

Go-Ahead to suspend trading of shares as rail franchise scandal rumbles on

Transport giant Go-Ahead has moved to suspend trading of its shares as the fallout from its rail franchising scandal continues.

The Newcastle firm – the North East’s third largest company by turnover – admitted last year that it had not declared £25m of funding relating to the London & South Eastern Railway (LSER) contract run as part of its Govia joint venture.

The company announced in December that its financial results would be delayed as a result of the issue, but has now released a statement saying that its auditors have not been able to publish accounts by the initial deadline of January 3.

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As that means the company will breach Financial Conduct Authority guidelines on financial disclosure, it has approached the FCA to suspend its shares on the Stock Exchange. It hopes to restore its listing when its financial results are published, which it says should happen by the end of the month.

In a statement to the Stock Exchange, Go-Ahead said: “As announced on 9 December 2021, the company and its auditors, Deloitte, concluded that the additional time that they needed to finalise the company’s audited financial statements for the year ended 3 July 2021 meant that it would not be possible for the company to publish the FY21 Results by 3 January 2022.

“As 3 January 2022 is the last date permitted for publication of the FY21 Results under the Financial Conduct Authority’s

Disclosure Guidance and Transparency Rules (as modified by the temporary relief granted to all listed companies by the FCA on 26 March 2020) and the FCA's Listing Rules, following consultation with the FCA, the company has requested that the listing of the company's ordinary shares of 10 pence each and the company's 2.50% Guaranteed Bond due 2024 be temporarily suspended with effect from 7.30 a.m. on 4 January 2022.

"The company intends to request a restoration of the listing of its Ordinary Shares and its Bond on publication of the FY21 Results. The group continues to work closely with Deloitte to ensure that the FY21 Results are published as soon as possible. This is expected to be before the end of January 2022."

The Department for Transport (DfT) stripped Go-Ahead of the busy LSER route – which covers South East England, including London, Kent and East Sussex – in October. The company's chief financial officer, Elodie Brian, resigned after the decision to take over the franchise was announced.

The company has said that it expects to be fined over the issue, though as there is no specific precedent or relevant guidance, the amount of any penalty was unclear.

It had run the LSER contract as part of a joint venture with French group Keolis, having a two-thirds stake in the JV. It said that the way the franchise was managed did not "reflect the values and standards of conduct that the group expects of its colleagues."

Shares in Go-Ahead, which were trading at 1025p before the LSER issue came to light, are currently standing at 667p.

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