

Stagecoach Rail Replacement Limited

Financial statements for the year ended 30 April 2014

Registered number: 6596639

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27/09/2014

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COMPANIES HOUSE

Strategic report

For the year ended 30 April 2014

The directors present their strategic report on the Company for the year ended 30 April 2014.

Review of the business

Stagecoach Rail Replacement Limited is a public transport operator, providing rail replacement bus services for East Midlands 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.

Results and performance

The results of the Company for year ended 30 April 2014 show a profit on ordinary activities before tax of £148,000 (2013: loss £10,000) and turnover of £3,592,000 (2013: £1,032,000). The Company has net assets of £379,000 (2013: £271,000).

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.

Furthermore, 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 continue to achieve high levels of customer satisfaction and to maximise our performance in the future.

Strategic report (continued)

For the year ended 30 April 2014

Future outlook

The current financial year to 30 April 2015 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.

Our assessment of the longer term outlook for the Company is positive. Market conditions are good with a combination of a rising population, increasing road congestion, the cost of running a car and widespread concern for the natural environment providing good potential for increased bus usage across the UK.

Furthermore, 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 continue to achieve high levels of customer satisfaction and to maximise our 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 2014 annual report (paragraph 2.3.6 of the Strategic 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 Division of Stagecoach Group plc, which includes the Company, is discussed in the Strategic Review (paragraph 2.3.7) of the Group's 2014 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.

Strategic report (continued)
For the year ended 30 April 2014

By order of the Board



M J Vaux
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

22 September 2014

Directors' report

For the year ended 30 April 2014

The directors present their report on the affairs of the Company, together with the audited financial statements and independent auditors' report, for the year ended 30 April 2014.

Results and dividends

The directors recommend that no dividend be paid (2013: £Nil), and that the profit for the financial year ended 30 April 2014 amounted to £108,000 (2013: loss £11,000) be transferred to reserves.

Future developments

Future developments have been discussed in the strategic report on page 2.

Financial risk management

Financial risk management has been discussed in the strategic report on page 2.

Directors

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

Mr C Brown

Mr R Montgomery

Mrs E Ensouf (appointed 09/05/2013)

Employees

Employees are central to the Company's strategy to deliver its business plan. A well motivated and engaged workforce will in turn create optimum performance and efficiency within the business. The business objectives are achieved through training, developing and engaging employees in delivering an excellent service to customers and maintaining high operational standards.

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.

Donations

Donations to charitable organisations amounted to £Nil (2013: £Nil).

The Company does not make political contributions and accordingly there were no payments for political purposes during the year (2013: £Nil).

Directors' report (continued)

For the year ended 30 April 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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.

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.

Indemnification of directors and officers

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.

Directors' report (continued)
For the year ended 30 April 2014

By order of the Board

A handwritten signature in black ink, appearing to read 'Michael J. Vaux', with a long horizontal flourish extending to the right.

M J Vaux
Company Secretary

Daw Bank
Stockport
Cheshire
SK3 0DU

22 September 2014

Independent auditors' report to the members of Stagecoach Rail Replacement Limited
For the year ended 30 April 2014

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 30 April 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Stagecoach Rail Replacement Limited, comprise:

- the balance sheet as at 30 April 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

For the year ended 30 April 2014

Report on the financial statements (continued)

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

For the year ended 30 April 2014

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 ISAs (UK & 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.



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

22 September 2014

Profit and loss account

For the year ended 30 April 2014

| | Note | 2014 £000 | 2013 £000 |
|---|------|--------------|--------------|
| Turnover | 2 | 3,592 | 1,032 |
| Cost of sales | | (3,444) | (1,044) |
| Other operating income | | - | 2 |
| Profit/(loss) on ordinary activities before taxation | 3 | 148 | (10) |
| Tax on profit/(loss) on ordinary activities | 6 | (40) | (1) |
| Profit/(loss) for the financial year | 11 | 108 | (11) |

The results for the year arise wholly from continuing operations.

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

The Company has no gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

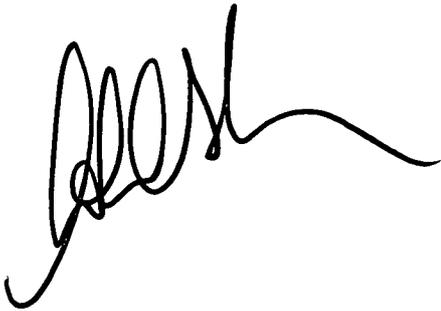
The accompanying notes form an integral part of this profit and loss account.

Balance sheet

As at 30 April 2014

| | Note | 2014 £000 | 2013 £000 |
|--|------|--------------|----------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | 622 | 1,393 |
| Creditors: amounts falling due within one year | 8 | <u>(243)</u> | <u>(1,122)</u> |
| Net assets | | <u>379</u> | <u>271</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | - | - |
| Profit and loss account | 11 | <u>379</u> | <u>271</u> |
| Total shareholders' funds | | <u>379</u> | <u>271</u> |

The financial statements on pages 10 to 16 were approved by the Board of Directors on the 22 September 2014 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 2014

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 2014

2 Turnover

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

3 Profit/(loss) on ordinary activities before taxation

No auditors' fees have been settled directly by the Company. Audit fees of £2,517 (2013: £2,340) 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.

| | 2014 | 2013 |
|---------------------------------------|-------------|------------|
| | £000 | £000 |
| The aggregate remuneration comprised: | | |
| Wages and salaries | <u>165</u> | <u>184</u> |

5 Directors' remuneration

| | 2014 | 2013 |
|-------------------------|-------------|-----------|
| | £000 | £000 |
| Emoluments of directors | <u>34</u> | <u>57</u> |

The above details of directors' emoluments include an apportionment of the emoluments of Mr C Brown and Mr R Montgomery, which are paid by fellow group undertaking, Stagecoach Holdings Limited. £33,827 (2013: £36,901) of their total emoluments received are apportioned to their services as directors of Stagecoach Rail Replacement Limited. The emoluments of Mr LB Warneford included in the above are £Nil (2013: £20,485).

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

| | 2014 | 2013 |
|------------------------|---------------|----------|
| | Number | Number |
| Defined benefit scheme | <u>2</u> | <u>3</u> |

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

| | 2014 | 2013 |
|---------------------|---------------|----------|
| | Number | Number |
| Share option scheme | <u>2</u> | <u>3</u> |

Notes to the financial statements (continued)

For the year ended 30 April 2014

6 Tax on profit/(loss) on ordinary activities

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| a) Tax charge for the year | | |
| Current tax: | | |
| UK corporation tax on profits of the year | 39 | 1 |
| Adjustments in respect of prior years | - | (6) |
| Total current tax | <u>39</u> | <u>(5)</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | 1 | - |
| Adjustments in respect of prior years | - | 6 |
| Total deferred tax (note 9) | <u>1</u> | <u>6</u> |
| Tax on profit/(loss) on ordinary activities | <u>40</u> | <u>1</u> |

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

The tax assessed for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 22.84% (2013: 23.92%). The differences are explained below:

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Profit/(loss) on ordinary activities before tax | 148 | (10) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.84% (2013: 23.92%) | 34 | (2) |
| <i>Effect of:</i> | | |
| Treatment of intercompany transactions | 5 | 3 |
| Adjustments in respect of prior years | - | (6) |
| Current tax charge/(credit) for year | <u>39</u> | <u>(5)</u> |

c) Factors that may affect future tax charges

During the year, a change in the UK Corporation tax rate from 23% to 21% was enacted on 23 July 2013 and became effective on 1 April 2014.

In addition, legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 was included in the Finance Act 2013, which was substantively enacted on 2 July 2013. The impact of the change has been reflected in the closing deferred tax balance.

Notes to the financial statements (continued)

For the year ended 30 April 2014

7 Debtors

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| <i>Amounts falling due within one year:</i> | | |
| Amounts owed by group undertakings | 620 | 1,391 |
| Deferred tax asset (note 9) | - | 1 |
| Prepayments and accrued income | 2 | 1 |
| | <u>622</u> | <u>1,393</u> |

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

8 Creditors

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| <i>Amounts falling due within one year:</i> | | |
| Amounts owed to group undertakings | 30 | 1,074 |
| UK corporation tax payable | 39 | 2 |
| Accruals and deferred income | 174 | 46 |
| | <u>243</u> | <u>1,122</u> |

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

9 Deferred tax asset

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Accelerated capital allowances | - | (1) |
| Deferred tax asset | - | (1) |
| | <u>-</u> | <u>(1)</u> |
| At start of year | (1) | (7) |
| Deferred tax charge for the year (note 6a) | 1 | 6 |
| At end of year | <u>-</u> | <u>(1)</u> |

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



Notes to the financial statements (continued)

For the year ended 30 April 2014

10 Called up share capital

| | 2014 £ | 2013 £ |
|--|------------|------------|
| <i>Authorised:</i> | | |
| 100 (2013: 100) Ordinary share of £1 each | <u>100</u> | <u>100</u> |
| <i>Allotted, called up and fully paid:</i> | | |
| 1 (2013: 1) Ordinary share of £1 each | <u>1</u> | <u>1</u> |

11 Profit and loss account

The movement on reserves is summarised below:

| | Profit and loss account £000 |
|-------------------------------|------------------------------------|
| At start of year | 271 |
| Profit for the financial year | <u>108</u> |
| At end of year | <u>379</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