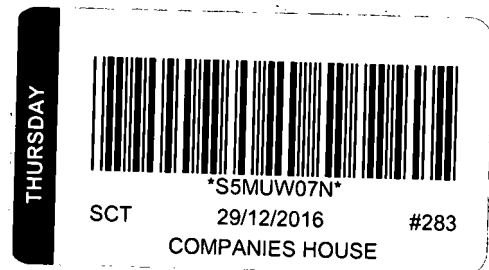
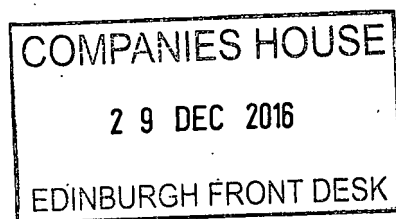


Company Registration No. 03263210

GB Railways Group Limited

Annual Report and Financial Statements

For the year ended 31 March 2016



GB Railways Group Limited

Report and financial statements 2016

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GB Railways Group Limited

Strategic report

The directors present their report and the audited financial statements for the year ended 31 March 2016. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

GB Railways Group Limited owns a passenger railway business in England, Hull Trains Company Limited ("Hull Trains"). Details of the performance of this passenger railway business are included in its published financial statements.

Review of the business and future prospects

During the year, the company was a holding company to the subsidiary undertakings listed in note 6 – Fixed asset investments. Hull Trains is the only trading entity. In March 2016, Hull Trains secured a further ten years of track access running until December 2029. The agreement enables Hull Trains to procure new bi-mode trains that will take full advantage of the electrified East Coast Mainline in due course.

The results for the year are given in the profit and loss account on page 6, which shows an overall profit of £6,809k for the financial year (2015: retained profit of £1,393k). The main driver of the result of the business for the year ended 31 March 2016 was receipt of a dividend of £7m (2015: £2m) from Hull Trains.

On 17 June 2015, the company was re-registered as a private limited company and changed its name from GB Railways Group Plc to GB Railways Group Limited.

Principle risks and uncertainties

The principle risks and uncertainties identified by the Board relate solely to financial risk management, and are discussed below.

Financial risk management policies

Credit risk


Through its activities the company is exposed to credit risk. The company's principal financial assets are receivables from other group companies.

The company's credit risk is primarily attributable to its receivables from group companies. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available to meet obligations as they fall due, the company ensures regular communication with other group companies.

Approved by the Board of Directors
And signed by order of the Board



David Gausby
Director
22 December 2016

Ground Floor
50 Eastbourne Terrace
Paddington
London
W2 6LG

GB Railways Group Limited

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 2016. For the year ended 31 March 2016, the directors have for the first time elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accountancy standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under FRS 102 GB Railways Group Limited has taken advantage of a number of reduced disclosures. Further information is available within the accounting policies section.

Directors

The directors who held office throughout the year and subsequently (except as noted) are as follows:

David Gausby
Andrew James
Clive Burrows
Vernon Barker (resigned 17 April 2015)

Dividends

During the year the company declared dividends of £18.2m to its parent company, FirstGroup plc (2015: £nil). No final dividend is proposed (2015: £nil). In July 2015, the company reduced its called up share capital to one ordinary share of 75p, eliminated its share premium account and declared a dividend of £11.2m. In March 2016, the company declared a further dividend of £7m.

Going concern

The directors have considered the going concern assumption given the current economic climate and have reviewed the company forecasts for the foreseeable future. At 31 March 2016 the company had cash of £395k, net current liabilities of £1,851k and net assets of £1,202k.

First Rail Holdings Limited has provided the Directors of the company with a letter confirming that it will provide support to the company, such that it is able to meet its obligations for a period of at least 12 months from the date of signing of these financial statements. The Directors have made enquiries and understand that the parent company has adequate resources to be able to provide this financial support.

After making enquiries and considering the above facts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' and officers' liability insurance

Directors' and officers' liability insurance is taken out by FirstGroup plc, the company's ultimate parent undertaking, for the benefit of the directors and officers of the company.

Audit information

Each of the persons who are a director at the date of approval of this report confirms that:

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

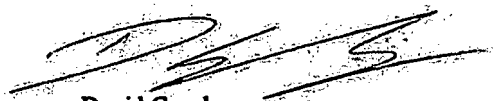
GB Railways Group Limited

Directors' report

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
And signed by order of the Board



David Gausby
Director

22 December 2016

Ground Floor
50 Eastbourne Terrace
Paddington, London
W2 6LG

GB Railways Group Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Independent auditor's report to the member of GB Railways Group Limited

We have audited the financial statements of GB Railways Group Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

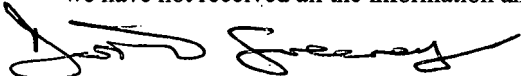
Opinion on other matters prescribed in the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Sweeney (Senior Statutory Auditor)

for and on behalf of Deloitte LLP, Chartered Accountant and Statutory Auditor

Glasgow, United Kingdom

22 December 2016

GB Railways Group Limited
Profit and loss account
For the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Operating costs	2	(43)	(1,013)
Operating loss		(43)	(1,013)
Income from fixed asset investments	6	7,000	2,000
Finance income (net)	4	66	245
Profit on ordinary activities before taxation		7,023	1,232
Tax (charge)/credit on profit on ordinary activities	5	(214)	161
Profit for the financial year		6,809	1,393

All activities relate to continuing operations.

No separate statement of comprehensive income is given as all gains or losses for the current and preceding year passed through the profit and loss account.

Statement of changes in equity
For the year ended 31 March 2016

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2014	70	6,915	4,172	11,157
Total comprehensive income for the financial year			1,393	1,393
Balance at 31 March 2015	70	6,915	5,565	12,550
Total comprehensive income for the financial year			6,809	6,809
Capital reduction	(70)	(6,915)	6,985	
Dividend payments			(18,157)	(18,157)
Balance at 31 March 2016			1,202	1,202

GB Railways Group Limited
Balance sheet
At 31 March 2016

	Notes	2016 £'000	2015 £'000
Assets employed:			
Fixed assets			
Investments	6	3,053	3,053
		<u>3,053</u>	<u>3,053</u>
Current assets			
Debtors	7	1	11,933
Cash at bank and in hand		395	1,346
		<u>396</u>	<u>13,279</u>
Creditors: amounts falling due within one year	8	(2,247)	(3,782)
Net current (liabilities)/assets		<u>(1,851)</u>	<u>9,497</u>
Total assets less current liabilities		<u>1,202</u>	<u>12,550</u>
Net assets		<u>1,202</u>	<u>12,550</u>
Financed by:			
Capital and reserves			
Called up share capital	9	-	70
Share premium account		-	6,915
Profit and loss account		1,202	5,565
		<u>1,202</u>	<u>12,550</u>
Shareholder's funds		<u>1,202</u>	<u>12,550</u>

The financial statements of GB Railways Group Limited (registered number 03263210) were approved by the Board of Directors on 22 December 2016 and were signed on its behalf by:


David Gausby
Director

GB Railways Group Limited

Notes to the financial statements

For the year ended 31 March 2016

1. Principal accounting policies

The following accounting policies have been applied consistently throughout the current and preceding year.

General information and basis of accounting

GB Railways Group Limited is a company incorporated in the United Kingdom under the Companies Act. The registered office address is 50 Eastbourne Terrace, Paddington, London W2 6LG. The nature of the company's operations and its principal activities are set out in the Strategic report on page 1. The functional currency of GB Railways Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Basis of preparation

The financial statements have been prepared on the historical cost basis and on the going concern basis as described in the Directors' Report on page 2 and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. This is the first year that the company has presented its financial statements under FRS 102. This transition is not considered to have had a material effect on the financial statements and as such the company has not presented a restated balance sheet or a reconciliation of equity on transition to FRS 102.

GB Railways Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and intra-group transactions.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Financial assets and liabilities

All financial assets and liabilities are measured at transaction price (including transaction cost).

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liability is reduced wholly or in part by the surrender of losses by group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertaking.

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. Deferred taxation is not provided on temporary differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Operating costs

	2016 £'000	2015 £'000
Other external charges	43	1,013

Other external charges include an impairment against an intercompany receivable balance of £40k (2015: £1,013k aborted disposal costs in respect of Hull Trains Company Limited). Auditor remuneration for the audit of the financial statements of £500 (2015: £500) was borne by First Rail Holdings Limited, a fellow subsidiary undertaking. No other services were provided by Deloitte LLP in either year.

GB Railways Group Limited
Notes to the financial statements
For the year ended 31 March 2016

3. Employee numbers and costs

There were no persons employed by the company other than the directors who served during the year (2015: none). The directors received no remuneration for their services to the company in the year (2015: £nil).

4. Finance income (net)

	2016 £'000	2015 £'000
Interest payable and similar charges		
Amounts payable to other group undertakings	(5)	(11)
Interest receivable and similar income		
Bank interest	2	11
Amounts receivable from other group undertakings	69	245
Total finance income (net)	66	245

5. Tax (charge) / credit on profit on ordinary activities

	2016 £'000	2015 £'000
Current taxation		
- Group relief receivable / payable	(13)	161
- Adjustments in respect of prior years	(201)	-
Total tax (charge) / credit on profit on ordinary activities	(214)	161

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 20% (2015: 21%).

During the period the UK Government enacted legislation to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017, plus a further reduction to 18% from 1 April 2020. Subsequent to the year end the UK Government announced a further reduction to the standard rate of corporation tax from 1 April 2020 to 17%.

The impact of this rate reduction to 18% has reduced the deferred tax liability on UK timing differences.

The actual current tax charge on profit on ordinary activities for the current and previous year differed from the profit on ordinary activities multiplied by the standard rate of corporation tax for the reasons set out in the following reconciliation:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	7,023	1,232
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 20% (2015: 21%)	(1,405)	(259)
Factors affecting charge:		
- Non-taxable income / expense	1,392	420
- Prior year adjustments	(201)	-
Total tax (charge) / credit on profit on ordinary activities	(214)	161

GB Railways Group Limited
Notes to the financial statements
For the year ended 31 March 2016

6. Fixed asset investments

Cost and Net book value
At 1 April 2015 and 31 March 2016

Subsidiary undertakings
£'000
3,053

The subsidiary undertakings at the end of the year, and the nature of their business, are:

Subsidiary undertakings	Country of incorporation	Principal activity	Holding (ordinary shares) %
East West Rail Limited	Great Britain	Dormant company	100
GB Extended Ventures Limited	Great Britain	Dormant company	100
GB Railways Limited	Great Britain	Dormant company	100
First Dublin Metro Limited	Great Britain	Dormant company	100
Hull Trains Company Limited	Great Britain	Train Operating Company	100

Group accounts are not presented as the company is exempt from the requirement to do so by Schedule 400 of the Companies Act 2006 as it is a wholly-owned subsidiary undertaking of FirstGroup plc, which prepares group accounts and is incorporated in Great Britain and registered in Scotland. Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

During the year the company received dividends of £7,000,000 (2015: £2,000,000) from Hull Trains Company Limited.

7. Debtors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed by group undertakings	-	11,923
Other debtors	-	9
Deferred tax asset	1	1
	<u>1</u>	<u>11,933</u>

At 1 April 2015
Charged to the profit and loss account

At 31 March 2016

Deferred tax
£'000
1
1

Depreciation in excess of capital allowances

2016
£'000
2015
£'000

1
1

GB Railways Group Limited
Notes to the financial statements
For the year ended 31 March 2016

8. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	2,247	3,782

9. Called up share capital

	2016 £'000	2015 £'000
Authorised		
30,000,000 ordinary shares of 0.75p each	225	225
Allotted, called up and fully paid		
1 ordinary share of 0.75p each (2015: 9,360,000 ordinary shares of 0.75p each)		70

On 17 June 2015, the company was re-registered as a private limited company and changed its name from GB Railways Group Plc to GB Railways Group Limited. In July 2015, the company reduced its called up share capital to one ordinary share of 75p, eliminated its share premium account and declared a dividend of £11.157m.

10. Equity dividends

The company paid interim dividends of £18.157m to its parent company, FirstGroup plc, for the year ended 31 March 2016 (2015: £nil).

11. Contingent liabilities

The company is a member of a Value Added Tax ("VAT") group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to HM Revenue & Customs.

12. Ultimate parent company

The directors regard FirstGroup plc, a company incorporated in Great Britain and registered in Scotland, as the ultimate and immediate parent and controlling company, and parent of the smallest and largest group that includes the company for which group financial statements are prepared.

Copies of the financial statements of FirstGroup plc can be obtained on request from Ground Floor, 50 Eastbourne Terrace, London, W2 6LG.