

Stagecoach Rail Replacement (South) Limited

Financial statements for the year ended 30 April 2011

Registered number 2196339



Directors' report

For the year ended 30 April 2011

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 30 April 2011

Business review and principal activities

The principal activity of the Company is the provision of rail replacement bus services for South West Trains Limited. The Company arranges sub contractors to operate scheduled and emergency rail replacement services in and around London and the South.

The results of the Company for the year ended 30 April 2011 show a pre-tax profit of £135,000 (2010 £410,000) and turnover of £1,734,000 (2010 £2,290,000). The Company has net assets of £424,000 (2010 £327,000).

Business environment

The Company operates predominantly rail replacement bus services. These services are mainly operated on a commercial basis in a largely deregulated market. The Company benefits from being part of the UK Bus(regional operations) Division of Stagecoach Group plc, a nationwide public transport operator.

The Company operates in a competitive environment and differentiates itself from its competitors by

- Improving operational and engineering facilities,
- Focusing on recruitment and retention of drivers,
- Investment in new vehicles, and
- Strong focus on technology and innovation

Strategy

The Company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth, supplemented by targeted acquisitions where appropriate.

There are several elements to the Company's strategy for growth. They are

- Continued focus on value-for-money ticket offerings,
- Investment in new vehicles to maximise our customers' experience,
- Commitment to excellent customer service,
- Strong focus on the safety and security of passengers and staff, and
- Consistent excellent operational performance

Training and development

We have consistently sought to recruit and retain the best employees in the markets in which we operate. The Company invests significantly to ensure that our staff are properly trained and able to offer the best customer service.

The Company, under guidance from central UK Bus(regional operations) management, operates a National Vocational Qualification programme for all staff, as well as staff development, graduate trainee and apprentice engineer programmes.

Directors' report (continued)

For the year ended 30 April 2011

Future outlook

The current financial year to 30 April 2012 has started well and trading is in line with our expectations

We believe our value fares, continued innovation, investment in our fleet, commitment to staff training and continuous monitoring of operational efficiency will enable us to improve on our current level of performance in the future

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

The management and reporting of risk is undertaken at Group level, rather than at an individual business unit level. The principal risks and uncertainties of Stagecoach Group plc, which includes those of the Company, are discussed in the Group's 2011 annual report (note 3.10 of the Operating and Financial Review), which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Stagecoach Group plc manage the Group's performance on a divisional basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the UK Bus (regional operations) Division of Stagecoach Group plc, which includes the Company, is discussed in the Operating and Financial Review (paragraph 3.7.1) of the Group's 2011 annual report which does not form part of this report.

Financial risk management

The Company's activities expose it to a variety of financial risks including the effects of changes in interest rates, credit risk and commodity prices. The effects of changes in interest rates and commodity prices are managed at a group level by a central Group treasury function. The Company has implemented policies, which require appropriate credit checks to be performed on potential customers before sales are made. All credit checks are performed centrally by Stagecoach Services Limited, a fellow group company.

Results and dividends

The directors recommend that no dividend be paid, and that profit on ordinary activities after taxation for the year ended 30 April 2011 amounting to £97,000 be transferred to reserves.

Directors

The directors who held office during the year under review and up to the date of approval of these accounts were

Mr L B Warneford

Mr C Brown

Mr A W Dyer

Mr R Montgomery

Directors' report (continued)

For the year ended 30 April 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Donations

Donations to charitable organisations amounted to £Nil.

The Company does not make political contributions and accordingly there were no payments for political purposes during the year.

Disabled persons

The Company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirements which have to be met for certain grades of staff. Wherever reasonable and practicable, the Company will retain newly disabled employees and at the same time provide fair opportunities for the career development of disabled people.

Directors' report (continued)

For the year ended 30 April 2011

Employee involvement

The Company is committed to employee participation and uses a variety of methods to inform, consult and involve its employees. Employees participate directly in the success of the business through the Stagecoach Group's bonus and other remuneration schemes and are encouraged to invest through participation in share option schemes.

Supplier payment policy

It is the Company's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions, to ensure suppliers are aware of these terms and to abide by them. Responsibility for the payment of suppliers lies with Stagecoach Services Limited, a fellow group company, hence trade creditors outstanding at the year end represented Nil days (2010 Nil) purchases.

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting of the Company.

Directors' report (continued)

For the year ended 30 April 2011

Other

The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its directors. The Company has indemnified each of its directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices.

By order of the Board



M J Vaux
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

8 September 2011

Auditors' report

For the year ended 30 April 2011

Independent auditors' report to the members of Stagecoach Rail Replacement (South) Limited

We have audited the financial statements of Stagecoach Rail Replacement (South) Limited for the year ended 30 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities Statement set out on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 company's affairs as at 30 April 2011 and of its profit 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.

Auditors' report (continued)

For the year ended 30 April 2011

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Kenneth Wilson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

9 September 2011

Profit and loss account
For the year ended 30 April 2011

		Year ended 30 April 2011	Year ended 30 April 2010
	Notes	£000	£000
Turnover	2	1,734	2,290
Operating costs		(1,599)	(1,880)
Profit on ordinary activities before taxation	3	135	410
Taxation on profit on ordinary activities	6	(38)	(116)
Profit for the year	10	97	294

The results for the year arise wholly from continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

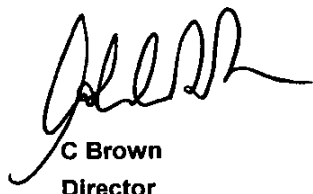
The Company has no gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

The accompanying notes form an integral part of this profit and loss account

Balance sheet
As at 30 April 2011

	Notes	2011 £000	2010 £000
Current assets			
Debtors: amounts falling due within one year	7	940	1,111
Creditors: Amounts falling due within one year	8	(516)	(784)
Net assets		<u>424</u>	<u>327</u>
Capital and reserves			
Equity share capital	9	-	-
Profit and loss account	10	<u>424</u>	<u>327</u>
Shareholders' funds		<u>424</u>	<u>327</u>

Signed on behalf of the Board



C Brown
Director

8 September 2011

The accompanying notes form an integral part of this balance sheet

Notes to the financial statements

For the year ended 30 April 2011

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the previous year are

a) Basis of accounting

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The Company is not required to prepare a cash flow statement under FRS 1 (revised), because it is a wholly owned subsidiary of Stagecoach Group plc, which prepares consolidated financial statements which are publicly available

b) Turnover

Turnover represents contract revenue receivable in respect of the period. The directors regard the Company's business activities, which are carried out wholly in the United Kingdom, as being of one class

c) Taxation

In accordance with FRS 16, corporation tax is provided on taxable profits at the current rate. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or the statement of total recognised gains and losses) as the related pre tax item

In accordance with FRS 19, full provision is made for deferred tax on a non-discounted basis

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Notes to the financial statements (continued)

For the year ended 30 April 2011

2 Segmental information

The turnover and profit on ordinary activities before taxation were derived wholly from the Company's principal activity within the United Kingdom

3 Profit on ordinary activities before taxation

No auditors' fees have been settled directly by the Company. Audit fees of £7,800 (2010: £6,543) were paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK.

4 Staff costs

The Company does not employ any persons directly. Wages and salaries are recharged from other fellow group companies.

	2011 £000	2010 £000
The aggregate remuneration comprised		
Wages and salaries	453	437

Notes to the financial statements (continued)

For the year ended 30 April 2011

5 Directors' remuneration

	2011 £	2010 £
Emoluments of directors	<u>90</u>	<u>Nil</u>

The above details of directors' emoluments include the emoluments of Les Warneford, Colin Brown, Robert Montgomery and Andrew Dyer, which are paid by fellow group undertaking, Stagecoach Holdings Limited £89,628 (2010 £Nil) of their total emoluments received are apportioned to their services as directors of Stagecoach Rail Replacement (South) Limited

The number of directors who were members of pension schemes was as follows

	2011 Number	2010 Number
Defined benefit scheme	<u>4</u>	<u>4</u>

The number of directors who exercised share options during the year was as follows

	2011 Number	2010 Number
Share option scheme	<u>Nil</u>	<u>4</u>

Notes to the financial statements (continued)

For the year ended 30 April 2011

6 Taxation on profit on ordinary activities

	2011 £000	2010 £000
a) Tax charge for the year		
Current tax		
UK corporation tax on profits of the year	39	Nil
Amounts receivable from fellow subsidiary in respect of group relief	(1)	116
Tax on profit on ordinary activities	38	116

b) Factors affecting the tax charge for the year

	2011 £000	2010 £000
The tax assessed for the year differs from the standard rate of corporation tax in the UK (27.84%) (2010 28%). The differences are explained below		
Profit on ordinary activities before tax	135	410
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.84% (2010 28%)	38	115
<i>Effect of</i>		
Treatment of Inter-Company Transactions	10	Nil
Adjustment to tax charge in respect of previous years	(11)	Nil
Non taxable expenses	1	1
Current tax charge for year	38	116

7 Debtors

	2011 £000	2010 £000
<i>Amounts falling due within one year</i>		
Prepayments and accrued income	153	Nil
Amounts owed by group undertakings	787	1,111
	940	1,111

Notes to the financial statements (continued)

For the year ended 30 April 2011

8 Creditors: Amounts falling due within one year

	2011 £000	2010 £000
Intercompany group relief	115	Nil
Amounts owed to group undertakings	10	784
Accruals and deferred income	342	Nil
Corporation tax creditor	49	Nil
	<u>516</u>	<u>784</u>

9 Equity share capital

	2011 £	2010 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 Reserves

The movement on reserves is summarised below

	Profit and loss account £000
At start of year	327
Retained profit for year	<u>97</u>
At end of year	<u>424</u>

11 Guarantees and other financial commitments

Contingent liabilities

The Company, together with certain other group undertakings, is a member of a group for VAT purposes, and technically stands liable in the event of default by any other group undertaking

12 Related party transactions

The Company has taken advantage of the exemptions granted under FRS 8 by not disclosing details of sales and purchases with other members of the group headed by Stagecoach Group plc. Details of amounts owed to and from group undertakings are disclosed in aggregate in notes 7 and 8

Notes to the financial statements (continued)

For the year ended 30 April 2011

13 Ultimate parent company

The Company's immediate parent undertaking is Stagecoach (South) Limited, registered in England & Wales (registered number 01673542). The ultimate parent company is Stagecoach Group plc, registered in Scotland (number SC100764), which heads the only group into which the results of the Company are consolidated. The financial statements of the ultimate parent company are available from the following address:

Stagecoach Group plc
Group Headquarters
10 Dunkeld Road
Perth
PH1 5TW