

1. Arriva plc profit and loss account

Arriva plc has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The profit for the financial year dealt with in the accounts of Arriva plc is £423.0 million (2006: loss £1.1 million).

Company employee information is disclosed within the central component in note 4 to the group financial statements. Details of directors' remuneration are disclosed in the Directors' Remuneration Report on pages 49 to 55.

2. Tangible fixed assets

	Freehold land & buildings £m	Plant, company vehicles, fixtures & fittings £m	Total £m
Cost or valuation			
At 1 January 2007	9.3	1.5	10.8
Additions	-	0.2	0.2
Disposals	-	(0.1)	(0.1)
At 31 December 2007	9.3	1.6	10.9
Comprising:			
Cost	8.5	1.6	10.1
Valuation 1997	0.8	-	0.8
	9.3	1.6	10.9
Accumulated depreciation			
At 1 January 2007	1.6	1.0	2.6
Charge for the year	0.2	0.3	0.5
Disposals	-	(0.1)	(0.1)
At 31 December 2007	1.8	1.2	3.0
Net book amounts			
At 31 December 2007	7.5	0.4	7.9
At 31 December 2006	7.7	0.5	8.2

3. Investments

	Shares in subsidiaries at cost £m	Impairment £m	Shares in subsidiaries net book amount £m
Fixed asset investments			
At 1 January 2007	741.6	(14.7)	726.9
Additions	129.3	-	129.3
Disposals	(245.0)	-	(245.0)
At 31 December 2007	625.9	(14.7)	611.2

Particulars of fixed asset investments are detailed in note 29 to the group financial statements.

4. Debtors

	2007 £m	2006 £m
Amounts falling due within one year:		
Trade debtors	0.1	0.6
Deferred tax (note 5)	0.1	0.2
Other debtors	9.0	33.9
Prepayments and accrued income	0.5	0.3
	9.7	35.0
Amounts falling due after more than one year:		
Amounts owed by group undertakings	127.6	55.2
	137.3	90.2

The amounts owed by group undertakings are repayable on demand.

5. Deferred taxation

	2007 £m	2006 £m
Accelerated capital allowances	1.6	1.6
Other timing differences	(1.7)	(1.8)
Deferred tax excluding that relating to pension liability	(0.1)	(0.2)
Deferred tax on pension liability	(0.5)	(2.6)
Deferred tax	(0.6)	(2.8)

Factors that may affect future tax charges

No deferred tax asset is provided in respect of the unremitted earnings of overseas subsidiaries unless a binding agreement exists at the balance sheet date to remit such earnings in the future.

6. Creditors

	2007 £m	2006 £m
Amounts falling due within one year:		
Trade creditors	1.6	1.4
Creditors for taxation and social security	1.4	1.5
Other creditors	5.0	7.4
Accruals and deferred income	8.7	7.8
	16.7	18.1
Amounts falling due after more than one year:		
Amounts due to group companies	398.5	481.1
Accruals and deferred income	30.3	33.1
	428.8	514.2

The company provides cross guarantees in respect of the bank borrowings of a number of the group's subsidiaries.

Fair value of non-current liabilities

The company considers there to be no material difference between the fair value of non-current liabilities and their carrying amount in the balance sheet.

Borrowing facilities

The company has the following undrawn committed floating rate borrowing facilities available at 31 December in respect of which all conditions precedent had been met at that date:

	2007 £m	2006 £m
Expiring within one year	57.0	36.2
Expiring in more than two years	415.8	201.6
	472.8	237.8

7. Called up equity share capital

	Authorised		Allotted - fully paid	
	2007	2006	2007	2006
Ordinary shares of 5 pence each	£14,500,000	£14,500,000	£9,930,679	£9,904,472
Number of shares	290,000,000	290,000,000	198,613,572	198,089,442
Reconciliation of movement in issued share capital:				
Shares in issue 1 January			198,089,442	196,922,357
Share allotments on exercise of options			524,130	1,167,085
Shares in issue 31 December			198,613,572	198,089,442

Consideration of £1.3 million was received in respect of share allotments in the year ended 31 December 2007 (2006: £1.2 million). At 31 December 2007 there were outstanding options to receive allotments of 2,888,975 ordinary shares under the Executive Share Option Scheme, the Share Incentive Scheme and the Long Term Incentive Plan. The price for the vested share for the Long Term Incentive Plan is £nil. The option exercise prices for the other schemes range from 272.6 pence to 745.0 pence. The options are exercisable up to March 2017. At 31 December 2007 the middle market quotation of the ordinary share, as derived from the Stock Exchange Official List, was 795.0 pence. The highest price attained by the ordinary share in 2007 was 842.0 pence and the lowest level during 2007 was 651.0 pence.

8. Share-based payments

The grants and related accounting treatment adopted by Arriva plc under FRS20, 'Share-based payments', are identical to that adopted by the group under IFRS2, 'Share-based payments'. For details please refer to note 24 in the group financial statements.

9. Reserves

	Capital redemption reserve £m	Share premium account £m	Special reserve £m	Profit and loss account £m	Total £m
At 1 January 2007	1.8	22.4	59.1	228.1	311.4
Arising on issue of shares	-	1.8	-	(0.5)	1.3
Profit for the year	-	-	-	423.0	423.0
Dividends	-	-	-	(41.9)	(41.9)
Actuarial gain on pension deficit	-	-	-	5.0	5.0
Movement on deferred tax relating to pension	-	-	-	(1.5)	(1.5)
Share-based payments	-	-	-	1.6	1.6
Tax relief on share option schemes	-	-	-	0.5	0.5
At 31 December 2007	1.8	24.2	59.1	614.3	699.4

The capital redemption reserve represents the cumulative par value of all shares bought back and cancelled by the group and is not distributable. The special reserve was created in 1997 when an application to transfer the share premium account into a special reserve was granted by the High Court and is not distributable.

10. Reconciliation of movements in shareholders' funds

	2007 £m	2006 £m
Profit/(loss) for the year	423.0	(1.1)
Dividends	(41.9)	(39.6)
	381.1	(40.7)
New share capital subscribed	1.3	1.2
Actuarial gain on pension deficit	5.0	1.6
Movement on deferred tax relating to pension	(1.5)	(0.5)
Share-based payments	1.6	-
Tax relief on share option schemes	0.5	1.2
Net addition to/(reduction in) shareholders funds	388.0	(37.2)
Opening shareholders funds	321.3	358.5
Closing shareholders funds	709.3	321.3

11. Pensions

The accounting treatment under FRS17 'Retirement Benefits' is in line with that adopted by the group under IAS19 'Employee benefits'. For details, please refer to note 21 in the group financial statements.

At 31 December 2007 the company operated both defined benefit and defined contribution schemes, which are financed through separate Trustee administered funds managed by independent professional fund managers on behalf of the Trustees. Contributions to the defined benefit funds are based upon actuarial advice following the most recent of a regular series of valuations of the funds by their representative independent actuaries.

Total pension cost

The total pension cost for the company was £0.1 million (2006: £1.2 million). The pension cost in respect of the company's defined contribution scheme was £0.3 million (2006: £0.6 million).

FRS17 'Retirement Benefits'

The calculations used to assess the FRS17 liabilities of the retirement benefit scheme are based on the most recent actuarial valuations, updated to 31 December 2007 by qualified independent actuaries. The scheme's assets are stated at their market value at 31 December 2007. The assumptions used are identical to those used for determining the group charge under IAS19.

The amounts recognised in the balance sheet are determined as follows:	2007 £m	2006 £m
Equities	37.5	38.3
Bonds	15.9	12.7
Other	0.1	0.3
Total market value of assets	53.5	51.3
Present value of liabilities	(55.4)	(60.0)
Deficit	(1.9)	(8.7)
Related deferred tax asset	0.5	2.6
Net pension liability	(1.4)	(6.1)

The costs of the scheme for the year ended 31 December were as follows:	2007 £m	2006 £m
Analysis of the charge to operating profit:		
- Current service costs	0.4	0.4
- Past service costs	-	0.5
Total operating charge	0.4	0.9
Analysis of the credit to finance income:		
- Expected return on assets	(3.7)	(3.1)
- Interest on liabilities	3.1	2.8
Total finance credit	(0.6)	(0.3)
Total (credit)/charge before tax	(0.2)	0.6

	2007	2006
	£m	£m
Analysis of movement in deficit in the scheme for the year ended 31 December:		
Gross deficit in the scheme at 1 January	(8.7)	(10.2)
Contributions paid	1.6	0.5
Current service cost	(0.4)	(0.4)
Past service adjustment	-	(0.5)
Total finance credit	0.6	0.3
Actuarial gain	5.0	1.6
Gross deficit in the scheme at 31 December	(1.9)	(8.7)

	2007	2006
	£m	£m
Analysis of amounts recognised in reserves:		
Difference between expected and actual return on assets	(1.0)	1.8
Experience gains and losses arising on the scheme liabilities	0.8	(2.1)
Effect of changing the financial assumptions	5.2	1.9
Actuarial gain recognised in reserves	5.0	1.6

Actuarial gain as a percentage of scheme assets and liabilities at 31 December:	2007	2006	2005	2004
	%	%	%	%
Difference between expected and actual return on assets as a percentage of scheme assets	1.9	3.5	8.3	1.6
Experience gains arising on the scheme liabilities as a percentage of the present value of scheme liabilities	1.4	3.5	9.9	0.7
Total actuarial gain recognised in the reserves as a percentage of the present value of scheme liabilities	9.0	2.7	7.5	0.5