

WCT Group Limited

**Annual report and financial statements
For the year ended 31 December 2022
Registered number 03282548**

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WCT Group Limited

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WCT Group Limited

Directors' report

For the year ended 31 December 2022

The Directors present their report and the financial statements for the year ended 31 December 2022 for WCT Group Limited (the "Company").

Principal activity

The Company is an intermediate holding company which owns West Coast Trains Limited ("West Coast"). West Coast ran the West Coast rail franchise which operated passenger rail services in England, Scotland and Wales until 8 December 2019, when the operation transferred to First Trenitalia West Coast Railway.

Following the expiry of the franchise, West Coast Trains Limited ceased to trade. As the Directors do not intend to acquire a replacement trade, they have not prepared these financial statements on a going concern basis, consistent with the prior year. The effect of this is explained in note 1 to the financial statements.

Results and Dividends

The profit for the year, after taxation, amounted to £2,772,000 (2021: £30,500,000).

Dividends paid during the year totalled £5,800,000 (2021: £30,665,000).

Directors

The Directors who served during the year and up to the date of the Directors' report were:

Timothy Kavanagh (Resigned 27 April 2023)

Neil Micklethwaite (Resigned 5 July 2022)

Robert Blok

Andrew Gibbs

Bruce Dingwall (Appointed 30 May 2023)

The Company maintains Directors' and Officers' liability insurance in respect of legal action that might be brought against its directors and senior officers.

Political contributions

The Company made no political contributions during the year (2021: £Nil).

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor


Pursuant to Section 485 of the Companies Act 2006 Milsted Langdon LLP have been appointed auditors during the year.

WCT Group Limited

Directors' report

For the year ended 31 December 2022

This report was approved by the board and signed on its behalf by:

DocuSigned by:

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Bruce Dingwall

Director

Date: 9 August 2023

66 Porchester Road
London
W2 6ET

WCT Group Limited

**Directors' responsibilities statement
For the year ended 31 December 2022**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of WCT Group Limited

Opinion

We have audited the financial statements of WCT Group Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Profit and Loss, Balance Sheet, Statement of Changes in Equity, and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- the Company financial statements have been prepared in accordance with UK Accounting Standards, including FRS 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of WCT Group Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report to the members of WCT Group Limited

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. In carrying out these procedures, the audit team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Company operates in and how the Company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks or irregularities, including known and actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Nigel Fry (Senior Statutory Auditor)
for and on behalf of
Milsted Langdon LLP, Statutory Auditor

Freshford House
Redcliffe Way
Redcliffe
Bristol
BS1 6NL

Date: 10 August 2023

WCT Group Limited

Profit and loss account

For the year ended 31 December 2022

		Year Ended 31 December 2022	Year Ended 31 December 2021
	Note	£000	£000
Impairment of investment	6	(3,028)	-
Income from shares in group undertakings		5,800	30,500
Profit before tax		2,772	30,500
Tax on profit	5	-	-
Profit for the year		2,772	30,500

There was no other comprehensive income for the year ended 31 December 2022 (2021: £Nil) and therefore no separate statement of other comprehensive income has been presented.


The accompanying notes form an integral part of this profit and loss account.

WCT Group Limited**Balance sheet****For the year ended 31 December 2022**

		As at 31 December 2022	As at 31 December 2021
	Note	£000	£000
Fixed assets			
Investments	6	1,088	4,116
Current assets			
Debtors: amounts falling due within one year	7	-	-
Cash at bank and in hand		1	1
		<u>1</u>	<u>1</u>
Net current assets		<u>1</u>	<u>1</u>
Total assets less current liabilities		<u>1,089</u>	<u>4,117</u>
Net assets		<u><u>1,089</u></u>	<u><u>4,117</u></u>
Capital and reserves			
Called up share capital	8	60	60
Profit and loss account	8	1,029	4,057
Total equity		<u><u>1,089</u></u>	<u><u>4,117</u></u>

The accompanying notes form an integral part of this balance sheet.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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Bruce Dingwall
 Director

Date: 9 August 2023

Registered number: 03282548

WCT Group Limited**Statement of changes in equity
For the year ended 31 December 2022**

	Called up share capital £000	Profit and loss account £000	Total £000
At 31 December 2020	60	4,222	4,282
Profit for the financial period	-	30,500	30,500
Dividends paid on ordinary shares	-	(30,665)	(30,665)
At 31 December 2021	60	4,057	4,117
At 31 December 2021	60	4,057	4,117
Profit for the year	-	2,772	2,772
Dividends paid on ordinary shares	-	(5,800)	(5,800)
At 31 December 2022	60	1,029	1,089

The accompanying notes form an integral part of this statement of changes in equity.

WCT Group Limited

Notes to the financial statements

For the year ended 31 December 2022

1 Accounting policies

WCT Group Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in the UK and registered in England and Wales.

The Company is itself a subsidiary company and is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared under the historic cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1 Basis of preparation

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliation for share capital;
- Related party disclosures in respect of wholly owned subsidiaries;
- Requirements of IFRS 7 'Financial Instruments: Disclosures';
- Requirements of IFRS 13 'Fair Value Measurements';
- Disclosures in respect of compensation of key management personnel;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

WCT Group Limited

Notes to the financial statements

For the year ended 31 December 2022

1 Accounting policies *(continued)*

1.1 Basis of preparation *(continued)*

Going concern

The financial statements have not been prepared on a going concern basis as explained below.

The Company acts as a holding company of West Coast Trains Limited ("West Coast") and consequently is dependent on revenue generated by that company under the West Coast franchise agreement.

Following the expiry of the West Coast franchise, West Coast ceased to trade and the Company no longer has any investments in operational companies. As the directors do not intend to acquire a replacement trade for the Company, they have not prepared the financial statements on a going concern basis, consistent with the prior year.

No adjustments were necessary to the amounts at which the net assets are included in these financial statements compared with the values at which they would have been stated had the going concern basis of accounting been adopted.

1.2 Fixed asset investments

Fixed asset investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

In the Company's accounts, investments in subsidiary undertakings are shown at cost less provision for impairment. The Company's impairment review is principally based on discounted cash flows over the remaining life of the West Coast Trains Limited franchise using a discount rate that reflects current market assessments of the time value of money and risks specific to the investment.

1.3 Financial instruments

Non-derivative financial assets

Non-derivative financial assets are deemed to be assets which have no fixed or determinable payments that are not quoted in an active market and would therefore be classified as "loans and receivables". Such non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment and include trade and other receivables.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost, and include trade and other payables.

WCT Group Limited

Notes to the financial statements

For the year ended 31 December 2022

1 Accounting policies *(continued)*

1.4 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and it is the intention to settle these on a net basis.

1.5 Dividends

Dividends are recorded in the Company's financial statements in the year in which they are declared and are approved by the Company's shareholders.

2 Significant judgements, estimates and accounting policies

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates calculated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no accounting policies that are considered to be critical, because they either require a significant amount of management judgement or the results are material to the Company's financial statements.

WCT Group Limited

Notes to the financial statements

For the year ended 31 December 2022

3 Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

	31 December 2022	31 December 2021
	£000	£000
Fees for the audit of the Company	5	4

Audit fees for the year were fully accrued within prior year estimates.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of WCT Group Holdings Limited, the parent undertaking of the smallest group of undertakings, including the Company, for which consolidated financial statements are drawn up.

4 Staff costs

The Company has no employees other than the directors, who did not receive any remuneration (2021: £Nil).

WCT Group Limited**Notes to the financial statements
For the year ended 31 December 2022****5 Taxation**

Recognised in the profit and loss account:	31 December 2022	31 December 2021
	£000	£000
Current tax		
Current tax on income for the year	-	-
Tax on profit	-	-

There is no tax recognised in other comprehensive income or equity.

Factors affecting tax charge for the year

The actual tax charge for the year differs from that computed by applying the standard tax rate to the profit before tax as reconciled below:

	31 December 2022	31 December 2021
	£000	£000
Profit before tax	2,772	30,500
Tax at UK corporation tax rate of 19% (2021: 19%)	527	5,795
Effects of:		
Non taxable income	(527)	(6,080)
Tax on profit	-	(285)

Factors that may affect future tax charges

Following legislation substantively enacted on 24 May 2021, the expected UK corporation tax rate increases from 19% to 25% from 01 April 2023. The deferred tax balance as at 31 December 2022 has therefore been calculated with reference to the enacted expected UK corporation tax rate of 25%.

WCT Group Limited**Notes to the financial statements
For the year ended 31 December 2022****6 Fixed asset investments**

	Investments in subsidiary companies £000
Cost	
At 31 December 2021	5,261
	<hr/>
At 31 December 2022	5,261
	<hr/>
Impairment	
At 31 December 2021	1,145
	<hr/>
Impairment in year	3,028
At 31 December 2022	4,173
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Net book value	
At 31 December 2022	1,088
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At 31 December 2021	4,116
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The Company owns all of the ordinary share capital of West Coast Trains Limited, which operated passenger rail services. West Coast Trains Limited is registered in England and Wales.

An impairment review of the Company's investment in WCT Group Limited was undertaken at 31 December 2022. This impairment review was principally based on expected discounted future cash flows of the subsidiaries. The impairment loss arising has been recognised in the profit and loss account.

7 Debtors

	As at 31 December 2022 £000	As at 31 December 2021 £000
Amounts owed by group undertakings	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

WCT Group Limited**Notes to the financial statements
For the year ended 31 December 2022****8 Capital and reserves****(a) Share capital**

	2022	2021
	£000	£000
Allotted, called up and fully paid		
53,061 employee non-voting ordinary shares of £0.0005 each	-	-
20,000,000 ordinary shares of £0.0005 each	10	10
50,133 preferences shares of £1 each	50	50
	<u>60</u>	<u>60</u>

Except for voting rights, the ordinary shares and the employee non-voting shares rank pari passu with each other in all respects.

The preference shares are classified as equity as they do not carry a right to a fixed dividend payment.

(b) Reserves

A reconciliation of the movements in each reserve is shown in the Statement of changes in equity.

The balance held in the profit and loss account reserve is the accumulated retained profits of the Company.

9 Contingent liabilities

The Company had provided a performance bond of £nil (31 December 2021: £nil) to the Department for Transport in support of the Company's rail franchise operations. This bond was issued by a financial institution. The performance bond was released on 12 January 2021.

WCT Group Limited

Notes to the financial statements

For the year ended 31 December 2022

10 Ultimate parent company and parent undertaking of larger group

The parent undertaking of the smallest group of undertakings, including the Company, for which consolidated financial statements are drawn up is WCT Group Holdings Limited. The parent undertaking of the largest group of undertakings, including the Company, for which consolidated financial statements are drawn up is Virgin Holdings Limited.

Copies of the WCT Group Holdings Limited and Virgin Holdings Limited consolidated financial statements are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

As at 31 December 2022 the ultimate parent company is Virgin Group Holdings Limited, a company registered in the British Virgin Islands.