

Company no. 3666306

ANNUAL REPORT
South Eastern Trains Limited
31 March 2006

Registered Office

Whittles House
14 Pentonville Road
London N1 9HF

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SOUTH EASTERN TRAINS LIMITED

CONTENTS

	Page
Directors' report	1-3
Record of achievement 9 November 2003 to 31 March 2006	4-9
Directors and officers 9 November 2003 to 31 March 2006	10
Independent Auditors' report to the shareholders	11-12
Profit and loss account	13
Statement of total recognised gains and losses	14
Balance sheet	15
Notes to the financial statements	16-29

SOUTH EASTERN TRAINS LIMITED

DIRECTORS' REPORT **For the year ended 31 March 2006**

The directors submit their report and the financial statements for the year ended 31 March 2006.

Principal activity

The principal activity of the company during the year was the operation of passenger rail services, an activity which came to an end as at 1/4/06.

On 9 November 2003 South Eastern Trains Ltd (SET) took over the running of train services in Kent, South East London, and parts of Sussex, from the previous operator Connex South Eastern Limited (Connex). The company is owned by South Eastern Trains (Holdings) whose ultimate parent company is the Strategic Rail Authority (SRA). SET are required to deliver all franchise commitments and obligations as a "supplier" to the SRA under a section 211 Agreement, as amended, under the Transport Act 2000. The grant receivable from the SRA is linked to the operating performance of the company.

SET is tasked with operating the South Eastern Train services on an Interim basis, until another private company is awarded the franchise for the "Integrated Kent Franchise". This new franchise will incorporate the existing South Eastern Services together with the planned high-speed domestic services on the Channel Tunnel Rail Link.

As a result of a franchise re-tendering process run by the Department for Transport, the operations of South Eastern Trains were transferred to GoVia on 1/4/06.

Results

The company made a loss after tax for the year of £1,905,000 (2005: £2,968,000 profit). However, this includes a net charge relating to FRS17 of £2,700,000. After adjustment for this the underlying trading profit for the year was £1,445,000. This also reflects the impact of approximately £4,000,000 loss of revenue following the terrorist attacks in London in July 2005.

The directors do not propose a dividend for the year (2005: £nil).

The loss for the year has been transferred to reserves.

Business review and prospects

SET runs approximately 1,700 train journeys a day and carries around 400,000 people every weekday, servicing 182 stations and covering 773km of track. The company's priority is to provide stability for passengers and staff, whilst striving to improve the quality and reliability of the service and maintain the current high safety levels. SET is supporting the SRA in delivering a professional service until the business is re-franchised. A major programme for the introduction of new trains into SET, thus allowing removal of old "slam door" stock was completed by November 2005.

The company has continued to achieve improvements across the main punctuality and reliability indicators used to measure operating performance over the period.

The operational performance of the business continued to improve year on year. The moving annual average Public Performance Measure (the industry wide PPM) rose to 87% by March '06.

More detail is contained in the "Record of Achievement" section.

SOUTH EASTERN TRAINS LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 March 2006

Creditor payment policy

The company's policy is to pay bills for all its suppliers in accordance with agreed settlement terms in line with the principles of the CBI Prompt Payment Code, which aims to encourage best practice in dealing with the payment of bills. Trade creditors at the year end represented 9 days (2005: 24 days) of purchases.

Directors and their interests

The directors of the company during the year were:

N.G. Newton – Chairman
M.P. Holden
C.J. Cornthwaite
D. Rayner
A. Roche

During the year Nick Newton was also the Chief Executive of the SRA, the ultimate parent undertaking.

None of the directors have a beneficial interest in the shares of the company, or of any group undertaking that requires disclosure. No director had a material interest in any contract with the company.

As a result of the transfer of the business to GoVia, the above directors resigned on 31/3/06 and were replaced by:

G. W. D. Sutherland* - Chairman
P. Hawthorne
C. Pierce*

* Also directors of South Eastern Trains (Holdings)

Statement of Directors' responsibilities for the Annual Report

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are also responsible for preparing financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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 maintenance and integrity of the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SOUTH EASTERN TRAINS LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 March 2006

Employees

The company is a non-discriminatory employer operating an Equal Opportunities Policy that aims to eliminate unfair discrimination, harassment, victimisation and bullying. The company is committed to ensuring that all individuals are treated fairly, with respect and are valued irrespective of disability, race, gender, health, social class, sexual preference, marital status, nationality, religion, employment status, age or membership or non-membership of a trade union.

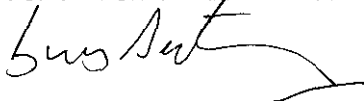
The company uses the consultative procedures agreed with its staff and elected representatives with a view to ensuring that employees are aware of the financial and economic factors, which affect the company's performance and prospects.

It is company policy to continue to employ those who become disabled in service, together with some recruitment where circumstances permit. Training is adjusted to cater for an individual disability and the disabled share the same conditions of service as other staff in relation to career development and promotion.

Auditors

The Company has appointed PricewaterhouseCoopers LLP (PwC) as auditors. PwC have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting.

For and on behalf of South Eastern Trains Ltd



G W D Sutherland
Director

11 July 2006

SOUTH EASTERN TRAINS LIMITED

RECORD OF ACHIEVEMENT 9TH NOVEMBER 2003 TO 31ST MARCH 2006

Introduction

South Eastern Trains Ltd (SET) traded as a Train Operating Company from 9th November 2003 until 31st March 2006. It was formed by the Strategic Rail Authority (SRA) to provide train services in South East London and Kent following the early termination of the Connex South Eastern (CSE) franchise and whilst a new franchise was let to the private sector. SET ceased to be a Train Operating Company at 02:00hrs on 1st April 2006 when GoVia Ltd became responsible for the franchise through its subsidiary London & Southeastern Railway Ltd.

SET inherited many challenges. The priority was to stabilise the Company, put it on a sound business footing and prepare it for re-franchising. Throughout this process it continued to run approximately 1,700 train services per day and carried around 120,000 passengers during each weekday peak (and 400,000 people every weekday), servicing 182 stations and 773 kilometres of track.

This record summarises what was achieved.

Strategic Objectives

The Strategic Rail Authority discharged its shareholder and stewardship responsibilities for SET through a Subsidiary Company, South Eastern Trains (Holdings) Ltd (SET(H)) which determined that SET needed to deliver against 3 key objectives:

- To stabilise the company and its overall operational and financial performance;
- To deliver cost-effective improvements to service; and
- To build a company that optimised the potential attractiveness to any new owner whilst delivering for customers the daily requirements.

These strategic objectives were translated into a detailed business plan by SET.

Management and People

SET was fortunate to inherit Michael Holden as its Managing Director. By November 2003 he was already building his management team, a task that was completed in March 2004. There were no subsequent changes to the senior executive team and their names are recorded at the end of this report.

SET inherited 3,456 employees with a vacancy gap of nearly 8%. This shortfall severely impacted SET's ability to deliver its operational targets and immediate steps were taken to bring the company up to strength. By 31 March 2005 the company employed 3,823 people, and on 31 March 2006 it employed 3,866 people, reducing the vacancy gap to 4.0%.

Actions taken by the management team, including the introduction of Management Core Skills training and work on SET values and behaviours, succeeded in improving staff satisfaction from 22% of employees saying that they had a positive opinion of SET as an employer in 2003, to 38% in 2004 and 51% in 2005.

SOUTH EASTERN TRAINS LIMITED

RECORD OF ACHIEVEMENT (continued) 9TH NOVEMBER 2003 TO 31ST MARCH 2006

Processes

SET improved the underlying financial systems and processes that were inherited from Connex South Eastern, crucially achieving consistency, and introduced a robust internal control framework and financial forecasting processes including a comprehensive risk register. The National Audit Office concluded in December 2005 'that SET strengthened its financial management as a subsidiary of the SRA'. The business was measured by a set of key performance indicators that covered customer perception, financial performance, operational processes and impact on employees. These measures were cascaded to form the basis of departmental and individual targets and objectives, and were reviewed on a periodic basis by the Executive team and SET Board. In November 2003 there were over 500 projects underway, most without clear documentation or financial assessment. The introduction of a small project support office ensured that from May 2004 all project activity was underpinned by an approved business case and that progress and risks were assessed every four weeks.

An extensive programme of internal audits carried out by Ernst and Young judged that 65% of the activities audited met or exceeded expectations. The actions from the audits were tracked by SET and by 31 March 2006, 98% of actions had been closed out.

Processes associated with the management of safety are discussed elsewhere in this report.

Operational Performance

Punctuality and reliability improved substantially during SET's operation. The key measure of Public Performance Measure (PPM) improved from 79.6% in November 2003, to 84.2% in March 2005 and 87% in March 2006. This was achieved by a clear focus on the basics of running the service, successful co-location arrangements with Network Rail in an integrated control centre and Network Rail's improvements in infrastructure delivery.

Customer satisfaction with the reliability of the train service (the percentage of customers saying that reliability was good or very good) rose from 31% in Quarter 3 2003 to 51% in Quarter 3 2005.

Income

Farebox income increased by 5.2% year on year. This was despite a £4 million loss of income following the terrorist attacks in London during July 2005, which resulted in a significant decrease in leisure travel and discretionary business travel. This income growth further narrowed the gap between SET and the London & South Eastern TOC average fare growth. SET growth at March 2006 was 0.6% points lower compared to 6% points lower in November 2003.

An integrated marketing campaign launched in June 2005, and developed throughout the year, was instrumental in driving an increase in income from leisure travel by 8.6%.

SOUTH EASTERN TRAINS LIMITED

RECORD OF ACHIEVEMENT (continued) 9TH NOVEMBER 2003 TO 31ST MARCH 2006

Passengers

Passenger satisfaction with the service offered by SET improved steadily after November 2003 when only 51% were positive about the train service or the stations. This rose to 77% satisfaction with the train service and 75% with the stations in March 2006.

One aspect showing marked improvement was the quality of passenger information, with an increase from 42% in November 2003 to 55% of passengers saying information was good or very good in March 2006. This was achieved by new customer information displays installed across nearly all stations, information controllers relocated to the new service delivery centre to sit with their colleagues running the train service, a revamped website which provided more accurate and timely information and links with National Rail Enquiries and Radio Kent to make all information accessible to the greatest number of passengers.

In March 2005 SET introduced an in-house Customer Relations department and out-sourced call centre to handle customer service, improving customer satisfaction with how their complaints were dealt with from 42% saying it was handled well or very well, up to 57%.

Fleet

SET delivered a number of successes in terms of Fleet Management, including; the first recent 100% on time and to budget train refurbishment in the industry, completing SET's New Trains introduction programme on time, improving reliability of the fleet of Networkers by 100% and that of Electrostars by more than 200%, while reducing the delay minutes attributable to Fleet by around 40% compared to levels two years previously.

Several long-term structural changes were firmly embedded in the Fleet Management organisation, namely the use of 'War Rooms', the quarterly strategic planning and action-oriented review cycle, the execution of Engineering Process Checks by Competency Assessors, the management and control of rolling stock risk through a project oriented Risk Register, and the management of projects according to structured Project Management techniques. Whilst the focus during the SET custodianship was on the recovery and re-establishment of Fleet Management practices, the foundation was established allowing for further business improvement initiatives to build on these successes.

The presentation of the fleet was improved and the percentage of vehicles receiving an overnight clean increased from 45% in November 2003, to 80% in March 2005 and 92% in March 2006. Measures were taken to combat graffiti and vandalism, including use of anti-graffiti paint and scratch-resistant film on windows. Where possible, offenders were caught and prosecuted, one particular case leading to a custodial sentence being imposed.

The percentage of passengers saying that the cleanliness of the train was good or very good increased from 20% in November 2003 to 40% in March 2006.

SOUTH EASTERN TRAINS LIMITED

RECORD OF ACHIEVEMENT (continued) 9TH NOVEMBER 2003 TO 31ST MARCH 2006

Station Improvements

SET made the improvement of the station environment a major focus. All stations were deep cleaned at least once with 63% repainted. There were improvements in the maintenance and repair of stations, including the provision of waiting shelters, cycle parking, toilets, and seating. Customer information systems and 24 hour centrally monitored CCTV, with high specification lighting, were introduced on 43 metro stations. A completely new station was opened at Hastings in 2005 and major refurbishment was completed at Chatham in 2006. The refurbishment of Dover Priory was under way on 31 March 2006.

The percentage of passengers saying the upkeep and repair of stations was good or very good, increased from 23% in November 2003 to 36% in the customer satisfaction survey in December 2005.

The facilities for purchasing tickets were improved, with the introduction of new ticket issuing machines in the ticket offices at all staffed stations, and new self-service ticket machines at 104 stations. SET was the first TOC to introduce the renewal of monthly season tickets at self-service machines, reducing the Monday morning ticket office queues.

Revenue Protection

The introduction of a dedicated Conductor management team delivered a step change in the performance of conductors. The improved visibility, as measured by customer surveys and SET internal measures resulted in improved customer satisfaction with the helpfulness of staff on trains. It has also facilitated an increase in income from conductor ticket sales rising from £10 million in 2003/04, to £11.6 million in 2004/05 and £12.9 million in 2005/06.

SET intensified its revenue protection activity by staffing gatelines for extended periods at all its gated stations and using mobile Revenue Protection Officers to tackle fare evasion. SET extended the penalty fare areas across Kent from March 2005. The number of Penalty fares increased from 43,000 in 2003/04 to just under 56,000 in 2004/05 and just over 56,000 in 2005/06.

Information Technology

Since November 2003, SET replaced or upgraded the entire IT infrastructure. A converged network, carrying voice, data and video/CCTV was developed linking 162 sites to replace an unreliable network linking only 32 sites. Two new data centres were established to deliver applications to users with over 99.99% reliability and with continuity down to less than 30 minutes to restore all key operational systems.

This improvement in IT systems and networks was instrumental in enabling SET to deliver service and customer satisfaction improvements by providing the core capability that over 100 improvement projects have required.

SOUTH EASTERN TRAINS LIMITED

RECORD OF ACHIEVEMENT (continued) 9TH NOVEMBER 2003 TO 31ST MARCH 2006

Safety and Security

SET performed well against its safety targets and saw improvements in most measures. This was achieved by a major reorganisation of the approach to safety management, and an audit of the SET Safety Case revealed no non-compliance. In the last full year of operation Connex South Eastern had seven 'Signals Passed at Danger' (SPADs) with greatest potential harm. This was reduced to one in the last year of SET operation. The emphasis on safety made SET a safer place to work, with workforce injuries, which resulted in lost time, reduced from 38 in the year up to November 2003, to 16 in the year up to March 2006. It is particularly gratifying to note that there were no staff or passenger fatalities.

Following the Madrid bombings a capability was put in place to respond to major security issues and SET therefore coped well with the aftermath of the London Bombings in July 2005.

Improving passenger and staff security was of key importance to SET, and the introduction of a centralised CCTV monitoring suite, covering most of its stations within Greater London, integrated within the service delivery centre, enabled efforts to combat crime to be effectively co-ordinated. Integral to the security strategy was the introduction of 40 Rail Enforcement Officers. These were specially trained staff accredited by the British Transport Police, with powers to enforce railway bylaws, who provided a reassuring presence to passengers at times and places where they felt most vulnerable.

Subsidy & Financial

SET operated in accordance with an agreed three year Business Plan, with budgets and subsidy annually approved by the SRA/DfT. The subsidy was set at:-

Financial Year	Subsidy £ million
2003/04	51.6
2004/05	80.7
2005/06	80.2

The planned increase in subsidy was as a result of increased Track Access Charges and associated regulatory changes, together with investments SET made in its core business e.g. additional staff, new fleet and tackling a backlog of cleaning and repairs.

Against these budget targets, SET consistently delivered a strong set of financial results reflecting reductions in the rolling stock lease charges, related compensation payments and good operational control. In addition, farebox income was strengthened by focused marketing. Consequently the subsidy required by SET was reduced by £10.6 million, during its period of ownership, to:-

Financial Year	Subsidy £ million
2003/04	50.7
2004/05	68.7
2005/06	82.5

The National Audit Office Report in December 2005 concluded that "SET's costs to the taxpayer have therefore been well controlled to keep them within the SRA's original estimate".

SOUTH EASTERN TRAINS LIMITED

RECORD OF ACHIEVEMENT (continued) 9TH NOVEMBER 2003 TO 31ST MARCH 2006

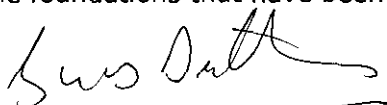
Integrated Kent Franchise (IKF)

SET worked with the SRA to maximise the value and attractiveness of SET, to support the IKF refranchising and to provide a smooth and efficient transfer to new ownership in April 2006.

Conclusion

The three key objectives set out earlier that SET had to achieve were hit, and this stands as a testament to the *hard work and dedication of the management and staff involved*, together with suppliers – in particular Network Rail. An inherited loss-making organisation, with poor customer satisfaction, and reliability and punctuality levels has been turned round.

Whilst at the point of transfer there is still much to do, SET during its two and a half year existence did deliver steady and continuous improvement to the rail services in South East London and Kent. It has handed over to GoVia Ltd a company that is well placed to build on the foundations that have been laid and we wish our successors well.



G W D Sutherland
Director
South Eastern Trains Ltd

11 July 2006

SOUTH EASTERN TRAINS LIMITED

DIRECTORS AND OFFICERS
9TH NOVEMBER 2003 TO 31ST MARCH 2006

SOUTH EASTERN TRAINS (HOLDINGS) LTD COMPANY BOARD

Doug Sutherland	Chairman
John Nelson	Non-Executive Director
Cedric Pierce	Business Development Director
Frank Johnson	Finance Director (until June 2004)
Peter Trewin	Company Secretary

SOUTH EASTERN TRAINS LTD COMPANY BOARD

Nick Newton	Chairman
Michael Holden	Managing Director
Chris Cornthwaite	Finance Director
David Rayner	Non-Executive Director
Tony Roche	Non-Executive Director
Kathryn Devereux	Company Secretary

SOUTH EASTERN TRAINS LTD EXECUTIVE TEAM

Michael Holden	Managing Director
Andy Byford	Operations and Safety Director
Gary Cooper	Change Director
Chris Cornthwaite	Finance Director
Nigel Cotton	Human Resources Director
Janet Somerville	Commercial Director
Phil Verster	Engineering Director
Alex Warner	Retail Director

SOUTH EASTERN TRAINS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EASTERN TRAINS LIMITED

We have audited the financial statements of South Eastern Trains Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the record of achievement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SOUTH EASTERN TRAINS LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, London

11/7/06

SOUTH EASTERN TRAINS LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2006

	Notes	2006 £'000	2005 Restated £'000
TURNOVER		348,721	331,340
Other operating income	2	116,573	99,964
Operating charges		(470,845)	(432,312)
		<hr/>	<hr/>
OPERATING LOSS	3	(5,551)	(1008)
Other interest receivable and similar income	5	4,485	5,406
Interest payable and similar charges	6	(189)	(225)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,255)	4,173
Taxation on (loss)/profit on ordinary activities	7	(650)	(1,205)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	20	<u>(1,905)</u>	<u>2,968</u>

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

The notes on pages 16 to 29 form part of these financial statements.

SOUTH EASTERN TRAINS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 March 2006

	2006 £'000	2005 Restated £'000
(Loss)/profit for the financial year	(1,905)	2,968
Actuarial gain on pension scheme	9,400	(12,800)
Movement on deferred tax relating to pension asset	<u>(2,000)</u>	<u>4,600</u>
Total gains and losses relating to the year	5,495	(5,232)
Prior year adjustment – FRS 17	(23,526)	-
Total gains and losses recognised since last annual report	<u>(18,031)</u>	<u>(5,232)</u>

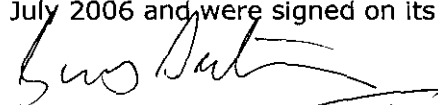
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SOUTH EASTERN TRAINS LIMITED

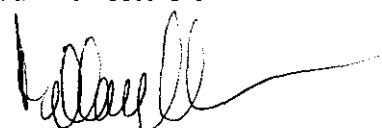
BALANCE SHEET As at 31 March 2006

	Notes	2006 £'000	2005 Restated £'000
FIXED ASSETS			
Intangible fixed assets – negative goodwill	9	-	(2,410)
Tangible fixed assets	10	43,323	42,407
Investments	11	-	-
		<u>43,323</u>	<u>39,997</u>
CURRENT ASSETS			
Stock	12	3,853	2,231
Debtors due within one year	13	55,809	29,896
Cash at bank and in hand		4,397	63,466
		<u>64,059</u>	<u>95,593</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	14	<u>(81,663)</u>	<u>(117,103)</u>
NET CURRENT LIABILITIES		<u>(17,604)</u>	<u>(21,510)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,719	18,487
LONG TERM LIABILITIES			
Creditors - amounts falling due after more than one year	15	(9,739)	(5,814)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(14,125)	(11,613)
Pension scheme deficit	22	(17,700)	(22,400)
NET LIABILITIES		<u>(15,845)</u>	<u>(21,340)</u>
CAPITAL AND RESERVES			
Called up share capital	19	-	-
Profit and loss account	20	(15,845)	(21,340)
EQUITY SHAREHOLDER'S FUNDS	20	<u>(15,845)</u>	<u>(21,340)</u>

The financial statements on pages 13 to 29 were approved by the board of directors on 11 July 2006 and were signed on its behalf by:



Doug Sutherland
Director



Peter Hawthorne
Director

The notes on pages 16 to 29 form part of these financial statements.

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of more important accounting policies, which have been applied consistently with the prior period, except as set out below.

The financial statements have been prepared on a going concern basis.

The Directors have taken advantage of the exemption in FRS 1 (revised) for not including a cash flow statement in the financial statements on the grounds that the ultimate parent undertaking publishes a consolidated cash flow statement.

Changes in accounting policies

The company has adopted FRS 17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date', and FRS 25, 'Financial instruments: disclosure and presentation', in these financial statements. The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly.

The adoption of FRS21 and FRS25 had no effect on these financial statements.

(b) Turnover

Turnover comprises passenger income attributed to the company by the income allocation systems of Rail Settlement Plan Limited mainly in respect of passenger receipts. Income is attributed based principally on models of certain aspects of passenger behaviours and to a lesser extent from allocations agreed for specific revenue flows. The attributed share of season ticket income is deferred within creditors and released to the profit and loss account over the life of the relevant season ticket. All turnover originates in the United Kingdom.

(c) Other operating income

Other operating income comprises:

- (i) Revenue grant relating to amounts receivable from the SRA in respect of passenger services operated by the company;
- (ii) Performance payments payable and receivable from Network Rail under performance incentive regimes;
- (iii) Other income derived from amounts receivable from car parks, property rentals, advertising, commission on ticket sales and charges to other rail industry companies for services provided.

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (CONTINUED)

(d) Tangible fixed assets

The cost of tangible fixed assets is their purchase cost subject to a minimum monetary level of £1,000 (computer equipment £300), together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned and commences in the accounting period following entry into service. The lives used for the major categories of assets are:

Short Leasehold Improvements	20 years
Plant and Equipment	3-12 years
Motor Vehicles	5 years

Assets in the course of construction are held on the balance sheet at cost until they are complete. They are then transferred to the appropriate asset class at cost. No depreciation is charged on capital work in progress.

(e) Intangible fixed assets –negative goodwill

Acquired goodwill is capitalised. The negative goodwill arising on the transfer of assets and liabilities from Connex is being recognised in the profit and loss on a straight-line basis over the likely periods expected to benefit, 2.4 years.

(f) Finance and operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Leasing agreements that transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

The capital element (above the minimum monetary level of £1,000) of finance leasing obligations and hire purchase obligations for plant and equipment assets is included in fixed assets and depreciated in the same way as owned assets.

The capital element of leasing liabilities is included within creditors. The liability is stated at the deemed capital portion of the annual lease payments calculated on the annuity method, with the remainder of the annual payment, representing interest, being shown within interest payable and similar charges in the Profit and Loss Account.

Rental income under operating leases is credited to the Profit and Loss Account on a straight-line basis over the lease term.

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES (CONTINUED)

(g) Stock

Stocks consist of engineering spare parts and consumable stores and are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

(h) Taxation

The Company is assessable to taxation in accordance with the Taxes Acts and tax is recognised in the financial statements where a charge is forecast to arise.

Deferred tax is provided on timing differences ensuing from the different treatments for accounts and taxation purposes of transactions and events recognised in the financial statements of the current year and previous years. Deferred taxation is calculated at the rates at which it is estimated the tax will arise. Deferred taxation is not discounted. Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions.

(i) Investments

Investments are stated at cost less provision for any impairment in value.

(j) Pension scheme arrangements

The company operates a defined benefit pension scheme. The fund is fully valued for funding purposes every three years by a professionally qualified independent actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The contributions to the scheme are paid in accordance with the rules of the scheme.

The company has adopted FRS 17, 'Retirement benefits' in these financial statements. The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to increase staff costs by £13,500,000 (2005: £11,400,000), other finance income by £3,200,000 (2005: £3,600,000), to decrease profit for the year by £10,300,000 (2005: £7,800,000) and to increase the total recognised gains and losses by £7,400,000 (2005: (£8,200,000)).

(k) Rolling Stock Obligations

The cost of rectification works to bring rolling stock back to redelivery condition is provided for in order to spread the net charge to the profit and loss account over the remaining life cycle of the lease.

The cost of heavy maintenance is provided for on the basis of the underlying heavy maintenance fleet life cycle profile.

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2006	2005
	£'000	Restated £'000
2 OTHER OPERATING INCOME		
Revenue grant	82,509	68,746
Performance incentive regime payable	(227)	(332)
Other income	34,291	31,550
	<u>116,573</u>	<u>99,964</u>
3 OPERATING (LOSS)/ PROFIT	2006	2005
	£'000	Restated £'000
The following amounts have been charged/(credited) in arriving at operating loss:		
Depreciation charge for the year:		
Tangible fixed assets - owned	5,519	4,737
Tangible fixed assets - held under finance leases	1,064	1,030
Amortisation of negative goodwill	(2,410)	(2,030)
Auditors remuneration:		
Audit fees	80	72
Non- audit services	-	7
Pension cost for the period	13,500	11,600
SRA performance incentive regime	231	269
Network Rail charges:		
Track access	58,944	56,600
Station leases/charges	26,528	25,479
Depot Leases	7,616	7,264
Other charges	8,891	8,221
Operating lease rentals:		
Rolling stock charges	90,756	79,814
Land and buildings	1,210	1,333
Plant and machinery	414	331
	<u></u>	<u></u>

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2006 £'000	2005 Restated £'000
4 EMPLOYEE COSTS AND DIRECTORS' EMOLUMENTS		
Employee costs		
Wages and salaries	111,757	100,620
Social security costs	8,807	7,977
Other pension costs	13,500	11,600
	<u>134,064</u>	<u>120,197</u>

The average number of persons employed by the company during the year (including executive directors) was:

	2006 No	2005 No
Provision of passenger railway services	3,725	3,541
Management and administrative support	164	156
	<u>3,889</u>	<u>3,697</u>

	2006 £'000	2005 £'000
Directors' emoluments in respect of services as directors		
Fees	49	41
Emoluments (including benefits in kind)	522	411
	<u>571</u>	<u>452</u>

The fees were paid to two non-executive Directors by the ultimate parent undertaking. The emoluments of the Chairman are disclosed in the Financial Statements of the ultimate parent undertaking. Two directors are accruing retirement benefits under the defined benefit pension scheme in respect of qualifying services.

	2006 £'000	2005 £'000
The amounts in respect of the highest paid Director are as follows:		
Aggregate emoluments (including benefits in kind)	<u>348</u>	<u>274</u>

The highest paid director has accrued pension benefits of £4,992 (2005: £2,949) and an accrued lump sum benefit of £3,744 (2005: £2,365) at 31 March 2006.

	2006 £'000	2005 Restated £'000
5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank deposits	1,285	1,806
Other	3,200	3,600
	<u>4,485</u>	<u>5,406</u>

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2006 £'000	2005 £'000
6 INTEREST PAYABLE AND SIMILAR CHARGES		
Other interest payable – finance lease interest costs	<u>189</u>	<u>225</u>
	2006	2005
	£'000	Restated £'000
7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
CURRENT TAX:		
Current UK Corporation Tax at 30%	(1,046)	195
Tax under provided in previous years	<u>862</u>	<u>72</u>
DEFERRED TAX:	(184)	267
Accelerated capital allowances	834	846
Other short term timing differences	<u>-</u>	<u>92</u>
	834	938
TAX CHARGE ON ORDINARY ACTIVITIES	<u>650</u>	<u>1,205</u>
	2006	2005
	£'000	Restated £'000
FACTORS AFFECTING TAX CHARGE FOR THE YEAR		
(Loss)/profit on ordinary activities before taxation	<u>(1,255)</u>	<u>4,173</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(377)	1,252
Accelerated capital allowances	(834)	(846)
Other short term timing differences	-	(92)
Pension timing difference	581	473
Expenses not deductible for taxation purposes	307	17
Negative goodwill amortised but not taxable	(723)	(609)
Total current tax (charge)/credit	<u>(1,046)</u>	<u>195</u>

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 OPERATING LEASE COMMITMENTS

The company has contracts with Network Rail for access to the railway infrastructure (track, stations and depots). These contracts are for a period of fifteen years, commencing in 1996, and consist of fixed and variable charges and are determined by the Office of the Rail Regulator. The variable charges cover track usage and traction current and are primarily dependent on train miles run.

ORR carried out an Interim Review of Network rail funding and the level of charges was substantially altered from 1 April 2004, and will be increased on an indexed basis on that date in each successive year.

The company has contracts to lease rolling stock from HSBC Rail (UK) Limited, Angel Trains Contracts Limited and Porterbrook Leasing Company Limited over varying terms up to 16 October 2011.

	2006 £'000	2005 £'000
The company has the following annual commitments under operating leases, which expire as follows:		
i) Within one year:		
Rolling stock	-	461
Land and buildings	604	102
Other	47	36
	<u>651</u>	<u>599</u>
ii) Between two and five years:		
Land and buildings	345	763
Other	191	172
	<u>536</u>	<u>935</u>
iii) Beyond five years:		
Access charges	101,980	97,968
Rolling stock	92,256	91,007
Land and buildings	299	291
	<u>194,535</u>	<u>189,266</u>

9 INTANGIBLE FIXED ASSETS - NEGATIVE GOODWILL

	£'000
COST	
At 1 April 2005 and 31 March 2006	<u>(5,180)</u>
AMORTISATION	
At 1 April 2005	2,770
Recognised in the year	2,410
At 31 March 2006	<u>5,180</u>
NET BOOK VALUE	
At 31 March 2006	<u>-</u>
At 1 April 2005	<u>(2,410)</u>

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 TANGIBLE FIXED ASSETS

	Short Leasehold £'000	Plant & Equipment £'000	Total £'000
COST			
At 1 April 2005	20,162	45,554	65,716
Additions	1,749	9,198	10,947
Disposals	(4,219)	(2,572)	(6,791)
At 31 March 2006	<u>17,692</u>	<u>52,180</u>	<u>69,872</u>
DEPRECIATION			
At 1 April 2005	6,898	16,411	23,309
Disposals	(874)	(2,469)	(3,343)
Charge for the year	976	5,607	6,583
At 31 March 2006	<u>7,000</u>	<u>19,549</u>	<u>26,549</u>
NET BOOK VALUE			
At 31 March 2006	<u>10,692</u>	<u>32,631</u>	<u>43,323</u>
At 1 April 2005	<u>13,264</u>	<u>29,143</u>	<u>42,407</u>

The net book value of tangible fixed assets includes an amount of £5,499,000 (2005: £6,563,000) in respect of assets held under finance leases. Depreciation charged in the year on finance leases amounted to £1,064,000 (2005: £1,030,000) and the accumulated depreciation at 31 March 2005 was £2,503,000 (2005: £1,439,000).

11 FIXED ASSET INVESTMENTS

The company held the following unlisted investments at 31 March 2006 and 31 March 2005:

	No. of shares held	Class of share	% holding
ATOC Ltd	1	Ordinary (4p)	4%
Rail Settlement Plan Ltd	1	Ordinary (4p)	4%
Rail Staff Travel Ltd	1	Ordinary (4p)	4%
NRES Ltd	1	Ordinary (£1)	4%

The principal activity of the above companies is to provide a range of services to all passenger rail operators, each of which have an equal share in the companies.

The company is 1 of 22 members of Gemini Applications Limited, a company limited by guarantee, and has a limited guarantee liability of £1. The principal activity of the company is software development and supply.

The company is also a member of Rail Safety and Standards Board Limited with liability limited by guarantee to £100,000. The principal activity of the company is to lead and facilitate improvement in health and safety in the rail industry

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2006 £'000	2005 £'000
12	STOCK		
	Spare parts and consumables	<u>3,853</u>	<u>2,231</u>
		2006 £'000	2005 Restated £'000
13	DEBTORS AND PREPAYMENTS		
	Amounts falling due within one year:		
	Trade debtors	15,310	6,808
	Corporation tax recoverable	925	-
	Amounts owed by group undertakings	6,864	5,089
	Other debtors	26,806	8,855
	Prepayments and accrued income	<u>5,904</u>	<u>9,144</u>
		<u>55,809</u>	<u>29,896</u>
		2006 £'000	2005 Restated £'000
14	CREDITORS: Amounts falling due within one year		
	Trade creditors	13,070	14,643
	Amounts owed to group undertakings	5,042	28,294
	Other taxation and social security	3,489	2,983
	Obligations under finance leases (note 16)	995	962
	Other creditors	3,035	8,211
	Deferred season ticket income	41,131	40,148
	Accruals and other deferred income	<u>14,901</u>	<u>21,862</u>
		<u>81,663</u>	<u>117,103</u>
		2006 £'000	2005 £'000
15	CREDITORS: Amounts falling due after more than one year		
	Obligations under finance leases (note 16)	4,814	5,814
	Accruals and deferred income	<u>4,925</u>	<u>-</u>
		<u>9,739</u>	<u>5,814</u>

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2006 £'000	2005 £'000
16 OBLIGATIONS UNDER FINANCE LEASES		
Due for repayment in one year or less	995	962
Between one and two years	1,028	995
Between two and five years	3,095	3,184
In five years or more	691	1,635
	<u>5,809</u>	<u>6,776</u>

The company has contracts to lease automatic gating systems and various car park security and protection equipment from W&G Lease Finance Limited and Barclays Mercantile Business Finance Limited for varying terms up to December 2009.

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Rolling Stock Obligations £'000	Deferred Taxation £'000	Claims £'000	Total £'000
At 1 April 2005 (Restated)	10,138	964	511	11,613
Charged in year	6,318	836	146	7,300
Utilised in year	(4,788)	-	-	(4,788)
At 31 March 2006	<u>11,668</u>	<u>1,800</u>	<u>657</u>	<u>14,125</u>

Rolling stock obligations relating to the rectification of the condition of certain rolling stock fall due at different times from December 2007 to October 2011. The costs of heavy repairs and maintenance to rolling stock are subject to a provision procedure which ensures the profit and loss account is charged with the life-cycle costs consumed, which is then utilised as the heavy maintenance is undertaken.

The claims provision represents passenger and employee liability claims outstanding at the year end, based on advice from external claims handlers.

	2006 £'000	2005 Restated £'000
18 DEFERRED TAXATION LIABILITY		
Accelerated capital allowances	<u>(1,800)</u>	<u>(964)</u>

The were no unprovided deferred tax liabilities or assets at 31 March 2006 or 31 March 2005

	2006 £'000	2005 £'000
19 CALLED UP SHARE CAPITAL		
Authorised:		
1,000 (2005: 1,000) ordinary shares of £1 each:	<u>1</u>	<u>1</u>
Allotted, issued and fully paid:		
2 (2005: 2) ordinary shares of £1 each:	<u>-</u>	<u>-</u>

SOUTH EASTERN TRAINS LIMITED

20	RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS FUNDS AND MOVEMENT IN RESERVES	Share capital £'000	Profit and loss account £'000	Total shareholders funds £'000
	At 1 April 2005 (as previously stated)	-	2,186	2,186
	Prior year adjustment – FRS 17	-	(23,526)	(23,526)
	At 1 April (restated)	-	(21,340)	(21,340)
	Loss for the year	-	(1,905)	(1,905)
	Actuarial gain on pension scheme (note 22)	-	7,400	7,400
	At 31 March 2006	-	(15,845)	(15,845)

21 POST BALANCE SHEET EVENT

A transfer scheme was effected on 1 April 2006 which has transferred the franchising activities of South Eastern Trains Limited to London and Southeastern Railway Limited. The completion accounts for the transfer have not yet been finalised.

22 PENSION SCHEMES

The majority of the company's employees are members of the Railways Pension Scheme, which is a funded defined benefit scheme. The South Eastern Trains Shared Cost Section of The Railways Pension Scheme was established on 13 October 1996, when the company passed into the private sector.

The scheme is a shared cost section because any surplus or deficit is met in the ratio of 60%/40% by the employer and employees respectively.

The market value of assets at 31 December 2004 was £249m. The market value of assets was estimated to be lower than the corresponding value of the projected accrued liabilities after allowing for future salary increases, but before allowing for agreed future contribution reductions by approximately 2%.

Member contribution rates were 6.5% to 30 June 2005, increasing to 7.5% in the period to 30 June 2006 and will be 9.76% thereafter. Employer rates were 9.75% to 30 June 2005, increasing to 11.25% in the period to 16 June 2006, and will be 14.34% in the next period to 30 June 2006 and 14.64% thereafter.

The scheme actuary estimated that after allowing for these contributions the market value of assets would exceed the corresponding value of projected accrued liabilities by approximately 2.5%.

The fund is open to new members.

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 PENSION SCHEMES (continued)

Financial assumptions

The latest actuarial valuation for the section as at 31 December 2004 was updated to 31 March 2006 by an independent qualified actuary using the following assumptions, as assumptions, as set out in the table below.

	2006 % pa	2005 % pa	2004 % pa	2003 % pa
Inflation	2.85	2.8	2.7	2.6
Rate of increase in salaries	4.35	4.3	4.2	4.1
Rate of increase of pensions in payment	2.85	2.8	2.7	2.6
Rate of increase for deferred pensions	2.85	2.8	2.7	2.6
Discount rate	4.95	5.4	5.5	5.6

The assets in the scheme and the expected rates of return were:

	Net Assets			Expected rate of return		
	2006 £'000	2005 £'000	2004 £'000	2006 % pa	2005 % pa	2004 % pa
Equities	236,800	183,700	177,000	8.1	8.1	8.1
Bonds	30,300	24,100	21,300	5.0	5.0	5.0
Property	28,400	21,600	16,000	6.5	6.5	6.5
Other	17,600	11,700	(400)	3.7	3.7	3.7
Total market value of scheme assets	313,100	241,100	213,900	7.0	7.5	7.7
Present value of scheme liabilities	(355,200)	(294,500)	(241,500)			
Total deficit	(42,100)	(53,400)	(27,600)			
Members share of deficit	16,800	21,400	11,000			
Pension scheme deficit attributable to the employer before deferred tax	(25,300)	(32,000)	(16,600)			
Deferred tax	7,600	9,600	5,000			
Pension scheme deficit attributable to the employer after deferred tax	(17,700)	(22,400)	(11,600)			

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 PENSION SCHEMES (CONTINUED)

	2006 £'000	2005 £'000
ANALYSIS OF AMOUNTS CHARGED TO OPERATING PROFIT		
Current service cost	<u>13,500</u>	<u>11,400</u>
ANALYSIS OF THE AMOUNT CHARGED TO OTHER FINANCE INCOME		
Interest on fund liabilities	16,300	13,500
Expected return on fund assets	(18,300)	(16,500)
Interest on employee share of deficit	(1,200)	(600)
Net credit to other finance income	<u>(3,200)</u>	<u>(3,600)</u>
ANALYSIS OF AMOUNTS RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
Gain on assets	47,800	8,900
Experience loss on liabilities	(1,700)	(3,800)
Loss on change of assumptions	(30,900)	(27,700)
Movement of employee share of deficit	(5,800)	9,800
Total gain/(loss) recognised in statement of total recognised gains and losses before tax adjustment	<u>9,400</u>	<u>(12,800)</u>
EXPERIENCE GAINS AND LOSSES	2006 £'000	2005 £'000
Gain on section assets		
(i) Amount	47,800	8,900
(ii) % of section assets at end of period	15%	4%
Experience loss on section liabilities		
(i) Amount	(1,700)	(3,800)
(ii) % of section liabilities end of period	0%	1%
Total actuarial gain/(loss) recognised on statement of total recognised gains and losses		
(i) Amount	9,400	(12,800)
(ii) % of section liabilities end of period	3%	4%
ANALYSIS OF THE MOVEMENT IN EMPLOYERS' SHARE OF DEFICIT DURING THE PERIOD		
Deficit in employers share at beginning of the period	(32,000)	(16,600)
Contributions paid	7,600	5,200
Current service cost	(13,500)	(11,400)
Other finance income	3,200	3,600
Actuarial gain/(loss)	9,400	(12,800)
Deficit in employers share in the section at end of period	<u>(25,300)</u>	<u>(32,000)</u>

SOUTH EASTERN TRAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 PENSION SCHEMES (CONTINUED)

ANALYSIS OF THE MOVEMENT IN THE TOTAL DEFICIT DURING THE PERIOD

Deficit at the beginning of the period	(53,400)	(27,600)
Contributions paid	7,600	5,200
Current service cost	(13,500)	(11,400)
Other finance income	2,000	3,000
Actuarial gain/(loss)	15,200	(22,600)
Deficit at the end of the period	<u>(42,100)</u>	<u>(53,400)</u>

23 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is South Eastern Trains (Holdings) Limited (SETH) which is incorporated in Great Britain and registered in England and Wales.

The company's ultimate parent undertaking is the SRA, a non-departmental public body created by the Transport Act 2000. The largest group of undertakings for which group financial statements are prepared and of which the company is a member is the SRA, whose financial statements are available from: The Secretary, Strategic Rail Authority, 55 Victoria Street, London, SW1H 0EU.

	2006 £'000	2005 £'000
24 CAPITAL COMMITMENTS		
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>916</u>	<u>3,056</u>

25 RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of the SRA which produces consolidated financial statements, and accordingly has taken advantage of the exemption provided in FRS 8 not to disclose intra-group transactions with related parties.

There are no other related party transactions.