

3147927

VICTORY RAILWAY HOLDINGS LIMITED

Report and Financial Statements

3 July 2004



A24
COMPANIES HOUSE

ATCUE4UM

0177
29/04/05

VICTORY RAILWAY HOLDINGS LIMITED

Financial statements

Contents

Page

Officers and professional advisers

1

Directors' report

2

Independent auditors' report

4

Profit and loss account

6

Balance sheet

7

Notes to the financial statements

8

VICTORY RAILWAY HOLDINGS LIMITED

Registered No: 3147927

Directors

I P Butcher
C Moyes
K L Ludeman
D Sawyer

Secretary

I P Butcher

Auditors

Ernst & Young LLP
Citygate
St James Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

The Royal Bank of Scotland plc
135 Bishopgate
London
EC2M 3UR

Solicitors

Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 3UR

Registered office

41-51 Grey Street
Newcastle upon Tyne
NE1 6EE

VICTORY RAILWAY HOLDINGS LIMITED

Directors' report

The directors present their report and financial statements for the year ended 3 July 2004.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,398,000 (2003 £8,485,000). The directors do not recommend the payment of any dividends.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

On 31st March 2004 Thames Trains Limited's franchise to run passenger railway services ended. Thames Trains Limited is now non-trading.

DIRECTORS AND THEIR INTERESTS

The directors at 3 July 2004 and their interests in the share capital of the ultimate parent company were as follows:

		<i>At 3 July 2004</i>	<i>At 29 June 2003</i>
	<i>Class of share</i>		
M S A Ballinger (retired 31 December 2004)			
I P Butcher			
C Moyes			
K L Ludeman			
D Sawyer	Share options	777	777
	Ordinary shares	500	500

Messrs Ballinger, Butcher, Ludeman 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.

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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

VICTORY RAILWAY HOLDINGS LIMITED

Directors' report

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. They 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 Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

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

By order of the board



I P Butcher

Secretary

25 April 2005

Independent auditors' report

to the members of Victory Railway Holdings Limited

We have audited the company's financial statements for the year ended 3 July 2004 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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.

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.

Independent auditors' report

to the members of Victory Railway Holdings Limited (continued)

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 3 July 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is written over the printed name of the firm.

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

25 April 2005

VICTORY RAILWAY HOLDINGS LIMITED

Profit and loss account
 for the year ended 3 July 2004

	<i>Notes</i>	<i>2004</i> £000	<i>2003</i> £000
TURNOVER		—	—
Operating costs	2	(2)	481
		<hr/>	<hr/>
Exceptional operating items	3	2 6,148	(481) (10,398)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)		6,150	(10,879)
Income from shares in group undertakings	6	317	406
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		6,467	(10,473)
Tax on profit/(loss) on ordinary activities	7	2,069	(1,988)
		<hr/>	<hr/>
PROFIT RETAINED/(LOSS) FOR THE FINANCIAL YEAR	14	4,398	(8,485)

All activities are discontinued.

There were no recognised gains or losses other than those shown above.

VICTORY RAILWAY HOLDINGS LIMITED

Balance sheet

at 3 July 2004

	<i>Notes</i>	<i>2004 £000</i>	<i>2003 £000</i>
FIXED ASSETS			
Investments	8	—	—
CURRENT ASSETS			
Debtors	9	81	2,068
CREDITORS: amounts falling due within one year	10	—	237
NET CURRENT ASSETS		81	1,831
TOTAL ASSETS LESS CURRENT LIABILITIES		81	1,831
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions	11	—	6,148
		81	(4,317)
CAPITAL AND RESERVES			
Called up share capital	13	130	130
Profit and loss account	14	(49)	(4,447)
EQUITY SHAREHOLDERS FUNDS / (DEFECIT)	14	81	(4,317)


I P Butcher
Director

25 April 2005

VICTORY RAILWAY HOLDINGS LIMITED

Notes to the financial statements

at 3 July 2004

1. ACCOUNTING POLICIES***Basis of accounting***

The financial statements are 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.

The directors have taken advantage of the exemption in financial reporting standard no 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

FRS 19 Deferred Tax has now been adopted. Previously, deferred taxation was provided, using the liability method, on all timing differences including those in respect of pension benefits, to the extent that they were expected to reverse in the future without being replaced. The new policy is to provide for deferred taxation on all timing differences which have originated but not reversed at the balance sheet date. Except where otherwise required by accounting standards, no timing differences are recognised in respect of:

Property revaluation surpluses where there is no commitment to sell the asset; gains on sale of assets where those gains have been rolled over into replacement assets; and deferred tax assets except to the extent that it is more likely than not that they will be recovered.

Deferred tax is calculated at the enacted rates at which it is estimated the tax will be payable. The deferred tax provision is not discounted to net present value.

2. OPERATING COSTS

	2004 £000	2003 £000
Other operating (income) / charges	<u>(2)</u>	<u>481</u>

3. OPERATING EXCEPTIONAL ITEMS

	2004 £000	2003 £000
Write down carrying value of Thames Trains Limited	-	(4,250)
Onerous Contract Provision	<u>6,148</u>	<u>(6,148)</u>
	<u>6,148</u>	<u>(10,398)</u>

In 2003 the company recognised £6,148,000 relating to the creation of an onerous contract provision. This was in respect of forecasted unavoidable costs expected to be incurred in the period up to the termination of the Thames Trains rail franchise contract on 31st March 2004. This provision was subsequently not utilised and has been released.

In 2003 the directors considered the carrying value of Thames Trains Limited and due to the uncertainty over the renewal of the franchise and the forecast results, the investment was written down to £nil.

VICTORY RAILWAY HOLDINGS LIMITED

Notes to the financial statements

at 3 July 2004

4. PARTICULARS OF EMPLOYEES

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

5. DIRECTORS' EMOLUMENTS

	2004 £000	2003 £000
Emoluments	—	—

6. INCOME FROM SHARES IN GROUP COMPANIES

	2004 £000	2003 £000
Income from group undertakings	317	406

7. TAX

(a) Tax on profit/(loss) on ordinary activities
The tax charge/(credit) is made up as follows:

	2004 £000	2003 £000
<i>Current tax:</i>		
UK corporation tax	1	(144)
Tax under provided in previous years	224	—
Total current tax (note 7(b))	225	(144)

Deferred tax:

Origination and reversal of timing differences	1,844	(1,844)
Tax on profit/(loss) on ordinary activities	2,069	(1,988)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before taxation	6,467	(10,473)
Profit on ordinary activities by rate of tax	1,940	(3,142)
Permanent differences	(95)	(121)
Effect of prior year adjustment	224	—
Short term timing differences	(1,844)	1,844
Expenses not deductible for tax purposes	—	1,275
Total current tax (note 7(a))	225	(144)

VICTORY RAILWAY HOLDINGS LIMITED

Notes to the financial statements

at 3 July 2004

(c) Deferred tax

The deferred tax included in the Balance sheet is as follows:

	2004 £000	2003 £000
Included in debtors (note 9)	—	1,844
Other timing differences	—	1,844
Deferred tax asset	—	1,844
At 29 June 2003		£000 1,844
Profit and loss account movement arising during the year		(1,844)
At 3 July 2004		—

8. INVESTMENTS

	<i>Investments</i> £000
Cost:	
At 29 June 2003 & 3 July 2004	4,250
Amounts provided:	
At 29 June 2003 & 3 July 2004	4,250
Net book value:	—

The investment comprises 100% of the issues ordinary share capital in Thames Trains Limited. Thames Trains was a passenger railway services until March 2004, and is a company registered in England and Wales and operating in England. On 31st March 2004 Thames Trains Limited's franchise to run passenger railway services ended. Thames Trains Limited is now non-trading.

9. DEBTORS

	2004 £000	2003 £000
Corporation tax repayable	—	224
Amounts owed by group undertakings	81	—
Deferred taxation (note 7)	—	1,844
	81	2,068

10. CREDITORS: amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to group undertakings	—	30
Other creditors	—	207
	—	237

VICTORY RAILWAY HOLDINGS LIMITED

Notes to the financial statements

at 3 July 2004

11. OTHER PROVISIONS

	2004 £000
<i>Onerous Contract Provision:</i>	
Balance brought forward	6,148
Movement for year	(6,148)
	<u>-</u>

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

	<i>Authorised</i>	
	2004 £000	2003 £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>

	<i>Allotted and called up</i>	
	2004 No. £000	2003 No. £000
Ordinary shares fully paid of £1 each	<u>130,000</u> 130	<u>130,000</u> 130

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i> £000	<i>Profit and loss</i> account £000	<i>Total share- holders' funds</i> £000
At 30 June 2002	130	4,038	4,168
Loss for the year	-	(8,485)	(8,485)
At 28 June 2003	130	(4,447)	(4,317)
Profit for the year	-	4,398	4,398
At 3 July 2004	<u>130</u>	<u>(49)</u>	<u>81</u>

15. PERFORMANCE BONDS

The company has provided bank guaranteed performance bonds of £4,250,000 (2003 - £4,250,000) to the Strategic Rail Authority in support of the company's rail franchise operations.

16. 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.