

**CARDIFF CITY TRANSPORT  
SERVICES LIMITED**

**Report and Financial Statements**

**31 March 2009**

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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2009**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G Aubrey	(non-executive)	
J Aylwin	(non-executive)	
D I Brown		
J W Carter	(non-executive)	
J L Dixon	(non-executive)	
R V DuCrocq	(non-executive)	
J Foley	(non-executive)	
C Ogbonna		
R Patel	(non-executive)	(appointed 14 May 2009)
J Singh	(non-executive)	(appointed 14 May 2009)

**SECRETARY**

C Ogbonna

**REGISTERED OFFICE**

Leckwith Depot and Offices  
Sloper Road  
Leckwith  
Cardiff  
CF11 8TB

**SOLICITORS**

Hugh James  
Hodge House  
114-116 St Mary Street  
Cardiff  
CF10 1DY

Burges Salmon LLP  
Narrow Quay House  
Narrow Quay  
Bristol  
BS1 4AH

**AUDITORS**

Deloitte LLP  
Cardiff

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The company was established in accordance with the Transport Act 1985, regulating transport undertakings wholly owned by municipal authorities. Cardiff City Council is therefore the only shareholder of Cardiff City Transport Services Limited. The company holds 100% of the share capital of Vale Busline Limited, a dormant company.

The principal activity of the company and the group is to provide road passenger transport services.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company continues to invest in new vehicles, and expenditure on new vehicles during the year was £1.0m (2008 - £5.2m) as the company continues to modernise its entire fleet.

The company's key measurements of the effectiveness of its operations are turnover and gross margin.

As shown in the company's consolidated profit and loss account on page 7, its turnover increased by 7.3% over the prior year with an increase in cost of sales of 6.5%. This resulted in an operating profit of £1,557,000 (2008 - £1,844,000). The gross profit has increased by 0.8%, from 6.5% in 2008 to 7.3% in 2009.

The company's insurers have released £655,848 (2008 - £604,546) from its self-insurance fund provision in relation to an excess of management's best estimate of the monetary liability, and this has been disclosed above operating profit on the face of the profit and loss account.

The consolidated profit for the current year before taxation was £ 1,279,000 (2008 - £2,216,000).

The consolidated balance sheet on page 9 of the financial statements shows that the company's net assets have increased from £9,462,000 in 2008 to £9,767,000 in 2009.

Details of amounts owed to Cardiff County Council, the only shareholder, are shown in note 27 to the financial statements.

The financial year ended 31 March 2009 saw a growth in passenger numbers of 3.58% (2008 - 5%), and the expectation is that the level of growth will be sustained in the future once the redevelopment in Cardiff City Centre is completed.

The directors are satisfied with the financial and operational result for the year and believe that the group will perform satisfactorily in the future.

Changes to operating procedures have resulted in the company continuing throughout the year to improve the reliability and punctuality of its service throughout its network.

The group and company was profitable in the period. The executive directors have considered the group's forecast and budgeted profit and associated cash flows for the coming five years. The directors have considered the facilities available to the group and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it is appropriate to adopt the going concern basis in the preparation of the company's financial statements.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors have paid a dividend of £250,000 in the financial year (2008 - £nil). The profit for the financial year has been transferred to reserves.

## **DIRECTORS' REPORT (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company, like most other bus operators, is exposed to global fluctuations in fuel prices. The company continues to seek financial instruments that can be employed to lessen the impact on its operations of large movements in fuel prices. See note 26 for further detail on the investments outstanding at the year-end.

The directors are satisfied that there are adequate internal control measures in the company. The company will continue investing in the forthcoming year (£1m in the current year) to upgrade its vehicle fleet and attract new users to public transport. This should result in an increase in bus patronage within the Cardiff area. The company remains committed to its core value of providing reliable, safe, high quality and affordable public transport to the citizens of Cardiff.

During the year, the company became involved in a legal dispute and this dispute remains unresolved. On 18 November 2008 the Office of Fair Trading concluded that certain conduct of Cardiff Bus between April 2004 and February 2005 infringed the prohibition in Chapter II of the Competition Act 1998. The Company is in receipt of a letter dated 26 March 2009 from solicitors confirming their instructions from 2 Travel Group Plc (in liquidation) to bring a claim for damages under section 47A of the Competition Act 1998 that such conduct led to losses which caused the failure of that company. The directors, having obtained legal advice, strenuously reject any grounds for such a claim which has been fully responded to by the company. As required by law, the board has had regard to the claim in settling the level of provisions required in the accounts but the level provided (if any) in respect of this claim is not disclosed as it relates to a current strenuously disputed legal claim.

The directors have considered the group's financial risk management objectives and policies and consider the only significant risk to be the pension deficit. The directors of the group are aware of this potential risk and are working with the trustees of the pension scheme, taking active steps to address the risk in the near future.

### **DIRECTORS**

The current directors of the company, who served throughout the financial year unless otherwise stated, are set out on page 1. N McEvoy resigned as a director on 1 May 2009; A H Hoseason resigned as a director on 31 May 2009; M Walsh was appointed as a director on 26 June 2008 and resigned on 19 May 2009; R Patel and J Singh were appointed as directors on 14 May 2009.

### **DISABLED PERSONS**

The company and the group have a policy of encouraging the employment of disabled persons wherever this is practicable and attempt to provide equal opportunities to disabled persons. The company and the group endeavour to ensure that disabled employees benefit from training and career development programmes, in common with all employees.

### **EMPLOYEE INVOLVEMENT**

The company employs on average 735 people (over 75% of whom are bus drivers). The Board is committed to maintaining and increasing the involvement of all employees in the successful development and operation of the company and the group. The company actively encourages project teams, process improvement groups, continuous learning, and personal and professional development to ensure that staff fulfil their full potential. Staff achievements are recognised at the company's annual awards evening where certificates of attainment are handed out to staff by the Managing Director. The company has open communication channels with all its employees including the appointment of an Employee Director on the Board, a Joint Recognition Agreement strategic forum with trade union partners, a company intranet site and a periodic magazine. The company continues to work towards retaining and enhancing its Investors in People accreditation as well as improving the well-being and talents of all its employees.

**DIRECTORS' REPORT (continued)**

**AUDITORS**

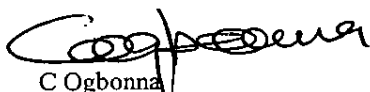
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) 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 s234ZA of the Companies Act 1985.

Deloitte LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

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

  
C Ogbonna  
Secretary

23 July 2009

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CARDIFF CITY TRANSPORT SERVICES LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of Cardiff City Transport Services Limited for the year ended 31 March 2009 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated note of historical cost profits and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditors' 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 member, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the annual report.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2009 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*Deloitte*

Deloitte LLP

Chartered Accountants and Registered Auditors  
Cardiff, United Kingdom

Date *26 July 2010*

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
<b>TURNOVER</b>	2	32,120	29,927
Cost of sales		(29,777)	(27,965)
<b>GROSS PROFIT</b>		2,343	1,962
Administrative expenses		(1,923)	(1,197)
Other operating income	4	481	475
Release of insurance over-provision	18	656	604
<b>OPERATING PROFIT</b>	7	1,557	1,844
Interest receivable	5	2,957	3,049
Interest payable and similar charges	6	(3,235)	(2,677)
		(278)	372
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,279	2,216
Tax on profit on ordinary activities	8	546	(558)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	21	1,825	1,658

All activities derive from continuing operations.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 March 2009

	2009 £'000	2008 £'000
Profit for the financial year	1,825	1,658
(Loss)/gain on revaluation of fixed assets	(441)	668
Actuarial (loss)/gain recognised in the pension scheme	(2,892)	507
UK deferred tax attributable to actuarial gains and losses	2,063	-
	<hr/>	<hr/>
Total recognised gains in the year	555	2,833
	<hr/>	<hr/>

## CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 31 March 2009

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	1,279	2,216
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	168	133
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	1,447	2,349
	<hr/>	<hr/>
Historical cost profit for the year after taxation and dividends	1,743	1,791
	<hr/>	<hr/>

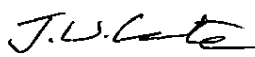
# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED BALANCE SHEET 31 March 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	19,407	21,765
<b>CURRENT ASSETS</b>			
Stocks	13	250	225
Debtors	14	1,058	1,818
Investments – bank deposits		7,792	6,515
Cash at bank and in hand	15	1,984	1,909
		<u>11,084</u>	<u>10,467</u>
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(5,368)</u>	<u>(4,803)</u>
<b>NET CURRENT ASSETS</b>		<u>5,716</u>	<u>5,664</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>25,123</u>	<u>27,429</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17	(4,919)	(6,435)
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>(3,362)</u>	<u>(3,996)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>16,842</u>	<u>16,998</u>
Pension liability	19	<u>(7,075)</u>	<u>(7,536)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u><u>9,767</u></u>	<u><u>9,462</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	4,618	4,618
Revaluation reserve	21	3,621	4,230
FRS17 pension reserve	21	(7,075)	(7,536)
Profit and loss account	21	<u>8,603</u>	<u>8,150</u>
<b>SHAREHOLDER'S FUNDS</b>	21	<u><u>9,767</u></u>	<u><u>9,462</u></u>

The financial statements of Cardiff City Transport Services Limited, registered number 2001229, were approved by the Board of Directors and authorised for issue on 23 July 2009.

  
D I Brown - Director

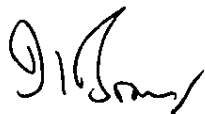
  
J W Carter - Director

# CARDIFF CITY TRANSPORT SERVICES LIMITED

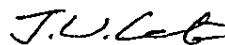
## COMPANY BALANCE SHEET 31 March 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	19,407	21,765
Investments	12	1	1
		<u>19,408</u>	<u>21,766</u>
<b>CURRENT ASSETS</b>			
Stocks	13	250	225
Debtors	14	1,058	1,818
Investments – bank deposits		7,792	6,515
Cash at bank and in hand	15	1,984	1,909
		<u>11,084</u>	<u>10,467</u>
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(5,369)</u>	<u>(4,804)</u>
<b>NET CURRENT ASSETS</b>		<u>5,715</u>	<u>5,663</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>25,123</u>	<u>27,429</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17	(4,919)	(6,435)
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>(3,362)</u>	<u>(3,996)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>16,842</u>	<u>16,998</u>
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<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>9,767</u>	<u>9,462</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	4,618	4,618
Revaluation reserve	21	3,621	4,230
FRS17 pension reserve	21	(7,075)	(7,536)
Profit and loss account	21	<u>8,603</u>	<u>8,150</u>
<b>SHAREHOLDER'S FUNDS</b>	21	<u>9,767</u>	<u>9,462</u>

The financial statements of Cardiff City Transport Services Limited, registered number 2001229, were approved by the Board of Directors and authorised for issue on 23 July 2009.



D I Brown - Director



J W Carter - Director

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	22	5,031	3,189
<b>Returns on investments and servicing of finance</b>			
Interest received		361	367
Interest paid		(422)	(265)
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>		(61)	102
<b>Taxation</b>			
Corporation tax paid		(1,000)	(380)
<b>Tax paid</b>		(1,000)	(380)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(49)	(286)
Receipts from sale of tangible fixed assets		11	55
<b>Net cash outflow from capital expenditure</b>		(38)	(231)
<b>Equity dividends paid</b>		(250)	-
<b>Cash inflow before use of liquid resources and financing</b>		3,682	2,680
<b>Management of liquid resources</b>		(1,277)	(1,120)
<b>Financing</b>	24	(2,330)	(1,739)
<b>Increase/(decrease) in cash in the year</b>	24	75	(179)
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		75	(179)
Net cash outflow/(inflow) from lease financing		1,349	(3,204)
Cash inflow from increase in liquid resources		1,277	1,120
<b>Change in net funds resulting from cash flows</b>		2,701	(2,263)
<b>Net funds at start of year</b>		822	3,085
<b>Net funds at end of year</b>	24	3,523	822

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertaking.

**Going concern**

The group and company was profitable in the period. The executive directors have considered the group's forecast and budgeted profit and associated cash flows for the coming five years. The directors have considered the facilities available to the group and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it is appropriate to adopt the going concern basis in the preparation of the company's financial statements.

**Tangible fixed assets and depreciation**

No depreciation is provided on freehold land. For all other tangible fixed assets, except for some midibuses, depreciation is calculated to write down their cost or revalued amount on a straight-line basis over their estimated useful economic lives which are considered to be:

Freehold buildings	-	40 years on valuation
Fixtures and fittings, plant and machinery	-	3-5 years on cost
Conventional buses and motor vehicles	-	5-10 years on cost and 12 years on cost less 10% residual value
Midibuses	-	Depreciation is charged on a reducing balance basis calculated to write asset costs down to their residual value over five years

Depreciation is charged from the month of purchase, except for vehicles which are depreciated from the month that they are introduced into service.

Individual freehold properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit that exceeds any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit that represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any previous surplus. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves.

**Investments**

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

**Leased assets**

Assets held under finance lease and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2009**

**1. ACCOUNTING POLICIES (continued)**

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Provisions**

Provision is made for outstanding insurance claims incurred at the balance sheet date.

On 18 November 2008 the Office of Fair Trading concluded that certain conduct of Cardiff Bus between April 2004 and February 2005 infringed the prohibition in Chapter II of the Competition Act 1998. The Company is in receipt of a letter dated 26 March 2009 from solicitors confirming their instructions from 2 Travel Group Plc (in liquidation) to bring a claim for damages under section 47A of the Competition Act 1998 that such conduct led to losses which caused the failure of that company. The directors, having obtained legal advice, strenuously reject any grounds for such a claim which has been fully responded to by the company. As required by law, the board has had regard to the claim in settling the level of provisions required in the accounts but the level provided (if any) in respect of this claim is not disclosed as it relates to a current strenuously disputed legal claim.

**Turnover**

Turnover is the amount derived from the provision of the passenger transport services falling within the company's ordinary activities after deduction of trade discounts and value added tax.

**Taxation**

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets.

**Pensions**

The group operates two defined benefit funded pension schemes. The assets of the schemes are held separately from those of the group, being invested in third party professionally managed funds. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries. Both these schemes are now closed to new members.

The scheme assets are an estimate of the company's notional share of the total fund assets measured at market value at each balance sheet date and liabilities are measured using the projected unit method, discounted using a corporate bond rate. The company's notional share of assets is assumed to be invested in the same proportion as the fund as a whole in the different asset classes. The resulting pension scheme surplus or deficit is recognised immediately on the balance sheet, net of deferred tax where applicable, and any resulting actuarial gains or losses are recognised immediately in the statement of total recognised gains and losses. Further details are given in note 19.

The group also has a money purchase pension scheme for new employees. Pension costs charged to the profit and loss account represent the contributions payable by the group to the pension scheme during the year.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

### 1. ACCOUNTING POLICIES (continued)

#### Derivative financial instruments

The company is exposed to price risk arising from fluctuations in oil prices and the company enters into energy hedges to fix the price of fuel. In the opinion of the Board of directors, there is no material exposure to price risk. The company does not hold derivatives for speculative purposes.

### 2. ANALYSIS OF TURNOVER, PROFIT BEFORE TAXATION AND REVENUE RECOGNITION

The turnover and profit before taxation is considered by the directors to arise from a single class of activity wholly within the United Kingdom. Revenue is recognised in line with the period to which the service relates.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Group and the Company	2009 £'000	2008 £'000
<b>Directors' emoluments</b>		
Remuneration	277	225
Pension contributions	30	26
	<u>307</u>	<u>251</u>
	No.	No.
Number of directors who are members of a defined benefit pension scheme	<u>2</u>	<u>2</u>
	£'000	£'000
<b>In respect of the highest paid director</b>		
Emoluments	108	82
Pension contributions	<u>15</u>	<u>13</u>

There is no accrued pension entitlement in respect of the highest paid director.

None of the non-executive directors received any remuneration other than the reimbursement of expenses necessarily incurred in attending to the business of the company.

	£'000	£'000
<b>Employee costs during the year</b>		
Wages and salaries	17,316	16,337
Social security costs	1,292	1,226
Other pension costs	<u>1,642</u>	<u>1,957</u>
	<u>20,250</u>	<u>19,520</u>
	No.	No.
<b>Average number of persons employed</b>		
Staff	92	92
Traffic	552	553
Engineering	<u>91</u>	<u>91</u>
	<u>735</u>	<u>736</u>

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

### 4. OTHER OPERATING INCOME

	2009 £'000	2008 £'000
Advertising	198	214
Rental income	21	21
Workshop and garage	169	150
Other	93	90
	<u>481</u>	<u>475</u>

### 5. INTEREST RECEIVABLE

	2009 £'000	2008 £'000
Bank deposit interest	361	367
Expected return on pension scheme assets	2,596	2,682
	<u>2,957</u>	<u>3,049</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Debenture interest	54	56
Finance lease interest	355	209
Other interest payable	13	-
Interest on pension scheme liabilities	2,813	2,412
	<u>3,235</u>	<u>2,677</u>

### 7. OPERATING PROFIT

	2009 £'000	2008 £'000
Operating profit is arrived at after charging/(crediting)		
Depreciation of owned assets	1,873	1,910
Depreciation of assets held under finance lease	1,074	930
Profit on sale of fixed assets	(11)	(24)
Auditors' remuneration		
- Audit fees	17	17
- Taxation services	9	15
- Other services	40	25
Operating lease rentals – other	68	67

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
<b>Current taxation</b>		
United Kingdom corporation tax:		
Current tax on income for the year at 28% (2008 – 30%)	(583)	(676)
Adjustment in respect of prior years	10	34
	<u>(573)</u>	<u>(642)</u>
<b>Total current tax</b>		
<b>Deferred taxation</b>		
Origination and reversal of timing differences	358	84
Adjustment in respect of change in tax rate	72	-
Deferred tax on pension deficit	689	-
	<u>1,119</u>	<u>84</u>
	<u>546</u>	<u>(558)</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	£'000	£'000
Profit on ordinary activities before tax	<u>1,279</u>	<u>2,216</u>
Tax on profit on ordinary activities before tax at 28% (2008 – 30%)	(358)	(665)
<b>Factors affecting charge for the year</b>		
Expenses not deductible for tax purposes	(38)	(101)
Capital allowances for the year in excess of depreciation	(398)	(96)
Movement in short-term timing differences	41	16
FRS17 pensions	-	170
Withdrawal of IBA allowances	170	-
Adjustment in respect of prior years	10	34
	<u>(573)</u>	<u>(642)</u>
<b>Current tax charge for the year</b>		

Deferred tax has not been provided on the revaluation of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £1,000,000 (2008 - £1,300,000).

### 9. DIVIDENDS

	2009 £'000	2008 £'000
Dividends paid	<u>250</u>	<u>-</u>

### 10. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £1,825,000 (2008 – £1,658,000).

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

### 11. TANGIBLE FIXED ASSETS

The Group and the Company	Freehold land and buildings £'000	Fixtures, fittings, plant and machinery £'000	Conventional buses and motor vehicles £'000	Midibuses £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2008	5,825	3,467	18,891	7,185	35,368
Additions	-	45	986	-	1,031
Disposals	-	(316)	(142)	-	(458)
Revaluation	(675)	-	-	-	(675)
At 31 March 2009	5,150	3,196	19,735	7,185	35,266
<b>Depreciation</b>					
At 1 April 2008	-	2,341	6,866	4,396	13,603
Charge for the year	233	385	1,598	731	2,947
Disposals	-	(316)	(142)	-	(458)
Revaluation	(233)	-	-	-	(233)
At 31 March 2009	-	2,410	8,322	5,127	15,859
<b>Net book value</b>					
At 31 March 2009	5,150	786	11,413	2,058	19,407
At 31 March 2008	5,825	1,126	12,025	2,789	21,765

Comparable amounts determined according to the historical cost convention

The Group and the Company	Freehold land and buildings £'000	Fixtures, fittings, plant and machinery £'000	Conventional buses and motor vehicles £'000	Midibuses £'000	Total £'000
Cost	2,996	3,196	19,735	7,185	33,112
Accumulated depreciation	(1,466)	(2,410)	(8,322)	(5,127)	(17,325)
<b>Net book value</b>					
At 31 March 2009	1,530	786	11,413	2,058	15,787
At 31 March 2008	1,595	1,126	12,025	2,789	17,535

Included under conventional buses and midibuses are assets with a net book value at 31 March 2009 of £8,672,375 (2008 - £8,750,141) held under finance lease.

The freehold land and buildings were valued at £5,150,000, based on depreciated replacement cost as at 31 March 2009, by DTZ Debenham Tie Leung, chartered surveyors. The directors consider that this valuation is consistent with the year-end valuation.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

### 12. INVESTMENTS

	The Company	
	2009	2008
	£'000	£'000
Subsidiary undertaking		
Cost and net book value		
Shares in subsidiary undertaking	1	1

The company's only wholly owned dormant subsidiary, Vale Busline Limited, is registered in England and Wales and its principal activity was the provision of road passenger transport services.

In addition, the company owns 180 £1 ordinary shares in PTI Cymru Limited, a company incorporated in England and Wales. This represents an 18% holding in that company. Its principal activity is the operation of a call centre for Wales providing passenger information.

### 13. STOCKS

	The Group and the Company	
	2009	2008
	£'000	£'000
Raw materials and consumables	78	65
Derv fuel stocks	172	160
	250	225

### 14. DEBTORS

	The Group and the Company	
	2009	2008
	£'000	£'000
Trade debtors	472	1,161
Amounts owed by group undertakings	333	342
Other debtors	118	178
Prepayments	135	141
	1,058	1,818

### 15. CASH AT BANK AND IN HAND

Cash at bank and in hand, and bank deposit investments, includes £2,791,985 (2008 - £3,014,707) held in an escrow account against future insured liabilities.

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Trade creditors	1,742	1,742	1,296	1,296
Amounts owed to group undertakings	38	39	61	62
Obligations under finance lease	1,334	1,334	1,167	1,167
Corporation tax	255	255	685	685
Other creditors including taxation and social security	492	492	452	452
Accruals and deferred income	1,507	1,507	1,142	1,142
	<u>5,368</u>	<u>5,369</u>	<u>4,803</u>	<u>4,804</u>

### 17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group and the Company	
	2009 £'000	2008 £'000
Debenture loan	-	1,000
Obligations under finance lease	4,919	5,435
	<u>4,919</u>	<u>6,435</u>
	<u>£'000</u>	<u>£'000</u>
<b>Analysis of loan repayments</b>		
Due after five years	-	1,000

Under the terms of the transfer scheme, a debenture loan was issued on 26 October 1986. The loan was secured on the company's freehold land and buildings with interest at 12% and was repayable by 26 October 2001. A deed to vary the debenture postponed the repayment date until 26 October 2016 with a variable rate of interest. The debenture was repaid in March 2009.

	£'000	£'000
<b>Analysis of finance lease repayments</b>		
Due within one year	1,334	1,167
Due between one and two years	1,215	1,215
Due between two and five years	3,549	1,090
Due after five years	155	3,130
	<u>6,253</u>	<u>6,602</u>

The obligations under finance lease are secured by the related leased assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**18. PROVISIONS FOR LIABILITIES**

The Group and the Company	2009 £'000	2008 £'000
Deferred taxation	654	1,084
Insurance provision	2,708	2,912
	<u>3,362</u>	<u>3,996</u>

	Balance at 1 April 2008 £'000	Credited to profit and loss account £'000	Balance at 31 March 2009 £'000
Deferred taxation	1,084	(430)	654

The analysis of the deferred taxation provided in the financial statements is as follows:

	2009 £'000	2008 £'000
Capital allowances in excess of depreciation	703	1,179
Other timing differences	(49)	(95)
	<u>654</u>	<u>1,084</u>

**Insurance provision**

The provision for insurance claims represents amounts payable by the company in respect of outstanding claims incurred at the balance sheet date. The amounts will become payable as claims are settled.

	Balance at 1 April 2008 £'000	Charged to profit and loss account £'000	Exceptional item £'000	Amounts paid £'000	Balance at 31 March 2009 £'000
Insurance provision	2,912	1,489	(656)	(1,037)	2,708

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

## 19. PENSIONS

The company operates its own pension scheme, the Cardiff City Transport Services Limited Pension Scheme, as well as contributing to the Cardiff and Vale of Glamorgan Pension Fund on behalf of employees who were formerly employed by the Cardiff City Council Transport Department. Both schemes provide benefits based on final pensionable pay and the assets of the schemes are held separately from those of the company. Company contributions are determined by a qualified actuary on the basis of triennial valuations. Since 1 August 2001, the Cardiff City Transport Services Limited Pension Scheme has been closed to new members and a money purchase scheme has been introduced.

**Cardiff City Transport Services Limited Pension Scheme**

The most recent actuarial valuation of the Cardiff City Transport Services Limited Pension Scheme, as required under section 224(2)(a) of the Pensions Act 2004, was carried out as at 1 April 2006. For the purpose of the valuation of the defined benefit section, it was assumed that the investment return on assets prior to pension liabilities coming into payment will be 1.8% per annum higher than the rate of future annual wage and salary growth and 3.8% per annum higher than the rate of future price inflation. The investment return for pension liabilities once in payment was assumed to be 2.8% higher than the rate of future price inflation.

The valuation showed that the total market value of the scheme's assets, net of members' AVCs, was £16.1m and that this value represented 89% of the value of the benefits that had accrued to members at the valuation date, after allowing for expected future increases in earnings and pensions.

The basic rate of company contributions required to meet the cost of defined benefits accruing at the valuation date, without allowance for any recovery of deficit, was found to be 14.9% of members' pensionable pay. Employee contributions were payable in addition. For the majority of defined benefit section members, contributions were required at the rate of 5% of pensionable pay (a small number contribute at the lower rate of 4%).

Company and employee contributions for members of the defined contribution section are payable in accordance with the scheme rules.

An approximate actuarial valuation was carried out on the Cardiff City Transport Services Limited Pension Scheme as at 31 March 2007 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 March 2009	At 31 March 2008	At 31 March 2007
Rate of increase in salaries	3.9% per annum	4.7% per annum	4.2% per annum
Discount rate	6.6% per annum	6.3% per annum	5.3% per annum
Inflation assumption	2.7% per annum	3.5% per annum	3.0% per annum
Pension increases	2.7% per annum	3.3% per annum	3.0% per annum

**Mortality assumption**

The mortality assumptions are based on the PA92 mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 19.9 years if they are male and for a further 22.9 years if they are female. For a member who is currently 45 and retires at age 65 the assumptions are that they will live on average for a further 21.1 years after retirement if they are male and for a further 24.1 years after retirement if they are female.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**19. PENSIONS (continued)**

The assets in the fund and expected rates of return were:

	2009		2008		2007	
	Long-term expected return on assets	Fair value £'000	Long-term expected return on assets	Fair value £'000	Long-term expected return on assets	Fair value £'000
Equities	8.0% pa	11,702	7.7% pa	14,715	7.7% pa	14,975
Bonds	6.0% pa	2,744	5.7% pa	2,424	4.7% pa	2,126
Cash	4.0% pa	73	5.0% pa	100	5.6% pa	131
		<u>14,519</u>		<u>17,239</u>		<u>17,232</u>

The net pension liability measured under FRS17 comprised the following:

	At 31 March 2009 £'000	At 31 March 2008 £'000	At 31 March 2007 £'000
Total market value of assets	14,519	17,239	17,232
Present value of scheme liabilities	(17,646)	(19,965)	(20,826)
Net FRS17 scheme deficit	<u>(3,127)</u>	<u>(2,726)</u>	<u>(3,594)</u>
	At 31 March 2009 £'000	At 31 March 2008 £'000	At 31 March 2007 £'000
<b>Analysis of amount charged to operating profit</b>			
Current service cost and total operating charge	<u>(775)</u>	<u>(894)</u>	<u>(979)</u>
<b>Analysis of amount credited to other financial income</b>			
Expected return on pension scheme assets	1,306	1,292	1,089
Interest on pension scheme liabilities	<u>(1,273)</u>	<u>(1,122)</u>	<u>(975)</u>
Net return	<u>33</u>	<u>170</u>	<u>114</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**19. PENSIONS (continued)**

**Analysis of amount recognised in statement of total recognised gains and losses**

	At 31 March 2009 £'000	At 31 March 2008 £'000	At 31 March 2007 £'000
Actual return less expected return on pension assets	(4,838)	(2,155)	404
Experience gains arising on the scheme liabilities	-	40	70
Changes in financial assumptions underlying the scheme assets/(liabilities)	4,076	2,622	360
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	<u>(762)</u>	<u>507</u>	<u>834</u>
<b>Movements in scheme deficit during the year</b>			
At 1 April	(2,726)	(3,594)	(4,602)
Movement in year:			
Total operating charge – current service charge	(775)	(894)	(979)
Contributions	1,103	1,085	1,039
Net return	33	170	114
Actuarial (loss)/gain in statement of total recognised gains and losses	<u>(762)</u>	<u>507</u>	<u>834</u>
At 31 March	<u>(3,127)</u>	<u>(2,726)</u>	<u>(3,594)</u>

**Cardiff and Vale of Glamorgan Pension Fund**

Cardiff Bus also participates in the Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary.

The latest complete minimum funding requirement valuation of the Cardiff and Vale of Glamorgan Pension Fund was made as at 31 March 2007.

The result of this valuation revealed that the company's required contributions to this scheme in respect of its employees who are members will be 12% of pensionable pay from 1 April 2008 continuing for 2009/10. In addition to this rate, Cardiff City Transport Services Limited is required to pay £681,200 per annum.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2009

#### 19. PENSIONS (continued)

The most recent valuation was carried out as at 31 March 2007, and has been updated by independent actuaries to the Cardiff and Vale of Glamorgan Pension Fund (the Fund) to take account of the requirements of FRS17 in order to assess the liabilities of the fund as at 31 March 2009. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The company's contribution rate over the accounting period was 355% of members' contributions. The contribution rates certified for the company at the 31 March 2007 valuation are as follows:

April 2005 to March 2006	305% of members' contributions
April 2006 to March 2007	330% of members' contributions
April 2007 to March 2008	355% of members' contributions
April 2008 to March 2009	355% of members' contributions

These figures include the past service element of the contribution rate.

The scheme is now closed to the company's employees and the company's condition of continued participation is to pay contributions as required.

The main assumptions used for the purposes of FRS17 are as follows:

	At 31 March 2009	At 31 March 2008	At 31 March 2007
Rate of increase in salaries	3.9%	5.2% pa	4.7% pa
Discount rate	6.6%	6.8% pa	5.3% pa
Rate of increase in pensions in payment	2.7%	3.7% pa	3.2% pa
Rate of increase in deferred pensions	2.7%	3.7% pa	3.2% pa
Rate of inflation	2.7%	3.7% pa	3.2% pa
<b>Mortality assumption</b>			

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 23.4 years if they are male and for a further 27.3 years if they are female. For a member who is currently 45 and retires at age 65 the assumptions are that they will live on average for a further 23.4 years after retirement if they are male and for a further 27.3 years after retirement if they are female.

The assets in the fund and expected rates of return were:

	2009		2008		2007	
	Long-term expected return on assets	Fair value £'000	Long-term expected return on assets	Fair value £'000	Long-term expected return on assets	Fair value £'000
Equities	7.0% pa	10,167	7.6% pa	12,762	7.7%pa	15,118
Bonds	4.0% pa	1,120	4.6% pa	878	4.7%pa	3,137
Property	6.0% pa	741	6.6% pa	1,012	6.7%pa	860
Other assets	1.6% pa	3,102	6.0% pa	3,308	5.6%pa	305
		<u>15,130</u>		<u>17,960</u>		<u>19,420</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**19. PENSIONS (continued)**

The net pension liability measured under FRS17 comprised the following:

	At 31 March 2009 £'000	At 31 March 2008 £'000	At 31 March 2007 £'000
Total market value share of assets	15,130	17,960	19,420
Present value of scheme liabilities	(21,830)	(22,770)	(24,440)
Net FRS17 scheme deficit	(6,700)	(4,810)	(5,020)

	At 31 March 2009 £'000	At 31 March 2008 £'000	At 31 March 2007 £'000
<b>Analysis of amount charged to operating profit</b>			
Current service cost	(450)	(500)	(580)
Past service cost	(30)	(180)	-
Total operating charge	(480)	(680)	(580)
<b>Analysis of amount credited to other financial income</b>			
Expected return on pension scheme assets	1,290	1,390	1,210
Interest on pension scheme liabilities	(1,540)	(1,290)	(1,140)
Net return	(250)	100	70
<b>Analysis of amount recognised in statement of total recognised gains and losses</b>			
Actual return less expected return on pension (liabilities)/assets	(4,300)	(2,840)	320
Experience (loss)/gain arising on the scheme (liabilities)/assets	-	-	(60)
Changes in financial assumptions underlying the scheme liabilities	2,170	2,900	(50)
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(2,130)	60	210
<b>Movements in scheme deficit during the year</b>			
At 1 April	(4,810)	(5,020)	(5,540)
Movement in year:			
Total operating charge	(480)	(680)	(580)
Contributions	970	790	820
Net return	(250)	100	70
Actuarial (loss)/gain in statement of total recognised gains and losses	(2,130)	60	210
Adjustment in respect of revaluing assets at bid value	-	(60)	-
At 31 March	(6,700)	(4,810)	(5,020)

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

### 19. PENSIONS (continued)

The total net pension liability measured under FRS17 for both schemes is as follows:

The Group and the Company	2009 £'000	2008 £'000
Cardiff City Transport Scheme	3,127	2,726
Cardiff and Vale of Glamorgan Pension Fund	6,700	4,810
Deferred tax asset	(2,752)	-
Total	<u>7,075</u>	<u>7,536</u>

### 20. CALLED UP SHARE CAPITAL

The Group and the Company	2009 £'000	2008 £'000
<b>Authorised</b>		
6,000,000 ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>
<b>Allotted and fully paid</b>		
4,618,100 ordinary shares of £1 each	<u>4,618</u>	<u>4,618</u>

### 21. COMBINED STATEMENT OF MOVEMENT IN SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

The Group and the Company	Issued share capital £'000	Revaluation reserve £'000	FRS17 pension reserve £'000	Profit and loss account £'000	Total 2009 £'000	Total 2008 £'000
At the beginning of the year	4,618	4,230	(7,536)	8,150	9,462	6,629
Profit for the financial year	-	-	-	1,825	1,825	1,658
Actuarial (loss)/gain (net of deferred tax asset)	-	-	(829)	-	(829)	507
Net pension costs recognised in the profit and loss account	-	-	1,290	(1,290)	-	-
(Loss)/gain on revaluation of fixed assets	-	(441)	-	-	(441)	668
Transfer of additional depreciation on residual asset	-	(168)	-	168	-	-
Dividends	-	-	-	(250)	(250)	-
At the end of the year	<u>4,618</u>	<u>3,621</u>	<u>(7,075)</u>	<u>8,603</u>	<u>9,767</u>	<u>9,462</u>

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

### 22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £'000	2008 £'000
Operating profit	1,557	1,844
Depreciation	2,947	2,840
Increase in stocks	(25)	(22)
Decrease/(increase) in debtors	760	(815)
Increase/(decrease) in creditors	622	(333)
Adjustment for pension funding	(818)	(301)
Profit on sale of fixed assets	(11)	(24)
<b>Net cash inflow from operating activities</b>	<b>5,031</b>	<b>3,189</b>

### 23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2009 £'000	2008 £'000
Management of liquid resources		
Cash placed on short-term deposit	7,792	6,515

### 24. ANALYSIS OF NET FUNDS

	At 1 April 2008 £'000	Cash flow £'000	Non-cash movement £'000	At 31 March 2009 £'000
Cash at bank and in hand	1,909	75	-	1,984
Current asset investment	6,515	1,277	-	7,792
	8,424	1,352	-	9,776
Debenture loan	(1,000)	1,000	-	-
Finance leases	(6,602)	1,330	(981)	(6,253)
	822	3,682	(981)	3,523

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2009**

**25. CAPITAL COMMITMENTS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Contracted for but not provided	<u>740</u>	<u>-</u>
<b>Operating lease commitments</b>		
	<b>Land and</b>	<b>Land and</b>
	<b>buildings</b>	<b>buildings</b>
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Leases which expire:		
Between two and five years	<u>4</u>	<u>67</u>

**26. DERIVATIVE FINANCIAL INSTRUMENTS**

The company enters into energy hedges to fix the price of fuel. At 31 March 2009, the company was contracted to buy the following:

4,600 metric tonnes of fuel at £604.50 per tonne from March 2009 to February 2011

2,200 metric tonnes of fuel at £551.25 per tonne from March 2009 to February 2010

2,400 metric tonnes of fuel at £561.50 per tonne from March 2010 to February 2011

2,400 metric tonnes of fuel at £527.50 per tonne from March 2011 to August 2011

As at 31 March 2009, the fair value is considered to be a liability of £2,058,584.

At 31 March 2008, the company was contracted to purchase 4,199 metric tonnes of fuel at £321 per tonne up to February 2009. At 31 March 2008, the fair value was considered to be an asset of £758,895.

The company does not hold derivatives for speculative purposes.

**27. RELATED PARTY TRANSACTIONS**

A debenture loan of £1,000,000 (see note 17) was repaid to Cardiff City Council, the company's shareholder, in March 2009. Interest of £53,599 (2008 - £56,300) was paid on the loan during the year.

During the year, the group received £10,781,200 (2008 - £9,282,164) from Cardiff City Council (£9,165,578 of which was received under the WAG Across Wales Over 60 Free Travel scheme) and incurred trading expenses of £151,887 (2008 - £275,222). At 31 March 2009, there was a balance of £332,699 (2008 - £341,672) owed by Cardiff City Council and a balance of £36,701 (2008 - £64,997) owed to Cardiff City Council.

During the year, the group received £8,228 (2008 - £12,439) from PTI Cymru Limited for the rent of a call centre in Cardiff and in turn was charged £18,851 (2008 - £26,585) in respect of calls handled. At 31 March 2009, there was a net balance of £1,392 (2008 - £1,155) owed by Cardiff City Transport Services to PTI Cymru Limited.

**28. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Cardiff City Council.