

Company Registration No. 2826284

Metroline Limited

Report and Financial Statements

Year ended 31 December 2008

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Metroline Limited

Report and financial statements 2008

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Metroline Limited

Report and financial statements 2008

Officers and professional advisers

Directors

Lim Jit Poh
Kua Hong Pak
Jaspal Singh
Lee Kah Wah

Secretary

Damian Rowbotham

Registered office

Hygeia
66-68 College Road
Harrow
Middlesex HA1 1BE

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

HSBC Bank PLC
Midland House
Seacourt
West Way
Botley
Oxford OX2 0PL

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 audited financial statements for the year ended 31 December 2008.

Principal activity and business review

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

Financial results and future prospects

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 £6,090,000 (2007: £16,866,000). Dividends paid in the year were £3,654,000 (2007: £3,654,000).

As shown in the Group's profit and loss account on page 6, the Group's sales have increased in the year by 3% and profit after tax has decreased by 65% respectively. This decrease in profit in the year is largely the result of a 43% increase in fuel costs and a one off pension credit of £3,530,000 in 2007 following closure of the group's defined benefit pension schemes to further accrual.

The Group's balance sheet on page 8 of the financial statements shows that the Group's net asset position has declined by 2% over prior year, principally as a result of the movement in the pension liability.

Average staff numbers have increased by 0.5% over the period from 3,836 in 2007 to 3,855 in 2008 as a result of business growth.

The Group intends to continue the provision of road passenger transport services. Expansion is expected to continue through tendering for Transport for London ("TFL") routes as they become available, and its 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. 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 and their dates of appointment and resignation, where applicable, 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 Company'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 £18,635 (2007: £37,753). All charitable donations were in respect of transport related charities.

No political donations were made during the year. (2007: 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.

Supplier payment policy and practice

It is Group policy to agree the terms of payment with other suppliers and then to pay according to those terms. Trade creditor days for the Group for the year ended 31 December 2008 were 21 days (2007 – 21 days), calculated in accordance with the requirements set down in the Companies Act 1985. The company had no trade creditors at 31 December 2008 (2007 - nil).

Auditors

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. 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 1985) 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.234ZA of the Companies Act 1985.

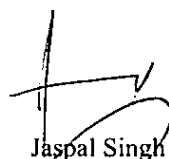
Approved by the Board of Directors
and signed on behalf of the Board



Lee Kah Wah

Director

10th March 2009



Jaspal Singh

Director

10th March 2009

Metroline Limited

Statement of directors' responsibilities

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

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

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

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

Independent auditors' report to the members of Metroline Limited

We have audited the group and parent company financial statements (the "financial statements") of Metroline Limited for the year ended 31 December 2008 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. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's 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

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

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

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

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

We read the 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 31 December 2008 and of the profit of the Group for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

12 March 2009

Metroline Limited

Consolidated profit and loss account Year ended 31 December 2008

	Note	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Turnover	2	214,473	207,581
Cost of sales		(184,270)	(171,638)
Gross profit		30,203	35,943
Exceptional credit on pension schemes	23	-	3,530
Other administrative expenses		(22,088)	(21,083)
Total administrative expenses		(22,088)	(17,553)
Operating profit	4	8,115	18,390
Interest receivable and similar income	5	3,050	3,038
Interest payable and similar charges	6	(5,075)	(4,562)
Profit on ordinary activities before taxation		6,090	16,866
Tax on profit on ordinary activities	7	(1,640)	(4,024)
Profit for the financial year	21	4,450	12,842

All results are derived from continuing operations.

Metroline Limited

Consolidated statement of total recognised gains and losses Year ended 31 December 2008


	Note	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Profit for the financial year		4,450	12,842
Actuarial (loss)/gain on defined benefit pension schemes	23	(2,296)	2,261
Deferred tax credit/(charge) on actuarial (loss)/gain		519	(633)
Total recognised gains and losses relating to the financial year		<u>2,673</u>	<u>14,470</u>

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 2008

	Note	At 31 December 2008 £'000	At 31 December 2007 £'000
Fixed assets			
Goodwill	10	7,262	7,724
Tangible assets	11	100,239	91,504
		<u>107,501</u>	<u>99,228</u>
Current assets			
Stocks	13	1,659	1,638
Debtors	14	34,184	38,450
Cash at bank and in hand		3,780	778
		<u>39,623</u>	<u>40,866</u>
Creditors: amounts falling due within one year	15	<u>(50,611)</u>	<u>(44,945)</u>
Net current liabilities		<u>(10,988)</u>	<u>(4,079)</u>
Total assets less current liabilities		<u>96,513</u>	<u>95,149</u>
Creditors: amounts falling due after more than one year	16	(34,233)	(30,691)
Provisions for liabilities	19	<u>(18,118)</u>	<u>(19,848)</u>
Net assets excluding pension liability		<u>44,162</u>	<u>44,610</u>
Pension liability	23	<u>(4,517)</u>	<u>(3,984)</u>
Net assets		<u>39,645</u>	<u>40,626</u>
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	(6,634)	(5,653)
Shareholders' funds	21	<u>39,645</u>	<u>40,626</u>

These financial statements were approved by the Board of Directors on  March 2009.

Signed on behalf of the Board of Directors



Lee Kah Wah
Director



Jaspal Singh
Director

Metroline Limited

Company balance sheet 31 December 2008

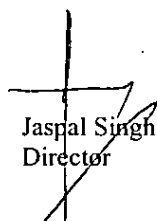
	Note	At 31 December 2008 £'000	At 31 December 2007 £'000
Fixed assets			
Tangible assets	11	165	206
Investments	12	43,496	43,496
		<u>43,661</u>	<u>43,702</u>
Current assets			
Debtors	14	20,653	19,467
Cash at bank and in hand		-	25
		<u>20,653</u>	<u>19,492</u>
Creditors: amounts falling due within one year	15	<u>(17,214)</u>	<u>(16,207)</u>
Net current assets		<u>3,439</u>	<u>3,285</u>
Total assets less current liabilities		<u>47,100</u>	<u>46,987</u>
Creditors: amounts falling due after more than one year	16	-	-
Provisions for liabilities	19	<u>(8)</u>	<u>(9)</u>
Net assets		<u>47,092</u>	<u>46,978</u>
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	1,718	1,604
Shareholders' funds	21	<u>47,092</u>	<u>46,978</u>

These financial statements were approved by the Board of Directors on 10th March 2009.

Signed on behalf of the Board of Directors



Lee Kah Wah
Director



Jaspal Singh
Director

Metroline Limited

Notes to the accounts Year ended 31 December 2008

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, modified for the revaluation of certain assets, and in accordance with applicable United Kingdom accounting standards and law.

Consolidation

The Group accounts consolidate the accounts of Metroline Limited and all its subsidiary undertakings up to 31 December 2008. No company profit and loss account is presented for Metroline Limited as permitted by Section 230 of the Companies Act 1985 (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.

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.

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 and an estimate of the discounted liability for uninsured retained risks on unpaid claims arising out of events occurring up to the balance sheet date.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

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

Metroline Limited

Notes to the accounts Year ended 31 December 2008

1. Accounting policies (continued)

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.

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 scheme is now closed to new members.

The differences between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using 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 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.

Metroline Limited

Notes to the accounts Year ended 31 December 2008

1. Accounting policies (continued)

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.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

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. Turnover and operating profit

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

3. Information regarding directors and employees

Group

	2008 £'000	2007 £'000
Directors' emoluments	186	177
Highest paid director		
Emoluments	165	157
	2008 No.	2007 No.
The average number of persons employed (including directors)		
Traffic operations	3,226	3,254
Engineering and maintenance	239	220
Administration	390	362
	3,855	3,836
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	116,398	111,467
Social security costs	12,493	11,764
Pension costs	2,869	2,222
Pension scheme credit	-	(3,530)
	131,760	121,923

Metroline Limited

Notes to the accounts Year ended 31 December 2008

3. Information regarding directors and employees (continued)

Company

	2008 £'000	2007 £'000
Directors' remuneration		
Emoluments	21	20

Excluding the directors on page 1, there were no employees of the company in the year (2007: nil).

Excluding directors' remuneration, there were no staff costs of the company in the year (2007: nil).

During the year 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 (2007: nil) of the directors and no directors (2007: nil) had retirement benefits accruing under a defined benefit pension scheme.

4. Operating profit

	2008 £'000	2007 £'000
This is stated after charging/(crediting):		
Land and buildings rentals under operating leases	2,448	2,172
Bus rentals under operating leases	5,566	5,587
Goodwill amortisation	462	462
Depreciation – assets owned	6,526	7,860
– assets held under finance leases and hire purchase contracts	6,025	5,291
(Gain)/loss on disposal of fixed assets	(37)	5

Auditors' remuneration

	2008 £'000	2007 £'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	86	93
Total audit fees	91	98
Tax compliance fees	29	30
Total fees	120	128

Metroline Limited

Notes to the accounts Year ended 31 December 2008

5. Interest receivable and similar income

	2008	2007
	£'000	£'000
Bank interest	143	242
Loan interest	38	44
Expected return on pension scheme assets	2,869	2,752
	<u>3,050</u>	<u>3,038</u>

6. Interest payable and similar charges

	2008	2007
	£'000	£'000
Finance charges payable under finance leases and hire purchase contracts	2,198	1,931
Interest on pension scheme liabilities	2,877	2,580
Bank loans repayable within five years	-	47
Overdraft interest	-	4
	<u>5,075</u>	<u>4,562</u>

Metroline Limited

Notes to the accounts Year ended 31 December 2008

7. Tax on profit on ordinary activities

a) Tax charge on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax		
Corporation tax charge for the year	1,745	3,650
Adjustments in respect of prior year	(237)	(283)
Total current tax charge	1,508	3,367
Deferred tax		
Timing differences, origination and reversal (note 19)	(180)	(1,089)
Deferred tax on pension costs	312	1,746
Total tax on profit on ordinary activities	1,640	4,024

b) Factors affecting the tax charge for the year

It is currently anticipated that £729,000 of the corporation tax charge for the period (2007: £808,000) 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 28.5% (average rate for year: 91 days @ 30%, 275 days @ 28%) (2007: 30%). 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:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	6,090	16,866
Tax on profit on ordinary activities at standard rate of 28.5% (2007: 30%)	1,736	5,060
Factors affecting charge for the year:		
Disallowable expenses	140	(884)
Depreciation for the year in excess of capital allowances	284	129
Short-term timing differences arising in the year	(415)	(655)
Adjustments to tax charge in respect of prior year	(237)	(283)
Total current tax charge	1,508	3,367

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 Limited

Notes to the accounts

Year ended 31 December 2008

8. Profit attributable to members of the parent company

No profit and loss account is presented for Metroline Limited as permitted by section 230 of the Companies Act 1985. The profit dealt with in the accounts of the parent company was £114,000 (2007: loss £122,000).

9. Dividends

	2008	2007
	£'000	£'000
Dividends paid	<u>3,654</u>	<u>3,654</u>
Dividends per share	<u>0.87p</u>	<u>0.87p</u>

10. Goodwill

Group	£'000
Cost	
At 1 January 2008 and 31 December 2008	9,232
Accumulated amortisation	
At 1 January 2008	(1,508)
Charge for the year	<u>(462)</u>
At 31 December 2008	<u>(1,970)</u>
Net book value	
At 31 December 2008	<u>7,262</u>
At 31 December 2007	<u>7,724</u>

The goodwill above is being amortised over twenty years.

Metroline Limited

Notes to the accounts Year ended 31 December 2008

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 2008	21,517	122,075	407	11,074	155,073
Additions	6,227	15,007	-	1,071	22,305
Disposals	(357)	(6,334)	-	(2)	(6,693)
Transfers		861		165	1,026
At 31 December 2008	27,387	131,609	407	12,308	171,711
Accumulated depreciation					
At 1 January 2008	4,783	49,613	174	8,999	63,569
Charge for the year	723	10,777	20	1,031	12,551
Disposals	(341)	(5,331)	-	(2)	(5,674)
Transfers		861		165	1,026
At 31 December 2008	5,165	55,920	194	10,193	71,472
Net book value					
At 31 December 2008	22,222	75,689	213	2,115	100,239
At 31 December 2007	16,734	72,462	233	2,075	91,504
Company					
			Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost					
At 1 January 2008 and 31 December 2008			216	306	522
Accumulated depreciation					
At 1 January 2008			116	200	316
Charge for the year			20	21	41
At 31 December 2008			136	221	357
Net book value					
At 31 December 2008			80	85	165
At 31 December 2007			100	106	206

Metroline Limited

Notes to the accounts Year ended 31 December 2008

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:

	2008 £'000	2007 £'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	2008		2007	
	Buses £'000	Plant and machinery £'000	Buses £'000	Plant and machinery £'000
Cost or valuation	81,616	-	72,259	383
Accumulated depreciation	(24,321)	-	(20,630)	(281)
Net book value	57,295	-	51,629	102

Metroline Limited

Notes to the accounts Year ended 31 December 2008

12. Investments held as fixed assets - company

	£'000
Cost	
At 1 January 2008 and 31 December 2008	54,073
Provision for impairment	
At 1 January 2008 and 31 December 2008	(10,577)
Net book value at 31 December 2008	43,496
Net book value at 31 December 2007	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
Metroline London Northern Limited	England and Wales	Bus operation	100
F.E. Thorpe and Sons Limited	England and Wales	Bus operation	100
E.H. Mundy Holdings Limited	England and Wales	Holding company	100
Armchair Passenger Transport Company Limited*	England and Wales	Bus operation	100

The company owned 100% of the share capital in Citylink Holdings Limited, a holding company registered in Scotland. The company ceased trading and was struck off during the year.

* Shares held by E.H. Mundy Holdings Limited, an intermediate holding company.

** The company owned 100% of the share capital in Logistical Cleaning Services Limited, a cleaning company registered in England and Wales. The company ceased trading and was struck off during the year.

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Notes to the accounts Year ended 31 December 2008

13. Stocks

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bus maintenance stocks	1,181	1,279	-	-
Fuel stocks	478	359	-	-
	<u>1,659</u>	<u>1,638</u>	<u>-</u>	<u>-</u>

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		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade debtors	4,820	4,030	-	-
Amounts owed by group undertakings	16,264	20,420	20,653	19,467
Value added tax	1,180	3,013	-	-
Fuel duty rebate	1,170	752	-	-
Other debtors	63	38	-	-
Prepayments and accrued income	10,687	10,197	-	-
	<u>34,184</u>	<u>38,450</u>	<u>20,653</u>	<u>19,467</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts (note 17)	8,978	8,630	-	-
Trade creditors	5,085	5,167	-	-
Amounts due to group undertakings	17,449	16,526	17,197	16,195
Corporation tax	238	788	-	-
Other taxes and social security costs	3,752	4,143	-	-
Accruals and deferred income	15,109	9,691	17	12
	<u>50,611</u>	<u>44,945</u>	<u>17,214</u>	<u>16,207</u>

Metroline Limited

Notes to the accounts Year ended 31 December 2008

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

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Obligations under finance leases and hire purchase contracts (note 17)	34,233	30,691	-	-

17. Obligations due under finance leases and hire purchases contracts

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts payable:				
Within one year	8,978	8,630	-	-
Within one to two years	8,576	7,623	-	-
Within two to five years	18,373	16,841	-	-
In more than five years	7,284	6,227	-	-
	43,211	39,321	-	-

Obligations under finance lease and hire purchase contracts are secured over tangible fixed assets with a net book value of £57,295,000 (2007: £51,731,000).

18. Operating lease commitments

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

Group	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	49	2,301	342	3,798
Between one and five years	865	1,093	862	930
In five years or more	300	-	578	-
	1,214	3,394	1,782	4,728

Metroline Limited

Notes to the accounts Year ended 31 December 2008

19. Provisions for liabilities

	Deferred taxation £'000	Insurance provision £'000	Total £'000
At 1 January 2008	10,576	9,272	19,848
Utilisation of provision	-	(6,010)	(6,010)
(Credit)/charged to the profit and loss account	(180)	4,460	4,280
At 31 December 2008	<u>10,396</u>	<u>7,722</u>	<u>18,118</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 a maximum undiscounted unprovided loss of £4,157,000 (2007: £4,707,000), 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.

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Deferred taxation				
Capital allowances in advance of depreciation	10,396	10,593	8	9
Other timing differences	-	(17)	-	-
	<u>10,396</u>	<u>10,576</u>	<u>8</u>	<u>9</u>
Reconciliation of movement in deferred taxation provision				
Balance at beginning of year	10,576	11,665	9	15
Capital allowances in advance of depreciation	(197)	(1,414)	(1)	(6)
Other timing differences	17	325	-	-
Balance at end of year	<u>10,396</u>	<u>10,576</u>	<u>8</u>	<u>9</u>

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.

The deferred tax liability carried forward at 31 December 2008 is calculated at 28% (2007: 28%).

Metroline Limited

Notes to the accounts Year ended 31 December 2008

20. Called up share capital

	2008		2007	
	No. '000	£'000	No. '000	£'000
Authorised:				
Ordinary shares of 5p each	430,500	21,525	430,500	21,525
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 2008	21,002	24,272	100	905	(5,653)	40,626
Profit for the year	-	-	-	-	4,450	4,450
Ordinary dividends paid	-	-	-	-	(3,654)	(3,654)
Net actuarial loss on pension scheme liability	-	-	-	-	(1,777)	(1,777)
At 31 December 2008	21,002	24,272	100	905	(6,634)	39,645

Company	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2008		21,002	24,272	1,604	46,978
Profit for the year		-	-	114	114
At 31 December 2008		21,002	24,272	1,718	47,092

22. Contingent liabilities and capital commitments

All material companies in the Metroline Group are party to a cross guarantee in favour of the Group's bankers. The total of the Group overdraft owing to the Group's bankers at the year end was £nil (2007 - £nil).

The company has guaranteed certain hire purchase and insurance liabilities of Metroline Travel Limited, FE Thorpe Limited and Armchair Passenger Transport Limited which amounted to £50,933,000 at the year end (2007 - £48,593,000).

Amounts contracted for but not provided in the accounts amounted to £7,700,000 (2007: £15,964,000).

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments

A. Defined benefit scheme

Metroline Pension Scheme

The Group operates a contracted out final salary plan defined benefit pension scheme for employees of Metroline Travel Limited who were employed prior to 7 October 1994, and is now closed to new entrants. Members contributed at a rate of 5% of pensionable pay, and the Group contributed at a rate of 16.8% of pensionable pay, plus a fixed monthly contribution. Following the triennial review of 28 February 2007, the additional employer's monthly contribution was agreed at £55,833. However, from March 2007 to June 2008 the previously agreed amount of £70,833 was paid. The company therefore decided to pay additional monthly contributions of £43,833 per month from July 2008 to offset the initial overpayment of March 2007 to June 2008. This amount of £43,833 will continue to be paid until February 2010 – the date of the next triennial review.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. An actuarial valuation of the scheme was carried out as at 31 March 2005. A valuation update was carried out on 28 February 2007 and indicated that the scheme had a funding deficit of £4.9m. This was based on an estimated market value of the scheme's assets at 28 February 2007 of £20.0m. It represents a level of funding (being the value of assets expressed as a percentage of the accrued liabilities, allowing for future salary increases) of 80%. The company has agreed to pay additional contributions that aim to remove the ongoing funding deficit at 28 February 2007 over the expected future working lifetime of the active membership, assuming that the funding valuation assumptions are borne out on average from 28 February 2007.

On 28 February 2007 the scheme was closed to future accrual (with the exception of those members whose retirement date was no later than 31 January 2008).

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

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

	2008 £'000	2007 £'000
Present value of funded obligations	(21,145)	(24,725)
Fair value of plan assets	17,320	21,077
Deficit	(3,825)	(3,648)
Related deferred tax asset	1,071	1,021
Net liability	(2,754)	(2,627)
Liability recognised in the balance sheet	(2,754)	(2,627)

(ii) The amounts recognised in the profit or losses are as follows:

	2008 £'000	2007 £'000
Recognised within cost of sales:		
Current service cost	-	201
Recognised within net finance income/(charge):		
Interest on obligation	1,481	1,294
Expected return on Scheme assets	(1,450)	(1,399)
Pension credit	-	(1,830)
Total	31	(1,734)

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

	2008 £'000	2007 £'000
Actuarial losses on pension scheme assets	(5,225)	(1,323)
Actuarial gain on pension scheme liabilities	4,171	1,625
Actuarial (loss)/gain recognised in the STRGL	(1,054)	302

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

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

	2008 £'000	2007 £'000
Opening defined benefit obligation	(24,725)	(26,922)
Service cost	-	(201)
Interest cost	(1,481)	(1,294)
Contributions by Scheme participants	-	(51)
Actuarial gains	4,171	1,625
Benefits paid	890	288
Pension credit	-	1,830
Closing defined benefit obligation	<u>(21,145)</u>	<u>(24,725)</u>

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

	2008 £'000	2007 £'000
Opening fair value of Scheme assets	21,077	20,135
Expected return	1,450	1,399
Actuarial losses	(5,225)	(1,323)
Contributions by the company	908	1,103
Contributions by Scheme participants	-	51
Benefits paid	(890)	(288)
Closing fair value of Scheme assets	<u>17,320</u>	<u>21,077</u>

All contributions with the exception of the fixed monthly contribution of £43,833 have now ceased.

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

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

	2008	2007
Rate of increase in salaries (%)	.*	.*
Rate of present and future pension increases (%)	2.70	3.30
Mortality in payment	PA92 MC tables	PA92 MC tables
– current pensioners	(YOB=1935)	(YOB=1935)
	rated up 4 years	rated up 4 years
– non-pensioners	PA92 MC tables	PA92 MC tables
	(YOB=1965)	(YOB=1965)
	rated up 4 years	rated up 4 years
Assumed life expectancies (in years) on retirement		
at age 65 are:		
Retiring today:		
- Males	85	87
- Females	87	89
Retiring in 20 years' time:		
- Males	85	88
- Females	87	90
Inflation assumption (%)	2.70	3.30
Discount rate (%)	6.50	6.10

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

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Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

(vii) The major categories of Scheme assets and the expected rates of return on those assets were as follows:

	Long-term rate of return expected at 31/12/08 %	Fair Value at 31/12/08 £'000	Percentage of fair value of total Scheme assets 31/12/08 %	Long-term rate of return expected at 31/12/07 %	Fair Value at 31/12/07 £'000	Percentage of fair value of total Scheme assets 31/12/07 %
Equities	6.70	11,745	67.80	7.70	15,450	73.30
Bonds	3.70	5,438	31.40	4.70	5,271	25.00
Cash	2.00	137	0.80	5.50	356	1.70
Total market value of assets		17,320	100.00		21,077	100.00
Present value of scheme liabilities		(21,145)			(24,725)	
Deficit in the scheme		(3,825)			(3,648)	

The overall weighted average expected return on Scheme assets at 31 December 2008 was 5.70% (2007: 6.90%). The actual return on assets over the period was -17% (2007: 5%).

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

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

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

	2008	2007	2006	2005
	£'000	£'000	£'000	£'000
Present value of scheme liabilities	(21,145)	(24,725)	(26,922)	(23,593)
Fair value of Scheme assets	17,320	21,077	20,135	15,676
Deficit in the Scheme	(3,825)	(3,648)	(6,787)	(7,917)
Difference between the expected and actual return on pension scheme assets:				
Amount (£'000s)	(5,225)	(1,323)	697	1,954
Percentage of pension scheme assets (%)	-30%	-6%	3%	12%
Experience losses on pension scheme liabilities:				
Amount (£'000s)	(200)	(816)	(339)	(955)
Percentage of the present value of the pension scheme liabilities (%)	1%	3%	1%	4%
Actuarial gains/(losses) arising on the present value of pension scheme liabilities due to changes in assumptions:				
Amount (£'000s)	4,371	2,441	(521)	(2,103)
Percentage of the present value of the pension scheme liabilities (%)	-21%	-10%	2%	9%
Actuarial (losses)/gains arising during the year	(1,054)	302	(163)	(1,104)
Cumulative actuarial losses at start of year	(965)	(1,267)	(1,104)	-
Cumulative actuarial losses at end of year	(2,019)	(965)	(1,267)	(1,104)

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

Metroline London Northern Pension Scheme

The company operates a contracted out final salary plan defined benefit pension scheme for its employees, and is now closed to new entrants. Members contributed at a rate of 5% of pensionable pay, and the company contributed at a rate of 17.2% of pensionable pay (excluding administration costs), plus a fixed monthly contribution. Following the triennial review of 28 February 2007, the additional employer's monthly contribution was agreed at £34,167. However, from March 2007 to June 2008 the previously agreed amount of £55,000 was paid. The company therefore decided to pay additional monthly contributions of £17,500 per month from July 2008 to offset the initial overpayment of March 2007 to June 2008. This amount of £17,500 will continue to be paid until February 2010 – the date of the next triennial review.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. An actuarial valuation of the scheme was carried out as at 5 April 2005. A valuation update was carried out on 28 February 2007 and indicated that the scheme had a funding deficit of £3.1m. This was based on an estimated market value of the scheme's assets at 28 February 2007 of £20.3m. It represents a level of funding (being the value of assets expressed as a percentage of the accrued liabilities, allowing for future salary increases) of 87%. The company has agreed to pay additional contributions that aim to remove the ongoing funding deficit at 28 February 2007 over the expected future working lifetime of the active membership, assuming that the funding valuation assumptions are borne out on average from 28 February 2007.

On 28 February 2007 the scheme was closed to future accrual (with the exception of those members whose retirement date was no later than 31 January 2008).

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

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

	2008 £'000	2007 £'000
Present value of funded obligations	(20,318)	(23,184)
Fair value of plan assets	17,869	21,298
Deficit	(2,449)	(1,886)
Related deferred tax asset	686	528
Net liability	(1,763)	(1,358)
Liability recognised in the balance sheet	<u>(1,763)</u>	<u>(1,358)</u>

(ii) The amounts recognised in the profit or losses are as follows:

	2008 £'000	2007 £'000
Recognised within cost of sales:		
Current service cost	-	173
Recognised within net finance income/(charge):		
Interest on obligation	1,396	1,286
Expected return on Scheme assets	(1,419)	(1,353)
Pension credit	-	(1,700)
Total	<u>(23)</u>	<u>(1,594)</u>

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

	2008 £'000	2007 £'000
Actuarial losses on pension scheme assets	(4,884)	(1,062)
Actuarial gain on pension scheme liabilities	3,642	3,021
Actuarial (loss)/gain recognised in the STRGL	<u>(1,242)</u>	<u>1,959</u>

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

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

	2008 £'000	2007 £'000
Opening defined benefit obligation	(23,184)	(26,635)
Service cost	-	(173)
Interest cost	(1,396)	(1,286)
Contributions by Scheme participants	-	(44)
Actuarial gains	3,642	3,021
Benefits paid	620	233
Pension credit	-	1,700
Closing defined benefit obligation	<u>(20,318)</u>	<u>(23,184)</u>

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

	2008 £'000	2007 £'000
Opening fair value of Scheme assets	21,298	20,326
Expected return	1,419	1,353
Actuarial losses	(4,884)	(1,062)
Contributions by the company	656	870
Contributions by Scheme participants	-	44
Benefits paid	(620)	(233)
Closing fair value of Scheme assets	<u>17,869</u>	<u>21,298</u>

All contributions with the exception of the fixed monthly contribution of £17,500 have now ceased.

Metroline Limited

Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

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

	2008	2007
Rate of increase in salaries (%)	.*	.*
Rate of present and future pension increases (%)	2.70	3.30
Mortality in payment	PA92 MC tables	PA92 MC tables
– current pensioners	(YOB=1935)	(YOB=1935)
	rated up 4 years	rated up 4 years
– non-pensioners	PA92 MC tables	PA92 MC tables
	(YOB=1965)	(YOB=1965)
	rated up 4 years	rated up 4 years
Assumed life expectancies (in years) on retirement at age 65 are:		
Retiring today:		
- Males	85	87
- Females	87	89
Retiring in 20 years' time:		
- Males	85	88
- Females	87	90
Inflation assumption (%)	2.70	3.30
Discount rate (%)	6.50	6.10

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

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Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

- (vii) The major categories of Scheme assets and the expected rates of return on those assets were as follows:

	Long-term rate of return expected at 31/12/08 %	Fair Value at 31/12/08 £'000	Percentage of fair value of total Scheme assets 31/12/08 %	Long-term rate of return expected at 31/12/07 %	Fair Value at 31/12/07 £'000	Percentage of fair value of total Scheme assets 31/12/07 %
Equities	6.70	10,460	58.60	7.70	14,099	66.20
Bonds	3.70	7,335	41.00	4.70	7,110	33.40
Cash	2.00	74	0.40	5.50	89	0.40
Total market value of assets		17,869	100.00		21,298	100.00
Present value of scheme liabilities		(20,318)			(23,184)	
Deficit in the scheme		(2,449)			(1,886)	

The overall weighted average expected return on Scheme assets at 31 December 2008 was 5.50% (2007: 6.70%). The actual return on assets over the period was -16% (2007: 5%).

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

Metroline Limited

Notes to the accounts **Year ended 31 December 2008**

23. Pension commitments (continued)

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

	2008	2007	2006	2005
	£'000	£'000	£'000	£'000
Present value of scheme liabilities	(20,318)	(23,184)	(26,635)	(23,845)
Fair value of Scheme assets	17,869	21,298	20,326	16,336
Deficit in the Scheme	<u>(2,449)</u>	<u>(1,886)</u>	<u>(6,309)</u>	<u>(7,509)</u>
Difference between the expected and actual return on pension scheme assets:				
Amount (£'000s)	(4,884)	(1,062)	736	933
Percentage of pension scheme assets (%)	-27%	-5%	4%	6%
Experience (losses)/gains on pension scheme liabilities:				
Amount (£'000s)	(296)	-	-	920
Percentage of the present value of the pension scheme liabilities (%)	1%	-	-	-4%
Actuarial gains/(losses) arising on the present value of pension scheme liabilities due to changes in assumptions:				
Amount (£'000s)	3,938	3,021	(531)	(2,577)
Percentage of the present value of the pension scheme liabilities (%)	-19%	-13%	2%	11%
Actuarial (losses)/gains arising during the year	<u>(1,242)</u>	<u>1,959</u>	<u>205</u>	<u>(724)</u>
Cumulative actuarial gains/(losses) at start of year	<u>1,440</u>	<u>(519)</u>	<u>(724)</u>	<u>-</u>
Cumulative actuarial gains/(losses) at end of year	<u><u>198</u></u>	<u><u>1,440</u></u>	<u><u>(519)</u></u>	<u><u>(724)</u></u>

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Notes to the accounts Year ended 31 December 2008

23. Pension commitments (continued)

B. Defined contribution scheme

The group operates a defined contribution pension scheme. The charge for the scheme in 2008 is £2,869,000 (2007: £2,093,000). The contributions outstanding at the year end amounted to £nil (2007: £nil).

24. Parent undertaking and controlling party

The parent company and the controlling party of the smallest and largest group of which the company is a member and for which Group accounts are prepared at the balance sheet date is Braddell Limited, a company incorporated in Great Britain and ComfortDelGro Corporation Limited, a company incorporated in Singapore, respectively.

Copies of these accounts can be obtained from 66-68 College Road, Harrow, HA1 1BE and from 205 Braddell Road, Singapore 579701 respectively.

25. Related party transactions

The Group has taken advantage of the exemption granted under paragraph 3(c) of Financial Reporting Standard 8 and is exempt from disclosing details of related party transactions, given the fact that copies of the consolidated financial statements of ComfortDelGro Corporation Limited are publicly available.

During the year, Metroline Limited group companies entered into the following transactions with ComfortDelGro group companies who are not covered by a related party transactions exemption under FRS 8:

	Amounts owed by related parties	Amounts due to related parties	Amounts owed by related parties	Amounts due to related parties
	2008	2008	2007	2007
	£'000	£'000	£'000	£'000
Westbus Coach Services Limited	708	-	780	-
Scottish Citylink Coaches Limited	121	-	-	-

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.

26. Cash flow exemption

The Group is a wholly-owned subsidiary of ComfortDelGro Corporation Limited and the cashflows of the Group are included in the consolidated cashflow statement of ComfortDelGro Corporation Limited. Consequently, the company is exempt under Financial Reporting Standard No. 1 (revised) from the requirement to prepare a cash flow statement.