

Virgin West Coast Trains

The comments from ourselves (West Coast Trains Ltd) having had discussion with other Finance Directors within the StageCoach Group are :-

We certainly welcome the key aspiration of providing consistency in reporting and specific a proforma.

We believe that we should strip back relevant turnover from relevant services to the bare minimum, which we believe is

- Farebox net of refunds
- Freight income
- Relevant DfT Grants/subsidies (e.g. revenue support, but **not** profit share)
- Concession or management contract receipts, where applicable
- Track Access income (NR only)

All other lines should be excluded as they don't meet the definitions of "aid granted", "fares paid by passengers" or "fees paid for carriage of goods".

Refunds should include customer compensation (I think the position of the CRA helps us to justify this were there to be any challenge).

We wish to clarify what is meant by "performance incentives"...e.g we have a Performance incentive regime (delay minutes / train cancellation) within our Franchise Agreement (Schedule 7.1) which we don't believe should be part of relevant turnover. We therefore would like a definition from ORR of "performance incentives" so we can comment specifically. Similarly, could you we clarify what "capital grant amortisation" is?.

We would like ORR to consider some sort of calibration mechanism so that NR's share of safety cost doesn't bounce around from year to year or from one control period to the next.

One observation in our own discussions with the owning group was that other FD's didn't seem to know the ORR statement is reviewed and validated with supporting confirmation by our external auditors. We assumed that this was a requirement. Can this be specified as being the case (or not) within the final determination.

I hope that the above is of some assistance