Registered No: 02652253

WEST MIDLANDS TRAVEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

WEST MIDLANDS TRAVEL LIMITED

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 31 December 2022 for West Midlands Travel Limited (the "Company"). The Directors in preparing this strategic report, have complied with section 414c and section 172 (1) of the Companies Act 2006.

Principal activities and future developments
The principal activity of the Company is the operation of Bus services. There are no plans to change the activities of this Company.

Business review
At the start of 2022, the Omicron Covid-19 variant impacted on the Company's operations, but the business retained its key strengths and continued to receive dedicated bus support funding during the year from the Department for Transport. Patronage continued to recover well in the year, exceeding the national average. This momentum has continued into the start of 2023.

The Company has an extensive network, offering a high frequency, value for money service to customers. The Company's strong branded ticketing encourages customer loyalty, whilst multi-operator ticketing supports a competitive market.

Cost control programmes, in areas such as driver productivity and engineering excellence, continue to make progress. In addition, revenue growth initiatives continue, including bulk sales to big employers and institutions; network reviews; marketing; and continued investment in improving fleet quality.

We have the most ambitious net zero emission fleet targets for a large public transport operator in the UK. We have made further progress towards those targets in the year, with 47 new electric vehicles brought into service. The total fleet now includes 123 electric vehicles and 20 Hydrogen vehicles, with the transition to ZEV continuing in 2023.

The Company's partnerships with local stakeholders are vital to create the right environment to operate its business successfully. The Company works with the local integrated transport authority, Transport for West Midlands, and other local authorities to promote transport across the region. The rolling programme of network reviews continues.

The Company's key financial performance indicators during the year were as follows:

	2022 £000	**2021 £000**	**% £000**
Revenue	185,235	139,965	32.3 %
Other operating income	67,703	139,742	(51.6)%
Operating profit before exceptional items	16,286	15,036	8.3 %
Shareholders' funds	129,266	81,749	58.1 %

Revenue increased in the year principally due to the fact that 2022 saw the lifting of Covid-related restrictions. However, the reduction in Other operating income more than offset the Revenue improvement, primarily due to the end of the Bus Recovery Grant funding. Further information on BSIP funding is presented in note 3 to the Financial Statements.

During the year, the West Midlands Combined Authority (WMCA), supported by our UK Bus business (UK Bus) and other regional operators, applied for and was awarded a grant by the Department for Transport (DfT) under the UK government's Bus Service Improvement Plan (BSIP). The total amount awarded was £87.8m and is available to WMCA and regional bus operators in return for delivering certain improvements to bus services in the West Midlands. The BSIP runs for three years from April 2022 to March 2025 (see note 3 for further details).

Operating profit (before exceptional items) for the year amounted to £16,286,000 (2021: £15,036,000), reflecting increasing patronage post-Covid but offset by a reduction in Government support via grant funding.

Shareholders' funds improved as a result of the Company's net profit in the year and a significant actuarial improvement in our defined benefit pension scheme, offset by a slightly unfavourable movement in our fuel hedging.

Safety is our key area for non-financial performance indicators. KPIs are monitored and reported regularly, as described further in the Directors' Report under 'Promoting common awareness among employees'.

S172 statement

This statement is made in accordance with section 414CZA Companies Act 2006 (as amended).

In accordance with their duties under section 172(1) Companies Act 2006, the Company's Directors have collectively, and individually, acted in a way that they consider, in good faith, promotes the success of the Company for the benefit of its members as a whole. In doing so they have had regard, not just to financial factors – denoted by the £ symbol – but also the factors specified in s.172(1)(a) to (f) Companies Act 2006 (the "Factors") – denoted by the symbols shown below.

The table below explains why the Directors always have regard to the Factors in their decision-making:

Factor	Explanation of why Directors have regard to this Factor
(a) The likely consequences of any long-term decision	Our renewed Vision – which is to be the world leader in mass transit and lead in safety, reliability and environmental standards, and is rooted in a belief that driving modal shift from cars to high quality mass transit is fundamental to a safe, green and prosperous future - means that we must make decisions for the long-term and that we must also consider the impacts of such long-term decisions as regards their ability to further and achieve our Vision. Further information about the Group's Vision, and how this has formulated our Purpose and is underpinned by our Values, is set out in the Directors' Report.
(b) The interests of the Company's employees	Our employees and members of our wider workforce are our most valuable asset. They are the key to realising our Vision and achieving our Purpose. See the Directors' Report for information about how we engage with our employees to enable us to take their views and interests into account in decision-making.
(c) The need to foster business relationships with stakeholders	Our customers are the heart of our business and we strive to earn their loyalty by providing safe, reliable and great value multi-modal services. We also foster strong relationships with other key stakeholders including central and local government and transport authorities, elected members, our regulators, industry groups and our suppliers. See the Directors' Report for who our key stakeholders are and how we foster relationships with them to enable us to take their views and interests into account in decision-making.
(d) The impact of the Company's operations on the community and environment	We play a vital role in the communities we serve by connecting the people who live in those communities with their work, leisure, family and friends. We are also focused on reducing the environmental impact of our operations. Per passenger, bus travel is less polluting than trains and vastly better than petrol and diesel cars. We are taking this one step further through our 2030 pledge to replace all of our diesel fleet with zero emission vehicles. As such, modal shift (getting people out of cars and onto buses) is the single most important thing we can do. Because of this, we take both the community and the environment into careful consideration in our decision-making.
(e) Maintaining a reputation of high standards and business conduct	Our reputation is key. It underpins our ability to earn the loyalty of our customers and thereby to grow our business through increased commercial passenger journeys and contract wins. We pride ourselves on being one of, if not the, safest transport service providers in the world. As a bus operator, we are also required to hold and maintain a PSV operator licence, pursuant to which we must meet a requirement of good repute. We will always therefore consider the importance of our reputation when making decisions.
(f) Acting fairly between members of the Company	We are a wholly owned subsidiary and therefore have only one shareholder to whom we are accountable. That said, everything we do well benefits our sole shareholder, financially through the returns we generate and reputationally through the way we operate. We engage via monthly financial reporting, as well as regular forecasting, budgeting and ad hoc discussion. The Company also complies with appropriate directions as given by the parent company. See the Financial Statements for information on financial performance.

The table below describes certain key decisions taken by the Company's Directors during its financial year ended 31 December 2022 and how the Board had regard (among other matters) to the Factors in those decisions:

Key Board Decision	Factor(s)	Explanation of how the Directors have had regard to these Factors
Introduction of 47 new ZEV vehicles in year from Zenobe.		47 new electric vehicles entered service in 2022, in addition to the existing 76 electric buses and 20 hydrogen vehicles already in operation. The new vehicles are under an availability arrangement with Zenobe.
		Newer vehicles are more reliable and provide a better experience both for our customers journeys and our drivers' driving experience, together with lower costs of ongoing maintenance for the Company.
		The new vehicles have zero Co2 emissions, to the benefit of both the local communities and the environment, also advancing the Company's reputation as one which rightly cares about these matters.
		The electric buses have been supplied by the Company's long-term bus suppliers, with whom the Company worked to develop their design and specification, thereby continuing to foster good relations with those suppliers.
Utilisation of the CBSSG, BSIP and BRG support grants; submission of claims and liaison with the Department for Transport.		Ensuring financial viability of the operation during a period of lower passenger demand, thereby protecting the business and its employees.
		Maintaining a control of expenditure during the period of the grants to further protect the business and to meet the terms of the grant.
		Established a strong relationship with the Department for Transport by sharing financial information during the grant support period and submitting all relevant information within timescales.
Continued involvement in the West Midlands Bus Alliance to deliver passenger satisfaction and drive forward investment in bus services.		The continued Alliance allows us to continue to foster relationships with many of our key stakeholder groups resulting in improved services for our valued customers through transport improvement initiatives delivered in collaboration with such stakeholders.
		The continued Alliance should cement our reputation as a provider of clean and green mass transit and provide us with a platform to make further investment in zero emissions vehicles, providing us with long-term valuable assets.
Continuation of fares reduction and freeze to ensure travel remains affordable for our customers and to bring back patronage, along with a major marketing campaign in the year.		In the year we maintained the fares freezes and simplified our ticket offering. We also expanded our contactless sales channel to include additional ticket types. To support this, we undertook a major marketing campaign to communicate these benefits to our customer base. These actions helped bring more people onto our buses, while also helping the modal shift drive towards public transport.
		Encouraging more people to take public transport has a fundamental, positive impact of the environment, reducing the number of cars on the road and overall emissions, and benefitting our communities as a whole.
		Bringing back passengers also improves our total income and financial performance of the business, and ensures financial viability for the future.
Investment in a significant project to digitalise the entire engineering process and continue to promote engineering excellence.		The design and roll out of a new digital engineering system provides a modern, efficient approach to our engineering teams, ultimately giving them a better way of working. In addition to the new system, significant investment will be made in training and consulting with the teams.
		The new system and processes, and the focus on promoting operational excellence in engineering is helping us to further develop our high standards of work and performance. This also benefits us financially in the longer term.

Health and Safety

The safety of customers, employees and the general public is key to the Company's operations and during 2022 our enhanced focus on safety continued. Additional measures were maintained in 2022 to protect our employees and customers from the risks of Covid-19.

The majority of the Company's buses have CCTV systems leading to the availability of more and better images of on-board activity coupled with campaigns informing passengers that CCTV technology is in use.

Further discussion on corporate responsibility, including Health & Safety and Environment, in the context of the group as a whole can be found in the "Our Vision and Values" section of the Mobico Group PLC Annual Report & Financial Statements.

The Company continues to score very highly for health and safety audits, receiving a score of 98.61% by the British Safety Council for the 2022 Five Star Health and Safety Audit, which was an improvement on the 97.86% score from 2020.

Environment

The Company remains committed to reduce carbon emissions through its day to day activities and focuses on the three main areas of fuel, site energy and waste to landfill. For fleet, the Company now operates 49 zero emission vehicles ('ZEVs'), and we have completed our significant programme to upgrade older diesel fleet to be Euro VI equivalent. We continue to drive our strategy to replace our entire diesel fleet with ZEVs by 2030.

Our recent ZEVs are helping the Company to continue to reduce its carbon footprint. Emissions per million passenger kilometres for 2022 were 98,149 tCO_2e (2021: 102,374 tCo_2e). On a comparable basis, emissions reduced year on year, and will continue on this trend as we roll out our ZEV replacement programme.

Operational review

Improvements continued to be made to service quality across the operation, whilst continuous review of timetables and routes enabled revisions to be made to reflect changes in both long term and short term demand.

Employees

The UK Bus People Strategy is based upon the following key areas: organisational effectiveness; reward and recognition; sustainable resourcing, talent management, learning and development and organisational culture. All our human resources activities are structured around these areas. The Company always strives to be absolutely fair, reasonable, and professional in all its dealings with its employees.

The Company has a diverse range of employees, reflecting well the communities it serves, and is committed to ensuring that all individuals are treated equally, with respect and are valued irrespective of disability, race, gender, health, social class, sexual preference, marital status, nationality, religion, employment status, age or membership or non-membership of a trade union.

Our values, culture, and ethos, foster an environment that embodies our commitment to equality and inclusion. Promoting a genuine positive, safe, and inclusive culture in which all colleagues treat each other with dignity and respect. Employee engagement is measured with employee surveys, twice a year. A Health & Wellbeing portal available to all employees, provides a regular flow of information on Health and Wellbeing topics, together with various supporting tools. The types of offering in place to support employees include Employee Assistance Programmes (EAP) providing advice and support on a wide range of issues, for example bereavement, wellbeing tools and support to address the mental and physical wellbeing of all colleagues as well as promoting our award-winning health bus.

Effective communication is a key part of the Company's employee engagement strategy, and the Company consults with and keeps employees informed about various issues which affect them, including safety matters and the performance of the business. This is done through a variety of mechanisms, including individual National Express email accounts for all employees; an on-line portal to access relevant information; divisional and local newsletters; 'toolbox talks;' team meetings and specific briefing sessions.

Principal risks and uncertainties

WMT may be adversely affected by economic conditions as discretionary travel in some areas of the business is historically correlated to GDP and employment. High levels of inflation in the UK and the cost-of-living crisis could lead to reduced spend on leisure activities and travel.

Political, geopolitical and regulatory changes can impact WMT through the operation of concessions; safety procedures; equipment specifications; employment requirements, and environmental procedures.

There is also increasing popular, political and customer demand for alternative fuel (electric, hydrogen etc.) vehicles. Such a transition involves potentially material changes in financing, maintaining and operating the assets, creating execution risk.

The defined benefit pension scheme is also exposed to the sensitivity of its assumptions.

The Company's financial risk management objective and policies are presented in the Directors' Report.

Approved by the Board and signed on its behalf by:

N.T. McEwan

N McEwan
Director
30th August 2023

Registered office: National Express House
Digbeth
Birmingham
B5 6DD

DIRECTORS' REPORT

The Directors present the annual report and audited financial statements for the year ended 31 December 2022.

Principal activities and future developments

The principal activities and future developments of the Company are described in the Strategic Report.

Going concern

The Financial Statements have been prepared on a going concern basis. In adopting this basis, the Directors have considered the Company's business activities, principal risks and uncertainties, exposure to macroeconomic conditions, financial position, liquidity and borrowing facilities. The Company is primarily funded through the cash held in the Company's bank accounts. It is not expected that the Company will require funding from the parent undertaking in the foreseeable future; however, such funding is available if required. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the Financial Statements.

From March 2020 to August 2021 we were supported by the Covid Bus Service Support Grant ('CBSSG'). This was followed by the Bus Recovery Grant ('BRG') from 1 September 2021 and is currently expected to end on 30 June 2023. Both grants were provided by the Department for Transport.

During the year, the West Midlands Combined Authority (WMCA), supported by our UK Bus business (UK Bus) and other regional operators, applied for and was awarded a grant by the Department for Transport (DfT) under the UK government's Bus Service Improvement Plan (BSIP). The total amount awarded was £87.8m and is available to WMCA and regional bus operators in return for delivering certain improvements to bus services in the West Midlands. The BSIP runs for three years from April 2022 to March 2025 (see note 3 for further details).

Dividends

The Directors do not propose the payment of a final dividend (2021: £nil). There were no dividends paid during the year (2021: £nil) and no dividend received (2021: £nil).

Directors and their interests

The Directors of the Company who served during the year and up to the date of signing this report, together with their dates of appointment and/or resignation where appropriate, were:

D Bradford (resigned 14 July 2023)
A Cook
S J Rollings (resigned 17 March 2023)
T F Stables (resigned 27 July 2023)
J Stamp (appointed 15 August 2022; resigned 16 February 2023)
S Callander (appointed 1 August 2023)
N McEwan (appointed 1 August 2023)

The Directors served throughout the year or from the date of their appointment if later or to the date of their resignation.

Directors' qualifying third party indemnity provision

In line with market practice and the company's Articles, each Director may have the benefit of a deed of indemnity from the company, which may include provisions in relation to duties as a director of the company or an associated company, qualifying third party indemnity provisions and protection against derivative actions.

Employee engagement

This statement is made in accordance with paragraph 11(1) of Part 4 of the Large and Medium- sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Engaging with employees and taking their views into account

Maintaining a regular flow of communication with employees remained as important as ever this year, and various communication channels were used to communicate and engage with the workforce, including:

- the regular issue of business-related newsletters, providing information about the Company's performance and other matters of interest to employees, including business and operational successes and challenges, patronage trends, new ticket prices or arrangements, new business partnerships, new policies and procedures and top tips for on health and well-being issues.
- the regular posting of operational related notices, on Company depot noticeboards for those employees who do not work at a computer or have a work email address, or on the Company's intranet sites and by email for those workers who do, providing information about operational matters, such as route and rota changes, local congestion, accident hot-spots and ticketing changes.
- one-to-team communications between team leaders and their teams, and one-to-one communications between line managers and their direct reports raising awareness of matters covered by corporate communications and newsletters, dealing with team priorities and objectives, or dealing with matters relevant to individual employees.
- consultation with Trade Unions where appropriate on matters that affect employees who are their members, including regarding pay and changes in working practices.
- formal consultation with employees where required in accordance with applicable law.
- Biweekly 'ask the manager' conference call which employees may join to hear an update about the Company's performance and to ask, anonymously if they wish, any questions they have for management; and
- participation in employee surveys, the results of which are shared with the workforce and, in the case of any areas identified for improvement, action plans are developed.

Some of our most successful initiatives have been born from workforce engagement. Our award-winning Health Bus, which supports the health and wellbeing of our people, was developed in response to a suggestion made in the employee engagement survey.

Across the Group we also run a variety of programmes which actively seek employees' ideas about how performance can be improved. For example, we have 'Ideas Street,' which is a programme through which employees can submit their ideas and win prizes if those ideas are implemented.

In addition, the Company's Directors also personally engage with employees via a programme of site/garage visits throughout the year.

Involving employees in Company performance

Our Values underpin our strategy and are key to the fulfilment of our Purpose. As such, the promotion of our Values and our encouragement that every member of the Company's workforce live by them is the most effective way of employee involvement and commitment to the Company's performance.

Every year, employees can nominate their colleagues for demonstrating behaviours which exemplify our Values. The winners in each value category are awarded prizes.

The Company, as a member of a Group with a substantial proportion of the workforce based internationally, does not operate an all-employee share scheme. Rather, the Company and its Group place emphasis on fair pay structures and local bonus and loyalty schemes to recognise and reward excellent performance and loyalty.

Promoting common awareness among employees of financial and economic factors affecting Company performance

The Company's Directors and members of its executive management teams have an in-depth understanding of the financial, economic, and other factors, such as safety, which affect the Company's performance and they have developed key performance indicators (KPIs) for each of these and regularly track and report against such KPIs at the Board's UK Divisional and Business Executive Committee meetings.

Various employee engagement mechanisms previously described are also used to provide information about the Company's strategy and explain the key factors that affect the Company's performance to the wider workforce, including those working 'on the front line.' For example, newsletters discuss patronage levels and ticket prices which are the key financial and economic factors affecting our open bus network services, and one-to-team and one-to-one communications cover service performance levels and costs which are the key financial and economic factors affecting our contracted services, all of which in turn are key to the financial health and overall performance of the Company.

Equal opportunities

The Company is proud to be an equal opportunities employer and is passionate about diversity and inclusion. In line with the Group's Equal Opportunities Policy, all employees are treated equally, irrespective of race, gender, disability, age, sexual orientation, marital status, employment status, religious or political beliefs and social background.

The Company also gives full and fair consideration to disabled applicants for employment having regard to their skills and capabilities, as confirmed in the Group Recruitment and Selection Policy, and recognises its obligations in connection with the continuing employment and training of members of the workforce who have become disabled whilst in the Company's employment. Where an employee becomes disabled, the objective is to retain their services wherever possible. The Company also works to ensure the continued career development of disabled persons including through training and promotion wherever their skills and capabilities permit.

There is zero-tolerance to any form of discrimination, and we believe that creating a diverse, inclusive, and anti-discriminatory workplace is the hallmark of a successful Company and one that people want to work for.

The Company recognises and embraces that every person is unique and seeks to listen and learn from one another and celebrate our differences.

We value a workforce that is truly reflective of the customers we serve and the communities we operate in as this allows us to understand our customer base.

Everyone is entitled to be treated fairly with dignity and respect and we are all responsible for embedding a culture where we feel our whole self is welcome, accepted, and valued at work. A diverse and inclusive environment strengthens our business and is crucial to the continued development and success of our company.

Equal opportunities continued

We strive to build and maintain a culture that creates a better future for our employees, partners, the communities, and our customers by:

- ➢ Aspiring to increase the proportion of those in under-represented groups in all levels of the workforce.
- ➢ Attracting and retaining the best talent from a diverse pool and support our people to achieve their full potential.
- ➢ Ensuring we have an inclusive and accessible working environment that is free from discrimination.
- ➢ Striving to empower leaders at all levels to take ownership and deliver change.
- ➢ Building and maintaining an environment that respects and values each other's diversity and the contribution they make.
- ➢ Encouraging individuals to speak up and notify the company of any concerns.

Our values and standards are supported by our Company policies and procedures to ensure that all our people and anyone who comes into contact with our business is treated fairly with dignity and respect. The Company promotes an environment free from discrimination, harassment or victimisation and a culture in which members of the workforce can raise concerns without suffering detrimental treatment, including a confidential whistleblowing helpline.

Stakeholder relationships

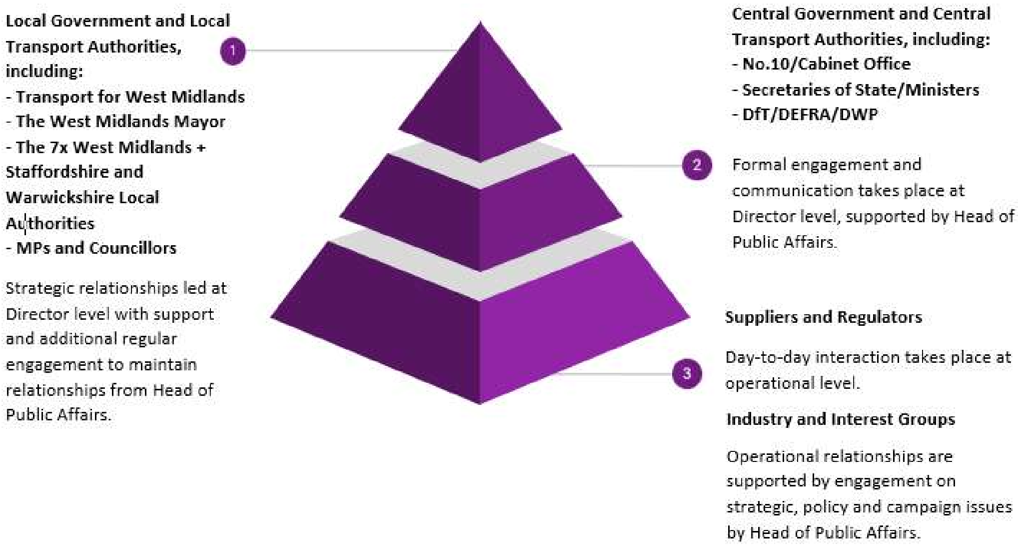
This statement is made in accordance with paragraph 11(B) of Part 4 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

As explained in the Strategic Report, the Company strives to be a proactive and trusted partner to its key stakeholders, by seeking to understand their priorities and form alliances with them. The Company does this by identifying and prioritising stakeholders across its business and maintaining a different engagement strategy with them depending on their importance to its business. The table below sets out who the Company's key stakeholders are, why they are key stakeholders and how the Company engages with them:

Key stakeholder	Why a key stakeholder?	How we engage with key stakeholders
Workforce	The Company's best asset is its workforce and is key in achieving the Company's Purpose by upholding its Values and delivering its strategy, particularly by their adherence to the Company's safety and operational standards and their provision of excellent customer service	We engage with our workforce via regular business newsletters, operational notices, one-to-team and one-to-one meetings, dialogue with Trade Unions, recognition and reward schemes and employee surveys. Further details of our employee engagement are set out in our Employee Engagement statement.
Customers	Our customers are the heart of our business and the source of our revenue so we strive to earn their loyalty by providing safe, reliable and great value multi-modal services on clean and green vehicles and by providing a great customer experience	We engage with our customers and receive feedback from them through our bus app, social media, our customer service centre, customer surveys, consumer testing of new digital technology developed to improve the customer experience, customer panels where a dialogue with customers is maintained and through the West Midlands Combined Authority and West Midlands Bus Alliance

Local Government and Local Transport Authorities, including: • Transport for West Midlands • The Elected Mayor for the West Midlands • Birmingham, Coventry and other relevant City Councils	These stakeholders are collectively highly influential to our business as they can help us to provide more effective, efficient and good value services for our customers, so we pro-actively work alongside them and maintain open channels of dialogue As the largest local authority and managing the centre of the West Midlands transport network, Birmingham City Council is a particularly important stakeholder	We engage in regular meaningful dialogue with relevant local and regional decision makers to help shape thinking in advance of the formal policy developments Our partnership approach in the West Midlands – including the pioneering West Midlands Bus Alliance - has won us many awards, cemented our industry leadership and delivered many benefits to our business and customers We proactively respond to relevant local government consultations and communicate this through the media where appropriate
Central Government and Central Transport Authorities, including: • No.10 / DfT / DEFRA / DWP • Relevant Secretaries of State/Ministers • Highways England	Central Government is key to setting polices and regulation that can affect our business, so we work closely with this stakeholder group to ensure that policy-makers understand our operational requirements and consider them when developing policy	We engage in regular meaningful dialogue with Government departments to help shape thinking in advance of the formal policy developments We have established strategic quarterly meetings attended by a Director and those with relevant expertise in the business for key stakeholders such as Highways England and we provide representation on relevant external Boards including Highways England Bus We proactively respond to relevant national government consultations and communicate this through the media where appropriate
Elected members, such as MPs and Councillors	We gain useful knowledge and support from elected members as representatives of their residents/constituents, so we seek to engage with them whenever appropriate	We inform and engage elected members when we make large-scale changes to bus networks in an area through our public consultation process We also engage in regular meaningful dialogue with MPs and Councillors on bus issues that are important to their residents/constituents
Regulators, including: • Traffic Commissioner • DVSA • DVLA	The Traffic Commissioner – as the operating licence authority – and the DVSA and DVLA – as regulators of vehicle standards and driver licensing – are vital to the lawful operation of our bus services	We ensure that we keep the Traffic Commissioner fully appraised of any changes or developments through regular communication We work collaboratively with the DVSA to ensure our vehicles adhere to their standards and with the DVLA to ensure our drivers are duly licensed
Industry and interest groups	We are a member of the Confederation of Public Transport (CPT); Campaign for Better Transport; and Chambers of Commerce in Birmingham and the Black Country These stakeholders provide us with specialist knowledge and help us to amplify our message	We attend regular meetings of the CPT, give support to the Campaign for Better Transport and liaise as appropriate with the Chambers of Commerce As noted above, we led the establishment of the West Midlands Bus Alliance Board alongside the West Midlands Combined Authority, Transport Focus, the police and others and it acts as a forum for cohesive engagement and collaboration on topics of common interest
Suppliers	Our suppliers are vital in helping us to deliver our services in an effective, efficient and good value way and thereby help us to achieve our strategy and Purpose	We recognise the value of building strong relationships with our suppliers and our procurement teams work collaboratively with them to agree and then meet mutually acceptable contract terms and ensure there are no disruptions to supply chain. A recent example has been the successful relationship built with Zenobe, the availability provider for our first batches of electric vehicles.

A pyramid approach is used to ensure stakeholder engagement takes place at the right level of the business so that the right people in the business (whether strategic or operational) lead the relationships with their equivalents in stakeholder organisations, as illustrated by the diagram below:



Details of how certain stakeholders views and interests have been taken into account in, and affected, some key decisions taken by the Company's Directors during the year under review are set out in the Company's s.172(1) Statement in the Strategic Report.

Financial risk management objective and policies
The Company's activities expose it to the following key financial risks. The use of financial derivatives is governed by the Company's and ultimate parent's policies, which provide written principles on the use of financial derivatives to manage certain cash flow risk as described below. The Company does not use derivative financial instruments for speculative purposes.

a) Cash flow risk
The Company's activities expose it to market risks relating to fuel prices. It is the Company's policy to hedge this exposure in order to provide a level of certainty as to costs in the short term and to reduce the year on year fluctuations over the medium term. This is achieved by entering into fuel derivatives, details of which can be found in note 17.

Interest bearing liabilities are held at fixed rates to ensure certainty of cash flows.

b) Credit risk
The Company's principal financial assets are bank balances, trade and other receivables. The risk is mitigated by a number of factors including many of the debtors being with other companies within the Mobico Group or with public bodies. The Company has implemented policies that require appropriate credit checks on potential customers before sales commence.

c) Financing/Liquidity risk
A material increase in interest rates would increase the Company's cost of borrowing. Material tightening in investment grade credit markets could impact Mobico Group's liquidity, which could affect the assurances the Company receives that its liabilities will be met should the Company struggle with liquidity. Management mitigates against these risks by maintaining strong relationships with a number of key relationship banks and with continued monitoring and scenario analysis over covenants.

Statement of corporate governance arrangements
This statement is made in accordance with paragraphs 23 and 26 of Part 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Corporate Governance Framework

The Company's corporate governance framework is designed to enable its Board of Directors to take appropriately high-level decisions and to delegate to Committees appropriate oversight activities and operational decisions. The framework also reflects the facts that the Company is a wholly-owned (indirect) subsidiary of Mobico Group PLC (LSE:NEX), and one of a number of companies comprised in the National Express UK Division, which includes Mobico Group PLC's UK bus and coach operating companies, which receive support from various functional teams who support both UK bus and coach.

The diagram below illustrates the nature and explains the composition of the organs which are comprised in the Company's corporate governance framework, and the relationships between them:

Shareholder

The Company is ultimately owned by Mobico Group PLC, to whom the Company and its Board of Directors regularly report via monthly UK Divisional Executive Reports which are discussed in monthly Group UK Executive meetings, and otherwise via ad hoc reporting as required. The Company also complies with appropriate directions given by Mobico Group PLC as its ultimate parent company and shareholder, subject to the Directors' duties.

Board of Directors

The Company's Board of Directors is collectively responsible for the long-term sustainable success of the Company, through establishing the Company's purpose, strategy, risk appetite and governance arrangements. The Board has a formal list of matters reserved to it, details of which are set out on page 3. The Board meets quarterly or more frequently as required to discharge its responsibilities. Other matters are delegated by the Board to its UK Divisional Committees.

UK Divisional Committee

The UK Divisional Committee, which reports into the Board of Directors, is comprised of the UK Division Managing Director and the UK Division's functional heads of service, including the UK Safety, Operations, Commercial, Sales & Marketing, Property and HR directors. The Committee has agreed terms of reference, details of which are set out on page 13, and meets monthly to discuss cross-Divisional risks and opportunities and agree cross-Divisional initiatives.

Our Approach to Governance

The Company has developed an internal governance policy – "One Team Moving People" - which expounds the philosophy and promotes the behaviours of the Board and its Committees when governing the Company. Further details are set out on page 14.

Corporate Governance Framework continued

The table below summarises the matters which are reserved to the Company's Board of Directors and those which, in accordance with their respective terms of reference, are delegated by the Board to its UK Divisional Committee :

Board Reserved Matters	UK Divisional Committee Delegated Responsibilities
➢ Approve the Company's strategy and risk appetite ➢ Approve the Company's business plans and budgets ➢ Approving the Company's accounts and the payment or recommendation of interim and final dividends ➢ Approve acquisitions and disposals of companies, businesses and material assets ➢ Approve joint venture and partnership arrangements ➢ Approve borrowings, swaps and guarantees ➢ Approve capital and operating expenditure above a certain level ➢ Approve the Company's entry into or variation of material contracts above a certain value ➢ Approve the issue, defence and settlement of legal proceedings above a certain value ➢ Approve Director appointments and removals ➢ Review the effectiveness of the management of the Company's transport operations and compliance with its operator licence undertakings ➢ Review the Company's compliance with its other legal obligations ➢ Review the effectiveness of the Board's corporate governance arrangements and each of its corporate governance statement, s.172(1), stakeholder engagement and employee engagement statements ➢ Receive reports on the activities of the UK Divisional Committee	➢ Review the Company's performance against its strategy and make recommendations to the Board regarding any change in strategy ➢ Review the Company's risks and the actions being taken to mitigate those risks and make recommendations to the Board regarding any change in risk appetite ➢ Monitor the Company's performance against its approved business plans and budgets ➢ Identify and develop business initiatives and review the Company's progress against those initiatives ➢ Approve all new health and safety policies and procedures and variations thereto ➢ Oversee succession planning for senior management ➢ Review and approve organisational changes and major changes to employment conditions and pension arrangements ➢ Report to the Board of Directors

The table below provides more details about the Board's and its Committees' approach to governance:

The Company's "One Team Moving People" expounds the philosophy that good governance gives the Company:
- the ability to understand and identify opportunities and risks;
- the capability to use the Company's resources to capitalise on or manage them; and
- the agility to do so quickly and overcome resistance to change,

thereby, enabling the Company to deliver for its shareholder and other stakeholders.

It promotes the following behaviours in governance meetings:
- Truth – everyone should express views openly and honestly
- Respect – everyone should listen and learn
- Debate – everyone has the right to challenge and respond
- Independence – there should be no "group-think"
- Commitment – everyone should deliver on their actions
- Preparation – everyone should prepare and be prepared

And is underpinned by the following practical requirements for governance meetings:
- Mandatory and punctual attendance
- Clear agendas and timings
- Timely and well-prepared papers

Corporate Governance Code

In 2019 the Company enhanced its existing governance framework and approach by adopting the Wates Corporate Governance Principles for Large Private Companies issued by the Financial Reporting Council (the "Wates Principles"). The way in which the Company complied with the Wates Principles during its financial year ended 31 December 2022 is explained in the table below:

Wates Principle	Explanation of Compliance
Purpose and Leadership – *An effective board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose*	During the year under review, the Company's ultimate shareholder, Mobico Group PLC, reviewed and renewed its Purpose to better reflect its role and that of its subsidiaries (together, the "Group") in society. The Group's Vision is to be the world leader in mass transit and lead in safety, reliability and environmental standards, which Vision is rooted in a belief that driving modal shift from cars to high quality mass transit is fundamental to a safe, green and prosperous future. The Group's Purpose is to help lead this modal shift by making mass transit an increasingly attractive option for all its customers by earning their loyalty by providing safe, reliable and great value multi-modal services on clean and green vehicles. The Company, as a subsidiary of Mobico Group PLC, has adopted this same Purpose and its strategy is geared towards achieving the same. The Company has adopted the same core five Values as are held by M PLC as they provide the best framework to deliver the Group's renewed Vision and Purpose. These Values are: • Safety – to be the safest mass transit operator in the communities we serve • Excellence – to be the leader in every market we operate in, trusted to deliver service excellence, consistently • Customers – to be the most trusted and valued mass transit partner • People – to be the place to work in mass transit • Community and Environment – to be the world's greenest mass transit operator; a trusted partner to the communities we serve Our Values make clear our priorities and form the foundations of the Group's culture: ➢ Safety is our highest priority and underpins everything we do. The Group's "Driving out Harm" programme introduced in 2011 and involving multiple safety initiatives had by 2019 reduced the Group's Fatalities and Weighted Injuries score by more than 80%. The Group's "Target Zero" ambition adopted in 2017 was also achieved by 2019 through the Group having no responsible fatalities. The Company, as an integral part of the Group, helped deliver these considerable achievements; its own contribution highlighted through its repeated high scores for health and safety from the British Safety Council. ➢ The combination of Excellence in the delivery of our operations, including through the development and implementation of Standard Operating Procedures, our focus on putting the Customer at the heart of what we do, including by the development of the "NX Way" for customer service teams, and our investment in our People, including through the "Master Driver" and "Master Technician" programmes which recognise and reward the most skilled and dedicated drivers and vehicle technicians, support the delivery of the Company's strategy. These initiatives also make a collective contribution to the Community as they each help achieve the provision of quality bus services to the people living in the communities we serve. ➢ The Environment has also been given significantly greater prominence by the Company and the Group, as evidenced through the Group's pledge never to buy another diesel bus in the UK and its ambition to achieve zero carbon emissions in UK bus by 2030. This ambition also serves the Community by helping to ensure cleaner air in the cities and regions we serve. The Board actively communicates the Company's Purpose and promotes its Values via direct channels of communication between Directors and the workforce and through the adoption and promotion of the Group's standards, policies and procedures, such as its Global Safety Standards and its Anti-Bribery and Corruption, Anti-Slavery and Human Trafficking, Anti-Bullying and Harassment and Whistleblowing Policies, and the Company's own policies on fair employee practices and supplier protocols, which all promote a healthy corporate culture. The Board also monitors the Company's culture to assess whether the Company is living by its Values which, as noted above, support the achievement of its strategy and Purpose. Further details about the ways in which the Directors engage with the workforce are set out in the Company's employee engagement statement in this Directors' Report.
Board Composition – *Effective board composition requires an*	Board and UK Divisional Committee meetings are chaired by the UK Division Managing Director, who provides strategic direction and an understanding (due to their roles on Mobico Group PLC's UK Executive Committee) of the Company's contribution to the Group's objectives,

effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company	As all Directors are engaged in the management of the Company and none hold any employment or professional engagements outside of the Company (or, in the case of the UK Division Managing Director, other members of the Group), all Directors have sufficient capacity to fulfil their legal responsibilities and make effective contributions to the management of the Company. In view of the size of the Company and scale and nature of its operations, the size and composition of the Board is currently considered appropriate.
Directors Responsibilities – *The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge*	The Company's governance framework and approach to governance guides the Directors on their legal responsibilities and accountability to deliver sustainable value for the benefit of the Company's shareholder, after duly taking into account other stakeholder interests, and otherwise in their general conduct. Those matters also provide a roadmap to support good governance, effective decision making and independent challenge, including by prescribing that Board and Committee papers are provided in a timely manner in advance of meetings and that these are read and digested prior to each meeting to enable effective contribution by all those present and by encouraging open and active debate among and challenge at Board and Committee meetings to facilitate better decision-making. From time to time, the Company's Directors also receive refresher training on their legal duties and responsibilities as directors of an English company. During the year under review, the Directors received training on their new reporting obligations under the Companies (Miscellaneous Reporting) Regulations 2018 and on the scope and import of the Wates Principles, pursuant to which these disclosures and explanations are being made. They also received refresher training on their duties under s.172(1) Companies Act and training on the new reporting obligations under s.414CZA Companies Act 2006 (as amended) and Part 4 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).
Opportunity and Risk – *A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks*	The Company's approach to governance promotes the identification of both opportunities and risks through the open debate and challenge it encourages. The Board's UK Divisional Committee, as a Committee comprised of the UK Divisional Managing Director and of the functional heads of services (which support the Company and all other companies within the UK Division), also serves an integral role in the identification and exploitation of opportunities and the identification and management of risk. For example, opportunities for the Company and its bus operations will arise out of the Group's coach operations, and vice versa, and common risks will be identified together with the best means of managing them. The Company reports monthly to its ultimate shareholder on its opportunities and risks. The Company also contributes to a UK Divisional Risk Register which, through a series of workshops between the Group's risk team and the Company's business teams, identifies the key risks affecting or that could affect the Company (and other companies within the Group's UK Division), how to mitigate those risks, and who is responsible for managing or mitigating each risk. The principal financial risks for the Company, and how these are mitigated, are set-out in the Strategic Report.
Remuneration – *A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company*	The Company, together with other companies comprised in the Group's UK Division, has an established executive remuneration policy, the principal purpose of which is to ensure that executive remuneration is aligned with long-term sustainable success of the Company (and its wider Group). In addition to competitive base pay levels and appropriate benefit packages, UK Divisional and Company senior managers are invited to participate in the Senior Management Bonus Plan or the Management Bonus Plan (together, the "Plans"). The Plans are designed to seek alignment between the Company's and its wider Group's Vision, Values and strategy and executives' individual objectives via participants being set a mix of weighted safety, financial and other objectives geared towards achieving the Group's Vision, Values and strategic plans. Bonus pay-outs under the Plans are dependent on the Group's achievement of certain threshold financial and safety targets, the UK Division's (including the Company's) achievement of financial and safety targets and participants' personal performance against their individual objectives. The Plans are designed to reward outstanding performance, rather than expected performance. In addition to the Plans, certain of the Company's senior executives are eligible to participate in the Mobico Group PLC Long-Term Incentive Plan ("LTIP"). Mobico Group PLC's Remuneration Committee

	grants annual LTIP awards of nil cost options over Mobico Group PLC shares to certain selected individuals, the maximum potential value of which awards are based on a percentage of their salaries. All LTIP awards are subject to weighted performance metrics, including Mobico Group PLC's total shareholder return, earnings per share and return on capital employed plus two recently added environmental performance metrics, which are measured over a three-year performance period. The performance metrics are designed to align participants' interests with those of the long-term sustainable success of the Group. The precise performance conditions, their weightings and their vesting levels are set out in Mobico Group PLC's Annual Report and Accounts. The Company's and UK Division's executive remuneration policy also takes account of the pay and conditions of the Company's and UK Division's wider workforce, as well as the respective levels of responsibility held by mangers and other members of the workforce. The majority of the Company's and UK Division's wider workforce are drivers and vehicle technicians whose pay levels and conditions are negotiated through discussions with Trade Unions. The outcome of these discussions and other important pay initiatives promoted by the Company's management, are taken into account both in setting executive base salary levels and in making bonus awards under the Plans and LTIP awards under the LTIP.
Stakeholder Relationships and Engagement – *Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions*	The Company strives to be a proactive and trusted partner to its key stakeholders, by seeking to understand their priorities and form alliances with them. This is because investing in long-term relationship building helps the Company to deliver its strategy and objectives more effectively and mitigates potential barriers in doing so and thereby achieve its Purpose and Vision. Further details of the approach taken by the Company to fostering relationships with its key stakeholders, who the Company's key stakeholders are and how the Company has engaged with them during the year under review is set out in the Company's stakeholder engagement statement earlier in this Directors' Report. Furthermore, details of how the Directors have had regard to stakeholders' views in some key decisions taken by them during the year under review are set out in the Company's section 172(1) statement in the Strategic Report.

Energy and Carbon Report
Management is making use of the SECR exemption as per Schedule 7 of the Companies Act Part 7A (2) given that the Group Annual Report discloses this information for each division.**Post balance sheet events**

There have been no material post balance sheet events.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

WEST MIDLANDS TRAVEL LIMITED

Approved by the Board and signed on its behalf by:

N.T. McEwan

N McEwan
Director

30th August 2023

Registered Office:
National Express House
Digbeth
Birmingham
B5 6DD

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 FRS101 "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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT
to the members of West Midlands Travel Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of West Midlands Travel Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 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 profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 28.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies act 2006, Tax Laws Finance Act 2016 and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

INDEPENDENT AUDITOR'S REPORT (continued)

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Occurrence and accuracy of grant income. Completed testing by agreeing grant income to signed agreements and bank statements and verified a sample of mileage data to terms in the agreement.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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:

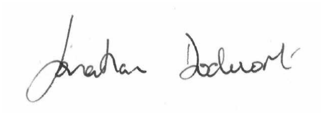
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

INDEPENDENT AUDITOR'S REPORT (continued)

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.



Jonathan Dodworth (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
30th August 2023

WEST MIDLANDS TRAVEL LIMITED

Profit and Loss Account
For the Year Ended 31 December 2022

	Note	**2022** **£000**	2021 £000
Revenue	3	185,235	139,965
Other operating income	3	67,703	139,742
		252,938	279,707
Operating costs	4	(236,653)	(264,671)
Operating profit before exceptional items		16,286	15,036
Operating exceptional items	4	(15)	(3,378)
Operating profit	4	16,270	11,658
Interest receivable and similar income	7	66	67
Interest payable and similar expenses	8	(2,475)	(3,001)
Impairment of investment in subsidiary	12	(2,250)	-
Other finance payable	22	(1,628)	(1,714)
Profit/(loss) before taxation		9,983	7,010
Tax (charge)/credit	9	(856)	(469)
Profit for the financial year attributable to the owners of the company		9,127	6,541

All results are derived from continuing operations.

The notes on pages 27 to 51 form part of these financial statements.

WEST MIDLANDS TRAVEL LIMITED

Statement of Comprehensive Income
for the Year Ended 31 December 2022

	Note	**2022 £000**	2021 £000
Profit for the financial year		9,127	6,541
Actuarial gain/(loss) on defined benefit pension scheme	22	51,422	41,270
Deferred tax (charge)/credit on actuarial movements		(12,855)	(1,779)
Net gain/(loss) on cash flow hedges		(236)	8,742
Deferred tax (charge)/credit on cash flow hedges		59	(1,953)
Total comprehensive income/(expenditure) for the financial year attributable to the owners of the company		47,517	52,821

The notes on pages 27 to 51 form part of these financial statements.

WEST MIDLANDS TRAVEL LIMITED

Balance Sheet
As at 31 December 2022

	Note	**2022 £000**	2021 £000
Non-current assets			
Property, plant and equipment	10	178,619	194,885
Intangible assets	11	2,481	1,036
Investments in subsidiary undertakings	12	246	2,496
Deferred tax assets	13	18,218	33,573
Defined benefit pension assets	22	347,061	479,680
Finance lease receivable	24	3,517	1,996
		550,142	713,666
Current assets			
Inventories	14	2,395	2,181
Trade and other receivables	15	78,329	69,210
Cash and cash equivalents	16	30,080	47,024
Finance lease receivable	24	194	229
		110,998	118,644
Current liabilities			
Creditors: amounts falling due within one year	17	(50,572)	(89,269)
Provisions	19	(6,718)	(4,500)
Lease obligations	25	(3,855)	(3,934)
Net current assets/(liabilities)		49,853	20,941
Total assets less current liabilities		599,995	734,607
Non-current liabilities			
Creditors: amounts falling due after more than one year	18	(19,641)	(12,515)
Lease obligations	25	(44,287)	(46,391)
Provisions	19	(19,979)	(18,219)
Defined benefit pension liabilities	22	(386,822)	(575,733)
Net assets		129,266	81,749
Capital and reserves			
Called up share capital	20	97	97
Share premium account		796	796
Capital reserve		(254)	(254)
Hedging reserve		3,478	3,655
Profit and loss account		125,149	77,455
		129,266	81,749

The financial statements of West Midlands Travel Limited, registered number 02652253, were approved and authorised for issue by the Board of Directors on 29th August 2023 and were signed on its behalf by:

N.T. McEwan

N McEwan
Director
30th August 2023

The notes on pages 27 to 51 form part of these financial statements.

Statement of Changes in Equity
for the Year Ended 31 December 2022

	Called up share capital £000	Share premium account £000	Capital reserve £000	Fuel hedge £000	Profit and loss account £000	Total £000
At 1 January 2021	97	796	(254)	(3,134)	31,135	28,640
Actuarial loss (net of tax)	-	-	-	-	39,491	39,491
Hedge movement (net of tax)	-	-	-	6,789	-	6,789
Profit for the year	-	-	-	-	6,829	6,829
At 31 December 2021	97	796	(254)	3,655	77,455	81,749
At 1 January 2022	97	796	(254)	3,655	77,455	81,749
Actuarial gain (net of tax)	-	-	-	-	38,567	38,567
Hedge movement (net of tax)	-	-	-	(177)	-	(177)
Profit for the year	-	-	-	-	9,127	9,127
At 31 December 2022	97	796	(254)	3,478	125,149	129,266

The notes on pages 27 to 51 form part of these financial statements.

Notes to the financial statements for the Year Ended 31 December 2022

1. General information

West Midlands Travel Limited (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 registered office is National Express House, Digbeth, Birmingham, B5 6DD.

The principal activity of the Company is the operation of Bus services.

The financial information is presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, and related party transactions. This information comprises separate financial statements.

The Company is exempt under s400 of Companies Act 2006 from the preparation of consolidated financial statements, because it is included in the group financial statements of Mobico Group PLC. Where required, equivalent disclosures are given in the group financial statements of Mobico Group PLC. The group financial statements of Mobico Group PLC are available to the public and can be obtained as set out in note 28.

The financial information has been prepared on the historical cost basis, except for the revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. Derivatives are accounted for at fair value. The principal accounting policies adopted are set out below.

Critical judgements and estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those 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 revision and future periods if the revision affects both current and future periods.

2. Significant Accounting Policies (continued)

Key accounting judgements

Our existing 29 electric vehicles operate under an ‘availability’ contract with Zenobe, and under that arrangement Zenobe are entitled to substitute the vehicles. From a detailed assessment of the terms and conditions of the contract we concluded that the substitution right conveys significant economic benefits to Zenobe and that substitution is practically feasible. As such, we concluded that this is a substantive substitution right and do not consider the arrangement to contain a lease. Consequently, the arrangement is accounted for as a service contract, with monthly arrangement fees expensed to the income statement as incurred and no right of use assets or lease liabilities have been recognised.

Key sources of estimation uncertainty

Insurance

The estimation of the insurance provisions is based on an assessment of the expected settlement on known claims together with an estimate of settlements that will be made in respect of incidents occurring prior to the Balance Sheet date but for which claims have not been reported to the Company. The Company makes assumptions concerning these judgemental matters with the assistance of advice from the Third Party Administrator (TPA), responsible for the management of claims on behalf of the Company.

The insurance provision at 31 December was £14,922,000 (2021: £11,292,000). See note 19 for further details.

Pensions

The determination of the defined benefit pension liability depends on the selection of certain assumptions which include the discount rate, inflation rate and mortality rates. At 31 December 2022 the liability was £39.8 million (2021: £96.1 million). The key area of estimation uncertainty is in respect to the discount rate and rate of inflation. Whilst the Company believes that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may significantly change the liability. The Company makes assumptions with the assistance of advice from independent qualified actuaries. Details of the assumptions are set out in note 22, along with their sensitivities.

Tax provisions

Assessing the outcome of tax uncertainties, such as the deductibility of interest expense, requires judgements to be made regarding the result of negotiations with and enquiries from tax authorities. Management’s assessments are supported by external advisors where appropriate, based on our business transaction facts and circumstances and the status of ongoing discussions with the relevant tax authorities.

Going concern

The Financial Statements have been prepared on a going concern basis. In adopting this basis, the Directors have considered the Company’s business activities, principal risks and uncertainties, exposure to macroeconomic conditions, financial position, liquidity and borrowing facilities. The Company is primarily funded through the cash held in the Company’s bank accounts. It is not expected that the Company will require funding from the parent undertaking in the foreseeable future; however, such funding is available if required. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the Financial Statements.

From March 2020 to August 2021 we were supported by the Covid Bus Service Support Grant (‘CBSSG’). This was followed by the Bus Recovery Grant (‘BRG’) from 1 September 2021 and

2. Significant Accounting Policies (continued)

is currently expected to end on 30 June 2023. Both grants were provided by the Department for Transport.

During the year, the West Midlands Combined Authority (WMCA), supported by our UK Bus business (UK Bus) and other regional operators, applied for and was awarded a grant by the Department for Transport (DfT) under the UK government's Bus Service Improvement Plan (BSIP). The total amount awarded was £87.8m and is available to WMCA and regional bus operators in return for delivering certain improvements to bus services in the West Midlands. The BSIP runs for three years from April 2022 to March 2025 (see note 3 for further details).

Revenue recognition
Revenue is measured based on the consideration specified in the contract with a customer and is recognised when the performance obligations of the contract have been fulfilled.

Revenue received where the performance obligation will be fulfilled in the future is classified as deferred income or contract liabilities, in accordance with IFRS 15.

Operating exceptional items
Operating exceptional items are material items of income or expenditure which due to their nature and infrequency require separate identification on the face of the profit and loss account to allow a better understanding of the financial performance in the year, in comparison to prior years.

Taxation
The charge for taxation is based on the profit for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is estimated to be certain that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer estimated to be certain that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by

2. Significant Accounting Policies (continued)

the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Investments

Fixed asset investments are stated at cost less provision for any impairment in value. They are subject to an annual test of impairment and an impairment charge recognised as required.

Intangible fixed assets

Intangible fixed assets are measured initially at purchase/internal cost and are amortised on a straight-line basis over their estimated useful lives of typically 5 to 7 years or otherwise in line with any specific external contractual agreements which apply.

Leased assets and obligations

Lease identification

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below £5,000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. Significant Accounting Policies (continued)

Accounting for leases as a lessor

Leases for which the Company is a lessor are classified as either finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease, otherwise the leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables and calculated based on the present value of lease payments to be received over the lease term. Finance lease income is recognised using the effective interest method. Lease income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Tangible fixed assets

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses, with the exception of certain properties that have been stated at deemed cost.

Depreciation is provided on a straight line basis on all property and plant and equipment on the following basis:

Freehold buildings	10 to 40 years
Leasehold premises	15 to 40 years (or period of lease if shorter)
Infrastructure assets	10 years
Public service vehicles	18 years (or period of lease if shorter)
Other vehicles, plant and equipment	3 to 18 years

The carrying values of property, plant and equipment are reviewed for impairment at each balance sheet date or if events or changes in circumstances indicate the carrying value may not be recoverable.

Government grants

Government grants are recognised in the Profit and Loss Account on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants relating to property, plant and equipment are treated as deferred income and released to the profit and loss account over the expected useful economic life of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Impairment of non-financial assets

All non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset’s fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

In assessing value in use, the estimated risk adjusted future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Impairment losses are recognised in the Profit and Loss Account in expense categories consistent with the function of the impaired asset.

2. Significant Accounting Policies (continued)

Stocks

Stocks are valued at the lower of cost and net realisable value on a first-in, first-out basis, after making due allowance for obsolete or slow-moving items.

Pensions and other post-retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. Any payment due but not made would be recognised as a payable. There were no outstanding payments to be made at the reporting date.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method. Full actuarial valuations are carried out triennially and are updated for material transactions and other material changes in circumstances up to the end of the reporting period. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in other comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Determining the amount of the Company's retirement benefit obligations and the net costs of providing such benefits requires assumptions to be made concerning long term interest rates, inflation, salary and pension increases, investment returns and longevity of current and future pensioners. Changes in these assumptions could significantly impact the amount of the obligations or the cost of providing such benefits. The Company makes assumptions concerning these matters with the assistance of advice from independent qualified actuaries. Details of the assumptions made are set out in note 22.

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge, actual results may ultimately differ from those estimates.

For non-market-based performance conditions at each balance sheet date before vesting, the cumulative expense is calculated based on the Company's estimate of the number of shares that will eventually vest, and the movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

Insurance provisions

The Company's policy is to self-insure high frequency claims within the business. To provide protection above these types of losses, the Company purchases insurance cover from a selection of proven and financially strong insurers. These insurance policies provide individual claim cover subject to excess limits and aggregate stop losses for total claims within the excess limits. A provision is made on a discounted basis 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.

2. Significant Accounting Policies (continued)

Financial instruments

Financial assets at amortised cost

Financial assets at amortised costs are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Balance Sheet.

Financial liabilities

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised. Amortisation is included as finance costs in the Income Statement.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its risks associated with fuel price. These instruments are initially recognised at fair value and subsequently remeasured to fair value for the reported Balance Sheet. The fair value is calculated by reference to fuel prices at the year end.

The derivatives are designated as cash flow hedges. The gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity, with any material ineffective portion recognised in the Profit and Loss Account. The gains or losses deferred in equity in this way are recycled through the Profit and Loss Account in the same period in which the hedged underlying transaction or firm commitment is recognised in the Profit and Loss Account.

For derivatives that do not qualify for hedge accounting, gains or losses are taken directly to the Profit and Loss Account in the period.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting.

New standards and interpretations applied

There were no new standards or interpretations in the year that had a material impact on the Company.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3. Revenue and other income

An analysis of the Company’s revenue is as follows:

	2022 £000	2021 £000
Passenger revenue	174,317	128,578
Other revenue	10,918	11,387
	185,235	139,965

Revenue is stated net of value added tax where applicable and is wholly derived within the United Kingdom.

An analysis of the Company’s other operating income is as follows:

	2022 £000	2021 £000
CBSSG and BRG	65,020	136,501
Gain on the disposal of fixed assets	2,683	2,241
Other income	-	1,000
	67,703	139,742

In 2021, UK Government grants were received for the Covid Bus Service Support Grant (‘CBSSG’) and the Bus Recovery Grant (‘BRG’).

CBSSG and BRG were established to support commercial bus operators in England in recognition of the immediate and subsequent impacts of coronavirus (COVID-19) on revenue due to reduced patronage.

In 2022, UK Government grants were received for the Bus Service Improvement Plan (‘BSIP’) and BRG.

During the year, the West Midlands Combined Authority (WMCA), supported by the Company and other regional operators, applied for and was awarded a grant by the Department for Transport (DfT) under the UK Government’s Bus Improvement Plan (BSIP). A pre-application condition for the BSIP grant set by the DfT was the existence of an Enhanced Partnership Plan (EPP) and an Enhanced Partnership Scheme (EPS) between WMCA and regional bus operators. This was in place for the West Midlands prior to the commencement of the BSIP. The BSIP was available to WMCA and regional bus operators in return for delivering certain improvements in bus services in the West Midlands

In the year, a total amount of £12.0m was recognised which represented the pro-rata element of the total three year grant funding available (which totals £48.0m) in respect of the BSIP that the Company delivered on in 2022. This included £4.0m of income recorded in revenue representing the portion of the grant income designed to compensate the business for freezing passenger fares and a further £8.0m recorded to reduce expenditure to reflect the elements of the BSIP programme compensating the business for the costs incurred in maintaining the bus network during that period.

3. Revenue and other income (continued)

In 2023, the Company renegotiated the terms of the BSIP grant with the WMCA resulting in additional funding, and releasing the business from its commitment to freeze passenger fares from 1st July 2023.

For the portion of BSIP funding available to the company, the updated agreement confirmed the income to be received until 31 December 2024 of £55.1m. The subsequent agreement entered into in 2023 does not impact the income recognised in the year.

4. Profit for the year

Operating profit is stated after charging/(crediting):

	2022 £000	2021 £000
Fees payable to the Company's auditor:		
- Audit of the Company's financial statements	148	99
- Non audit services	-	-
Depreciation of tangible fixed assets		
- Owned	15,723	17,473
- Leased	4,203	4,086
Amortisation of intangible fixed assets	233	560
Cost of stock recognised as expense	10,818	15,487
Staff costs (note 5)	141,575	165,264

Profit for the year included a loss of £15,000 (2021: £3,378,000) relating to exceptional items. The exceptional loss relates to disconnecting telephone lines after the early termination of four Travel Shop leases.

5. Staff costs

	2022 £000	2021 £000
Wages and salaries	120,547	145,023
Social security costs	14,508	13,300
Pension contributions – defined contribution (note 22)	2,951	3,132
Pension contributions – defined benefit (note 22)	3,569	3,809
	141,575	165,264

The monthly average number of persons employed by the Company during the year was:

	2022 Number	2021 Number
Managerial and administrative	199	174
Operational	4,415	4,520
	4,614	4,694

6. Directors' remuneration

Total remuneration for all Directors in respect of qualifying services as a Director of the Company:

	2022 £000	2021 £000
Aggregate emoluments	909	986
Company contributions to defined contribution pension schemes	84	47
	993	1,033

The Directors of the Company are also Directors of a number of other companies in the Mobico Group.

Retirement benefits accrued to 5 (2021: 4) Directors under a money purchase pension scheme and no Director accrued (2021: nil) under defined benefit schemes.

1 Director who is remunerated by the Company exercised share options during the year (2021: 1).

Qualifying services of highest-paid Director:

	2022 £000	2021 £000
Aggregate emoluments	281	335

Pension contributions to a defined contribution scheme of £7,000 (2021: £23,513) were paid in respect of the highest paid Director.

7. Interest receivable and similar income

	2022 £000	2021 £000
Finance lease interest income	66	67

8. Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable to ultimate holding company	295	602
Interest payable on IFRS16 leases	1,805	1,887
Other interest payable	19	91
Unwinding of discounting on insurance provisions (note 19)	356	371
Unwinding of discounting on accrued holiday pay provision	-	50
	2,475	3,001

9. Tax on Profit

	2022 **£000**	2021 £000
a) Analysis of tax charge in the year		
Current tax:		
- UK corporation tax	1,614	-
- Adjustments in respect of previous periods	(3,665)	58
Total current taxation	(2,051)	58
Deferred tax:		
- Origination and reversal of timing differences	1,547	2,284
- Effect of change in tax rate	-	(126)
- Adjustment in respect of prior periods	1,360	(1,747)
	2,907	411
Tax charge/(credit) on profit	856	469
b) Factors affecting the total tax charge for the year		
Profit/(loss) before taxation	9,983	7,010
Notional credit at UK corporation rate of 19%	1,897	1,332
Permanent disallowable items	884	301
Dividend income not taxable	-	-
Adjustments in respect of prior periods – deferred tax	1,360	(1,406)
Adjustments in respect of prior periods – corporation tax	(3,665)	242
Effect of change in tax rate in the year	380	-
Tax charge/(credit) on profit	856	469
c) Tax on items recognised in other comprehensive income or equity		
Deferred tax charge on actuarial movements	12,855	1,779
Deferred tax (credit)/charge on cash flow hedges	(59)	1,953
	12,796	3,732

d) Factors affecting future charges

The current tax rate is 19% and deferred tax has been recognised at 25%, being the rates substantively enacted at year end.

10. Property, plant and equipment

The net book value for land and buildings below includes freehold land of £nil (2021: £nil) which is not depreciated.

	Land and buildings				
	Freehold £000	Short lease £000	Public service vehicles £000	Vehicles, plant and equipment £000	Total £000
Cost or valuation					
At 1 January 2022	9,050	48,270	278,066	53,678	389,064
Additions	466	202	578	2,991	4,237
Group transfers in	-	-	-	-	-
Group transfers out	-	-	-	-	-
Disposals	(168)	(416)	(21,041)	(184)	(21,809)
Reclassification	-	-	-	-	-
At 31 December 2022	9,348	48,056	257,603	56,485	371,492
Depreciation					
At 1 January 2022	4,680	12,010	144,836	32,653	194,179
Charge for the year	420	1,991	14,350	3,165	19,926
Group transfers in	-	-	-	-	-
Group transfers out	-	-	-	-	-
Disposals	-	(415)	(20,633)	(184)	(21,232)
Impairment	-	-	-	-	-
Reclassification	-	-	-	-	-
At 31 December 2022	5,100	13,586	138,553	35,634	192,873
Net book value					
At 31 December 2022	4,248	34,470	119,050	20,851	178,619
At 31 December 2021	4,370	36,260	133,230	21,025	194,885

IFRS 16 right-of-use assets within property, plant and equipment are:

	Land and buildings £000	Public service vehicles £000	Vehicles, plant and equipment £000	Total £000
Cost or valuation				
At 1 January 2022	48,270	24,267	207	72,744
Additions	202	-	83	285
Disposals	(416)	-	(184)	(600)
At 31 December 2022	48,056	24,267	106	72,429
Depreciation				
At 1 January 2022	12,010	14,983	175	27,168
Charge for the year	1,991	2,154	58	4,203
Disposal	(415)	-	(184)	(599)
Impairment	-	-	-	-
At 31 December 2022	13,586	17,137	49	30,772
Net book value				
At 31 December 2022	34,470	7,130	57	41,657
At 31 December 2021	36,260	9,284	32	45,576

10. Tangible Fixed Assets (continued)

Average lease terms for the right of use assets are: Land and buildings 30 years; Public service vehicles 10 years; Vehicles, plant and equipment 5 years.

11. Intangible Fixed Assets

	Computer software £000
Cost or valuation	
At 1 January 2022	8,847
Additions	1,694
Disposals	(18)
At 31 December 2022	10,523
Amortisation	
At 1 January 2022	7,811
Charge for the year	233
Disposals	(2)
At 31 December 2022	8,042
Net book value	
At 31 December 2022	2,481
At 31 December 2021	1,036

12. Fixed Asset Investments

a) Investment in subsidiary undertakings

	£000
Cost	
At 1 January and 31 December 2022	10,940
Provisions for impairment	
At 1 January and 31 December 2022	(10,694)
Net book value	
At 31 December 2022	246
At 31 December 2021	2,496

The closing provision includes £6,073,000 relating to the impairment of an investment in Altram LRT Limited, £2,353,000 relating to Travel West Midlands Limited (Smiths Coaches Limited), £2,250,000 relating to West Midlands Accessible Transport Limited and £18,000 relating to Travel Coventry Limited (WM Holidays Limited). All of the impairment provision relating to West Midlands Accessible Transport Limited was charged during 2022.

12. Fixed Asset Investments (continued)

a) Investments in subsidiary undertakings (continued)

The investment in the Company's subsidiary undertakings at 31 December 2022 consisted of the following:

Altram LRT Limited
WM Ventures Limited
W M Property Holdings Limited
West Midlands Accessible Transport Limited
National Express Manchester Limited
Travel Coventry Limited
WM Travel Limited
Travel West Midlands Limited
Travel WM Limited
Travel Yourbus Limited
Travel Merryhill Limited
National Express UK Central Services Limited (incorporated November 2022)

In all cases the above companies are registered in England and the Company owns 100% of the voting rights and shares. All the above companies operated principally in their country of registration. All holdings are of £1 ordinary shares.

W M Property Holdings Limited & Travel Merryhill Limited are held indirectly through a subsidiary Company.

The registered office address of West Midlands Transport Information Services Limited is Darwin House, 7 Kidderminster Road, Bromsgrove, Worcestershire, B61 7JJ. The registered office address of all other subsidiary undertakings is National Express House, Digbeth, Birmingham, United Kingdom, B5 6DD.

b) Dividends received

	2022 £000	2021 £000
Dividends received from subsidiary undertakings	**-**	-

13. Deferred tax

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

	2022 £000	2021 £000
Included in provisions for liabilities (note 19)	(11,775)	(11,427)
Deferred tax assets	18,218	33,573
	6,443	22,146
Timing differences on tangible fixed assets and capital allowances	(10,615)	(10,209)
Short term timing differences	288	294
Pension costs	9,940	24,013
Losses	7,989	9,266
Derivative financial instruments	(1,159)	(1,218)
Total Deferred Tax	6,443	22,146

At 1 January 2022 including deferred tax on pension liability	22,146
Deferred tax charge in profit & loss account	(1,547)
Amount charged to statement of total recognised gains and losses	(12,796)
Adjustments in respect of prior years in profit and loss account	(1,360)
At 31 December 2022 including deferred tax on pension liability	6,443

The Company has no recognised deferred tax assets in respect of capital losses (2021: £nil). These are unrecognised on the basis that no suitable capital gains are expected to arise in the foreseeable future against which these assets can be offset.

14. Inventories

	2022	2021
	£000	£000
Engineering spare parts, spare units and fuel	2,395	2,181

If inventories were stated at replacement cost, the amounts above would not change significantly.

15. Trade and other receivables

	2022	2021
	£000	£000
Trade receivables	3,618	5,566
Amounts owed by fellow subsidiaries	3,143	6,396
Amounts owed by parent undertaking	1,526	1,432
Corporation tax	1,705	-
Derivative financial instruments	4,637	4,873
Other receivables	24,343	17,171
Accrued income	24,149	31,077
Prepayments	15,208	2,695
	78,329	69,210

Amounts owed by other group companies are interest free, unsecured and repayable on demand.

The Company is exposed to movements in commodity prices as a result of its fuel usage. It is the policy of the ultimate parent, Mobico Group PLC, to hedge this exposure in order to provide a level of certainty as to its cost in the short term and to reduce the year on year impact of price fluctuations over the medium term. This is achieved by entering into fuel derivatives.

The fuel derivative financial instruments are accounted for as cash flow hedges. They are initially recognised at fair value and subsequently remeasured to fair value at each reported Balance Sheet date. The fair value is calculated by reference to fuel prices at the period end.

Other receivables include supplier receivables, reimbursements relating to property construction and a number of other smaller receivable balances. It also includes £10,968,000 (2021: £7,900,000) relating to insurance recoveries.

Accrued income in 2022 includes £22.0 million relating to grant (BRG and BSIP) funding due at year end (2021: £25.8 million).

16. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	30,080	46,524
Short-term deposit	-	500
	30,080	47,024

17. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	15,667	8,518
Amounts owed to parent	3,587	7,402
Amounts owed to subsidiaries	271	548
Corporation tax	-	59
Bank overdraft	17	30,801
Bank and other loans	-	7,276
Social security costs	3,624	3,330
Derivative financial instruments	-	-
Accruals	23,778	25,303
Deferred income	497	1,016
Other payables	1,110	2,163
Deferred fixed asset grants	906	1,038
Deferred grant income	1,115	1,815
	50,572	89,269

Amounts owed to other group companies are interest free, unsecured and repayable on demand.

The Company is exposed to movements in commodity prices as a result of its fuel usage. It is the policy of the ultimate parent, Mobico Group PLC, to hedge this exposure in order to provide a level of certainty as to its cost in the short term and to reduce the year on year impact of price fluctuations over the medium term. This is achieved by entering into fuel derivatives. The fuel derivative financial instruments are accounted for as cash flow hedges. They are initially recognised at fair value and subsequently remeasured to fair value at each reported Balance Sheet date. The fair value is calculated by reference to fuel prices at the period end.

18. Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Deferred fixed asset grants	4,350	5,256
Deferred grant income	15,291	7,259
	19,641	12,515

19. Provisions for liabilities

	2022 £000	2021 £000
Outstanding insurance liability below one year	6,718	4,500
Current provisions	6,718	4,500
Outstanding insurance liability above one year	8,204	6,792
Deferred tax liability	11,775	11,427
Non-current provisions	19,979	18,219
Total provisions	26,697	22,719

Deferred tax liability

Details regarding the deferred tax liability are provided in note 13.

Insurance claims

	£000
At 1 January 2022	11,292
Provided in the year	8,667
Utilised in the year	(5,393)
Unwinding of discount (note 8)	356
At 31 December 2022	14,922

The insurance claims provision arises from estimated liabilities at 31 December under the Company's insurance arrangements, the majority of which will be utilised in the next six years. The claims held within the insurance provision relate to the periods prior to 31 October 1995 and during the period 1 November 2000 to 31 December 2022. The claims relating to the intervening period were covered by either external insurance arrangements or through the Mobico Group insurance programme.

	2022 £000	2021 £000
Outstanding insurance liability below one year	8,204	4,500
Outstanding insurance liability above one year	6,718	6,792
	14,922	11,292

20. Called up share capital

The Company’s share capital is as follows:

	2022 £	2021 £
Authorised		
100,000,000 ordinary shares of 0.1p each	100,000	100,000
100 "A" ordinary shares of 1p each	1	1
2 deferred shares of £1 each	2	2
	100,003	100,003
Allotted, called up and fully paid		
97,276,400 ordinary shares of 0.1p each	97,276	97,276
2 deferred shares of £1 each	2	2
	97,278	97,278

There are deferred shares of £2 (2021: £2) that have no voting rights or any entitlement to participation in the profits or the assets of the Company. The profit and loss reserve is the accumulation of all current and prior-year retained profits, less any dividends distributed.

21. Capital commitments

	2022 £000	2021 £000
Contracted	1,499	1,239

The capital commitments include new barcode readers (tangible assets) and new asset management software (intangible assets).

22. Retirement benefits

The Company participates in the West Midlands Pension Fund, a defined benefit scheme which is closed to new entrants.

The assets of the scheme are held separately from those of the Company. Contributions to the scheme are determined by independent professionally qualified actuaries.

The employer's contributions made in respect of the Company in the year were £10,067,000 (2021: £9,926,000) which included an additional amount of £7,497,000 (2021: £7,203,000) in order to reduce the scheme deficit. Following the recent triennial valuation, the employer's contribution is now set at 38%; it had been 35% since 1 April 2019. The expected employer contributions for 2023 have not been forecast due to uncertainty over future pensionable pay.

The valuation of the scheme as at 31 December 2022 is based on the results of the 31 March 2019 triennial actuarial valuation, which has been updated by independent professionally qualified actuaries to take account of the requirements of IAS 19. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The relevant assumptions used are as follows:

	2022	2021
Rate of increase in salaries	2.5%	2.5%
Rate of increase in pensions	2.5%	2.8%
Discount rate	4.8%	1.8%
Inflation assumption: RPI	3.1%	3.4%
Inflation assumption: CPI	2.5%	2.8%

	2022	2021
Life expectancy assumptions: Current pensioners (retired, normal health)		
Current pensioner aged 65 (male)	19.5	19.6
Current pensioner aged 65 (female)	23.0	23.0
Future pensioner aged 65 in 20 years (male)	20.9	21.0
Future pensioner aged 65 in 20 years (female)	24.5	24.6

The Actuarial tables used are 97% of S3PXA Heavy tables, CM_2021 (2021: CM_2020) improvements with 1.25% trend rate, smoothing factor of 7, a nil initial addition parameter and a 2020 and 2021 weighting parameter of 10%.

22. Retirement benefits (continued)

The sensitivity of the present value of scheme liabilities and scheme deficit to changes in the principle assumptions used is set out below:

	Change in assumption	Impact on scheme liabilities £000	Impact on scheme deficit £000
Discount rate	0.50% decrease	Increase by 24,199	Increase by 19,508
Rate of inflation	0.50% increase	Increase by 18,999	Increase 18,999
Rate of salary increase	0.50% increase	Increase by 1,966	Increase by 1,966
Pension increase	0.50% increase	Increase by 17,050	Increase by 17,050
Mortality	Each additional year	Increase 12,568	Increase by 8,311

The assets in the scheme, the expected rates of return and the net pension liability were as follows:

	2022 £000	2021 £000
Total market value of assets	347,061	479,680
Present value of scheme liabilities	(386,822)	(575,733)
Net deficit in the scheme	(39,761)	(96,053)

The major classes of assets as a percentage of total assets are as follows:

	2022 %	2021 %
Equities	15.6%	20.1%
Bonds	2.5%	2.2%
Multi-asset credit	19.8%	11.1%
Liability driven investments	15.2%	10.0%
Insurance policy	36.3%	35.8%
Diversified growth funds	6.3%	20.5%
Other	4.3%	0.3%
	100%	100%

22. Retirement benefits (continued)

Profit and loss account:

	2022 £000	2021 £000
Current service cost	3,453	3,809
Administrative expenses	116	125
Charge to operating profit	3,569	3,934
Net finance cost	1,628	1,714
Total charge to the profit and loss account	5,197	5,648

Statement of comprehensive income

	2022 £000	2021 £000
Difference between expected and actual return on assets	(125,063)	15,810
Actuarial gain/(loss) arising on scheme liabilities	176,485	25,460
Actuarial gain/(loss)	51,422	41,270

Changes in the fair value of scheme liabilities

	2022 £000	2021 £000
At 1 January	575,733	616,713
Current service cost	3,453	3,809
Contributions paid by scheme participants	506	530
Interest cost	10,220	7,653
Benefits paid	(26,605)	(27,512)
Actuarial (gain)/loss	(176,485)	(25,460)
At 31 December	386,822	575,733

Changes in scheme assets

	2022 £000	2021 £000
At 1 January	479,680	475,113
Expected return on scheme assets	8,592	5,939
Employer contributions	10,067	9,925
Contributions paid by scheme participants	506	530
Benefits paid	(26,605)	(27,512)
Administrative expenses	(116)	(125)
Actuarial (loss)/gain	(125,063)	15,810
At 31 December	347,061	479,680

22. Retirement benefits (continued)

History of experience gains and losses

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Defined benefit obligation	(386,822)	(575,733)	(616,713)	(557,130)	(580,320)
Value of scheme assets	347,061	479,680	475,113	458,084	453,019
Deficit in scheme	(39,761)	(96,053)	(141,600)	(99,046)	(127,301)
Experience gain/(loss) on liabilities	(36,366)	(2,958)	6,682	52,151	(1,083)
Experience gain/(loss) on assets	(125,063)	15,810	24,424	8,931	(29,936)

Defined Contribution Scheme

West Midlands Travel Limited operates a defined contribution pension schemes under the National Express Worksave Pension Plan, a Group Personal Pension provided by Legal & General.

Employer contribution rates average at 3% of pensionable pay.

At 31 December 2022 there were 3,849 employees in the National Express WorkSave Pension Plan (2021: 4,016). The pension cost for the year was £2,951,000 (2021: £3,132,000). Outstanding contributions at 31 December 2022 amounted to £nil (2021: £nil).

23. Contingent liabilities

The Company is party to a series of cross guarantees relating to the bank accounts of fellow Group companies amounting to £10,000,000 (2021: £10,000,000).

The Company is a guarantor to a number of its ultimate parent Company's financing agreements, consisting of a £400 million bond, a £250 million bond, a private placement (details of which are shown below) and £527 million of revolving credit facilities. These are described in the Mobico Group PLC 2022 Annual Report and Financial Statements.

Private Placement
£134 million 2.38% Series A Senior Notes due 2027
€43 million 1.11% Series B Senior Notes due 2027
€137 million 1.33% Series C Senior Notes due 2030
€60 million 1.46% Series D Senior Notes due 2032
$81 million 3.11% Series E Senior Notes 2027

24. Finance lease receivables

The Company has issued two sub-lease agreements that have been classified as finance leases, as they substantially transfer all of the risks and rewards of the assets. Nine Emeralds vehicles are sub-leased with a 10-year lease term that ends on 30th December 2030. The Company also acts as an intermediate lessor with a property in Wigston where the head lease and sub-lease commenced on 29th September 2022 with a 15-month rent-free period and a lease term of 15 years. Future receivables due are analysed as follows:

	2022 £000	2021 £000
Within one year	318	274
1-2 years	452	274
2-3 years	452	274
3-4 years	452	274
4-5 years	452	274
Five or more years	2,490	1,073
Total undiscounted lease receivables	4,616	2,443
Unearned finance income	(905)	(218)
Finance lease receivables	3,711	2,225

The 2021 finance lease receivable of £2,225k was split between a current element of £229k and a non-current element of £1,996k.
The 2022 finance lease receivable of £3,711k was split between a current element of £194k and a non-current element of £3,517k.

25. Lease obligations

	2022 £000	2021 £000
Minimum lease payments		
Within one year	5,592	5,712
1-2 years	4,709	5,543
2-3 years	4,090	4,545
3-4 years	3,980	3,943
4-5 years	3,960	3,812
Five or more years	45,741	47,800
Total minimum lease payments	68,072	71,355
Less: future finance charges	(19,930)	(21,030)
Present value of lease obligations	48,142	50,325

The 2021 lease obligation of £50,325k was split between a current element of £3,934k and a non-current element of £46,391k.
The 2022 lease obligation of £48,142k was split between a current element of £3,855k and a non-current element of £44,287k.
Lease repayments in the year were £5,752,000.

26. Post balance sheet events

There have been no material post balance sheet events.

27. Related party transactions

The Company has taken advantage of the exemption in FRS 101 from disclosing transactions with related parties that are wholly owned subsidiaries of Mobico Group PLC.

28. Ultimate parent and controlling undertaking

The Company's immediate parent undertaking is National Express Intermediate Holdings Limited. The Company is ultimately controlled by and is a wholly owned subsidiary undertaking of Mobico Group PLC, a company registered in England and Wales.

The Company's ultimate parent and controlling company and the largest and smallest company in which the Company's results are consolidated, is Mobico Group PLC, registered in England and Wales.

Copies of the group financial statements of Mobico Group PLC, the parent undertaking of the only group preparing group financial statements which include West Midlands Travel Limited, are available to the public and may be obtained from its registered address, Mobico Group PLC, National Express House, Birmingham Coach Station, Mill Lane, Digbeth, Birmingham B5 6DD.