

Stagecoach Rail Limited

Financial statements for the year ended 30 April 2005

Registered office:

10 Dunkeld Road
Perth
PH1 5TW

Registered number:

SC086090



Directors' report

For the year ended 30 April 2005

The directors are pleased to present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 30 April 2005.

Principal activity and business review

The company does not trade and is not expected to trade in the foreseeable future.

Results and dividends

The directors do not propose payment of a dividend (2004 - £Nil).

Directors and their interests

None of the directors had any interest in the share capital of the company during the year.

The directors of the company are listed below together with their interests in the share capital of the ultimate holding company, Stagecoach Group plc. The company is indirectly a wholly-owned subsidiary of Stagecoach Group plc.

	Number of Ordinary shares Stagecoach Group plc	
	30 April 2005*	30 April 2004
Graham Eccles	109,229	115,048
Martin Griffiths	15,830	7,997
Nicholas Guest	45,604	37,062
Andrew Haines - resigned 24 March 2005	6,014	7,337
Allison Ingram - resigned 11 July 2005	255	3,819
Andrew Pitt	518	656

	Number of 'B' Shares Stagecoach Group plc	
	30 April 2005*	14 September 2004
Graham Eccles	257	257
Martin Griffiths	257	257
Nicholas Guest	275	275
Andrew Haines - resigned 24 March 2005	323	323
Allison Ingram - resigned 11 July 2005	323	323
Andrew Pitt	323	323

	Number of share options Stagecoach Group plc			
	At 1 May 2004	Granted	Exercised	At 30 April 2005*
Graham Eccles	2,297,373	421,817	547,033	2,172,157
Martin Griffiths	2,298,573	364,993	705,500	1,958,066
Nicholas Guest	885,767	109,169	171,283	823,653
Andrew Haines - resigned 24 March 2005	1,492,662	179,991	214,750	1,457,903
Allison Ingram - resigned 11 July 2005	1,211,825	145,313	200,860	1,156,278
Andrew Pitt	1,266,062	145,313	210,800	1,200,575

* or date of resignation

Directors' report (continued)

For the year ended 30 April 2005

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which 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. The directors 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



Alan Whitnall
Company Secretary

15th July 2005

Auditors' Report

For the year ended 30 April 2005

Independent auditors' report to the members of Stagecoach Rail Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow

15th July 2005

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Balance Sheet
As at 30 April 2005

	Notes	30 April 2005 £000	30 April 2004 £000
Creditors : amounts falling due within one year			
Amounts owed to other group undertakings		(768)	(768)
Net liabilities		<u>(768)</u>	<u>(768)</u>
Capital and reserves			
Equity share capital	3	-	-
Profit and loss account		(768)	(768)
Equity shareholders' deficit		<u>(768)</u>	<u>(768)</u>

There have been no movements in reserves or shareholders' funds during the year.

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

Signed on behalf of the Board on 15th July 2005.



Martin Griffiths
Director

Notes to the financial statements

For the year ended 30 April 2005

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 have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

At 30 April 2005, the company had net liabilities. The directors have received confirmation of continuing financial support from the ultimate holding company. Accordingly, the financial statements have been prepared on the going concern basis.

(b) Cash flow statement

As permitted by FRS 1 (Revised), no cash flow statement has been prepared as the company is a wholly-owned subsidiary undertaking of another UK registered company, Stagecoach Group plc, which prepares consolidated financial statements which include a consolidated cash flow statement.

(c) Related party transactions

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

2. Profit and loss account

The remuneration of the auditors and 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 (2004 - £Nil).

The company has no employees (2004 - Nil).

3. Equity share capital

	2005 £	2004 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called-up and unpaid</i>		
2 ordinary shares of £1 each	2	2

4. Ultimate parent company

The company's immediate holding company is Stagecoach Transport Holdings plc (registered number SC183015) and its ultimate holding company is Stagecoach Group plc, (registered number SC100764), both registered in Scotland. Stagecoach Group plc heads the largest group in which the results of the company are consolidated and Stagecoach Transport Holdings plc heads the smallest group in which the results of the company are consolidated. The financial statements of both Stagecoach Group plc and Stagecoach Transport Holdings plc are available from 10 Dunkeld Road, Perth, PH1 5TW.