

Company Registration No. 03263210

GB Railways Group Limited

Annual Report and Financial Statements

For the year ended 31 March 2017



GB Railways Group Limited

Report and financial statements 2017

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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 2017. 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 7, which shows an overall loss of £4k for the financial year (2016: retained profit of £6,809k). There was no dividend received from Hull Trains during the year (2016: £7m). The net assets at the end of the year were £1,198k (2016: £1,202k).

Principal risks and uncertainties

The company does not have any principal risks and uncertainties because it acts as a holding company and does not expect to trade for the foreseeable future.

The company does not manage its financial risk using financial derivative instruments.

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



A. James
Director

21 December 2017

4th Floor Capital House
25 Chapel Street
London
NW1 5DH

GB Railways Group Limited

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 2017.

Directors

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

D Gausby (resigned 31 December 2016)

A James

C Burrows

Future developments

Details of future developments can be found in the Strategic Report on page 1.

Dividends

During the year, the company declared no dividends to its parent company, FirstGroup plc (2016: £18.2m). No final dividend is proposed (2016: £nil).

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 2017, the company had cash of £1k, net current liabilities of £1,855k and net assets of £1,198k.

FirstGroup plc 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



A. James
Director

21 December 2017

4th Floor Capital House
25 Chapel Street
London
NW1 5DH

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; 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 2017 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 2017 and of its loss 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, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

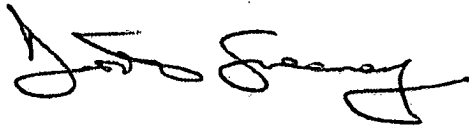
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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

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 CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP, Statutory Auditor
Glasgow, United Kingdom
22 December 2017

GB Railways Group Limited
Profit and loss account
For the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Operating costs	2	(4)	(43)
Operating loss		(4)	(43)
Income from fixed asset investments	6	-	7,000
Finance income (net)	4	-	66
(Loss) / profit before taxation	2	(4)	7,023
Tax on (loss) / profit	5	-	(214)
(Loss) / profit for the financial year		(4)	6,809

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 2017

	Notes	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 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	10	-	-	(18,157)	(18,157)
Balance at 31 March 2016		-	-	1,202	1,202
Total comprehensive income for the financial year		-	-	(4)	(4)
Balance at 31 March 2017		-	-	1,198	1,198

GB Railways Group Limited
Balance sheet
At 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments	6	3,053	3,053
		<u>3,053</u>	<u>3,053</u>
Current assets			
Debtors	7	-	1
Cash at bank and in hand		1	395
		<u>1</u>	<u>396</u>
Creditors: amounts falling due within one year	8	(1,856)	(2,247)
Net current liabilities		<u>(1,855)</u>	<u>(1,851)</u>
Total assets less current liabilities		<u>1,198</u>	<u>1,202</u>
Net assets		<u>1,198</u>	<u>1,202</u>
Capital and reserves			
Called up share capital	9	-	-
Share premium account		-	-
Profit and loss account		1,198	1,202
Shareholder's funds		<u>1,198</u>	<u>1,202</u>

The financial statements of GB Railways Group Limited (registered number 03263210) were approved by the Board of Directors on 21 December 2017 and were signed on its behalf by:

A James

A James
Director

GB Railways Group Limited

Notes to the financial statements

For the year ended 31 March 2017

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 private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. The registered office address 4th Floor, Capital House, 25 Chapel Street, London NW1 5DH. 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.

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.

Impairment of investments

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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 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.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies as described above, management have made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

Investments

Judgements are made on an ongoing basis about the recoverability of investments. Regular forecasts are compiled on the outcome of these types of accounting judgements, which required assessments relating to the expected level of future net cash flows from these investments.

GB Railways Group Limited
Notes to the financial statements
For the year ended 31 March 2017

2. Operating costs

	2017 £'000	2016 £'000
Other external charges	4	43

Other external charges include an impairment against an intercompany receivable balance of £nil (2016: £40k). Auditor remuneration for the audit of the financial statements of £500 (2016: £500) was borne by First Rail Holdings Limited, a fellow subsidiary undertaking. No other services were provided by Deloitte LLP in either year.

3. Employee numbers and costs

There were no persons employed by the company other than the directors who served during the year (2016: none). The directors received no remuneration for their services to the company in the year (2016: £nil).

4. Finance income (net)

	2017 £'000	2016 £'000
Interest payable and similar expenses		
Amounts payable to other group undertakings	-	(5)
Interest receivable and similar income		
Bank interest	-	2
Amounts receivable from other group undertakings	-	69
Total finance income (net)	-	66

5. Tax charge on (loss) / profit

	2017 £'000	2016 £'000
Current taxation		
- Group relief payable	(1)	(13)
- Adjustments in respect of prior years	-	(201)
Total current taxation	(1)	(214)
Deferred taxation		
Adjustment in respect of prior years	1	-
	1	-
Total tax charge on (loss) / profit	-	(214)

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 20% (2016: 20%).

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 17% from 1 April 2020.

GB Railways Group Limited
Notes to the financial statements
For the year ended 31 March 2017

5. Tax charge on (loss) / profit (continued)

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

	2017	2016
	£'000	£'000
(Loss) / profit before taxation	(4)	7,023
(Loss) / profit multiplied by the standard rate of Corporation Tax in the UK of 20% (2016: 20%)	1	(1,405)
Factors affecting charge:		
- Non-taxable income / expense	-	1,392
- Prior year adjustments	(1)	(201)
Total tax charge on (loss) / profit	<u>-</u>	<u>(214)</u>

6. Fixed asset investments

Cost and Net book value

At 1 April 2016 and 31 March 2017

Subsidiary undertakings
£'000
<u>3,053</u>

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

All of the subsidiary undertakings are held directly by GB Railways Group Limited and they all have their registered address at 4th Floor Capital House, 25 Chapel Street, London NW1 5DH.

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 £nil (2016: £7,000,000) from Hull Trains Company Limited.

7. Debtors: amounts falling due within one year

	2017	2016
	£'000	£'000
Deferred tax asset	<u>-</u>	<u>1</u>

GB Railways Group Limited
Notes to the financial statements
For the year ended 31 March 2017

7. Debtors: amounts falling due within one year (continued)

	Deferred tax
	£'000
At 1 April 2016	1
Charged to the profit and loss account	(1)
	<hr/>
At 31 March 2017	-
	<hr/> <hr/>

	2017	2016
	£'000	£'000
Depreciation in excess of capital allowances	-	1
	<hr/>	<hr/>

8. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Amounts owed to group undertakings	1,856	2,247
	<hr/>	<hr/>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

9. Called up share capital

	2017	2016
	£'000	£'000
Authorised		
30,000,000 ordinary shares of 0.75p each	225	225
	<hr/>	<hr/>
Allotted, called up and fully paid		
1 ordinary share of 0.75p each (2016: 1 ordinary share of 0.75p each)	-	-
	<hr/>	<hr/>

The company has one class of ordinary shares which carries no right to fixed income.

10. Equity dividends

The company paid no interim dividends to its parent company, FirstGroup plc, for the year ended 31 March 2017 (2016: £18.157m).

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 its registered address: 395 King Street, Aberdeen AB24 5RP.