Other debtors	6	225
Deferred tax asset (note 18)	-	-
Prepayments and accrued income	388	383
	<u>16,358</u>	<u>25,071</u>

16. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade creditors	2,778	1,793
Amount owed to fellow subsidiaries	26,741	24,035
Other creditors	566	581
Corporation tax	-	-
Other taxation and social security	490	491
Obligations under finance lease and hire purchase	2,933	1,938
Accruals and deferred income	2,095	3,429
	<u>35,603</u>	<u>32,267</u>

All balances are recorded at amortised cost.

17. CREDITORS-AMOUNTS FALLING DUE AFTER ONE YEAR

	2018	2017
	£'000	£'000
Obligations under finance lease and hire purchase	8,083	6,331
Pension scheme liability	-	1,734
	<u>8,083</u>	<u>8,065</u>
	2018	2017
	£'000	£'000
Obligations under finance lease and hire purchase		
Between one and two years	2,939	2,011
Between two and five years	5,144	4,320
After five years	-	-
	<u>8,083</u>	<u>6,331</u>
On demand or within one year	2,933	1,938
	<u>11,016</u>	<u>8,269</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

18. PROVISION FOR LIABILITIES

a) Deferred taxation balance and movement on provision are as follows:

	Deferred taxation £'000
Liability at 1 January 2018	127
Charge to the profit and loss account (note 10)	170
Charged to other comprehensive income	230
	<hr/>
Liability at 31 December 2018	527
	<hr/>

b) The source of the balance on the deferred taxation account are as follows:

	2018 £'000	2017 £'000
Capital allowances in excess of depreciation	267	196
Deferred taxation on pension scheme liability	-	(329)
Surplus on revaluation of property	81	81
Rolled over gains	179	179
	<hr/>	<hr/>
	527	127
	<hr/>	<hr/>

19. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Called up, allotted and fully paid – 1,500,000 Ordinary Shares of £1 each	1,500	1,500
	<hr/>	<hr/>

20. RESERVES

The Company's reserves are as follows:

Called-up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

Revaluation reserve is a non-distributable reserve and represents previous transition rules relating to the valuation of fixed assets.

21. FINANCIAL INSTRUMENTS

As a qualifying entity as defined under FRS 102 Section 1 "Scope of FRS 102" the company has taken advantage of the exemption to the disclosure requirements of FRS 102 Section 10 "Basic Financial Instruments" and FRS 102 Section 11 "Non-basic Financial Instruments" on the basis that equivalent disclosures are included in the consolidated financial statements of Wellglade Holdings Limited, a company registered in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

22. RETIREMENT BENEFITS

The company operates a defined benefit scheme in the UK. A full actuarial valuation of the Trent Buses Pension Scheme was carried out as at 5 April 2017, and updated to 31 December 2018 by a qualified independent actuary using the projected unit valuation method.

The most recent full actuarial valuation was carried out at 5 April 2017 and has been updated for FRS 102 purposes to 31 December 2018. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation in which the scheme liabilities make allowance for projected earnings.

The assets of the scheme are held separately from those of the company, being invested mainly with investment management companies.

The actuarial valuation at 5 April 2017 showed that the market value of the scheme's assets was £57,017,000 and that the actuarial value of those assets represented 96% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The employer's contribution rate over the average remaining service lives of the members of the scheme takes account of the deficit disclosed by the valuation. At the 31 December 2018 the market value of the scheme's assets was £55,979,000 (2017: £57,972,000).

The actuary has estimated the effect of GMP equalisation on the valuation of the Trent buses Pension Scheme would be in the range of £0.3m to £2.2m. As the scheme is in surplus and there would be no impact on the balance sheet, no provision for GMP equalisation has been included in the pension scheme disclosure for 2018.

The major assumptions used by the actuary were:

	2018	2017
Rate of increase in earnings	3.25%	3.30%
Rate of price inflation RPI	3.25%	3.30%
Discount rate	2.90%	2.40%
Future CPI pension increases	2.00%	2.05%

Mortality – Current Pensioners

Male life expectancy at age 65 (years from 65)	21.00	21.70
Female life expectancy at age 65 (years from 65)	23.00	23.60

Mortality – Future pensioners currently aged 45

Male life expectancy at age 65 (years from 65)	22.70	23.50
Female life expectancy at age 65 (years from 65)	24.80	25.40

The actuarial table used for the current year was S2PA 108% with CMI 2018 improvements and a 1.5% long term trend.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2018

22. RETIREMENT BENEFITS (Continued)

The assets in the scheme were:

	2018	2017	2016
	£'000	£'000	£'000
Equities	26,769	18,615	16,902
Bonds	22,864	33,518	33,106
Property	3,721	5,509	5,295
Cash	2,625	330	270
	<hr/>	<hr/>	<hr/>
Fair value of pension scheme assets	55,979	57,972	55,573
Present value of the defined benefit obligations	(53,768)	(59,706)	(62,806)
	<hr/>	<hr/>	<hr/>
Surplus / (Deficit) in the scheme	2,211	(1,734)	(7,233)
Unrecognised Surplus	(2,211)	-	-
Related deferred tax asset	-	329	1,374

Analysis of amount charged to operating profit

	2018	2017
	£'000	£'000
Current service cost	(543)	(685)
Administration expenses	(154)	(144)
	<hr/>	<hr/>
Total operating charge	(697)	(829)

Analysis of amount charged to other finance income

	2018	2017
	£'000	£'000
Expected return on pension scheme assets	1,380	1,490
Interest on pension scheme liabilities	(1,413)	(1,677)
	<hr/>	<hr/>
Net charge	(33)	(187)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

22. RETIREMENT BENEFITS (Continued)**Analysis of amount included within other comprehensive income**

	2018	2017
	£'000	£'000
Return less interest income on scheme assets	(2,246)	1,860
Actuarial gain / (loss) on liabilities	5,671	3,405
	<u>3,425</u>	<u>5,265</u>

Movement in the present value of defined benefit obligations

	2018	2017
	£'000	£'000
Opening defined benefit obligation	59,706	62,806
Current service cost	543	685
Interest Cost	1,413	1,677
Actuarial (gain)/ Loss	(5,671)	(3,405)
Contributions by scheme participants	103	111
Benefits paid	(2,326)	(2,168)
	<u>53,768</u>	<u>59,706</u>

Movement in the fair value of scheme assets

	2018	2017
	£'000	£'000
Opening fair value of scheme assets	57,972	55,573
Interest income on scheme assets	1,380	1,490
Return less interest income on scheme assets	(2,246)	1,860
Contributions by employer	1,250	1,250
Contributions by scheme participants	103	111
Benefits paid	(2,326)	(2,168)
Administrative expenses	(154)	(144)
	<u>55,979</u>	<u>57,972</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended 31 December 2018

22. RETIREMENT BENEFITS (Continued)

Agreed future contribution rates

The company paid contributions of £1,250,000 per annum in line with the schedule of contributions dated 5 April 2006 reducing to £1,250,000 from 6 April 2016 to 5 September 2021.

Defined Contribution Scheme

The company also operates a defined contribution scheme. The amounts charged against operating profit for this scheme in the year were £173,909 (2017 - £121,451).

23. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard 102 section 33 "Related Party Disclosures", the company has not disclosed transactions with other wholly owned group companies as its results are consolidated into the financial statements of the ultimate parent company which are publicly available.

The hire purchase amounts shown in notes 16 and 17 are amounts owed to Fine Meadow Limited which is related to Trent Motor Traction Company Limited(The) by common individual shareholder ownership.

24. IMMEDIATE AND ULTIMATE PARENT COMPANY

The immediate parent company is Wellglade Limited, registered in England & Wales. The ultimate parent company and controlling party is Wellglade Holdings Limited, which is registered in England & Wales (registered office: Mansfield Road, Heanor, Derbyshire, DE75 7BG).

Trent Motor Traction Company Limited(The) is included in the consolidated financial statements for Wellglade Holdings Ltd. Wellglade Holdings Limited is the parent undertaking of the largest and smallest group of companies for which group financial statements, including the financial statements of the company, are prepared. Copies of the group financial statements of Wellglade Holdings Limited are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ..