

**VICTORY RAILWAY HOLDINGS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**29 JUNE 2002**

**Company Registration Number 3147927**



# **VICTORY RAILWAY HOLDINGS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 29 JUNE 2002**

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**VICTORY RAILWAY HOLDINGS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	M S A Ballinger I P Butcher C Moyes K L Ludeman D Sawyer
<b>Company secretary</b>	I P Butcher
<b>Registered office</b>	41-51 Grey Street Newcastle upon Tyne NE1 6EE
<b>Auditors</b>	Ernst & Young LLP Citygate St James Boulevard Newcastle upon Tyne NE1 4JD
<b>Bankers</b>	The Royal Bank of Scotland plc 135 Bishopgate London EC2M 3UR
<b>Solicitors</b>	Dickinson Dees St Anns Wharf 112 Quayside Newcastle upon Tyne NE99 3UR

# VICTORY RAILWAY HOLDINGS LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 29 JUNE 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 29 June 2002.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company holds all the share capital of Thames Trains Limited, whose principal activity is the operation of passenger railway services.

The directors consider the state of the company's affairs to be satisfactory and expect this to continue in the future.

#### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2002 £000	2001 £000
Dividends paid on ordinary shares	<u>300</u>	<u>2,385</u>

#### THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE PARENT COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

		At 29 June 2002	At 1 July 2001
M S A Ballinger			
I P Butcher			
C Moyes			
K L Ludeman	Share options	-	-
	Ordinary shares	100,000	100,000
D Sawyer		-	-
		<u>-</u>	<u>-</u>

Messrs Ballinger, Butcher and Moyes are directors of the ultimate parent company, The Go-Ahead Group plc, and as such their interests in the shares are disclosed in the financial statements of that company.

No director has had a material interest in any contract that has subsisted during the year or at the year end.

# VICTORY RAILWAY HOLDINGS LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 29 JUNE 2002

### 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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, 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 the going concern basis unless it is inappropriate to presume that 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 to 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 re-appoint Ernst & Young LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
41-51 Grey Street  
Newcastle upon Tyne  
NE1 6EE

Signed by order of the directors



I P BUTCHER  
Company Secretary

Approved by the directors on 29 October 2002

**VICTORY RAILWAY HOLDINGS LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**YEAR ENDED 29 JUNE 2002**

We have audited the financial statements which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.


**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom 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 as at 29 June 2002 and of the results of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG LLP  
Registered Auditor  
Newcastle upon Tyne

29 October 2002

# VICTORY RAILWAY HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 29 JUNE 2002

	Note	2002 £000	2001 (restated) £000
<b>TURNOVER</b>		—	—
Operating costs	2	<u>164</u>	<u>29</u>
<b>OPERATING LOSS</b>	3	(164)	(29)
Income from shares in group undertakings	5	311	2,692
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>147</u>	<u>2,663</u>
Tax on profit on ordinary activities	6	11	(5)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>136</u>	<u>2,668</u>
Dividends	7	300	2,385
<b>(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	15	<u>(164)</u>	<u>283</u>

All of the activities of the company are classed as continuing.

**VICTORY RAILWAY HOLDINGS LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 29 JUNE 2002**

	2002 £000	2001 (restated) £000
Profit for the financial year attributable to the shareholders	136	2,668
Total recognised gains and losses relating to the year	<u>136</u>	<u>2,668</u>
Prior year adjustment (see note 8)	<u>(187)</u>	<u></u>
Total gains and losses recognised since the last annual report	<u>(51)</u>	

## VICTORY RAILWAY HOLDINGS LIMITED

## BALANCE SHEET

29 JUNE 2002

		2002	2001 (restated)
	Note	£000	£000
<b>FIXED ASSETS</b>			
Investments	9	4,250	4,250
<b>CURRENT ASSETS</b>			
Debtors	10	80	95
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>162</u>	<u>13</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(82)</u>	<u>82</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,168</u>	<u>4,332</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	13	130	130
Profit and Loss Account	14	<u>4,038</u>	<u>4,202</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	<u>4,168</u>	<u>4,332</u>

These financial statements were approved by the directors on the 29 October 2002 and are signed on their behalf by:



I P Butcher

**VICTORY RAILWAY HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 29 JUNE 2002**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The company is exempt from preparing group financial statements under S.228 of the Companies Act 1985.

**Franchise bid costs**

A key part of the company's activities is the process of bidding for and securing franchises to operate rail services in the UK. Previously, directly attributable incremental third party costs incurred in bidding for such franchises were deferred and carried forward as an asset where the ultimate success of the process was able to be assessed with reasonable certainty. The directors have considered the policy during the year and revised it to reflect developments in accounting practice, including UITF 34 'Pre-contract costs'. The new policy is to expense all franchise bid costs incurred prior to achieving preferred bidder status, irrespective of the ultimate outcome of the bid. The prior year accounts have been restated to reflect the change in policy as disclosed in note 8.

Capitalised franchise bid costs are classified as an intangible asset which is amortised on a straight line basis over the expected period of the franchise in question. The carrying value of such assets are reviewed for impairment at the end of the first full financial year following the award of the franchise and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**2. OPERATING COSTS**

	2002 £000	2001 £000
Materials and external charges	164	28
Other operating charges	—	1
	<u>164</u>	<u>29</u>

# VICTORY RAILWAY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 JUNE 2002

### 3. OPERATING LOSS

Operating loss is stated after charging:

	2002 £000	2001 £000
Directors' emoluments	<u>—</u>	<u>—</u>

Auditors' remuneration is borne by the parent company.

### 4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

### 5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2002 £000	2001 £000
Income from group undertakings	<u>311</u>	<u>2,692</u>

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Taxation

	2002 £000	2001 (restated) £000
Current tax:		
UK Corporation tax based on the results for the year at 30% (2001 - 30%)	(46)	2
Over/under provision in prior year	<u>57</u>	<u>(7)</u>
Total current tax	<u>11</u>	<u>(5)</u>
Tax on profit on ordinary activities	<u>11</u>	<u>(5)</u>

#### (b) Factors affecting current tax charge

	2002 £000	2001 (restated) £000
Profit on ordinary activities before taxation	<u>147</u>	<u>2,663</u>
Profit on ordinary activities by rate of tax	44	799
Prior year charge / (release)	57	(7)
Permanent differences	(90)	(807)
Effect of prior year adjustment	<u>—</u>	<u>10</u>
Total current tax (note 6(a))	<u>11</u>	<u>(5)</u>

**VICTORY RAILWAY HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 29 JUNE 2002**

**7. DIVIDENDS**

The following dividends have been paid in respect of the year:

	2002 £000	2001 £000
Dividend paid on ordinary shares	<u>300</u>	<u>2,385</u>

**8. PRIOR YEAR ADJUSTMENT**

The prior year adjustment reflects the change in accounting policy relating to franchise bid costs as described in note 1.

The impact of the prior year adjustments on the financial statements for the year ended 29 June 2002 are to increase profits by £63,000 (for the year ended 30 June 2001 - £63,000). For the year ended 30 June 2001, the effect of the change in policy is to decrease net assets by £187,000 (for the year ended 1 July 2000 - £250,000)

**9. INVESTMENTS****Thames Trains Limited**

	£000
<b>COST:</b>	
At 1 July 2001 and 29 June 2002	<u>4,250</u>
<b>NET BOOK VALUE:</b>	
At 29 June 2002	<u>4,250</u>
At 30 June 2001	<u>4,250</u>

The investment comprises 100% of the issues ordinary share capital in Thames Trains Limited, a passenger railway services company registered in England and Wales and operating in England.

**10. DEBTORS**

	2002 £000	2001 (restated) £000
Corporation tax repayable	<u>80</u>	<u>95</u>

**11. CREDITORS: Amounts falling due within one year**

	2002 £000	2001 £000
Trade creditors	2	—
Amounts owed to group undertakings	135	11
Other creditors	<u>25</u>	<u>2</u>
	<u>162</u>	<u>13</u>

# VICTORY RAILWAY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 JUNE 2002

### 12. RELATED PARTY TRANSACTIONS

The company is a 100% subsidiary of The Go Ahead Group plc. Advantage has been taken of the exemptions in paragraph 3 of Financial Reporting Standard 8 and transactions with entities that are part of the group have not been disclosed.

### 13. SHARE CAPITAL

#### Authorised share capital:

	2002	2001
	£000	£000
200,000 Ordinary shares of £1 each	200	200
4,162,000 Preference shares of £1 each	4,162	4,162
	<u>4,362</u>	<u>4,362</u>

#### Allotted and called up:

	2002		2001	
	No.	£000	No.	£000
Ordinary shares fully paid	<u>130,000</u>	<u>130</u>	<u>130,000</u>	<u>130</u>

### 14. RESERVES

	Profit and loss account (restated) £000
Balance at 2 July 2000	4,169
Prior year adjustment (note 8)	(250)
Restated balance at 2 July 2000	<u>3,919</u>
Restated profit for the year	2,668
Dividends	<u>(2,385)</u>
Restated balance at 30 June 2001	<u>4,202</u>
Profit for the year	136
Dividends	<u>(300)</u>
Balance at 29 June 2002	<u>4,038</u>

# VICTORY RAILWAY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 JUNE 2002

### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002		2001 (restated)	
	£000	£000	£000	£000
Profit for the financial year		136		2,668
Dividends		(300)		(2,385)
		(164)		283
Opening shareholders' equity funds	4,519		4,299	
Prior year adjustment (see note 8)	(187)		(250)	
		4,332		4,049
Closing shareholders' equity funds		4,168		4,332

### 16. PERFORMANCE BONDS

The company has provided bank guaranteed performance bonds of £4,250,000 (2001 - £4,250,000) to the Strategic Rail Authority in support of the company's rail franchise operations.

### 17. ULTIMATE PARENT COMPANY

In the directors' opinion the company's ultimate parent company and controlling party is The Go-Ahead Group plc which is also the parent undertaking of the group of undertakings for which group financial statements are drawn up. The Go-Ahead Group plc is registered in England and Wales and copies of its financial statements can be obtained from Companies House, Cardiff.