

Company Registration No. 8401654

Metroline West Limited

Report and Financial Statements

Year ended 31 December 2014

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Metroline West Limited

Report and financial statements 2014

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Metroline West Limited

Report and financial statements 2014

Officers and professional advisers

Directors

Jaspal Singh
Sean O Shea

Secretary

Ishai Novick

Registered office

ComfortDelGro House
329 Edgware Road
Cricklewood
London
NW2 6JP

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors

Teacher Stern LLP
37-41 Bedford Row
London WC1R 4JH

Metroline West Limited

Directors' report

The Directors present their annual report and the unaudited financial statements for the year ended 31 December 2014

Principal activity

The company's principal activity is the provision of road passenger transport services within the Greater London area

Financial instruments and credit risk

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The company has a small number of trade debtors and as such has a high concentration of credit risk with 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 West 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 company'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 West Limited for the entire period covered by these financial statements by the company's ultimate parent company (see Note 20). This cover has continued to the date of approval of these financial statements.

Charitable and political donations

Charitable donations made during the year were £nil (2013: £nil).

No political donations were made during the year (2013: £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 with 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.

Going concern

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

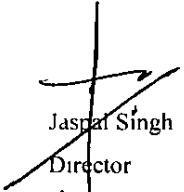
Metroline West Limited

Directors' report (continued)

Auditor

For the year ended 31 December 2014 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

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



Jaspal Singh
Director
March 2015

Metroline West Limited

Strategic report

To the members of Metroline West Limited

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006

Financial results and future prospects

The company's results for the year are set out in the profit and loss account on page 6. The profit on continuing activities for the year was £7,642,000 before taxation (2013: £4,038,000). No dividends were paid or declared during the year (2013: £nil).

The balance sheet on page 7 of the financial statements shows that company's net asset position has improved over prior year, primarily due to the issue of an additional £57.5m of share capital in the year in connection with the capitalisation of a shareholder's loan for £57.5m made by Metroline Limited.

Average staff numbers have decreased by 5.3% over the year, averaging 1,610 (2013: 1,701) although ending the year lower at 1,534.

The company 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.

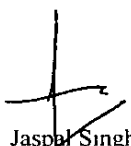
Principal risks and uncertainties

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.

Further details regarding the adoption of the going concern basis can be found in the accounting policy note.

Approval

This report was approved by the board of directors on 5th March 2015 and signed on its behalf by


Jaspal Singh
Director
5th March 2015

Metroline West Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Metroline West Limited

Profit and loss account Year ended 31 December 2014

	Note	2014 £'000	28 weeks ended 31 December 2013 £'000
Revenue	2	114,650	60,333
Cost of sales		(99,701)	(51,950)
Gross profit		14,949	8 383
Administrative expenses		(7,336)	(4,354)
Operating profit	5	7,613	4,029
Interest receivable and similar income	6	29	9
Profit on ordinary activities before taxation		7,642	4,038
Tax on profit on ordinary activities	7	(2 233)	(1,250)
Profit on ordinary activities after taxation	16	5 409	2,788

All results are derived from continuing operations

There were no recognised gains and losses for the year other than as shown above in the profit and loss account
Accordingly, no statement of total recognised gains and losses is presented

Metroline West Limited

Balance sheet

Year ended 31 December 2014

	Note	2014 £'000	28 weeks ended 31 December 2013 £'000
Fixed assets			
Goodwill	8	41,692	43,921
Tangible fixed assets	9	15,975	16,401
		<u>57,667</u>	<u>60,322</u>
Current assets			
Stocks	10	761	932
Debtors	11	14,248	7,876
Cash at bank and in hand		7,818	6,185
		<u>22,827</u>	<u>14,993</u>
Creditors amounts falling due within one year	12	<u>(13,738)</u>	<u>(72,091)</u>
Net current assets / (liabilities)		<u>9,089</u>	<u>(57,098)</u>
Total assets less current liabilities		<u>66,756</u>	<u>3,224</u>
Provisions for liabilities	13	<u>(1,059)</u>	<u>(436)</u>
Net assets		<u>65,697</u>	<u>2,788</u>
Capital and reserves			
Called up share capital	15, 16	57,500	-
Profit and loss account	16	8,197	2,788
Shareholders' funds		<u>65,697</u>	<u>2,788</u>

For the year ending 31 December 2014 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

- The directors have not required the company to obtain an audit of its account for the period in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements of Metroline West Limited, registered number 2328401, were approved by the Board of Directors on 5th March 2015

Signed on behalf of the Board of Directors

Jaspal Singh
Director

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

1 Accounting policies

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

Basis of accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards and law.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 4. The financial position of the company, its cash flows, liquidity position and borrowing facilities are also described in further detail in the notes to the financial statements. The directors are satisfied with the results and believe that the company is well placed to manage its business risks successfully.

In particular, although the company is exposed to wider macroeconomic events, the directors have given due consideration to the fact that the company benefits from strong, predictable cash flows from the long-term contracts with government bodies which provide a substantial majority of its revenues. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to continue to operate within the level of the facilities available to it.

The directors believe that the company 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.

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	50 years
Leasehold land and leasehold improvements	Over the life of the lease
Buses	12 years
Plant and equipment	1 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

1. Accounting policies (continued)

Leased assets

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.

Stocks

Stocks consist primarily of materials required for the operation and maintenance of buses. These materials are valued on a first in first out basis at the lower of cost and net realisable value to the company.

Insurance

Insurance costs include insurance premiums which are written off to the profit and loss account over the period to which they relate and 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.

Pension costs

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.

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

1 Accounting policies (continued)

Taxation

Current UK corporation 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. 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

Financial instruments

The company recognises that management of financial risk is an important aspect in its drive towards creating shareholder value. It is the company's policy not to participate in speculation in financial instruments

2 Revenue and operating profit

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

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

3. Information regarding directors and employees

	2014 No	2013 No.
Average number of persons employed:		
Operating staff	1,386	1,456
Engineering	61	64
Administration	163	181
	<u>1,610</u>	<u>1,701</u>
	£'000	£'000
Staff costs during the year		
Wages and salaries	57,937	31,505
Social security costs	6,081	3 273
Pension costs	1,068	453
	<u>65,086</u>	<u>35,231</u>

4. Directors' remuneration

	2014 £'000	2013 £'000
Emoluments	137	-
Company contributions to money purchase pension schemes	12	-
	<u>149</u>	<u>-</u>
Highest paid director		
Emoluments	70	-
Company contributions to money purchase pension schemes	9	-
	<u>79</u>	<u>-</u>

No directors (2013 nil) had retirement benefits accruing under a defined benefit pension scheme

The directors' emoluments are allocated based on the proportion of time spent within the ComfortDelGro group of companies

5. Operating profit

	2014 £'000	2013 £'000
This is stated after charging		
Auditor's remuneration		
Tax compliance fees	9	-
Operating lease rentals		
- land and buildings	1,439	809
- buses	8 278	4,458
- plant and machinery	74	53
Depreciation	1,336	692
Goodwill amortisation	2,229	1,151
	<u>22,295</u>	<u>16,143</u>

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

6. Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest	29	9

7 Tax on profit on ordinary activities

	2014 £'000	2013 £'000
a) Tax charge on profit on ordinary activities		
Current tax		
Corporation tax charge for the year	2,209	1,251
Adjustments to tax charge in respect of the prior year	(16)	-
Total current tax charge	2,193	1,251
Deferred tax		
Timing differences, origination and reversal (note 13,14)	40	(1)
Total tax on profit on ordinary activities	2,233	1,250

b) Factors affecting the tax charge for the year

The standard rate of tax for the year based on the UK standard rate of corporation tax is 21.5% (average rate for year 90 days at 23%, 275 days at 21%) (2013 23.25%). The actual tax charge for the current year and previous period varies from the standard rate for the reasons set out in the following reconciliation

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	7,642	4,038
Tax on profit on ordinary activities at standard rate of 21.5% (2013 23.25%)	1,643	938
Factors affecting charge for the year		
Disallowable expenses	483	271
Depreciation for the year in excess of capital allowances	83	42
Adjustments to the tax charge in respect of prior year	(16)	-
Current tax charge for the year	2,193	1,251

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

8. Goodwill

	£'000
Cost	
At 1 January 2014 and 31 December 2014	45,072
Accumulated amortisation	
At 1 January 2014	(1,151)
Charge for the year	(2,229)
At 31 December 2014	(3,380)
Net book value	
At 31 December 2014	41,692
At 31 December 2013	43,921

9. Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings improve- ments £'000	Buses £'000	Plant and machinery £'000	Total £'000
Cost or valuation					
At 1 January 2014	4,341	7,350	4,415	987	17,093
Additions	2	327	337	246	912
Disposals	-	-	(10)	-	(10)
At 31 December 2014	4 343	7 677	4,742	1,233	17,995
Accumulated depreciation:					
At 1 January 2014	34	173	378	107	692
Charge for the year	64	332	734	206	1,336
Disposals	-	-	(8)	-	(8)
At 31 December 2014	98	505	1 104	313	2 020
Net book value:					
At 31 December 2014	4,245	7,172	3 638	920	15,975
At 31 December 2013	4,307	7 177	4,037	880	16 401

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

10 Stocks

	2014 £'000	2013 £'000
Bus maintenance stocks	349	514
Fuel	412	418
	<u>761</u>	<u>932</u>

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

11. Debtors amounts falling due within one year

	2014 £'000	2013 £'000
Trade debtors	58	2,182
Value added tax	362	349
Fuel duty rebate	-	27
Amounts owed by group undertakings	7,328	-
Prepayments and accrued income	6,500	5,318
	<u>14,248</u>	<u>7,876</u>

12. Creditors amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	839	809
Amounts due to group undertakings	114	57,587
Other taxes and social security costs	1,487	1,859
Accruals and deferred income	10,259	10,585
Corporation tax	1,039	1,251
	<u>13,738</u>	<u>72,091</u>

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

13. Provisions for liabilities

	Deferred taxation £'000	Insurance provision £'000	Total £'000
At 1 January 2014	(1)	437	436
Utilisation of provision	-	(416)	(416)
Charged to the profit and loss account	40	999	1,039
	<hr/>	<hr/>	<hr/>
At 31 December 2014	39	1,020	1,059
	<hr/>	<hr/>	<hr/>

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 an undiscounted unprovided loss of £129,000 (2013: £nil), which is the unprovided amount that the company may possibly be called upon to pay to meet claims in excess of those already provided up to the maximum aggregate amount payable.

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

14. Deferred taxation

	2014 £'000	2013 £'000
Capital allowances in advance of depreciation	<u>39</u>	<u>(1)</u>
Reconciliation of deferred taxation		
At 1 January 2014	(1)	-
Capital allowances in advance of depreciation	<u>40</u>	<u>(1)</u>
At 31 December 2014	<u>39</u>	<u>(1)</u>

15 Called up share capital

	2014 £	2013 £
Authorised		
57,500,000 ordinary share of £1 each	<u>57,500 000</u>	<u>1</u>
Called up, allotted and fully paid		
57 500,000 ordinary share of £1 each	<u>57,500 000</u>	<u>1</u>

On 30 April 2014, Metroline West Limited allotted 57,499,999 ordinary shares with a nominal value of £1 to its parent in connection with the capitalisation of a shareholder's loan for £57,500,000 made by Metroline Limited

16 Reconciliation of shareholders' funds and movements on reserves

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2014	-	2,788	2,788
Profit for the year	-	5,409	5,409
Equity shares issued	<u>57,500</u>	<u>-</u>	<u>57,500</u>
At 31 December 2014	<u>57,500</u>	<u>8,197</u>	<u>65,697</u>

17. Contingent liabilities and capital commitments

Amounts contracted for but not provided in the accounts amounted to £331,000 (2013 £191 000)

Metroline West Limited

Notes to the accounts Year ended 31 December 2014

18 Operating lease commitments

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

	Land and buildings	Other	Land and buildings	Other
	2014	2014	2013	2013
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	-	1,155	-	1,397
Within two to five years	644	4,934	644	6,393
Over five years	428	423	428	-
	<u>1,072</u>	<u>6,512</u>	<u>1,072</u>	<u>7,790</u>

19 Pension commitments

Defined contribution scheme

The company operates a defined contribution pension scheme. The charge for the scheme in 2014 is £1,068,000 (2013: £453,000). The contributions outstanding at the year end amounted to £nil (2013: £nil).

20 Parent company and controlling party

The parent company of the smallest group of which the company is a member and for which group accounts are prepared at the balance sheet date is Metroline Limited. The parent company of the largest group of which the company is a member and for which group accounts are prepared at the balance sheet date is ComfortDelGro Corporation Limited, a company incorporated in Singapore. The immediate parent company is Metroline Limited and the ultimate parent company and controlling party is ComfortDelGro Corporation Limited.

Copies of these accounts can be obtained from ComfortDelGro House, 329 Edgware Road, Cricklewood, London, NW2 6JP and from 205 Braddell Road, Singapore 579701 respectively.

21. Related party transactions

The company has taken advantage of the exemption available under paragraph 3 (c) of FRS 8 'Related party disclosures' not to disclose related party transactions with other wholly owned group companies.

During the year, Metroline West Limited had not entered into any transactions with ComfortDelGro group companies who are not covered by an exemption under FRS 8.

22 Cash flow statement

The company is a wholly owned subsidiary of Metroline Limited and the cash flows of the company are included in the consolidated cash flow statement of the group's ultimate parent, ComfortDelGro Corporation. Consequently, the company is exempt under FRS 1 (revised 1996) 'Cash flow statements' from the requirement to prepare a cash flow statement.