

# **Stagecoach Rail Holdings Limited**

**Annual report and financial statements for the year ended 30 April 2013**

Registered office:

10 Dunkeld Road  
Perth  
PH1 5TW

Registered number:

SC190288

THURSDAY



\*S2GQO33M\*

SCT

12/09/2013

#671

COMPANIES HOUSE

**Directors' report**  
**For the year ended 30 April 2013**

Registered No: SC190288

The directors are pleased to present their annual report on the affairs of the Company, together with the audited financial statements and auditors' report for the year ended 30 April 2013.

**Principal activity and business review**

The Company acts as an investment and holding company.

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

**Future developments**

The Company continues to look for investment opportunities in the coming year.

**Results and dividends**

The Company reported a profit before taxation of £10,591,000 (2012: £12,883,000)

The directors do not propose a final dividend (2012: £Nil).

**Financial risk management**

Due to the nature and low level of transactions that took place in the year, the only financial risk that the Company's activities expose it to is the effects of changes in interest rates. The directors of Stagecoach Group plc, the Company's ultimate parent, consider this financial risk in the context of the Group as a whole. For this reason, the Company's directors believe that a discussion of the Group's financial risks would not be appropriate for an understanding of the performance or position of the Company's business. The principal risks and uncertainties of Stagecoach Group plc, which include the impact of those of the Company, are discussed in the Group's annual report, which does not form part of this report.

**Directors**

The directors of the Company who served during the year and up to the date of approval of the financial statements are listed below.

Robert Benns  
Martin Griffiths  
Andrew Levy  
Ross Paterson  
Timothy Shoveller

**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.

**Statement of directors' responsibilities (continued)**

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.

**Indemnification of directors and officers**

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

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

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

- So far as each of the directors are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- Each of the directors has taken steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) 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 the directors have resolved that they be appointed as auditors for next year.

By order of the Board



Michael Vaux  
Company Secretary  
30 August 2013

# **Independent auditors' report**

## **For the year ended 30 April 2013**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STAGECOACH RAIL HOLDINGS LIMITED**

We have audited the financial statements of Stagecoach Rail Holdings 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 in the directors' report, 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 financial statements and 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 2013 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.

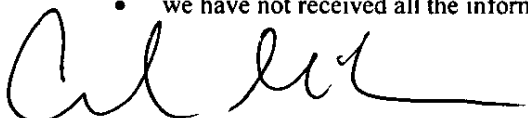
#### **Opinion on other matter prescribed by the Companies Act 2006**

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.

#### **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  
2 September 2013

**Profit and Loss Account**  
**For the year ended 30 April 2013**

|  | Note | 2013<br>£000 | 2012<br>£000 |
|--|------|--------------|--------------|
| Turnover   |      | 30,705       | 47,688       |
| Impairment provision   |      | (13,295)     | (40,558)     |
| <b>Profit on ordinary activities before exceptional items, interest and taxation</b> |      | 17,410       | 7,130        |
| Exceptional items  | 4    | Nil          | 13,146       |
| <b>Profit on ordinary activities before interest and taxation</b>                    |      | 17,410       | 20,276       |
| Finance costs  | 2    | (12,192)     | (12,631)     |
| Finance income   | 2    | 5,373        | 5,238        |
| <b>Profit on ordinary activities before taxation</b>                                 | 3    | 10,591       | 12,883       |
| Tax on profit on ordinary activities   | 5    | (18)         | 140          |
| <b>Profit for the financial year</b>   |      | 10,573       | 13,023       |

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

The results for each year arise wholly from continuing operations.

There are no recognised gains or losses in either year other than the results reported above and therefore no separate statement of total recognised gains and losses is presented.

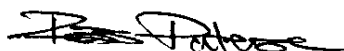
There is no difference between the profit or loss on ordinary activities before taxation and the profit or loss for the year, above, and their historical cost equivalents.

**Balance Sheet**  
As at 30 April 2013

|   | Note | 2013<br>£000   | 2012<br>£000   |
|---|------|----------------|----------------|
| <b>Fixed assets</b>                                   |      |                |                |
| Investments   | 6    | 52,609         | 63,405         |
| <b>Current assets</b>                                 |      |                |                |
| Debtors   | 7    | 197,872        | 222,307        |
| Cash at bank and in hand                              |      | 77,449         | 43,613         |
|   |      | <u>275,321</u> | <u>265,920</u> |
| <b>Creditors: amounts falling due within one year</b> | 8    | (212,782)      | (224,750)      |
| <b>Net current assets</b>                             |      | <u>62,539</u>  | <u>41,170</u>  |
| <b>Total assets less current liabilities</b>          |      | <u>115,148</u> | <u>104,575</u> |
| <b>Net assets</b>                                     |      | <u>115,148</u> | <u>104,575</u> |
| <b>Capital and reserves</b>                           |      |                |                |
| Called up share capital                               | 9    | 116            | 116            |
| Share premium account                                 | 10   | 95,174         | 95,174         |
| Profit and loss account                               | 10   | 19,858         | 9,285          |
| <b>Total shareholders' funds</b>                      |      | <u>115,148</u> | <u>104,575</u> |

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 4 to 10 were approved by the Board of Directors on 30 August 2013 and signed on its behalf by:



Ross Paterson  
Director

## **Notes to the financial statements**

**For the year ended 30 April 2013**

### **1. Accounting policies**

A summary of the principal accounting policies is set out below. All principal accounting policies have been applied consistently throughout the year and the preceding year.

#### *(a) Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and comply with the requirements of the Companies Act 2006.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 1. The financial position of the Company is presented in the financial statements and supporting notes.

The Company has sufficient financial resources with which the directors believe that the Company is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *(b) Basis of consolidation*

The Company is a wholly owned subsidiary of another UK company, Stagecoach Group plc, which prepares consolidated financial statements including the Company. As permitted by Section 400 of the Companies Act 2006, the Company has not prepared consolidated financial statements.

#### *(c) Cash flow statement*

As permitted by FRS 1 (Revised 1996), the Company has not prepared a cash flow statement as it is a wholly owned subsidiary of another United Kingdom company, Stagecoach Group plc, which prepares consolidated financial statements, which include a consolidated cash flow statement in which the cash flows of the Company are included.

#### *(d) Taxation*

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

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

#### *(e) Investments*

Fixed asset investments are shown at cost, less any provision for impairment. An impairment loss is recognised for the amount by which the carrying amount of the net investment exceeds its recoverable amount, being the higher of net realisable value and value in use. The value in use is determined using a pre-tax discount rate which reflects our current market assessments of the risks specific to the investment.

#### *(f) Related party transactions*

The Company has taken advantage of the FRS 8 exemption from having to provide details of transactions with fellow wholly owned group undertakings.

## Notes to the financial statements (continued)

For the year ended 30 April 2013

### 1. Accounting policies (continued)

#### (g) Dividends

Dividends on ordinary shares are recorded in the period in which they are approved by the Company's shareholders, or in the case of interim dividends, in the period in which they are paid.

#### (h) Turnover

Investment income comprises income from investment holdings. Income is accounted for on a receivable basis. Dividends receivable are recognised on the date on which they are declared.

### 2. Finance costs and income

|   | 2013<br>£000   | 2012<br>£000   |
|---|----------------|----------------|
| <b>Finance costs</b>                                      |                |                |
| Interest payable on loans from fellow group undertakings  | 12,192         | 12,631         |
| Interest receivable on loans to fellow group undertakings | (4,943)        | (2,836)        |
| Bank interest receivable                                  | (430)          | (2,401)        |
| Other interest receivable                                 | Nil            | (1)            |
| <b>Finance income</b>                                     | <u>(5,373)</u> | <u>(5,238)</u> |
| <b>Net finance costs</b>                                  | <u>6,819</u>   | <u>7,393</u>   |

### 3. Profit on ordinary activities before taxation

The remuneration of the auditors is not settled directly by the Company. Audit fees of £2,340 (2012: £8,271) were paid by the ultimate holding company, Stagecoach Group plc, on behalf of the Company in respect of audit work performed in the UK.

The remuneration of the directors is borne by the ultimate holding company, Stagecoach Group plc and/or other group companies. No significant part of the directors' remuneration is directly attributable to the Company (2012: £Nil).

The Company has no employees (2012: Nil).

### 4. Exceptional items

Last year, a pre-tax gain of £13,146,000 was reported in relation to the sale of the Company's Manchester Tram Operations (note 6).

### 5. Tax on profit on ordinary activities

#### (a) Analysis of charge/(credit) for the year

|  | 2013<br>£000 | 2012<br>£000 |
|--|--------------|--------------|
| Current tax:   |              |              |
| Amounts receivable from fellow subsidiaries in respect of group relief | (176)        | (194)        |
| Adjustment in respect of prior periods                                 | 194          | 54           |
| <b>Tax on profit on ordinary activities</b>                            | <u>18</u>    | <u>(140)</u> |



## Notes to the financial statements (continued)

For the year ended 30 April 2013

### 5. Tax on profit on ordinary activities (continued)

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

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.92% (2012: 25.84%).

|   | 2013<br>£000 | 2012<br>£000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax  | 10,591       | 12,883       |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.92% (2012: 25.84%) | 2,533        | 3,329        |
| Non tax deductible expenditure and other permanent differences  | 3,004        | 10,478       |
| Non taxable exceptional items   | Nil          | (3,396)      |
| UK dividends  | (7,344)      | (12,321)     |
| Treatment of intercompany transactions  | 1,631        | 1,716        |
| Adjustment in respect of prior periods  | 194          | 54           |
| Current tax charge/(credit) for the year (note 5a)  | 18           | (140)        |

### 6. Investments

Investments are stated at cost less any amounts provided for impairment.

The movement in the year was as follows:

|                                      | Subsidiary<br>undertakings<br>£000 | Joint<br>ventures<br>£000 | Total<br>£000 |
|--------------------------------------|------------------------------------|---------------------------|---------------|
| <b>Cost</b>                          |                                    |                           |               |
| At beginning and end of year         | 189,705                            | 126,543                   | 316,248       |
| <b>Accumulated impairment losses</b> |                                    |                           |               |
| At beginning of year                 | (153,500)                          | (99,343)                  | (252,843)     |
| Charge for year                      | Nil                                | (10,796)                  | (10,796)      |
|                                      | (153,500)                          | (110,139)                 | (263,639)     |
| Net book value at beginning of year  | 36,205                             | 27,200                    | 63,405        |
| Net book value at end of year        | 36,205                             | 16,404                    | 52,609        |

The Directors have re-assessed the carrying value of the Company's investments as at 30 April 2013. In accordance with FRS 11, the Directors have compared the carrying value of the net investments in subsidiary undertakings, with the estimated recoverable amount, being the higher of net realisable value and value in use. The Directors have concluded that a write down of £10,796,000 (2012: £33,957,000) to the carrying value of its investments is required.

The Directors believe the carrying value of the investments is supported by their underlying net assets.

## Notes to the financial statements (continued)

For the year ended 30 April 2013

### 6. Investments (continued)

The Company owns the following subsidiary undertakings (ordinary shares 100% owned and 100% voting rights):

|   | <u>Country of registration</u> | <u>Principal activity</u> |
|---|--------------------------------|---------------------------|
| East Midlands Trains Limited            | England                        | Train operator            |
| South Yorkshire Supertram Limited       | England                        | Tram operator             |
| Stagecoach South Western Trains Limited | England                        | Train operator            |

In August 2011, the Company disposed of its Manchester tram operations, Stagecoach Metrolink Limited, realising a £13,146,000 gain on disposal as reported in note 4.

The Company also had the following joint venture interests during the year:

|                                    | <u>Country of registration</u> | <u>% held at 30 April 2013</u> |
|------------------------------------|--------------------------------|--------------------------------|
| Virgin Rail Group Holdings Limited | England                        | 49                             |

Virgin Rail Group Holdings Limited is the holding company of Virgin Rail Group Limited, which in turn is the holding company of CrossCountry Trains Limited and West Coast Trains Limited.

### 7. Debtors

|  | <b>2013</b>    | <b>2012</b>    |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Amounts owed by fellow group undertakings                    | 206,796        | 228,667        |
| Provision against amounts due from fellow group undertakings | (9,100)        | (6,601)        |
| Corporation tax  | 176            | 194            |
| Prepayments and accrued income                               | Nil            | 47             |
|  | <u>197,872</u> | <u>222,307</u> |

Of amounts owed by group undertakings, £45,123,078 (2012: £67,631,901) is an interest bearing loan to a fellow subsidiary undertaking, which is repayable within one year and attracts interest based on the 6 month London Inter Bank Offer Rate (LIBOR) plus a margin of 2.5%. In addition, £150,969,863 (2012: £150,632,877) relates to an interest bearing loan to a fellow subsidiary undertaking, also repayable within one year and attracts interest based on the bank base rate plus a margin of 1.5%. All other amounts due from fellow group undertakings accrue no interest and are repayable on demand.

## Notes to the financial statements (continued)

For the year ended 30 April 2013

### 8. Creditors: amounts falling due within one year

|                                    | 2013<br>£000 | 2012<br>£000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | 212,782      | 224,750      |

Of amounts owed to group undertakings, £161,721,805 (2012: £151,480,837) is an interest bearing loan from SCUSI Ltd, a fellow subsidiary undertaking, which is repayable within one year and attracts interest based on the 7 year LIBOR plus a margin of 4.4575%. At 30 April 2013 an additional loan from SCUSI Ltd of £45,123,078 (2012: £67,631,901) was due. This is also repayable within one year and attracts interest based on 6 month LIBOR plus a margin of 2.5%. All other amounts due to fellow group undertakings are interest free and repayable on demand.

### 9. Share capital

|  | 2013<br>£ | 2012<br>£ |
|--|-----------|-----------|
| <i>Allotted and paid</i>                           |           |           |
| 116,383 (2012: 116,383) ordinary shares of £1 each | 116,383   | 116,383   |

### 10. Reconciliation of movement in total shareholders' funds

The following shows the movement in reserves and reconciliation in shareholders' funds for the year:

|                      | Share<br>capital<br>£000 | Share<br>premium<br>account<br>£000 | Profit and loss<br>account<br>£000 | Total<br>shareholders'<br>funds<br>£000 |
|----------------------|--------------------------|-------------------------------------|------------------------------------|---|
| At beginning of year | 116                      | 95,174                              | 9,285                              | 104,575                                 |
| Profit for the year  | Nil                      | Nil                                 | 10,573                             | 10,573                                  |
| At end of year       | 116                      | 95,174                              | 19,858                             | 115,148                                 |

### 11. Ultimate holding company

The Company's immediate holding company is The Integrated Transport Company Limited (registered number SC192154) and its ultimate holding company and controlling party is Stagecoach Group plc (registered number SC100764), both registered in Scotland. Stagecoach Group plc heads the only group in which the results of the Company are consolidated. The financial statements of Stagecoach Group plc are available from 10 Dunkeld Road, Perth, PH1 5TW.