

**CARDIFF CITY TRANSPORT  
SERVICES LIMITED**

**Report and Financial Statements**

**31 March 2012**

REPORT AND FINANCIAL STATEMENTS 2012

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G Aubrey	(non-executive)
P Bale	(non-executive) - appointed 21 June 2012
R Derbyshire	(non-executive) – appointed 21 June 2012
K Jones	(non-executive) – appointed 21 June 2012
G A Mole	
C Ogbonna	
G S Payne	(non-executive)
B Thomas	(non-executive) – appointed 21 June 2012
A C Williams	(non-executive) – appointed 21 June 2012

**SECRETARY**

C Ogbonna

**REGISTERED OFFICE**

Leckwith Depot and Offices  
Sloper Road  
Leckwith  
Cardiff  
CF11 8TB

**SOLICITORS**

Hugh James  
Hodge House  
114-116 St Mary Street  
Cardiff  
CF10 1DY

Burges Salmon LLP  
One Glass Wharf  
Bristol  
BS2 0ZX

**AUDITOR**

Deloitte LLP  
Cardiff

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2012.

### **PRINCIPAL ACTIVITIES**

The company was established in accordance with the Transport Act 1985, regulating transport undertakings wholly owned by municipal authorities. Cardiff City Council is therefore the only shareholder of Cardiff City Transport Services Limited. The company holds 100% of the share capital of Vale Busline Limited, a dormant company.

The principal activity of the company and the group is to provide road passenger transport services.

### **BUSINESS REVIEW**

The financial year ended 31 March 2012 was a year of economic uncertainty. However, passenger numbers were in line with expectations.

The directors are satisfied with the financial and operational result for the year and believe that the group will continue to perform satisfactorily in the future.

The company's key measurements of the effectiveness of its operations are turnover and gross margin.

As shown in the company's consolidated profit and loss account on page 7, the company's turnover increased by 2.5% to £33,141,000 (2011 - £32,335,000). Gross profit increased to £1,792,000 (2011 - £1,538,000) showing an improvement in margin to 5.4% (2011 - 4.8%).

After an independent review by the company's insurers, the directors have released £283,000 (2011 - £196,000) from its self-insurance fund provision in relation to an excess of management's best estimate of the monetary liability, which has been netted off from the insurance cost disclosed within cost of sales.

Exceptional costs of £1,976,000 incurred during the year resulted in an operating loss of £767,000 (2011 - operating profit of £979,000) and loss after taxation for the financial year of £374,000 (2011 - profit of £573,000).

The consolidated balance sheet on page 9 of the financial statements shows that the company has net assets of £7,569,000 (2011 - £9,150,000).

Details of amounts owed to Cardiff City Council, the only shareholder, are shown in note 27 to the financial statements.

### **GOING CONCERN**

At 31 March 2012, the group and company had cash of £1,547,000 (2011 - £2,096,000), and net assets of £7,569,000 (2011 - £9,150,000). The executive directors have considered the group's forecast and budgeted profit and associated cash flows for the foreseeable future. The directors have considered the facilities available to the group and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it is appropriate to adopt the going concern basis in the preparation of the company's financial statements.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors paid a dividend of £450,000 in the financial year (2011 - £370,000). The retained (loss)/profit for the financial year has been transferred (from)/to reserves.

## DIRECTORS' REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES

The company, like most other bus operators, is exposed to global fluctuations in fuel prices. The company continues to seek financial instruments that can be employed to lessen the impact on its operations of large movements in fuel prices (see note 26 for further detail).

The directors are satisfied that there are adequate internal control measures in the company. The company will continue investing in the forthcoming year (£860,000 in the current year) to upgrade its depot and vehicle fleet and attract new users to public transport. This should result in bus patronage within the Cardiff area remaining stable. The company remains committed to its core value of providing reliable, safe, high quality and affordable public transport to the citizens of Cardiff.

On 18 January 2011, 2 Travel Group Plc (in liquidation) issued a claim against Cardiff Bus for damages pursuant to section 47A of the Companies Act 1998 alleging that the actions of Cardiff Bus led to various losses including the failure of the 2 Travel business. The claim was a follow on action arising out of a decision of the Office of Fair Trading in which it was found that Cardiff Bus committed an infringement of the Chapter II prohibition contained in section 18 of the 1998 Act. Judgement in the claim brought by 2 Travel has now been handed down by the Competition Appeal Tribunal. The Tribunal awarded total damages to 2 Travel of £93,819 plus interest of 2% above base rate on a proportion of those damages (£33,819). Following the Tribunal's Judgement, the matter of the parties costs remain outstanding and will be determined by the Tribunal if not otherwise agreed between the parties.

Separate claims were also issued by three of 2 Travel's Group Plc's shareholders in the Competition Appeal Tribunal claiming their own losses arising out of the infringing conduct. These claims are currently stayed. The directors, having obtained legal advice, strenuously reject any grounds for these claims.

As required by law, the board of directors has had regard to the claims in setting the level of provisions in the accounts but the level provided (if any) in respect of these claims is not disclosed as it relates to matters that are the subject of legal proceedings currently before the Competition Appeal Tribunal.

The directors have considered the group's financial risk management objectives and policies and consider the most significant risk to be the pension deficit. The directors of the group are aware of this potential risk and are working with the trustees of the pension scheme, taking active steps to address the risk in the near future.

### DIRECTORS

The directors of the company, who served throughout the financial year and subsequently, are set out on page 1. R Patel resigned as a non-executive director on 23 February 2012, J Aylwin, J L Dixon, R Foley and J Singh all resigned as non-executive directors on 3 May 2012 and J Carter resigned as a non-executive director on 30 July 2012. D Brown resigned as director on 6 July 2012.

### DISABLED PERSONS

The company and the group have a policy of encouraging the employment of disabled persons wherever this is practicable and attempt to provide equal opportunities to disabled persons. The company and the group endeavour to ensure that disabled employees benefit from training and career development programmes, in common with all employees.

### EMPLOYEE INVOLVEMENT

The company employs over 700 people (over 75% of whom are bus drivers). The Board is committed to maintaining and increasing the involvement of all employees in the successful development and operation of the company and the group. The company actively encourages project teams, process improvement groups, continuous learning including a comprehensive Certificate of Professional Competence (CPC) training programme for all drivers and associated staff, and personal and professional development to ensure that staff fulfil their full potential. The company has open communication channels with all its employees including the appointment of an Employee Director on the Board, a Joint Recognition Agreement strategic forum with trade union partners, a company intranet site and a periodic magazine. The company continues to work towards retaining and enhancing its Investors in People accreditation as well as improving the well-being and talents of all its employees.

**DIRECTORS' REPORT (continued)**

**AUDITOR**

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

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

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



C Ogbonna  
Secretary

31 July 2012

## **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 group and the company 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CARDIFF CITY TRANSPORT SERVICES LIMITED**

We have audited the financial statements of Cardiff City Transport Services Limited for the year ended 31 March 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Note of Historical Cost Profits and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditor's 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 member, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

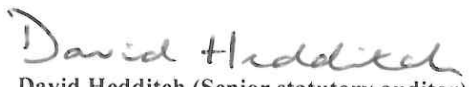
### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
**David Hedditch (Senior statutory auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Cardiff, United Kingdom

*1 August 2012*



# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 March 2012

	Note	2012 £'000	2011 £'000
<b>TURNOVER</b>	2	33,141	32,335
Cost of sales		(31,349)	(30,797)
<b>GROSS PROFIT</b>		1,792	1,538
Administrative expenses - other		(840)	(862)
Administrative expenses - exceptional		(1,976)	-
		(2,816)	(862)
Other operating income	4	257	303
<b>OPERATING (LOSS)/PROFIT</b>	7	(767)	979
Interest receivable and similar income	5	566	372
Interest payable and similar charges	6	(165)	(230)
		401	142
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(366)	1,121
Tax charge on (loss)/profit on ordinary activities	8	(8)	(548)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	21	(374)	573

All amounts derive from continuing operations.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 March 2012**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit for the financial year	(374)	573
Actuarial loss recognised in the pension scheme	(1,819)	(639)
UK deferred tax attributable to actuarial gains and losses	358	82
	<hr/>	<hr/>
Total recognised (losses) / gains since last annual report and financial statements	(1,835)	16
	<hr/>	<hr/>

**CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**Year ended 31 March 2012**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/profit on ordinary activities before taxation	(366)	1,121
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	183	168
	<hr/>	<hr/>
Historical cost (loss)/profit on ordinary activities before taxation	(183)	1,289
	<hr/>	<hr/>
Historical cost (loss)/profit for the year retained after taxation and dividends	(641)	371
	<hr/>	<hr/>

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## CONSOLIDATED BALANCE SHEET 31 March 2012

	Note	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	18,417	19,254
<b>CURRENT ASSETS</b>			
Stocks	13	300	283
Debtors	14	1,231	988
Investments – bank deposits	15	2,591	2,923
Cash at bank and in hand		1,547	2,096
		<u>5,669</u>	<u>6,290</u>
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(5,643)</u>	<u>(4,851)</u>
<b>NET CURRENT ASSETS</b>		<u>26</u>	<u>1,439</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>18,443</u>	<u>20,693</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17	(1,081)	(2,425)
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>(3,446)</u>	<u>(3,317)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>13,916</u>	<u>14,951</u>
Pension liability	19	<u>(6,347)</u>	<u>(5,801)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u><u>7,569</u></u>	<u><u>9,150</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	4,618	4,618
Revaluation reserve	21	3,807	3,286
FRS17 pension reserve	21	(6,347)	(5,801)
Profit and loss account	21	<u>5,491</u>	<u>7,047</u>
<b>SHAREHOLDER'S FUNDS</b>	21	<u><u>7,569</u></u>	<u><u>9,150</u></u>

The financial statements of Cardiff City Transport Services Limited, registered number 2001229, were approved by the Board of Directors and authorised for issue on 31 July 2012.

  
C Ogborina - Director


  
G A Mole - Director

# CARDIFF CITY TRANSPORT SERVICES LIMITED

## COMPANY BALANCE SHEET 31 March 2012

	Note	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	18,417	19,254
Investments	12	1	1
		<u>18,418</u>	<u>19,255</u>
<b>CURRENT ASSETS</b>			
Stocks	13	300	283
Debtors	14	1,231	988
Investments – bank deposits	15	2,591	2,923
Cash at bank and in hand		1,547	2,096
		<u>5,669</u>	<u>6,290</u>
<b>CREDITORS: amounts falling due within one year</b>	16	(5,644)	(4,852)
<b>NET CURRENT ASSETS</b>		<u>25</u>	<u>1,438</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>18,443</u>	<u>20,693</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17	(1,081)	(2,425)
<b>PROVISIONS FOR LIABILITIES</b>	18	(3,446)	(3,317)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>13,916</u>	<u>14,951</u>
Pension liability	19	(6,347)	(5,801)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>7,569</u>	<u>9,150</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	4,618	4,618
Revaluation reserve	21	3,807	3,286
FRS17 pension reserve	21	(6,347)	(5,801)
Profit and loss account	21	5,491	7,047
<b>SHAREHOLDER'S FUNDS</b>	21	<u>7,569</u>	<u>9,150</u>

The financial statements of Cardiff City Transport Services Limited, registered number 2001229, were approved by the Board of Directors and authorised for issue on

  
C Ogborn - Director

  
G A Mole - Director

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 2012**

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	22	2,274	2,272
<b>Returns on investments and servicing of finance</b>			
Interest received	17	32	
Interest paid	(165)	(230)	
<b>Net cash outflow from returns on investments and servicing of finance</b>		(148)	(198)
<b>Taxation</b>			
Corporation tax (paid)/repaid	(193)	250	
<b>Tax (paid)/repaid</b>		(193)	250
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	(1,100)	(3,544)	
Receipts from sale of tangible fixed assets	15	4	
<b>Net cash outflow from capital expenditure</b>		(1,085)	(3,540)
<b>Equity dividends paid</b>		(450)	(370)
<b>Cash inflow/(outflow) before use of liquid resources and financing</b>		398	(1,586)
<b>Management of liquid resources</b>		332	3,215
<b>Financing</b>			
Capital element of finance lease payments		(1,279)	(1,215)
<b>(Decrease)/increase in cash in the year</b>	24	(549)	414
<b>Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/increase in cash in the year		(549)	414
Net cash outflow from lease financing		1,279	1,215
Cash outflow from increase in liquid resources		(332)	(3,215)
<b>Change in net funds resulting from cash flows</b>		398	(1,586)
<b>Net funds at start of year</b>		1,315	2,901
<b>Net funds at end of year</b>	24	1,713	1,315

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2012

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

##### Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

##### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertaking.

##### Going concern

At 31 March 2012, the group and company had cash of £1,547,000 (2011 - £2,096,000) and net assets of £7,569,000 (2011 - £9,150,000). The executive directors have considered the group's forecast and budgeted profit and associated cash flows for the foreseeable future. The directors have considered the facilities available to the group and believe that they can operate within the facilities available for the period of the cash flow forecast. Accordingly, the directors consider it is appropriate to adopt the going concern basis in the preparation of the company's financial statements.

##### Tangible fixed assets and depreciation

No depreciation is provided on freehold land. For all other tangible fixed assets, except for some midibuses, depreciation is calculated to write down their cost or revalued amount on a straight-line basis over their estimated useful economic lives which are considered to be:

Freehold buildings	-	40 years on valuation
Fixtures and fittings, plant and machinery	-	3-15 years on cost
Conventional buses and motor vehicles	-	5-10 years on cost or 12 years on cost less 10% residual value
Midibuses	-	10 years on cost or 12 years on cost less 10% residual value

Depreciation is charged from the month of purchase, except for vehicles which are depreciated from the month that they are introduced into service.

Individual freehold properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit that exceeds any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit that represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any previous surplus. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves.

##### Investments

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

##### Leased assets

Assets held under finance lease and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES (continued)**

**Stocks**

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

**Provisions**

Provision is made for outstanding insurance claims incurred at the balance sheet date.

**Turnover and revenue recognition**

Turnover is the amount derived from the provision of the passenger transport services falling within the company's ordinary activities after deduction of trade discounts and value added tax. Revenue is recognised in line with the period to which the service relates.

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that 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 the financial statements.

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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets.

**Pensions**

The group operates two defined benefit funded pension schemes. The assets of the schemes are held separately from those of the group, being invested in third party professionally managed funds. The level of contributions made to the schemes and the cost of contributions included in the financial statements are based on the recommendations of independent actuaries. Both these schemes are now closed to new members.

The scheme assets are an estimate of the company's notional share of the total fund assets measured at market value at each balance sheet date and liabilities are measured using the projected unit method, discounted using a corporate bond rate. The company's notional share of assets is assumed to be invested in the same proportion as the fund as a whole in the different asset classes. The resulting pension scheme surplus or deficit is recognised immediately on the balance sheet, net of deferred tax where applicable, and any resulting actuarial gains or losses are recognised immediately in the statement of total recognised gains and losses. Further details are given in note 19.

The group also has a money purchase pension scheme for new employees. Pension costs charged to the profit and loss account represent the contributions payable by the group to the pension scheme during the year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES (continued)**

**Derivative financial instruments**

The company is exposed to price risk arising from fluctuations in oil prices and the company enters into energy hedges to fix the price of fuel. In the opinion of the Board of directors, there is no material exposure to price risk. The company does not hold derivatives for speculative purposes.

**2. ANALYSIS OF TURNOVER, (LOSS)/PROFIT BEFORE TAXATION**

The turnover and (loss)/profit before taxation is considered by the directors to arise from a single class of activity wholly within the United Kingdom.

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' emoluments</b>		
Remuneration	310	281
Pension contributions	33	29
	<u>343</u>	<u>310</u>
	<b>No.</b>	<b>No.</b>
Number of directors who are members of a defined benefit pension scheme	2	2
	<b>£'000</b>	<b>£'000</b>
<b>In respect of the highest paid director</b>		
Emoluments	112	104
Pension contributions	15	14
	<u>127</u>	<u>118</u>
There is no accrued pension entitlement in respect of the highest paid director.		
	<b>£'000</b>	<b>£'000</b>
<b>Employee costs during the year</b>		
Wages and salaries	18,065	17,609
Social security costs	1,409	1,320
Other pension costs	1,699	1,721
	<u>21,173</u>	<u>20,650</u>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Staff	82	80
Traffic	541	555
Engineering	78	85
	<u>701</u>	<u>720</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**4. OTHER OPERATING INCOME**

	2012 £'000	2011 £'000
Advertising	161	125
Rental income	23	22
Workshop and garage	-	70
Other	73	86
	<u>257</u>	<u>303</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2012 £'000	2011 £'000
Bank deposit interest	17	33
Net return on pension scheme	549	339
	<u>566</u>	<u>372</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2012 £'000	2011 £'000
Finance lease interest	165	230

**7. OPERATING (LOSS)/PROFIT**

	2012 £'000	2011 £'000
<b>Operating (loss)/profit is arrived at after charging/(crediting)</b>		
Exceptional costs – legal fees	1,976	-
Impairment of fixed asset	485	-
Depreciation of owned assets	1,334	1,646
Depreciation of assets held under finance lease	822	924
Profit on sale of fixed assets	(15)	(4)
Operating lease rentals – other	76	66
Write-back of insurance provision	(283)	(196)
<b>Fees payable to the Company's auditors in respect of</b>		
- Audit of the annual accounts	18	18
- Taxation compliance services	12	9
- Taxation advisory services	4	-

As noted in the Directors' Report, the company has been involved in a legal dispute with 2 Travel Group Plc (in liquidation) which resulted in £1,976,000 of legal costs being incurred during the year in order to defend the case in front of the Competition Appeal Tribunal, the hearing of which was held in March 2012. These are deemed by the Board to be exceptional in nature.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	2012 £'000	2011 £'000
<b>Current taxation</b>		
United Kingdom corporation tax:		
Current tax on income for the year at 26% (2011 – 28%)	203	(249)
Adjustment in respect of prior years	-	78
<b>Total current tax</b>	<u>203</u>	<u>(171)</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	161	(48)
Deferred tax on pension deficit	(393)	(351)
Adjustment in respect of prior years	(13)	22
Effect of changes in tax rates	(34)	-
	<u>(211)</u>	<u>(377)</u>
<b>Total tax charge on (loss)/profit on ordinary activities</b>	<u>(8)</u>	<u>(548)</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	£'000	£'000
(Loss)/profit on ordinary activities before tax	(366)	1,121
Tax on (loss)/profit on ordinary activities before tax at 26% (2011 – 28%)	95	(314)
<b>Factors affecting charge for the year</b>		
Expenses not deductible for tax purposes	(274)	(459)
Capital allowances for the year in excess of depreciation	92	341
Movement in short-term timing differences	(123)	(120)
FRS17 pensions	340	289
Withdrawal of IBA allowances	-	4
Adjustment in respect of prior years	204	78
Loss carry back	(131)	
Marginal relief	-	10
<b>Current tax credit/(charge) for the year</b>	<u>203</u>	<u>(171)</u>

Deferred tax has not been provided on the revaluation of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £914,000 (2011 - £855,000).

The reduction in corporation tax rate to 23% from 1 April 2013 will not materially affect the future tax charge.

**9. DIVIDENDS**

	2012 £'000	2011 £'000
Dividends paid 9.7 pence per share (2011 – 8.0 pence per share)	<u>450</u>	<u>370</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 March 2012

### 10. PROFIT OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £374,000 (2011 – profit of £573,000).

### 11. TANGIBLE FIXED ASSETS

The Group and the Company	Freehold land and buildings £'000	Fixtures, fittings, plant and machinery £'000	Conventional buses and motor vehicles £'000	Midibuses £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2011	6,064	5,426	21,136	7,308	39,934
Additions	-	579	348	173	1,100
Disposals	-	-	(103)	-	(103)
At 31 March 2012	6,064	6,005	21,381	7,481	40,931
<b>Depreciation</b>					
At 1 April 2011	464	2,762	11,175	6,279	20,680
Charge for the year	269	393	1,178	316	2,156
Impairment	485	-	-	-	485
Reversal on revaluation	(704)	-	-	-	(704)
Disposals	-	-	(103)	-	(103)
At 31 March 2012	514	3,155	12,250	6,595	22,514
<b>Net book value</b>					
At 31 March 2012	5,550	2,850	9,131	886	18,417
At 31 March 2011	5,600	2,664	9,961	1,029	19,254

Comparable amounts determined according to the historical cost convention

The Group and the Company	Freehold land and buildings £'000	Fixtures, fittings, plant and machinery £'000	Conventional buses and motor vehicles £'000	Midibuses £'000	Total £'000
Cost	3,910	6,005	21,381	7,481	38,777
Accumulated depreciation	(2,169)	(3,155)	(12,250)	(6,595)	(24,169)
<b>Net book value</b>					
At 31 March 2012	1,741	2,850	9,131	886	14,608
At 31 March 2011	2,314	2,664	9,961	1,029	15,968

Included under conventional buses and midibuses are assets with a net book value at 31 March 2012 of £6,067,679 (2011 - £6,731,182) held under finance lease.

At 31 March 2012, the freehold land and buildings were valued at £5,550,000 by DTZ Debenham Tie Leung, chartered surveyors. The bus depot was valued based on depreciated replacement cost as it is considered a specialised property. The other site was valued at open market value.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**12. INVESTMENTS**

Subsidiary undertaking	The Company	
	2012	2011
Cost and net book value	£'000	£'000
Shares in subsidiary undertaking	1	1

The company's only wholly-owned dormant subsidiary, Vale Busline Limited, is registered in England and Wales.

In addition, the company owns 180 £1 ordinary shares in PTI Cymru Limited, a company incorporated in England and Wales. This represents an 18% holding in that company. Its principal activity is the operation of a call centre for Wales providing passenger information.

**13. STOCKS**

	The Group and the Company	
	2012	2011
	£'000	£'000
Raw materials and consumables	114	109
Derv fuel stocks	186	174
	300	283

**14. DEBTORS**

	The Group and the Company	
	2012	2011
	£'000	£'000
Trade debtors	407	521
Amounts owed by group undertakings	217	165
Other debtors	413	267
Corporation tax	143	-
Prepayments	51	35
	1,231	988

**15. CASH AT BANK AND IN HAND AND BANK DEPOSIT INVESTMENTS**

Bank deposit investments includes £2,584,962 (2011 - £2,418,937) held in an escrow account against future insured liabilities. £2,591,089 (2011 - £2,923,096) is held in money market accounts that are not instant access.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2012 £'000</b>	<b>Company 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>Company 2011 £'000</b>
Trade creditors	1,390	1,390	1,432	1,432
Amounts owed to group undertakings	59	60	36	37
Obligations under finance lease	1,344	1,344	1,279	1,279
Corporation tax	-	-	253	253
Other creditors including taxation and social security	484	484	389	389
Accruals and deferred income	2,366	2,366	1,462	1,462
	<u>5,643</u>	<u>5,644</u>	<u>4,851</u>	<u>4,852</u>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>The Group and the Company</b>	
	<b>2012 £'000</b>	<b>2011 £'000</b>
Obligations under finance lease	1,081	2,425
	<u>£'000</u>	<u>£'000</u>
<b>Analysis of finance lease repayments</b>		
Due within one year	1,344	1,279
Due between one and two years	925	1,344
Due between two and five years	156	1,081
	<u>2,425</u>	<u>3,704</u>

The obligations under finance lease are secured by the related leased assets.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**18. PROVISIONS FOR LIABILITIES**

**The Group and the Company**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Deferred taxation	404	585
Insurance provision	3,042	2,732
	<u>3,446</u>	<u>3,317</u>
	<b>Charge to</b>	<b>Balance at</b>
	<b>profit and</b>	<b>31 March</b>
	<b>loss</b>	<b>2012</b>
	<b>account</b>	<b>£'000</b>
	<b>£'000</b>	
Deferred taxation	585	(181)
	<u>404</u>	<u>585</u>

The analysis of the deferred taxation provided in the financial statements is as follows:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Capital allowances in excess of depreciation	697	699
Other timing differences	(293)	(114)
	<u>404</u>	<u>585</u>

**Insurance provision**

The provision for insurance claims represents amounts payable by the company in respect of outstanding claims incurred at the balance sheet date. The amounts will become payable as claims are settled.

	<b>Balance at</b>	<b>Charged to</b>	<b>Release to</b>	<b>Amounts</b>	<b>Balance at</b>
	<b>1 April</b>	<b>profit and</b>	<b>profit and</b>	<b>paid</b>	<b>31 March</b>
	<b>2011</b>	<b>loss</b>	<b>loss</b>	<b>£'000</b>	<b>2012</b>
	<b>£'000</b>	<b>account</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Insurance provision	2,732	1,978	(283)	(1,385)	3,042
	<u>2,732</u>	<u>1,978</u>	<u>(283)</u>	<u>(1,385)</u>	<u>3,042</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2012

#### 19. PENSIONS

The company operates its own pension scheme, the Cardiff City Transport Services Limited Pension Scheme, as well as contributing to the Cardiff and Vale of Glamorgan Pension Fund on behalf of employees who were formerly employed by the Cardiff City Council Transport Department. Both schemes provide benefits based on final pensionable pay and the assets of the schemes are held separately from those of the company. Company contributions are determined by a qualified actuary on the basis of triennial valuations. Since 1 August 2001, the Cardiff City Transport Services Limited Pension Scheme (final salary) has been closed to new members and a money purchase scheme has been introduced. The total costs charged in the profit and loss account for the money purchase scheme of £558,000 (2011 - £521,000) represents contributions payable during the year. At 31 March 2012, contributions of £76,000 (2011 - £60,000) due in respect of the current reporting period had not been paid over to the scheme.

#### Cardiff City Transport Services Limited Pension Scheme

The most recent actuarial valuation of the Cardiff City Transport Services Limited Pension Scheme, as required under section 224(2)(a) of the Pensions Act 2004, was carried out as at 1 April 2009. For the purpose of the valuation of the defined benefit section, it was assumed that the investment return on assets prior to pension liabilities coming into payment will be 2.5% per annum higher than the rate of future annual wage and salary growth and 3.5% per annum higher than the rate of future price inflation. The investment return for pension liabilities once in payment was assumed to be 2.5% higher than the rate of future price inflation.

The valuation showed that the total market value of the scheme's assets, net of members' AVCs, was £16.4m and that this value represented 66% of the value of the benefits that had accrued to members at the valuation date, after allowing for expected future increases in earnings and pensions.

The basic rate of company contributions required to meet the cost of defined benefits, without allowance for any recovery of deficit, was found to be 15.1% of members' pensionable pay from 1 April 2011. Employee contributions were payable in addition. For the majority of defined benefit section members, contributions were required at the rate of 5% of pensionable pay (a small number contribute at the lower rate of 4%).

Company and employee contributions for members of the defined contribution section are payable in accordance with the scheme rules.

An actuarial valuation was carried out on the Cardiff City Transport Services Limited Pension Scheme as at 31 March 2012 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 March 2012	At 31 March 2011	At 31 March 2010
Rate of increase in salaries	3.9% per annum	4.2% per annum	4.2% per annum
Discount rate	4.9% per annum	5.6% per annum	5.7% per annum
Inflation assumption (RPI)	2.9% per annum	3.2% per annum	3.2% per annum
Pension increases	2.3% per annum	2.8% per annum	3.0% per annum
Inflation assumption (CPI)	2.3% per annum	2.8% per annum	n/a

#### Mortality assumption

The mortality assumptions are based on the PA92 mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 at the valuation date will live on average for a further 22.1 years if they are male and for a further 25.2 years if they are female. For a member who is 45 at the valuation date and retires at age 65 the assumptions are that they will live on average for a further 23.1 years after retirement if they are male and for a further 26.1 years after retirement if they are female.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**19. PENSIONS (continued)**

The assets in the fund and expected rates of return were:

	2012		2011		2010	
	Long-term expected return on assets	Fair value £'000	Long-term expected return on assets	Fair value £'000	Long-term expected return on assets	Fair value £'000
Equities	7.0%	9,197	8.0%	12,470	8.0% pa	16,337
Diversified growth	6.8%	8,217	7.8%	5,997	N/a	-
Convertible bonds	6.5%	7,614	7.5%	5,260	N/a	-
Bonds	N/a	-	N/a	-	5.0% pa	4,025
Cash	2.0%	100	2.0%	71	2.0% pa	1,049
		<u>25,128</u>		<u>23,798</u>		<u>21,411</u>

The net pension liability measured under FRS17 comprised the following:

	At 31 March 2012 £'000	At 31 March 2011 £'000	At 31 March 2010 £'000
Total market value of assets	25,128	23,798	21,411
Present value of scheme liabilities	(25,239)	(24,719)	(23,724)
Net FRS17 scheme deficit	<u>(111)</u>	<u>(921)</u>	<u>(2,313)</u>
	At 31 March 2012 £'000	At 31 March 2011 £'000	At 31 March 2010 £'000
<b>Analysis of amount charged to operating (loss)/profit</b>			
Current service cost and total operating charge	<u>(709)</u>	<u>(760)</u>	<u>(494)</u>
<b>Analysis of amount credited/(charged) to interest receivable/(payable)</b>			
Expected return on pension scheme assets	1,873	1,689	1,160
Interest on pension scheme liabilities	<u>(1,384)</u>	<u>(1,360)</u>	<u>(1,161)</u>
Net finance income/(charge)	<u>489</u>	<u>329</u>	<u>(1)</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**19. PENSIONS (continued)**

**Analysis of amount recognised in statement of total recognised gains and losses**

	At 31 March 2012 £'000	At 31 March 2011 £'000	At 31 March 2010 £'000
Actual return less expected return on pension assets	(826)	211	4,245
Changes in financial assumptions underlying the scheme assets/(liabilities)	867	630	(5,022)
	<u>41</u>	<u>841</u>	<u>(777)</u>
Actuarial gain/(loss) recognised in statement of total recognised gains and losses			
	<u>41</u>	<u>841</u>	<u>(777)</u>
<b>Movements in scheme deficit during the year</b>			
At 1 April	(921)	(2,313)	(3,127)
Movement in year:			
Total operating charge – current service charge	(709)	(760)	(494)
Contributions	989	982	2,086
Net finance income/(charge)	489	329	(1)
Actuarial gain/(loss) in statement of total recognised gains and losses	41	841	(777)
	<u>41</u>	<u>841</u>	<u>(777)</u>
At 31 March	<u>(111)</u>	<u>(921)</u>	<u>(2,313)</u>

**Cardiff and Vale of Glamorgan Pension Fund**

Cardiff Bus also participates in the Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary.

The latest complete minimum funding requirement valuation of the Cardiff and Vale of Glamorgan Pension Fund was made as at 31 March 2010.

The result of this valuation revealed that the company's required contributions to this scheme in respect of its employees who are members will be 22.3% of pensionable pay from 1 April 2011 continuing into 2013/14. In addition to this rate, Cardiff City Transport Services Limited is required to pay £521,000 per annum.

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 March 2012

#### 19. PENSIONS (continued)

The most recent completed valuation was carried out as at 31 March 2010, and has been updated by independent actuaries to the Cardiff and Vale of Glamorgan Pension Fund (the Fund) to take account of the requirements of FRS17 in order to assess the liabilities of the Fund as at 31 March 2012. Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities discounted to their present value.

The company's contribution rate over the accounting period was 22.3% of pensionable pay plus a monetary amount of £521,000. The contribution rates certified for the company at the 31 March 2010 valuation are as follows:

April 2011 to March 2014 22.3% of pensionable pay plus £521,000

These figures include the past service element of the contribution rate.

The scheme is now closed to the company's employees and the company's condition of continued participation is to pay contributions as required.

The main assumptions used for the purposes of FRS17 are as follows:

	At 31 March 2012	At 31 March 2011	At 31 March 2010
Rate of increase in salaries	3.9%	4.2%	4.1% pa
Discount rate	4.9%	5.6%	5.7% pa
Rate of increase to pensions in payment	2.3%	2.8%	2.9% pa
Rate of increase to deferred pensions	2.3%	2.8%	3.1% pa
Rate of inflation (RPI)	2.9%	3.2%	3.1% pa
Rate of inflation (CPI)	2.3%	2.8%	n/a

#### Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 22.2 years if they are male and for a further 25.3 years if they are female. For a member who is currently 45 and retires at age 65 the assumptions are that they will live on average for a further 23.2 years after retirement if they are male and for a further 26.1 years after retirement if they are female.

The assets in the fund and expected rates of return were:

	2012		2011		2010	
	Long-term expected return on assets	Fair value £'000	Long-term expected return on assets	Fair value £'000	Long-term expected return on assets	Fair value £'000
Equities	8.1%	15,264	8.4% pa	15,829	8.0% pa	14,421
Government bonds	3.1%	1,630	4.4% pa	1,038	5.0% pa	961
Corporate bonds	3.7%	1,863	5.1% pa	2,373	5.0% pa	2,453
Property	7.6%	1,334	7.9% pa	890	8.0% pa	804
Cash	1.8%	275	1.5% pa	233	2.0% pa	177
Other assets	8.1%	804	8.4% pa	827	8.0% pa	804
		<u>21,170</u>		<u>21,190</u>		<u>19,620</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**19. PENSIONS (continued)**

The net pension liability measured under FRS17 comprised the following:

	At 31 March 2012 £'000	At 31 March 2011 £'000	At 31 March 2010 £'000
Total market value share of assets	21,170	21,190	19,620
Present value of scheme liabilities	(29,410)	(28,110)	(25,540)
Net FRS17 scheme deficit	(8,240)	(6,920)	(5,920)
	At 31 March 2012 £'000	At 31 March 2011 £'000	At 31 March 2010 £'000
<b>Analysis of amount charged to operating (loss)/profit</b>			
Current service cost	(420)	(430)	(360)
Total operating charge	(420)	(430)	(360)
<b>Analysis of amount credited/(charged) to interest receivable/(payable)</b>			
Expected return on pension scheme assets	1,610	1,450	920
Interest on pension scheme liabilities	(1,550)	(1,440)	(1,410)
Net finance income/(charge)	60	10	(490)
<b>Analysis of amount recognised in statement of total recognised gains and losses</b>			
Actual return less expected return on pension (liabilities)/assets	(1,140)	240	3,980
Changes in financial assumptions underlying the scheme liabilities	(720)	(1,720)	(3,280)
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(1,860)	(1,480)	700
<b>Movements in scheme deficit during the year</b>			
At 1 April	(6,920)	(5,920)	(6,700)
Movement in year:			
Total operating charge	(420)	(430)	(360)
Contributions	900	900	930
Net finance income/(charge)	60	10	(490)
Actuarial (loss)/gain in statement of total recognised gains and losses	(1,860)	(1,480)	700
At 31 March	(8,240)	(6,920)	(5,920)

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**19. PENSIONS (continued)**

The total net pension liability measured under FRS17 for both schemes is as follows:

<b>The Group and the Company</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Cardiff City Transport Scheme	111	921
Cardiff and Vale of Glamorgan Pension Fund	8,240	6,920
Deferred tax asset	(2,004)	(2,040)
<b>Total</b>	<b>6,347</b>	<b>5,801</b>

**20. CALLED UP SHARE CAPITAL**

<b>The Group and the Company</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Allotted, called up and fully paid</b>		
4,618,100 ordinary shares of £1 each	4,618	4,618

**21. COMBINED STATEMENT OF MOVEMENT IN SHAREHOLDER'S FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES**

<b>The Group and the Company</b>	<b>Issued share capital £'000</b>	<b>Revaluation reserve £'000</b>	<b>FRS17 pension reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total 2012 £'000</b>	<b>Total 2011 £'000</b>
At the beginning of the year	4,618	3,286	(5,801)	7,047	9,150	9,504
(Loss)/profit for the financial year	-	-	-	(374)	(374)	573
Actuarial loss (net of deferred tax asset)	-	-	(1,461)	-	(1,461)	(557)
Net pension costs recognised in the profit and loss account	-	-	915	(915)	-	-
Transfer of additional depreciation on residual asset	-	(183)	-	183	-	-
Revaluation uplift	-	704	-	-	704	-
Dividends	-	-	-	(450)	(450)	(370)
<b>At the end of the year</b>	<b>4,618</b>	<b>3,807</b>	<b>(6,347)</b>	<b>5,491</b>	<b>7,569</b>	<b>9,150</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**22. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2012 £'000	2011 £'000
Operating (loss)/profit	(767)	979
Depreciation	2,156	2,570
Impairment of fixed assets	485	-
(Increase)/decrease in stocks	(17)	24
Increase in debtors	(100)	(12)
Increase/(decrease) in creditors	1,292	(592)
Adjustment for pension funding	(760)	(693)
Profit on sale of fixed assets	(15)	(4)
<b>Net cash inflow from operating activities</b>	<b>2,274</b>	<b>2,272</b>

**23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2012 £'000	2011 £'000
<b>Management of liquid resources</b>		
Cash placed on short-term deposit	2,591	2,923

**24. ANALYSIS OF NET FUNDS**

	At 1 April 2011 £'000	Cash flow £'000	At 31 March 2012 £'000
Cash at bank and in hand	2,096	(549)	1,547
Current asset investment	2,923	(332)	2,591
	5,019	(881)	4,138
Finance leases	(3,704)	1,279	(2,425)
	1,315	398	1,713

**25. CAPITAL COMMITMENTS**

**Operating lease commitments**

	2012 Land and buildings £'000	2011 Land and buildings £'000
Annual commitments which expire:		
Within one year	-	66
Between two and five years	76	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2012**

**26. DERIVATIVE FINANCIAL INSTRUMENTS**

The company previously entered into energy hedges to fix the price of fuel. At 31 March 2012, the company had no open contracts to buy fuel.

At 31 March 2011, the company was contracted to buy 2,400 metric tonnes of fuel at £527.50 per tonne until August 2011. As at 31 March 2011, the fair value was considered to be a liability of £257,616.

**27. RELATED PARTY TRANSACTIONS**

During the year, the group received £10,879,020 (2011 - £10,697,112) from Cardiff City Council (£9,594,711 of which was received under the WAG Across Wales Over 60 Free Travel scheme; 2011 - £9,023,494) and incurred trading expenses of £165,335 (2011 - £130,621). At 31 March 2012, there was a balance of £217,142 (2011 - £165,222) owed by Cardiff City Council and a balance of £58,854 (2011 - £34,486) owed to Cardiff City Council.

During the year, the group received £12,754 (2011 - £13,299) from PTI Cymru Limited for the rent of a call centre in Cardiff and in turn was charged £16,873 (2011 - £16,674) in respect of calls handled. At 31 March 2012, there was a net balance of £1,402 (2011 - £1,970) owed by Cardiff City Transport Services Limited to PTI Cymru Limited.

**28. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Cardiff City Council.