

Company Registration No. 2328401

Metroline Travel Limited

Report and Financial Statements

Year ended 31 December 2013

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Metroline Travel Limited

Report and financial statements 2013

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Metroline Travel Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Jaspal Singh
Sean O'Shea

Secretary

Ishai Novick

Registered office

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London
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Bankers

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1 Churchill Place
London E14 5HP

Solicitors

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

Actuaries

JLT Benefit Solutions
Leon House
233 High Street
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CR4 9AF

Metroline Travel Limited

Directors' report

The Directors present their annual report and the unaudited financial statements for the year ended 31 December 2013

Principal activity

The company's principal activity continues to be 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. Details of complex financial instruments can be found in note 25 of the accounts.

Environment

Metroline Travel 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 Travel Limited for the entire period covered by these financial statements by the company's ultimate parent company (see Note 22). This cover has continued to the date of approval of these financial statements.

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.

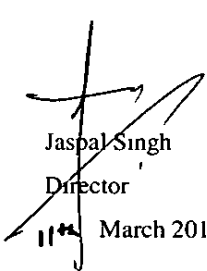
Metroline Travel Limited

Directors' report (continued)

Auditor

For the period ending 31 December 2013 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

11 March 2014

Metroline Travel Limited

Strategic report

To the members of Metroline Travel 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 £17,969,000 before taxation (2012 £14,726,000). Dividends paid in the year were £nil (2012 £nil).

As shown in the profit and loss account on page 6, the company's revenue rose by 2.8%.

The balance sheet on page 8 of the financial statements shows that the company's net asset position has improved over the prior year. The movement is explained in the statement of total recognised gains and losses on page 7, as well as being partly attributed to a further reduction in finance creditors during the year.

Average staff numbers have decreased by 0.9% over the period, averaging 3,684 in 2013 (2012 3,718) although ending the year higher at 3,767.

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.

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.

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 11th March 2014 and signed on its behalf by


Jaspal Singh
Director
11th March 2014

Metroline Travel 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 Travel Limited

Profit and loss account Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Revenue	2	238,781	232,279
Cost of sales		(200,370)	(196,079)
Gross profit		38,411	36,200
Administrative expenses		(18,993)	(19,597)
Operating profit	5	19,418	16,603
Interest receivable and similar income	6	2,284	2,119
Interest payable and similar charges	7	(3,733)	(3,996)
Profit on ordinary activities before taxation		17,969	14,726
Tax on profit on ordinary activities	8	(3,476)	(2,417)
Profit on ordinary activities after taxation	18	14,493	12,309

All results are derived from continuing operations

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

During the year, certain expenses previously classified as administrative expenses, £1,168,000, were reclassified as cost of sales and prior year comparatives have been adjusted accordingly. There is no impact on operating profit, profit on ordinary activities before and after taxation.

Metroline Travel Limited

Statement of total recognised gains and losses Year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Profit for the financial year		14,493	12,309
Actuarial adjustment on defined benefit pension schemes	21	(1,705)	2,342
Deferred tax charge on actuarial adjustment		(21)	(1,040)
Total recognised gains in the year		<u>12,767</u>	<u>13,611</u>

Metroline Travel Limited

Balance sheet 31 December 2013

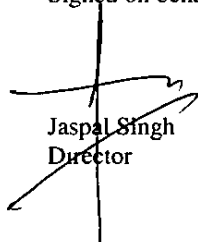
	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible fixed assets	9	127,540	125,066
Current assets			
Stocks	10	1,792	1,845
Debtors	11	67,906	69,666
Cash at bank and in hand		3,832	7,529
		73,530	79,040
Creditors' amounts falling due within one year	12	(73,364)	(74,341)
Net current assets		166	4,699
Total assets less current liabilities		127,706	129,765
Creditors: amounts falling due after more than one year	13	(29,766)	(44,178)
Provisions for liabilities	15	(17,848)	(18,925)
Net assets excluding pension liability		80,092	66,662
Net pension liability	21	(6,674)	(6,011)
Net assets		73,418	60,651
Capital and reserves			
Called up share capital	17, 18	3,294	3,294
Share premium account	18	3,293	3,293
Revaluation reserve	18	905	905
Profit and loss account	18	65,926	53,159
Shareholders' funds		73,418	60,651

For the year ending 31 December 2013 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 year 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 Travel Limited, registered number 2328401, were approved by the Board of Directors on 11th March 2014

Signed on behalf of the Board of Directors


Jaspal Singh
Director

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

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 fixed assets, 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 Directors' Report on page 2. 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 is in a net assets and net current assets position and has remained within the terms of the covenants agreed with its bankers during the year. 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 details of which are set out in note 13.

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 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.

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.

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

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 operates 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 company's defined benefit pension schemes and the schemes' liabilities measured on an actuarial basis using the projected unit method are recognised in the company'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 company 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.

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Notes to the accounts Year ended 31 December 2013

1 Accounting policies (continued)

Pension costs (continued)

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the company 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.

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.

Interest rate swaps and Base Rate caps

Interest rate swaps and Base Rate caps are used to hedge the company's exposure to movements on interest rates. The gains or losses on such swaps or caps are accrued in the same way as interest arising on deposits or borrowings. The fair values of these financial instruments are not held on the company's balance sheet.

Hedges

The company hedges some of its exposure to the fuel price and foreign currency exchange using swaps and options. 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 company's principal activity and arise entirely in the United Kingdom.

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

3. Information regarding directors and employees

	2013 No.	2012 No.
Average number of persons employed:		
Traffic operations	3,073	3,107
Engineering and maintenance	228	236
Administration	383	375
	<u>3,684</u>	<u>3,718</u>
	£'000	£'000
Staff costs during the year:		
Wages and salaries	124,523	122,355
Social security costs	13,091	13,279
Pension costs	2,699	2,624
	<u>140,313</u>	<u>138,258</u>

4 Directors' remuneration

	2013 £'000	2012 £'000
Emoluments	382	335
Company contributions to money purchase pension schemes	20	15
	<u>402</u>	<u>350</u>
Highest paid director		
Emoluments	206	188
Company contributions to money purchase pension schemes	2	-
	<u>208</u>	<u>188</u>

No directors (2012 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

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

5. Operating profit

	2013 £'000	2012 £'000
This is stated after charging		
Auditor's remuneration		
Fees payable to the company's auditor for the audit of the company's accounts	-	70
Tax compliance fees	21	21
Operating lease rentals		
- land and buildings	1,998	2,079
- buses	1,423	2,082
- plant and machinery	109	118
Depreciation		
- owned assets	8,364	7,634
- assets held under finance leases and hire purchase contracts	8,302	8,265
Impairment of tangible fixed assets – owned assets	407	455
Loss on disposal of fixed assets	345	251
	<u> </u>	<u> </u>

6. Interest receivable and similar income

	2013 £'000	2012 £'000
Bank interest	57	59
Expected return on pension scheme assets	2,227	2,057
Other interest receivable	-	3
	<u> </u>	<u> </u>
	2,284	2,119
	<u> </u>	<u> </u>

7. Interest payable and similar charges

	2013 £'000	2012 £'000
Bank loan	415	233
Finance charges payable under finance lease and hire purchase contracts	813	1,114
Interest on pension scheme liabilities	2,505	2,649
	<u> </u>	<u> </u>
	3,733	3,996
	<u> </u>	<u> </u>

Metroline Travel Limited

Notes to the accounts

Year ended 31 December 2013

8. Tax on profit on ordinary activities

	2013 £'000	2012 £'000
a) Tax charge on profit on ordinary activities		
Current tax		
Corporation tax charge for the year	4,269	3,710
Adjustments to tax charge in respect of the prior year	-	(60)
Total current tax charge	4,269	3,650
Deferred tax		
Timing differences, origination and reversal (note 15,16)	(793)	(1,233)
Total tax on profit on ordinary activities	3,476	2,417

b) Factors affecting the tax charge for the year

It is currently anticipated that £96,000 of the corporation tax charge for the period (2012 £152,000) 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 23.25% (average rate for year 90 days at 24%, 275 days at 23%) (2012 24.5%) The actual tax charge for the current and previous year varies from the standard rate for the reasons set out in the following reconciliation

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	17,969	14,726
Tax on profit on ordinary activities at standard rate of 23.25% (2012 24.5%)	4,177	3,607
Factors affecting charge for the year		
Disallowable expenses	194	194
Depreciation for the year in excess of capital allowances	145	95
Short-term timing differences arising in the year	(247)	(186)
Adjustments to the tax charge in respect of prior year	-	(60)
Current tax charge for the year	4,269	3,650

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.

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

9. Tangible fixed assets

	Freehold land and buildings £'000	Leasehold improve- ments £'000	Buses £'000	Plant and machinery £'000	Total £'000
Cost or valuation:					
At 1 January 2013	23,272	4,788	177,020	15,894	220,974
Additions	28	34	20,463	867	21,392
Disposals	-	(18)	(18,304)	(4)	(18,326)
Reclassifications	(333)	333	-	-	-
At 31 December 2013	22,967	5,137	179,179	16,757	224,040
Accumulated depreciation:					
At 1 January 2013	4,350	3,122	74,606	13,830	95,908
Charge for the year	440	425	15,192	609	16,666
Disposals	-	(11)	(17,172)	(2)	(17,185)
Provision for impairment	-	-	1,111	-	1,111
Reclassifications	(293)	293	-	-	-
At 31 December 2013	4,497	3,829	73,737	14,437	96,500
Net book value:					
At 31 December 2013	18,470	1,308	105,442	2,320	127,540
At 31 December 2012	18,922	1,666	102,414	2,064	125,066

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

9. Tangible fixed assets (continued)

Valuation of freehold land and buildings

Certain 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 does not exceed the book value included in the accounts.

Freehold land, included in tangible fixed assets

	2013 £'000	2012 £'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 properties after the last formal revaluation 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 overleaf are the following amounts relating to leased assets and assets acquired under hire purchase contracts:

	2013		2012	
	Buses £'000	Plant & equipment £'000	Buses £'000	Plant & equipment £'000
Cost	89,866	112	93,585	112
Accumulated depreciation	(33,978)	(60)	(29,378)	(38)
Net book value	55,888	52	64,207	74

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

10. Stocks

	2013 £'000	2012 £'000
Bus maintenance stocks	1,355	1,188
Fuel	437	657
	<u>1,792</u>	<u>1,845</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

	2013 £'000	2012 £'000
Trade debtors	5,576	4,753
Amounts owed by group undertakings	47,944	51,810
Value added tax	1,722	1,201
Fuel duty rebate	-	445
Other debtors	11	33
Prepayments and accrued income	12,653	11,424
	<u>67,906</u>	<u>69,666</u>

12. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Obligations under finance leases and hire purchase contracts (note 14)	10,370	11,412
Trade creditors	2,753	4,553
Amounts due to group undertakings	28,178	28,150
Other taxes and social security costs	3,989	3,398
Accruals and deferred income	25,696	25,119
Corporation tax	1,913	1,709
Fuel duty rebate	465	-
	<u>73,364</u>	<u>74,341</u>

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

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

	2013 £'000	2012 £'000
Bank loan	2,301	6,343
Obligations under finance leases and hire purchase contracts (note 14)	27,465	37,835
	<u>29,766</u>	<u>44,178</u>

The bank loan is a drawdown from a £12.3 million committed revolving credit facility used for the purchase of buses and the amount due is secured over those buses. As at 31 December 2013, the facility limit maintains at £12.3 million. This facility has a final maturity date of 26 June 2017, with the principal amount available to be drawn down under the facility reducing by £500,000 at yearly intervals each December, starting from 2014, to a final available principal amount of £10.3 million. The Group also has access to additional £40.0 million omnibus lines with sub-limits for a loan facility, standby letters of credit and bank guarantees, of which £14.1 million had been utilised as at 31 December 2013.

14. Obligations under finance leases and hire purchase contracts

	2013 £'000	2012 £'000
The maturity of these amounts is as follows		
Amounts payable		
Within one year	10,370	11,412
Within one to two years	9,213	10,370
Within two to five years	16,824	22,319
In more than five years	1,428	5,146
	<u>37,835</u>	<u>49,247</u>

Obligations under finance leases and hire purchase contracts are secured over tangible fixed assets with a net book value of £55,940,000 (2012: £64,281,000).

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

15 Provisions for liabilities

	Deferred taxation £'000	Insurance provision £'000	Total £'000
At 1 January 2013	8,310	10,615	18,925
Utilisation of provision	-	(4,836)	(4,836)
(Credited)/charged to the profit and loss account	(793)	4,552	3,759
At 31 December 2013	<u>7,517</u>	<u>10,331</u>	<u>17,848</u>

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 £3,628,000 (2012 £3,798,000), 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 Travel Limited

Notes to the accounts Year ended 31 December 2013

16. Deferred taxation

	2013 £'000	2012 £'000
Capital allowances in advance of depreciation	7,517	8,310
Reconciliation of deferred taxation		
At 1 January 2013	8,310	9,543
Capital allowances in advance of depreciation	(793)	(1,233)
At 31 December 2013	7,517	8,310

17. Called up share capital

	2013 £'000	2012 £'000
Authorised.		
12,000,000 ordinary shares of £1 each	12,000	12,000
Called up, allotted and fully paid:		
3,294,000 ordinary shares of £1 each	3,294	3,294

18 Reconciliation of shareholders' funds and movements on reserves

	Called up share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2013	3,294	3,293	905	53,159	60,651
Profit for the year	-	-	-	14,493	14,493
Net actuarial adjustment on pension scheme liability	-	-	-	(1,726)	(1,726)
At 31 December 2013	3,294	3,293	905	65,926	73,418

19. Contingent liabilities and capital commitments

Amounts contracted for but not provided in the accounts amounted to £2,799,000 (2012 £20,744,000)

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

20. Operating lease commitments

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

	Land and buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	77	52	666	242
Within two to five years	370	300	283	1,403
Over five years	869	869	-	-
	<u>1,316</u>	<u>1,221</u>	<u>949</u>	<u>1,645</u>

21. Pension commitments

A. Defined contribution scheme

The company operates a defined contribution pension scheme. The charge for the scheme in 2013 is £2,699,000 (2012 £2,624,000). The contributions outstanding at the year end amounted to £nil (2012 £nil).

B. Defined benefit schemes

Metroline and Metroline London Northern Pension Schemes

The company 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 31 March 2010. Following the review the Employer is making additional monthly contributions totalling £93,700 per month. This amount will rise by retail price inflation each year and will continue to be paid until the conclusion of the 31 March 2013 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.

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

21. Pension commitments (continued)

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

	2013 £'000	2012 £'000
Present value of pension liability	(62,718)	(56,419)
Fair value of pension fund assets	54,270	48,613
Deficit	(8,448)	(7,806)
Related deferred tax asset	1,774	1,795
Net liability	(6,674)	(6,011)
Liability recognised in the balance sheet	(6,674)	(6,011)

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

	2013 £'000	2012 £'000
Recognised within net finance charge		
Interest costs on liability	2,505	2,649
Expected return on schemes' assets	(2,227)	(2,057)
Total	278	592

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

	2013 £'000	2012 £'000
Actuarial adjustments		
Difference between actual and expected return on schemes' assets	3,612	1,225
Changes in actuarial assumptions which affect liabilities	(5,317)	1,117
Actuarial adjustment recognised in the STRGL	(1,705)	2,342

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

21. Pension commitments (continued)

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

	2013 £'000	2012 £'000
Opening pension obligation	(56,419)	(56,312)
Interest costs on liability	(2,505)	(2,649)
Adjustments from changes in actuarial assumptions	(5,317)	1,118
Benefits paid to pension scheme members	1,523	1,424
Closing defined benefit obligation	<u>(62,718)</u>	<u>(56,419)</u>

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

	2013 £'000	2012 £'000
Opening fair value of the schemes' assets	48,613	45,404
Expected return on assets in year	2,227	2,057
Gains on expected return on schemes' assets	3,612	1,225
Contributions by the company to the schemes	1,341	1,351
Benefits paid to pension scheme members	(1,523)	(1,424)
Closing fair value of the schemes' assets	<u>54,270</u>	<u>48,613</u>

All contributions with the exception of a fixed monthly contribution have now ceased. Current monthly contribution is £93,700 per month and is due to increase to £97,100 per month from June 2014.

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

21. Pension commitments (continued)

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

	2013	2012
Rate of increase in salaries (%)	~*	~*
Annual rate of pension increases – in deferment (%)	2.20	1.85
Annual rate of pension increases – in payment (%)	3.10	2.40
Assumed life expectancies (in years / age) on retirement at age 65 are		
Retiring today		
- Males	84.8	84.0
- Females	86.9	86.4
Retiring in 20 years' time		
- Males	85.3	85.1
- Females	87.6	87.4
Life expectancies are based on the following published mortality tables		
– current pensioners	SIPA MC tables (YOB) rated up 2 years	SIPA MC tables (YOB) rated up 2 years
– non-pensioners	SIPA MC tables (YOB) rated up 2 years	SIPA MC tables (YOB) rated up 2 years
Inflation assumption - RPI (%)	3.30	2.60
Inflation assumption - CPI (%)	2.20	1.85
Discount rate for future pension liabilities (%)	4.60	4.50

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

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

21. 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 31/12/13 %	Fair Value at 31/12/13 £'000	Percentage of fair value of the total schemes' assets 31/12/13 %	Long-term rate of return expected at 31/12/12 %	Fair Value at 31/12/12 £'000	Percentage of fair value of the total schemes' assets 31/12/12 %
Equities	7.35	31,137	57.38	6.45	22,345	45.97
Diversified growth fund	7.35	-	0.00	6.45	7,001	14.40
Bonds	3.60	20,194	37.21	2.70	14,253	29.32
Property	6.10	2,763	5.09	5.20	4,504	9.26
Cash	0.50	176	0.32	0.50	510	1.05
Total market value of assets		54,270	100.00		48,613	100.00
Present value of the schemes' liabilities		(62,718)			(56,419)	
Combined deficit in the schemes		(8,448)			(7,806)	

The overall weighted average expected return on schemes' assets at 31 December 2013 was 5.3% (2012 4.6%), net of 0.6% estimated deduction for scheme expenses. The actual return on assets over the period was 12.0% (2012 7.2%).

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

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

21. Pension commitments (continued)

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

	2013	2012	2011	2010	2009
	£'000	£'000	£'000	£'000	£'000
Present value of schemes' liabilities	(62,718)	(56,419)	(56,312)	(54,093)	(58,411)
Fair value of schemes' assets	54,270	48,613	45,404	43,649	40,208
Deficit in the schemes	(8,448)	(7,806)	(10,908)	(10,444)	(18,203)
Difference between the expected and actual return on pension schemes' assets:					
Amount (£'000s)	3,612	1,225	(699)	1,208	3,638
Percentage of pension schemes' assets (%)	7%	3%	-2%	3%	9%
Experience gains/(losses) on pension schemes' liabilities due to membership movement					
Amount (£'000s)	(955)	228	266	6,592	(654)
Percentage of the present value of the pension schemes' liabilities (%)	1.5%	-0.4%	-0.5%	-12%	1%
Adjustments in pension schemes' liabilities due to changes in actuarial assumptions:					
Amount (£'000s)	(4,362)	889	(827)	(527)	(15,223)
Percentage of the present value of the pension schemes' liabilities (%)	7%	-2%	1%	1%	26%
Actuarial adjustments arising during the year	(1,705)	2,342	(1,260)	7,273	(12,239)
Cumulative actuarial adjustments at start of year	(5,705)	(8,047)	(6,787)	(14,060)	(1,821)
Cumulative actuarial adjustments at end of year	(7,410)	(5,705)	(8,047)	(6,787)	(14,060)

Metroline Travel Limited

Notes to the accounts

Year ended 31 December 2013

22. 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.

23. 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 Travel Limited entered into the following transactions with ComfortDelGro group companies who are not covered by an exemption under FRS 8.

	Amounts owed by related parties	Amounts due to related parties	Amounts owed by related parties	Amounts due to related parties
	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
Scottish Citylink Coaches Limited	352	-	334	-
Westbus Coach Services Limited	1	-	-	-
Computer Cab plc	38	8	73	1
Cityfleet Networks Limited	12	-	-	-
Flightlink International Limited	-	2	-	1

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, and no provisions have been made for doubtful debts in respect of the amounts owed by related parties.

24. 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.

Metroline Travel Limited

Notes to the accounts Year ended 31 December 2013

25. Hedging and other 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. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

There has been no change to the company's exposure to these financial risks or the manner in which it manages and measures these risks.

The company manages its foreign exchange exposure by matching revenue and costs in the relevant currencies to create a natural hedge and also through active currency management using hedging instruments such as forwards and options where necessary.

The company's primary interest rate risk relates to its borrowings. The company uses hedging instruments such as interest rate swaps and caps, where necessary, to achieve the desired interest rate profile in its effort to manage interest rate risk. The company sometimes borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments which have the economic effect of converting borrowings from floating rates to fixed rates.

Fuel is part of the operating cost of the company. The company seeks to hedge the price risk associated with its fuel needs and uses hedging instruments, where necessary, to achieve the desired hedge outcome.

Currency profile of financial assets and liabilities:

Financial assets and liabilities denominated in US Dollars were £52,000 (2012: £296,000), the rest were denominated entirely in Pounds Sterling.

Interest rate risk profile of financial liabilities:

	Floating rate financial liabilities 2013 £'000
Hire purchase and finance leases	37,835
Bank loans	2,301
	<hr/>
	40,136
	<hr/>

The profile at 31 December 2012 for comparative purposes was as follows:

	Floating rate financial liabilities 2012 £'000
Hire purchase and finance leases	49,247
Bank loans	6,343
	<hr/>
	55,590
	<hr/>

Metroline Travel Limited

Notes to the accounts

Year ended 31 December 2013

25. Hedging and other financial instruments (continued)

The company's floating rate financial liabilities amount to £40,136,000 (2012 £55,590,000). Various Bank Base Rates are used as the benchmark rate in determining interest on £37,835,000 (2012 £49,247,000) in hire purchase agreements which are included in total financial liabilities. The benchmark rate for determining interest on the company's remaining floating rate financial liabilities, namely bank loans of £2,301,000 (2012 £6,343,000) is LIBOR.

Maturity of financial liabilities:

The maturity of the company's financial liabilities at 31 December 2013 was as follows

	2013 £'000	2012 £'000
In one year or less, or on demand	10,370	11,412
In more than one year but not more than two	9,213	10,370
In more than two years, but not more than five	19,125	28,662
In more than five years	1,428	5,146
	<u>40,136</u>	<u>55,590</u>

Fair value of financial assets and financial liabilities:

	Book value 2013 £'000	Fair value 2013 £'000	Book value 2012 £'000	Fair value 2012 £'000
Primary financial instruments held or issued to finance the company's operations				
Short-term financial liabilities and current position of long-term borrowings	10,370	10,370	11,412	11,412
Long-term borrowings	29,766	29,766	44,178	44,178
	<u>40,136</u>	<u>40,136</u>	<u>55,590</u>	<u>55,590</u>

Hedging instruments held

		Notional 2013	Notional 2012	Fair Value 2013 £'000	Fair Value 2012 £'000
Interest rate hedges	GBP	20,000,000	20,000,000	86	58
Foreign currency hedges	GBP	13,680,000	6,240,000	(941)	(36)
Fuel hedges	MT	11,520	12,000	512	378
				<u>(343)</u>	<u>400</u>

The Group's hedging instruments are measured at fair value whereby future cash flows are estimated based on contracted rates and observable forward rates at the end of the reporting period, discounted at a rate that reflects the credit risk of the various counterparties.

Metroline Travel Limited

Notes to the accounts

Year ended 31 December 2013

25. Hedging and other financial instruments (continued)

The company has total sterling denominated cash assets of £3,780,000 (2012 £7,233,000) of which £3,683,000 (2012 £7,398,000) is held on deposit in the UK at interest rates determined by those available on the day of deposit

Gains and losses on hedges

The company uses commodity swaps to manage its fuel cost. The fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures