

## **Stagecoach Rail Replacement Limited**

Financial statements for the year ended 30 April 2013

Registered number 6596639

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25/09/2013

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COMPANIES HOUSE

## **Directors' report**

For the year ended 30 April 2013

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 2013

### **Business review and principal activities**

Stagecoach Rail Replacement Limited provides rail replacement bus services for East Midland Trains Limited. The Company arranges sub contractors to operate scheduled and emergency rail replacement services, in and around the East Midlands region and down to St Pancras International train station in London.

The results of the Company for year ended 30 April 2013 show a pre-tax loss of £10,000 (2012: £94,000) and turnover of £1,032,000 (2012: £691,000). The Company has net assets of £271,000 (2012: £282,000).

### **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.

### **Future outlook**

The current financial year to 30 April 2014 has started well and trading is broadly in line with our expectations. The Company does, however, face strong headwinds in light of the ongoing economic situation.

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 maximise our performance in the future.

## **Directors' report (continued)**

For the year ended 30 April 2013

### **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 Operating and Financial Review (paragraph 2.3.6) of the Group's 2013 annual report, 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 Division of Stagecoach Group plc, which includes the Company, is discussed in the Operating and Financial Review (paragraph 2.3.7) of the Group's 2013 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 (2012: £Nil), and that the loss on ordinary activities after taxation for the year ended 30 April 2013 amounted to £11,000 (2012: £75,000) be transferred to reserves.

### **Directors**

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

Mr L B Warneford – (resigned 26/04/2013)

Mr C Brown

Mr R Montgomery

## **Directors' report (continued)**

For the year ended 30 April 2013

### **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 (2012: £Nil).

The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2012: £Nil).

## **Directors' report (continued)**

For the year ended 30 April 2013

### **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 purchases (2012 Nil).

### **Independent auditors and disclosure of information to auditors**

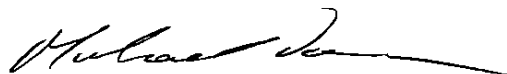
Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all steps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

### **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

16 September 2013

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**Independent auditors' report to the members of Stagecoach Rail Replacement Limited**  
For the year ended 30 April 2013

**Independent auditors' report to the members of Stagecoach Rail Replacement Limited**

We have audited the financial statements of Stagecoach Rail Replacement Limited for the year ended 30 April 2013 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 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 Directors' Report and financial statements 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 2013 and of its 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.

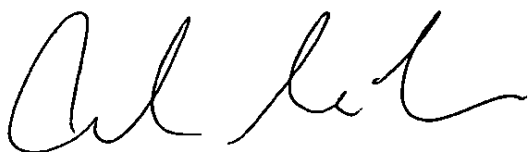
**Independent auditors' report to the members of Stagecoach Rail Replacement Limited  
(continued)**

For the year ended 30 April 2013

**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



**Graham McGregor (Senior Statutory Auditor)**  
**For and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
Glasgow

16 September 2013

**Profit and loss account**  
For the year ended 30 April 2013

	Note	2013 £000	2012 £000
<b>Turnover</b>	2	<b>1,032</b>	<b>691</b>
<b>Cost of sales</b>		<b>(1,044)</b>	<b>(785)</b>
<b>Other operating income</b>		<b>2</b>	<b>-</b>
<b>Loss on ordinary activities before taxation</b>	3	<b>(10)</b>	<b>(94)</b>
<b>Taxation on loss on ordinary activities</b>	6	<b>(1)</b>	<b>19</b>
<b>Loss for the financial year</b>	11	<b>(11)</b>	<b>(75)</b>

The results for the year arise wholly from continuing operations

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

The Company has no gains and losses other than the loss 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

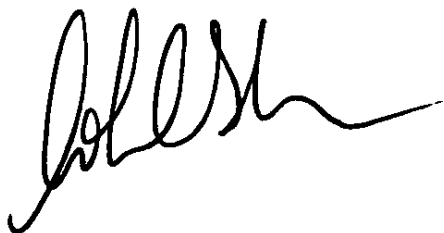


## Balance sheet

As at 30 April 2013

	Note	2013 £000	2012 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	1,393	865
Creditors: amounts falling due within one year	8	<u>(1,122)</u>	<u>(583)</u>
<b>Net assets</b>		<u>271</u>	<u>282</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	<u>271</u>	<u>282</u>
<b>Total shareholders' funds</b>		<u>271</u>	<u>282</u>

The financial statements on pages 7 to 14 were approved by the Board of Directors on the 16 September 2013 and were signed on its behalf by



**C Brown**  
Director

The accompanying notes form an integral part of this balance sheet

## Notes to the financial statements

For the year ended 30 April 2013

### 1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding 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 sub-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) Other operating income*

Revenues incidental to the Company's principal activity are reported as other operating income, and are recognised in the profit and loss account in the period in which they are earned

#### *d) 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 pre tax item

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

Current and deferred tax 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 2013

### 1 Accounting policies (continued)

#### e) Other operating income

Revenues incidental to the Company's principal activity are reported as other operating income, and are recognised in the profit and loss account in the period in which they are earned

### 2 Turnover

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

### 3 Loss on ordinary activities before taxation

No auditors' fees have been settled directly by the Company. Audit fees of £2,340 (2012: £8,271) were paid by a fellow subsidiary undertakings 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

	2013 £000	2012 £000
The aggregate remuneration comprised		
Wages and salaries	<u>184</u>	<u>168</u>

### 5 Directors' remuneration

	2013 £000	2012 £000
Emoluments of directors	<u>57</u>	<u>27</u>

The above details of directors' emoluments include an apportionment of the emoluments of Mr L B Warneford, Mr C Brown and Mr R Montgomery, which are paid by fellow group undertaking, Stagecoach Holdings Limited. £57,386 (2012: £26,911) of their total emoluments received are apportioned to their services as directors of Stagecoach Rail Replacement Limited

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

	2013 Number	2012 Number
Defined benefit scheme	<u>3</u>	<u>3</u>

## Notes to the financial statements (continued)

For the year ended 30 April 2013

### 5 Directors' remuneration (continued)

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

	2013 Number	2012 Number
Share option scheme	<u>3</u>	<u>-</u>

### 6 Taxation on loss on ordinary activities

	2013 £000	2012 £000
<b>a) Tax charge / (credit) for the year</b>		
Current tax		
UK corporation tax on profits of the year	1	-
Amount payable to fellow subsidiary in respect of group relief	-	(19)
Adjustments in respect of prior years	<u>(6)</u>	<u>5</u>
Total current tax	<u>(5)</u>	<u>(14)</u>
Deferred tax		
Origination and reversal of timing differences	-	1
Adjustments in respect of prior years	<u>6</u>	<u>(6)</u>
Total deferred tax (note 9)	<u>6</u>	<u>(5)</u>
Tax on loss on ordinary activities	<u>1</u>	<u>(19)</u>

## Notes to the financial statements (continued)

For the year ended 30 April 2013

### 6 Taxation on loss on ordinary activities (continued)

#### b) Factors affecting the tax charge / (credit) for the year

The tax assessed for the year is lower (2012 higher) than the standard rate of corporation tax in the UK of 23.92% (2012 25.84%). The differences are explained below

	2013	2012
	£000	£000
Loss on ordinary activities before tax	(10)	(94)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.92% (2012 25.84%)	(2)	(24)
<i>Effect of</i>		
Treatment of inter-company transactions	3	6
Capital allowances in excess of depreciation	-	(1)
Adjustments to tax charge in respect of prior years	(6)	5
Current tax credit for year	(5)	(14)

#### c) Factors that may affect future tax charges

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 which was substantively enacted in July 2012. The relevant deferred tax balances have been re-measured accordingly.

Further changes to the UK Corporation tax rates were enacted as part of Finance Act 2013 on 2 July 2013. These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax asset by an additional £83.

### 7 Debtors

	2013	2012
	£000	£000
<i>Amounts falling due within one year</i>		
Prepayments and accrued income	1	-
Amounts due from fellow group undertakings	1,391	839
Inter company group relief receivable	-	19
Deferred tax asset (note 9)	1	7
	<u>1,393</u>	<u>865</u>

Amounts due from fellow group undertakings due within one year accrue no interest and are repayable on demand.

# Notes to the financial statements (continued)

For the year ended 30 April 2013

## 8 Creditors

	2013 £000	2012 £000
<i>Amounts falling due within one year</i>		
Amounts due to fellow group undertakings	1,074	552
UK corporation tax payable	2	-
Accruals and deferred income	46	31
	<u>1,122</u>	<u>583</u>

Amounts due to fellow group undertakings due within one year accrue no interest and are repayable on demand

## 9 Deferred tax asset

	2013 £000	2012 £000
Accelerated capital allowances	(1)	(1)
Other timing differences	-	(6)
Deferred tax asset	<u>(1)</u>	<u>(7)</u>
At start of year	(7)	(2)
Deferred tax charge for the year (note 6a)	<u>6</u>	<u>(5)</u>
At end of year	<u>(1)</u>	<u>(7)</u>

The deferred tax asset is shown with debtors amounts falling due within one year (note 7)

## 10 Called up share capital

	2013 £	2012 £
<i>Authorised</i>		
100 Ordinary share of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

## Notes to the financial statements (continued)

For the year ended 30 April 2013

### 11 Reserves

The movement on reserves is summarised below

	Profit and loss account £000
At start of year	282
Retained loss for year	(11)
At end of year	<u>271</u>

### 12 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

### 13 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

### 14 Ultimate parent company

The Company's immediate parent company is Stagecoach Bus Holdings Limited, registered in Scotland (registered number SC176671). The Company's ultimate parent company is Stagecoach Group plc, registered in Scotland (registered 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 Company Secretary at the following address

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