Company Registration No 2826284

Metroline Limited

Report and Financial Statements

Year ended 31 December 2010

Metroline Limited

Report and financial statements 2010

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Report and financial statements 2010

Officers and professional advisers

Directors

Lim Jit Poh
Kua Hong Pak
Jaspal Singh

Secretary

Damian Rowbotham

Registered office

ComfortDelGro House
329 Edgware Road
Cricklewood
London
NW2 6JP

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Solicitors

Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

Actuaries

Alexander Forbes Financial Services Limited
6 Bevis Marks
London EC3A 7AF

Auditors

Deloitte LLP
Chartered Accountants
London

Metroline Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity

The Group's principal activity during the year continued to be the provision of road passenger transport services

Business review

The Group's results for the year are set out in the consolidated profit and loss account on page 6 The profit before taxation for the year was £13,490,000 (2009 £14,397,000) Dividends paid in the year were £nil (2009 £3,654,000)

As shown in the Group's profit and loss account on page 6, the Group's revenues have increased in the year by 1%, whilst the profit after tax decreased by 9% This decrease in profit in the year is largely the result of higher fuel costs

The Group's balance sheet on page 8 of the financial statements shows that the Group's net asset position has improved over prior year The movement is explained in the statement of total recognised gains and losses on page 7

Staff numbers have remained steady averaging 3,816 in 2010 (2009 3,801) although ending the year lower at 3,800

The Group intends to continue the provision of road passenger transport services Expansion may be achieved through tendering for Transport for London ("TfL") routes, as they become available, and commercial services in the unregulated market

Principal risks and uncertainties

Competitive pressure in the regulated London market is a continuing risk for the company, which could result in it losing routes to its key competitors The company manages this risk by constantly striving to improve the quality of its services, extending route contracts for a further two years, where permissible by TfL and acceptable financial returns can be achieved, and by having a spread of route contracts with varying expiry dates

Financial instruments and credit risk

The Group's principal financial assets are bank balances and trade debtors The Group's credit risk is primarily attributable to its trade debtors The Group has a small number of trade debtors and as such has a high concentration of credit risk within these customers However, the directors feel that the credit risk of the trade debtors is low because the main debtors are United Kingdom government bodies The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies

Environment

Metroline Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities

Directors

Details of the current directors are given on page 1

Qualifying third party indemnity insurance was provided to the directors and officers of Metroline Limited for the entire period covered by these financial statements by the Group's ultimate parent company (see Note 24) This cover has continued to the date of approval of these financial statements

Metroline Limited

Directors' report (continued)

Charitable and political donations

Charitable donations made during the year were £5,216 (2009 £nil) All charitable donations were in respect of transport related charities

No political donations were made during the year (2009 £nil)

Disabled employees

The company's policy in respect of disabled persons is that their applications for employment are always fully and fairly considered, bearing in mind the abilities of the applicant concerned In the event of a member of staff becoming disabled, every effort is made to ensure that employment with the company continues and where necessary appropriate training is arranged It is the company's policy that training, career development and promotion of disabled persons should, as far as possible, be identical to that of all other employees in similar gradings

Employee consultation

The directors and managers of the company place considerable value on the consultative meetings with employees Information on matters affecting employees and on various factors affecting the performance of the company is disseminated through meetings, newsletters and training programmes Employees' representatives are consulted regularly on a wide range of matters affecting employees' current and future interests

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself 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 s 418(2) of the Companies Act 2006

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

Jaspal Singh
Director
23rd February 2011

Metroline Limited

Directors' responsibilities statement

The dırectors are responsıble for preparıng the Annual Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make judgments and accountıng estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Independent auditors' report to the members of Metroline Limited

We have audited the financial statements of Metroline Limited for the year ended 31 December 2010 which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated and Company balance sheets and the related notes 1 to 26 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 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 members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

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 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Edward Hanson

Edward Hanson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

24th February 2011

Metroline Limited

Consolidated profit and loss account
Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Revenue	2	225,424	223,390
Cost of sales		(187,294)	(184,498)
Gross profit		38,130	38,892
Administrative expenses		(22,560)	(22,826)
Operating profit	4	15,570	16,066
Interest receivable and similar income	5	2,398	2,037
Interest payable and similar charges	6	(4,478)	(3,706)
Profit on ordinary activities before taxation		13,490	14,397
Tax on profit on ordinary activities	7	(3,690)	(3,587)
Profit on ordinary activities after taxation	21	9,800	10,810

All results are derived from continuing operations

Consolidated statement of total recognised gains and losses
Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Profit for the financial year		9,800	10,810
Actuarial adjustment on defined benefit pension schemes	23	7,273	(12,239)
Deferred tax (charge)/credit on actuarial adjustment		(2,172)	3,349
Total recognised gains in the year		14,901	1,920

There are no material differences between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis

Metroline Limited

Consolidated balance sheet
31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Goodwill	10	6,344	6,800
Tangible fixed assets	11	111,261	104,280
		117,605	111,080
Current assets			
Stocks	13	1,813	1,473
Debtors	14	52,583	49,074
Investments		16,200	-
Cash at bank and in hand		341	7,112
		70,937	57,659
Creditors: amounts falling due within one year	15	(63,546)	(60,324)
Net current assets/(liabilities)		7,391	(2,665)
Total assets less current liabilities		124,996	108,415
Creditors: amounts falling due after more than one year	16	(45,645)	(38,416)
Provisions for liabilities	19	(19,019)	(18,982)
Net assets excluding pension liability		60,332	51,017
Pension liability	23	(7,520)	(13,106)
Net assets		52,812	37,911
Capital and reserves			
Called up share capital	20, 21	21,002	21,002
Share premium account	21	24,272	24,272
Capital redemption reserve	21	100	100
Revaluation reserve	21	905	905
Profit and loss account	21	6,533	(8,368)
Shareholders' funds		52,812	37,911

The financial statements of Metroline Limited, registered number 2826284, were approved by the Board of Directors on 23rd February 2011

Signed on behalf of the Board of Directors

Jaspal Singh
Director

Metroline Limited

Company balance sheet
31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible fixed assets	11	83	124
Investments	12	43,496	43,496
		43,579	43,620
Current assets			
Debtors	14	28,024	24,287
Cash at bank and in hand		22	19
		28,046	24,306
Creditors: amounts falling due within one year	15	(20,864)	(20,864)
Net current assets		7,182	3,442
Total assets less current liabilities		50,761	47,062
Provisions for liabilities	19	(5)	(5)
Net assets		50,756	47,057
Capital and reserves			
Called up share capital	20, 21	21,002	21,002
Share premium account	21	24,272	24,272
Capital redemption reserve	21	100	100
Profit and loss account	21	5,382	1,683
Shareholders' funds	21	50,756	47,057

The financial statements of Metroline Limited, registered number 2826284, were approved by the Board of Directors on 23rd February 2011

Signed on behalf of the Board of Directors

Jaspal Singh
Director

Metroline Limited

Notes to the accounts
Year ended 31 December 2010

1. Accounting policies

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

Basis of accounting

The accounts have been prepared under the historical cost convention, modified for the revaluation of certain assets, and in accordance with applicable United Kingdom accounting standards and law As set out in more detail below the accounts have been prepared on the going concern basis

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on page 2 The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Directors' report and in further detail in the notes to the financial statements The directors are satisfied with the results and believe that the Group is well placed to manage its business risks successfully

In particular, although the Group is exposed to wider macroeconomic events, the directors have given due consideration to the fact that the Group is in a net assets position and benefits from strong, predictable cash flows from the long-term contracts with government bodies which provide a substantial majority of its revenues

As highlighted in note 15 to the financial statements, the Group is funded through facilities provided by its immediate parent company, Braddell Limited The parent company has provided the directors of the Group with a letter confirming that it will make available such support as may be required for a period of not less than 12 months from the date of approval of these financial statements The directors have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Consolidation

The Group accounts consolidate the accounts of Metroline Limited and all its subsidiary undertakings up to 31 December 2010 No company profit and loss account is presented for Metroline Limited as permitted by Section 408 of the Companies Act 2006 (see note 8)

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10-20 years

1. **Accounting policies (continued)**

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost or valuation less accumulated depreciation and provision for impairment

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life, as follows

Freehold buildings	10 to 50 years
Leasehold improvements	Over the life of the lease
Buses	12 years
Plant and machinery	1 to 10 years

The company has taken advantage of the transitional provision of FRS15 "Tangible fixed assets" and retained the book amounts of certain freehold properties which were revalued prior to implementation of that standard

Investments

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

Current asset investments, which are cash term deposits with maturities in excess of 24 hours, are held at the lower of cost and net realisable value

Stocks

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

Insurance

Insurance costs include insurance premiums which are written off to the profit and loss account over the period to which they relate Included in provisions is an estimate of the liability for uninsured retained risks on unpaid claims arising out of events occurring up to the balance sheet date

Revenue

Revenue represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due Where a contract has only been partially completed at the balance sheet date, revenue represents the value of the service provided to date based on a proportion of the total contract value Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year

Revenue includes Quality Incentive Contracts (QICs) revenue which is recognised over the period of the contract

Taxation

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

Deferred taxation is provided in full on timing differences, which 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 financial statements

Notes to the accounts
Year ended 31 December 2010

1. **Accounting policies (continued)**

Taxation (continued)

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset 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

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

The cost of operating leases is charged directly to the profit and loss account over the period of the leases on a straight line basis, even if the payments are not made on such a basis

Pension costs

The group operates two defined benefit pension schemes for certain employees, the assets of which are held in trustee administered funds The related pension costs are assessed in accordance with the advice of a qualified actuary on the basis of final pensionable earnings Contributions to these funds are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives The regular cost is attributed to individual periods using the projected unit credit method The schemes are now closed to new members

The differences between the fair value of the assets held in the group's defined benefit pension schemes and the schemes' liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension scheme asset or liability as appropriate

The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme The pension scheme balance is recognised net of any related deferred tax balance

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS 17 'Retirement Benefits'

The company also operates a defined contribution pension scheme, the assets of which are held separately from those of the company and are managed by a third party Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date

Financial instruments

The Group hedges some of its exposure to fuel price movements using commodity swaps The effect of the hedge is reflected in the purchase cost of fuel

2. **Revenue and operating profit**

Revenue and operating profit are attributable to the Group's principal activity and arise entirely in the United Kingdom

Metroline Limited

Notes to the accounts
Year ended 31 December 2010

3. Information regarding directors and employees

Group

	2010 £'000	2009 £'000
Directors' emoluments	98	166
Highest paid director		
Emoluments	73	141

	2010 No.	2009 No.
The average number of persons employed (including directors)		
Traffic operations	3,164	3,148
Engineering and maintenance	225	233
Administration	427	420
	3,816	3,801
	£'000	**£'000**
Staff costs during the year (including directors)		
Wages and salaries	119,765	120,711
Social security costs	12,513	12,640
Pension costs	2,712	2,762
	134,990	136,113

Company

	2010 £'000	2009 £'000
Directors' remuneration		
Emoluments	25	25

Excluding the directors on page 1, there were no employees of the company in the year (2009 nil)

Excluding directors' remuneration, there were no staff costs of the company in the year (2009 £nil)

During the year certain of the directors received emoluments as executives including salaries, benefits in kind and contributions for pensions and other related payments from ComfortDelGro Corporation Limited, the parent undertaking It is impractical to split directors' emoluments paid by ComfortDelGro Corporation Limited to directors between its subsidiary companies

Amounts paid to directors are disclosed within the ComfortDelGro Corporation Limited accounts

Retirement benefits are accruing under a money purchase pension scheme for none (2009 nil) of the directors and no directors (2009 nil) had retirement benefits accruing under a defined benefit pension scheme

One director also receives remuneration for his services as a director of fellow subsidiary undertakings of ComfortDelGro Corporation Limited from those undertakings as disclosed in their accounts

Notes to the accounts
Year ended 31 December 2010

4. Operating profit

	2010	2009
This is stated after charging/(crediting)	£'000	£'000
Land and buildings rentals under operating leases	2,399	2,440
Bus rentals under operating leases	4,885	5,017
Goodwill amortisation	462	462
Depreciation – assets owned	7,191	7,207
– assets held under finance leases and hire purchase contracts	7,465	6,490
(Gain)/loss on disposal of fixed assets	(177)	701

Auditors' remuneration

	2010	2009
	£'000	£'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	5	5
The audit of the Company's subsidiaries pursuant to legislation	70	70
Total audit fees	75	75
Tax compliance fees	20	24
Other fees	-	2
Total fees	95	101

5. Interest receivable and similar income

	2010	2009
	£'000	£'000
Bank interest	49	8
Loan interest	5	7
Expected return on pension scheme assets	2,344	1,941
Other interest receivable	-	81
	2,398	2,037

6. Interest payable and similar charges

	2010	2009
	£'000	£'000
Finance charges payable under finance leases and hire purchase contracts	1,193	1,048
Interest on pension scheme liabilities	3,285	2,644
Other interest payable	-	14
	4,478	3,706

Notes to the accounts
Year ended 31 December 2010

7. Tax on profit on ordinary activities

a) Tax charge on profit on ordinary activities

	2010 £'000	2009 £'000
Current tax		
Corporation tax charge for the year	3,690	4,545
Adjustments to tax charge in respect of prior year	-	(356)
Total current tax charge	3,690	4,189
Deferred tax		
Timing differences, origination and reversal (note 19)	-	(611)
Deferred tax on pension costs	-	9
Total tax on profit on ordinary activities	3,690	3,587

b) Factors affecting the tax charge for the year

It is currently anticipated that £362,000 of the corporation tax charge for the period (2009 £451,000) will be relieved by surrender of losses by another group company in exchange for a payment of the same amount

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 28%) The actual tax charge for the current year and previous period is different from the standard rate for the reasons set out in the following reconciliation

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	13,490	14,397
Tax on profit on ordinary activities at standard rate of 28% (2009 28%)	3,777	4,031
Factors affecting charge for the year		
Disallowable expenses	96	343
Depreciation for the year in excess of capital allowances	148	455
Short-term timing differences arising in the year	(331)	(284)
Adjustments to tax charge in respect of prior year	-	(356)
Total current tax charge	3,690	4,189

No provision has been made for deferred tax on revaluing property to its market value The tax on the gains arising from the revaluation would only become payable if the property were sold without rollover relief being available The tax which would be payable in such circumstances is estimated to be £200,000 These assets are expected to be used in the continuing operations of the business and therefore no tax is expected to be paid in the foreseeable future

Notes to the accounts
Year ended 31 December 2010

8. Profit attributable to members of the parent company

No profit and loss account is presented for Metroline Limited as permitted by section 408 of the Companies Act 2006 The profit dealt with in the accounts of the parent company was £3,699,000 (2009 £3,619,000)

9. Dividends

	2010 £'000	2009 £'000
Dividends paid	-	3,654
Dividends per share	-	0 87p

10. Goodwill

Group	**£'000**
Cost	
At 1 January 2010	9,232
Prior year adjustment	6
At 31 December 2010	9,238
Accumulated amortisation	
At 1 January 2010	(2,432)
Charge for the year	(462)
At 31 December 2010	(2,894)
Net book value	
At 31 December 2010	6,344
At 31 December 2009	6,800

Prior year goodwill adjustment relates to fair value adjustments from the acquisition of F E Thorpe & Sons Limited in 2004 The goodwill above is being amortised over twenty years

Notes to the accounts
Year ended 31 December 2010

11. Tangible fixed assets

Group	Freehold land and buildings £'000	Buses £'000	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost or valuation					
At 1 January 2010	27,485	144,430	407	13,205	185,527
Additions	424	20,359	307	935	22,025
Disposals	-	(2,890)	-	-	(2,890)
Transfers	-	45	-	-	45
Reclassifications	(4,234)	-	4,234	-	-
At 31 December 2010	23,675	161,944	4,948	14,140	204,707
Accumulated depreciation					
At 1 January 2010	4,757	65,269	328	10,893	81,247
Charge for the year	483	12,978	520	675	14,656
Disposals	-	(2,502)	-	-	(2,502)
Transfers	-	45	-	-	45
Reclassifications	(1,815)	-	1,815	-	-
At 31 December 2010	3,425	75,790	2,663	11,568	93,446
Net book value					
At 31 December 2010	20,250	86,154	2,285	2,572	111,261
At 31 December 2009	22,728	79,161	79	2,312	104,280

Company	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2010 and 31 December 2010	216	306	522
Accumulated depreciation			
At 1 January 2010	156	242	398
Charge for the year	20	21	41
At 31 December 2010	176	263	439
Net book value			
At 31 December 2010	40	43	83
At 31 December 2009	60	64	124

11 Tangible fixed assets (continued)

Valuation of freehold land and buildings

The freehold properties held at 11 October 1997, being the aggregate of freehold land and freehold buildings, were valued at £3,500,000 by external valuers as at 11 October 1996 on an existing use basis in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors After receiving advice, the directors assigned a value of £2,680,000 to the freehold land The directors were of the opinion that it would be imprudent to account for the surplus arising on the buildings as they concluded the existing use value of the buildings did not exceed the book value included in the accounts

Freehold land included in tangible fixed assets

	2010 £'000	2009 £'000
Cost and net book value – historical cost basis	4,940	4,940
Cost and net book value – revalued basis	5,845	5,845

Additions to freehold property after the last formal valuation on 11 October 1996 have been capitalised at cost

Assets held under finance leases and hire purchase contracts

Included in the amounts for buses and plant and machinery above are the following amounts relating to leased assets and assets acquired under hire purchase contracts

Group	2010 Buses £'000	2009 Buses £'000
Cost or valuation	103,110	86,180
Accumulated depreciation	(29,203)	(23,867)
Net book value	73,907	62,313

Notes to the accounts
Year ended 31 December 2010

12. Investments held as fixed assets - company

	£'000
Cost	
At 1 January 2010 and 31 December 2010	54,073
Provision for impairment	
At 1 January 2010 and 31 December 2010	(10,577)
Net book value at 31 December 2010	43,496
Net book value at 31 December 2009	43,496

Details of the company's principal subsidiary undertakings, the results of which are included in these group accounts, are as follows

Subsidiary undertakings	Country of registration and operation	Activity	Portion of ordinary shares and voting rights held %
Metroline Travel Limited	England and Wales	Bus operation	100

During 2010 F E Thorpe & Sons Limited, Armchair Passenger Transport Company Limited, Metroline London Northern Limited, E H Mundy Holdings Limited and E H Mundy & Company Limited, non-trading subsidiaries directly or indirectly wholly-owned by the company and registered in England, were struck off Their remaining assets (which were almost entirely amounts due from other group undertakings) were distributed to the company Certain of these assets were immediately transferred to the company's subsidiary Metroline Travel Limited by way of a capital contribution

Notes to the accounts
Year ended 31 December 2010

13. Stocks

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Bus maintenance stocks	1,364	988	-	-
Fuel stocks	449	485	-	-
	1,813	1,473	-	-

In the directors' opinion there were no significant differences between the replacement cost and the values shown for stock categories

14. Debtors

Amounts falling due within one year

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Trade debtors	490	4,514	-	-
Amounts owed by group undertakings	32,709	30,220	28,024	24,287
Value added tax	2,321	1,082	-	-
Fuel duty rebate	681	839	-	-
Other debtors	41	61	-	-
Prepayments and accrued income	16,341	12,358	-	-
	52,583	49,074	28,024	24,287

15. Creditors: amounts falling due within one year

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Obligations under finance leases and hire purchase contracts (note 17)	12,255	10,426	-	-
Trade creditors	3,486	4,405	-	-
Amounts due to group undertakings	21,145	21,002	20,851	20,851
Corporation tax	1,847	1,492	-	-
Other taxes and social security costs	3,436	3,258	-	-
Accruals and deferred income	21,377	19,741	13	13
	63,546	60,324	20,864	20,864

Notes to the accounts
Year ended 31 December 2010

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

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Obligations under finance leases and hire purchase contracts (note 17)	45,645	38,416	-	-

17. Obligations due under finance leases and hire purchase contracts

	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Amounts payable:				
Within one year	12,255	10,426	-	-
Within one to two years	10,267	9,663	-	-
Within two to five years	24,745	20,187	-	-
In more than five years	10,633	8,566	-	-
	57,900	48,842	-	-

Obligations under finance lease and hire purchase contracts are secured over tangible fixed assets with a net book value of £73,907,000 (2009 £62,313,000)

18. Operating lease commitments

The annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2010 £'000	Land and buildings 2009 £'000	Other 2010 £'000	Other 2009 £'000
Group				
Leases which expire				
Within one year	52	159	1,168	39
Between one and five years	319	906	557	1,936
In five years or more	1,169	1,070	-	-
	1,540	2,135	1,725	1,975

Notes to the accounts
Year ended 31 December 2010

19. Provisions for liabilities

	Deferred taxation £'000	Insurance provision £'000	Total £'000
At 1 January 2010	9,785	9,197	18,982
Utilisation of provision	-	(4,518)	(4,518)
Charged to the profit and loss account	-	4,555	4,555
At 31 December 2010	9,785	9,234	19,019

The insurance provision relates to liabilities where there is uncertainty about the timing of settlement, but where a reliable estimate can be made of the amount The company self-insures its fleet of buses against claims in respect of traffic accidents, subject to an overall annual limit to its liability

The directors have recognised as a liability in the accounts the undiscounted financial impact of the expected resolution of any outstanding claims on the basis of all information currently available, on a prudent and consistent basis

However, it is inherent in the nature of insurance claims that the ultimate liabilities may vary as a result of subsequent developments, so that the provision made may be excessive or insufficient There is a maximum undiscounted unprovided loss of £5,316,000 (2009 £5,003,000), which is the unprovided amount that the company may be called upon to pay to meet claims in excess of these already provided up to the maximum aggregate amount payable

Deferred taxation	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Capital allowances in advance of depreciation	9,785	9,785	5	5
	9,785	9,785	5	5
Reconciliation of movement in deferred taxation provision				
At 1 January 2010	9,785	10,396	5	8
Capital allowances in advance of depreciation	-	(611)	-	(3)
At 31 December 2010	9,785	9,785	5	5

No provision has been made for deferred tax on revaluing land to its market value The tax on the gains arising from the revaluation would only become payable if the land were sold without rollover relief being available The tax which would be payable in such circumstances is estimated to be £200,000 These assets are expected to be used in the continuing operations of the business and, therefore, no tax is expected to be paid in the foreseeable future

Notes to the accounts
Year ended 31 December 2010

20. Called up share capital

	2010 No. '000	2010 £'000	2009 No. '000	2009 £'000
Authorised:				
Ordinary shares of 5p each	430,000	21,500	430,000	21,500
Called up, allotted and fully paid:				
Ordinary shares of 5p each	420,040	21,002	420,040	21,002

21 Reconciliation of shareholders' funds and movements on reserves

Group	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2010	21,002	24,272	100	905	(8,368)	37,911
Profit for the year	-	-	-	-	9,800	9,800
Net actuarial adjustment on pension scheme liability	-	-	-	-	5,101	5,101
At 31 December 2010	21,002	24,272	100	905	6,533	52,812

Company	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2010	21,002	24,272	100	1,683	47,057
Profit for the year	-	-	-	3,699	3,699
At 31 December 2010	21,002	24,272	100	5,382	50,756

22. Contingent liabilities and capital commitments

The company has guaranteed certain hire purchase and insurance liabilities of Metroline Travel Limited which amounted to £67,134,000 at the year end (2009 - £58,039,000)

Amounts contracted for but not provided in the accounts amounted to £384,000 (2009 £15,250,000)

Notes to the accounts
Year ended 31 December 2010

23. Pension commitments

A. Defined contribution scheme

The Group operates a defined contribution pension scheme The charge for the scheme in 2010 is £2,712,000 (2009 £2,762,000) The contributions outstanding at the year end amounted to £nil (2009 £nil)

B. Defined benefit schemes

Metroline and Metroline London Northern Pension Schemes

The Group operates two separate schemes which provide salary-related pension benefits on a defined benefit basis from assets held in separate, trustee-administered, funds

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method The most recent full actuarial valuation and funding valuations of the schemes was prepared as at 28 February 2007 Following the review the Employer is making additional monthly contributions totalling £90,000 per month This amount will continue to be paid until the conclusion of the 31 March 2010 triennial valuation

Both schemes are now closed to new entrants On 28 February 2007 the schemes were closed to future accrual (with the exception of those members whose retirement date was no later than 31 January 2008) This means that their benefit entitlements no longer increase in line with their length of service and salary

23. Pension commitments (continued)

(i) The amounts recognised in the balance sheet are as follows:

	2010 £'000	2009 £'000
Present value of pension liability	(54,093)	(58,411)
Fair value of pension fund assets	43,649	40,208
Deficit	(10,444)	(18,203)
Related deferred tax asset	2,924	5,097
Net liability	(7,520)	(13,106)
Liability recognised in the balance sheet	(7,520)	(13,106)

(ii) The amounts recognised in the profit and loss account are as follows.

	2010 £'000	2009 £'000
Recognised within net finance income/(charge)		
Interest costs on liability	3,285	2,644
Expected return on schemes' assets	(2,344)	(1,941)
Total	941	703

(iii) The amounts recognised in the statement of total recognised gains and losses (STRGL) are as follows:

Actuarial adjustments	2010 £'000	2009 £'000
Difference between actual and expected return on schemes' assets	1,208	3,638
Changes in actuarial assumptions which affect liabilities	6,065	(15,877)
Actuarial adjustment recognised in the STRGL	7,273	(12,239)

23. Pension commitments (continued)

(iv) Changes in the present value of the defined benefit obligation are as follows:

	2010 £'000	2009 £'000
Opening pension obligation	(58,411)	(41,463)
Interest costs on liability	(3,285)	(2,644)
Adjustments from changes in actuarial assumptions	6,065	(15,877)
Benefits paid to pension scheme members	1,538	1,573
Closing defined benefit obligation	(54,093)	(58,411)

(v) Changes in the fair value of the schemes' assets are as follows:

	2010 £'000	2009 £'000
Opening fair value of the schemes' assets	40,208	35,189
Expected return on assets in year	2,344	1,941
Gains on expected return on schemes' assets	1,208	3,638
Contributions by the company to the schemes	1,427	1,013
Benefits paid to pension scheme members	(1,538)	(1,573)
Closing fair value of the schemes' assets	43,649	40,208

All contributions with the exception of a fixed monthly contribution have now ceased Current monthly contributions increased from £61,833 per month to £90,000 per month from March 2010

Metroline Limited

Notes to the accounts
Year ended 31 December 2010

23. Pension commitments (continued)

(vi) Principal actuarial assumptions at the balance sheet date were as follows:

	2010	2009
Rate of increase in salaries (%)	-*	-*
Annual rate of pension increases (%)	3 40	3 40
Assumed life expectancies (in years) on retirement at age 65 are		
Retiring today		
- Males	84 0	85 0
- Females	86 4	87 0
Retiring in 20 years' time		
- Males	85 1	84 6
- Females	87 4	87 4
Life expectancies are based on the following published mortality tables		
– current pensioners	S1PA MC tables (YOB) rated up 2 years	PA92 MC tables (YOB=1935) rated up 4 years
– non-pensioners	S1PA MC tables (YOB) rated up 2 years	PA92 MC tables (YOB=1965) rated up 4 years
Inflation assumption (%)	3 60	3 40
Discount rate for future pension liabilities (%)	5 70	5 70

* As there are no members with benefits related to future salary progression, no assumption needs to be made with regard to salary increases

Notes to the accounts
Year ended 31 December 2010

23. **Pension commitments (continued)**

(vii) **The major categories of assets for Metroline and Metroline London Northern Pension Schemes and the expected rates of return on those assets were as follows:**

	Long-term rate of return expected at 31/12/10 %	Fair Value at 31/12/10 £'000	Percentage of fair value of the total schemes' assets 31/12/10 %	Long-term rate of return expected at 31/12/09 %	Fair Value at 31/12/09 £'000	Percentage of fair value of the total schemes' assets 31/12/09 %
Equities	7 20	20,503	46 97	7 50	26,547	66 02
Diversified growth fund	7 20	6,310	14 46	-	-	-
Bonds	4 20	11,477	26 29	4 50	13,511	33 61
Property	6 20	4,187	9 59	-	-	-
Cash	0 50	1,172	2 69	0 50	150	0 37
Total market value of assets		43,649	100 00		40,208	100 00
Present value of the schemes' liabilities		(54,093)			(58,411)	
Combined deficit in the schemes		(10,444)			(18,203)	

The overall weighted average expected return on schemes' assets at 31 December 2010 was 6 1% (2009 5 9%), net of 0 6% estimated deduction for scheme expenses The actual return on assets over the period was 8 8% (2009 15 9%)

The schemes' assets do not directly include any of the Group's financial instruments, nor any property occupied by, or other assets used by the Group

Notes to the accounts
Year ended 31 December 2010

23. Pension commitments (continued)

(viii) History of experience gains and losses – pension schemes:

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Present value of schemes' liabilities	(54,093)	(58,411)	(41,463)	(47,909)	(53,557)
Fair value of schemes' assets	43,649	40,208	35,189	42,375	40,461
Deficit in the schemes	(10,444)	(18,203)	(6,274)	(5,534)	(13,096)
Difference between the expected and actual return on pension schemes' assets:					
Amount (£'000s)	1,208	3,638	(10,109)	(2,385)	1,433
Percentage of pension schemes' assets (%)	3%	9%	-29%	-6%	4%
Experience losses on pension schemes' liabilities due to membership movement					
Amount (£'000s)	6,592	(654)	(496)	(816)	(339)
Percentage of the present value of the pension schemes' liabilities (%)	-12%	1%	1%	2%	1%
Adjustments in pension schemes' liabilities due to changes in actuarial assumptions:					
Amount (£'000s)	(527)	(15,223)	8,309	5,462	(1,052)
Percentage of the present value of the pension schemes' liabilities (%)	1%	26%	-20%	-11%	2%
Actuarial adjustments arising during the year	7,273	(12,239)	(2,296)	2,261	42
Cumulative actuarial adjustments at start of year	(14,060)	(1,821)	475	(1,786)	(1,828)
Cumulative actuarial adjustments at end of year	(6,787)	(14,060)	(1,821)	475	(1,786)

24. Parent undertaking and controlling party

The parent company and the controllıng party of the smallest and largest group of whıch the company ıs a member and for whıch Group accounts are prepared at the balance sheet date ıs Braddell Lımıted, a company ıncorporated ın Great Brıtaın and ComfortDelGro Corporatıon Lımıted, a company ıncorporated ın Sıngapore, respectıvely

Copıes of these accounts can be obtaıned from ComfortDelGro House, 329 Edgware Road, Crıcklewood, London, NW2 6JP and from 205 Braddell Road, Sıngapore 579701 respectıvely

25. Related party transactions

The Group has taken advantage of the exemptıon granted under paragraph 3(c) of FRS 8 'Related party dısclosures' and ıs exempt from dısclosıng detaıls of related party transactıons, gıven the fact that copıes of the consolıdated fınancıal statements of ComfortDelGro Corporatıon Lımıted are publıcly avaılable

Durıng the year, Metrolıne Lımıted group companıes entered ınto the followıng transactıons wıth ComfortDelGro group companıes who are not covered by a related party transactıons exemptıon under FRS 8

	Amounts owed by related partıes	Amounts due to related partıes	Amounts owed by related parties	Amounts due to related parties
	2010	2010	2009	2009
	£'000	£'000	£'000	£'000
Westbus Coach Servıces Lımıted	458	-	572	-
Scottısh Cıtylınk Coaches Lımıted	218	-	135	-
Computer Cab plc	89	12	98	-

The amounts outstandıng are unsecured and wıll be settled ın cash No guarantees have been gıven or receıved, and no provısıons have been made for doubtful debts ın respect of the amounts owed by related partıes

26 Cash flow exemption

The Group ıs a wholly-owned subsıdıary of ComfortDelGro Corporatıon Lımıted and the cashflows of the Group are ıncluded ın the consolıdated cashflow statement of ComfortDelGro Corporatıon Lımıted Consequently, the company ıs exempt under FRS 1 (revısed 1996) 'Cash flow statements' from the requırement to prepare a cash flow statement