

2 ACCOUNTING POLICIES (CONTINUED)

New standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these accounts:

International Accounting Standards (IAS/IFRS)

IFRS 7	Financial Instruments: Disclosures	1 January 2007
IAS 1	Amendment – Presentation of Financial Statements: Capital Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2009

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	1 March 2006
IFRIC 8	Scope of IFRS 2	1 May 2006
IFRIC 9	Reassessment of Embedded Derivatives	1 June 2006
IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008

Upon adoption of IFRS 7 the Group will need to disclose the fair value of its financial instruments and its risk exposure in greater detail although there will be no effect on reported income or net assets. The Directors are currently reviewing the requirements of IFRIC 12 to determine whether there will be a material impact on the Group's accounts. Apart from this the Directors do not anticipate the adoption of these standards and interpretations will have a material impact on the Group's accounts in the period of initial application.

3 EXCHANGE RATES

The most significant exchange rates to UK sterling for the Group are as follows:

	Closing rate 2006	Average rate 2006	Closing rate 2005	Average rate 2005
US dollar	1.96	1.85	1.72	1.82
Canadian dollar	2.28	2.09	2.00	2.20
Euro	1.48	1.47	1.45	1.47
Australian dollar	2.48	2.44	2.35	2.39

The 2005 average rate for euros reflects the average rate since the Alsa acquisition.

If the results for the year to 31 December 2005 had been retranslated at the average exchange rates for the year to 31 December 2006, North America would have achieved normalised operating profit of £35.0m on revenue of £241.7m, compared to normalised operating profit of £35.0m on revenue of £241.8m as reported, and Alsa would have remained the same with normalised operating profit of £2.6m on revenue of £18.2m (note 5).

4 REVENUE

	2006 £m	2005 £m
Rendering of services	2,517.6	2,208.8
Rental income	7.9	7.2
Revenue	2,525.5	2,216.0
Finance income	12.4	10.8
Total revenue from continuing operations	2,537.9	2,226.8

During the year, franchise agreement receipts from DfT Rail and PTEs amounted to £377.1m (2005: £337.0m) in UK Trains.