

# Summary directors' report

## Important note

The summary financial statement is a summary of the information in the 2005 Annual Report and Accounts. It does not contain sufficient information to allow for a full understanding of the results of the Group and state of affairs of the Company or the Group. For further information, the full annual accounts, the auditors' report on those accounts and the report of the directors should be consulted. All shareholders receive either the Summary Annual Report or the full Annual Report and Accounts. A copy of the full 2005 Annual Report and Accounts may be obtained, free of charge, from the company's registrar at the address and telephone number shown on page 14. If you wish to receive the full Annual Report and Accounts for all future financial years you should inform Lloyds TSB Registrars in writing, at the same address.

## Principal activity and business review

The Group's principal activity is the provision of public transport services in the UK and overseas.

A review of the Group's business performance, developments during the year, its position at the year end and likely future prospects, is contained on pages 4 to 9.

## Directors

The names, responsibilities and biographical details of the directors appear on page 10.

Brian Souter and Iain Duffin retire by rotation at the 2005 Annual General Meeting in accordance with the Articles of Association and being eligible offer themselves for re-election. Ewan Brown is considered to be an independent non-executive director by the Board. However, in recognition of the factors suggested by the Combined Code for determining independence, Ewan Brown offers himself for annual re-election. Robert Speirs, Chairman, and Ann Gloag, who is a Non-Executive Director but is not independent, also offer themselves for annual re-election.

## Report of the auditors

The auditors' report on the full accounts for the year ended 30 April 2005 was unqualified, and did not contain any statement, under section 237(2) or section 237(3) of the Companies Act 1985.

## Corporate Governance Combined Code Statement

The Stagecoach Board is accountable to shareholders and others for the Group's activities and is responsible for the effectiveness of corporate governance practices within the Group. In July 2003, a revised Combined Code ("the Combined Code") was issued for financial years commencing on or after 1 November 2003.

The Directors believe that the Group currently complies with all of the recommendations contained in the Combined Code, other than that one of the Non-Executive Directors regarded as independent by the Board does not satisfy all of the criteria suggested by the Combined Code for determining Directors' independence.