

COMPANY REGISTRATION NUMBER 2467508

PROUDMUTUAL FLEET MANAGEMENT LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007

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PROUDMUTUAL FLEET MANAGEMENT LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

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PROUDMUTUAL FLEET MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R A Bowler
J P May

Company secretary

E A Thorpe

Registered office

Admiral Way
Doxford International Business Park
Sunderland
SR3 3XP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

PROUDMUTUAL FLEET MANAGEMENT LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Principal activities and business review

The company did not trade during the year ended 31 December 2007 or the prior year and made neither a profit or a loss. There were also no other recognised gains and losses for the current financial year or the prior financial year. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented.

The directors consider the state of the company's affairs to be satisfactory and there have been no material changes since the balance sheet date.

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Arriva plc. The directors have received confirmation that Arriva plc intend to support the company for at least one year after these financial statements are signed.

Results and dividends

The company's financial position at the end of the year, is shown in the attached financial statements.

The company paid a dividend of £120,000 during the year (2006: £nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies are shown in the accounts of the ultimate parent company, Arriva plc.

Key performance indicators

The directors of Arriva plc manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Proudmutual Fleet Management Limited. The development, performance and position of the group, including this company, is discussed in the group's annual report which does not form part of this report.

Directors

The directors who served the company during the year and up to the date of signing the financial statements were as follows:

R A Bowler	
S L Noble	(resigned 30 June 2007)
J P May	(appointed 1 October 2007)

PROUDMUTUAL FLEET MANAGEMENT LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2007

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. An elective resolution has been passed to dispense with the obligation to appoint auditors annually.

The report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



E A Thorpe
Company secretary

5 March 2008

PROUDMUTUAL FLEET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH EAST BUS LIMITED

YEAR ENDED 31 DECEMBER 2007

We have audited the financial statements of Proudmutual Fleet Management Limited for the year ended 31 December 2007 which comprise the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

14 July 2008

PROUDMUTUAL FLEET MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Note	2007 £000	2006 £000
Current assets			
Debtors	4	221	341
Net assets		<u>221</u>	<u>341</u>
Capital and reserves			
Called up share capital	5	220	220
Profit and loss account	6	<u>1</u>	<u>121</u>
Total shareholders' funds	7	<u>221</u>	<u>341</u>

These financial statements were approved by the directors on the 5 March 2008 and are signed on their behalf by



R A Bowler
Director

The notes on pages 6 to 7 form part of these financial statements

PROUDMUTUAL FLEET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985, and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

The company is a wholly-owned subsidiary and the ultimate parent company has prepared a group cash flow statement. Accordingly, under Financial Reporting Standards No. 1 (Revised), the company is exempt from preparing a cash flow statement.

Profit and loss account

The company did not trade during the year or the preceding year and has made neither a profit nor a loss. There were also no other recognised gains and losses for the current financial year or the preceding financial year. Accordingly, neither a profit and loss account nor a statement of total recognised gains and losses have been presented.

2 Particulars of employees

The company did not have any employees in the current or prior year. The directors did not receive any salaries or wages during the year (2006: £nil).

3 Dividends

The following dividends have been paid in respect of the year:

	2007 £000	2006 £000
Final dividend on ordinary shares of £0.55 per share (2006: £nil per share)	<u>120</u>	<u>-</u>

4 Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	<u>221</u>	<u>341</u>

5 Called up share capital

Authorised share capital

	2007 £	2006 £
250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

Allotted and fully paid

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>220,002</u>	<u>220,002</u>	<u>220,002</u>	<u>220,002</u>

PROUDMUTUAL FLEET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

6 Reserves

	Profit and loss account 2007 £000
Balance brought forward	121
Dividends	(120)
Balance carried forward	<u>1</u>

7 Reconciliation of movements in shareholders' funds

	2007 £000	2006 £000
Dividends	(120)	-
Net decrease in shareholders' funds	(120)	-
Opening shareholders' funds	<u>341</u>	<u>341</u>
Closing shareholders' funds	<u>221</u>	<u>341</u>

8 Ultimate parent company

The ultimate parent company and ultimate controlling party is Arriva plc, a company registered in England and Wales, and which is the smallest and largest group of undertakings that has prepared group accounts incorporating the results of Proudmutual Fleet Management Limited. Copies of these accounts can be obtained from Admiral Way, Doxford International Business Park, Sunderland, SR3 3XP.

Transactions with other companies in the Arriva group are not specifically disclosed as the company has taken advantage of the exemption available under FRS 8 'Related party disclosures' for wholly-owned subsidiaries.