

Company No 3666306

**ANNUAL REPORT**  
**South Eastern Trains Limited**  
**31 March 2008**

**Registered Office**

Whittles House  
14 Pentonville Road  
London N1 9HF



## **SOUTH EASTERN TRAINS LIMITED**

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# **SOUTH EASTERN TRAINS LIMITED**

## **DIRECTOR'S REPORT**

For the year ended 31 March 2008

The directors submit their report and the financial statements for the year ended 31 March 2008

### ***Business Review***

On 9 November 2003, and pending the completion of a franchise re-tendering process run by the Department for Transport, South Eastern Trains Ltd (SET) took over the running of train services in Kent, South Eastern Trains Ltd, and parts of Sussex, from the previous operator Connex South Eastern Limited (Connex). Following the completion of the franchise re-tendering process, the operations of South Eastern Trains were transferred to GoVia on 1/4/2006. Since 1/4/2006, the company has been dealing with residuary issues resulting from the trading from earlier periods. This relates principally to claims handling, which includes employment tribunal claims, other employee claims and public liability claims.

As part of the transfer of the operating franchise to GoVia, SET has an obligation to reimburse London and South Eastern Railway (LSER) for any shortfall in income or additional costs incurred relating to pre 1/4/06 transactions. During the year a "wash up" exercise was undertaken to calculate the reimbursement due to LSER. This resulted in SET owing LSER £350k. Prior to the finalisation of these negotiations, LSER had received compensation from Transport for London (£2.3m) and a track threshold refund from Network Rail (£0.8m), both of which were due to SET. Once the wash up exercise was completed, LSER transferred the funds (net of the wash up) to SET. These transactions have been recognised in the 2007/08 profit and loss account.

Consequent upon the decision of the government to wind-up the Strategic Rail Authority (SRA), SET was transferred from the SRA to BRB (Residuary) Ltd (BRBR) via a statutory instrument on 1/4/06. BRBR is a limited company owned wholly by Government which is responsible for discharging a range of legacy responsibilities inherited from the British Railways Board (BRB).

### ***Results***

The company made a profit after tax for the year of £5,951,000 (2007 £18,516,000).

The directors do not propose a dividend for the year (2007 £nil).

The profit for the year has been transferred to reserves.

## **SOUTH EASTERN TRAINS LIMITED**

### ***Creditor payment policy***

The company's policy is to pay bills for all its suppliers in accordance with agreed settlement terms in line with the principles of the CBI Prompt Payment Code, which aims to encourage best practice in dealing with the payment of bills

### ***Directors and their interests***

The directors of the company during the year were

G W D Sutherland  
P Hawthorne

None of the directors have a beneficial interest in the shares of the company, or of any group undertaking that requires disclosure. No director had a material interest in any contract with the company

### ***Statement of Directors' responsibilities for the Annual Report***

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are also responsible for preparing financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2008 and that applicable accounting standards have been followed

The directors are responsible for keeping proper accounting records that 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 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. The directors are responsible for maintenance and integrity of the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

So far as the directors are aware, there is no relevant audit information of which the auditors are unaware. The directors have taken all the steps that ought to

## SOUTH EASTERN TRAINS LIMITED

have been taken to ensure that they are aware of any relevant audit information and to establish that the Company's auditors are aware of that information

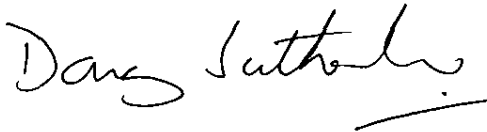
### ***Employees***

The Company did not employ any staff directly during 2007/08

### ***Auditors***

The Company has appointed PricewaterhouseCoopers LLP (PwC) as auditors PwC have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting

For and on behalf of South Eastern Trains Ltd

A handwritten signature in black ink, appearing to read 'G W D Sutherland', with a horizontal line underneath.

G W D Sutherland  
**Chairman**

## **SOUTH EASTERN TRAINS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EASTERN TRAINS LIMITED**

We have audited the financial statements of South Eastern Trains Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review and Results sections of the Directors' Report. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

## SOUTH EASTERN TRAINS LIMITED

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
80 Strand  
London  
WC2R 0AF

*20 June 2008*

## SOUTH EASTERN TRAINS LIMITED

### PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Other operating income	2	3,051	-
Operating charges		<u>2,900</u>	<u>20,467</u>
OPERATING PROFIT/(LOSS)	3	5,951	20,467
Loss on disposal of discontinued operations	4	<u>-</u>	<u>(3,290)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		5,951	17,177
Taxation on profit/(loss) on ordinary activities	5	-	1,339
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	10	<u>5 951</u>	<u>18,516</u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The notes on pages 8 to 13 form part of these financial statements



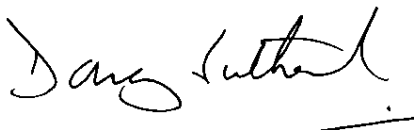
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## BALANCE SHEET

As at 31 March 2008

	Notes	2008 £'000	2007 £'000
<b>CURRENT ASSETS</b>			
Debtors due within one year	6	7,540	3,560
Cash at bank and in hand		<u>2,252</u>	<u>7,730</u>
		9,792	11,290
<b>CURRENT LIABILITIES</b>			
Creditors – amounts falling due within one year	7	<u>(424)</u>	<u>(7,687)</u>
<b>NET CURRENT ASSETS</b>		<u>9,368</u>	<u>3,603</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,368	3,603
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	8	(746)	(932)
<b>NET ASSETS</b>		<u>8,622</u>	<u>2,671</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	-	-
Profit and loss account	10	8,622	2,671
<b>EQUITY SHAREHOLDER'S FUNDS</b>	10	<u>8,622</u>	<u>2,671</u>

The financial statements on pages 6 to 13 were approved by the board of directors on 16 June 2008 and were signed on its behalf by

 17/06/08  
Chairman

The notes on pages 8 to 13 form part of these financial statements

# **SOUTH EASTERN TRAINS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 ACCOUNTING POLICIES**

#### **a) Basis of accounting**

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of more important accounting policies, which have been applied consistently with the prior period is set out below.

The financial statements have been prepared on a going concern basis.

The Directors have taken advantage of the exemption in FRS 1 (revised) for not including a cash flow statement in the financial statements on the grounds that the ultimate parent undertaking publishes a consolidated cash flow statement.

#### **b) Taxation**

The Company is assessable to taxation in accordance with the Taxes Acts and tax is recognised in the financial statements where a charge is forecast to arise.

Deferred tax is provided on timing differences ensuing from the different treatments for accounts and taxation purposes of transactions and events recognised in the financial statements of the current year and previous years. Deferred taxation is calculated at the rates at which it is estimated the tax will arise. Deferred taxation is not discounted. Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions.

## SOUTH EASTERN TRAINS LIMITED

	2008 £'000	2007 £'000
<b>2 OTHER OPERATING INCOME</b>		
Other income	3,051	-
	<u>3,051</u>	<u>-</u>
Other operating income in the year comprised		
(i) Compensation receivable from Transport for London relating to the introduction of Oystercards,		
(ii) Amounts receivable from Network Rail relating to variable track access charges		
	2008 £'000	2007 £'000
<b>3 OPERATING PROFIT</b>		
The following amounts have been charged/(credited) in arriving at operating profit		
Auditors remuneration		
Audit fees	7	10
FRS 17 provision movement	-	(17,700)
Maintenance reserve provision release	-	(8,432)
Bad debt expense	<u>(3,311)</u>	<u>4,892</u>

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### 4 LOSS ON DISPOSAL OF DISCONTINUED OPERATIONS

On 1 April 2006, the operations of the company were transferred to GoVia. Some of the assets and liabilities of the company remained after the transfer. However, the majority of the assets and liabilities of the company were transferred to GoVia. As part of the transfer deal, the value of some of the assets and liabilities has been adjusted. This has generated a loss on disposal in the prior year profit and loss account as outlined below,

	2007 £'000
Deferred income adjustment to travelcard income	(1,833)
Deferred income adjustment to car park income	(711)
Asset write offs	(746)
Loss on disposal of discontinued operations	<u>(3,290)</u>
SET balance sheet as at 31 March 2006	(15,845)
Items remaining with SET	<u>(2,289)</u>
	(18,134)
Amount paid to LSER	(22,028)
Loss on disposal	(3,894)
Charged to P&L in 05/06	604
Loss on disposal in 06/07 P&L	<u>(3,290)</u>

## SOUTH EASTERN TRAINS LIMITED

	2008 £'000	2007 £'000
<b>5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>		
CURRENT TAX		
Current UK Corporation Tax at 30%	-	53
Tax under provided in previous years	-	408
DEFERRED TAX	-	461
Other short term timing differences	-	(1,800)
	-	(1,800)
<b>TAX CHARGE ON ORDINARY ACTIVITIES</b>	<b>-</b>	<b>(1,339)</b>
	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>FACTORS AFFECTING TAX CHARGE FOR THE YEAR</b>		
Profit/(Loss) on ordinary activities before taxation	5,951	17,177
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	1,785	5,153
Accelerated capital allowances	-	16
Pension timing difference	-	(5,310)
Expenses not deductible for taxation purposes	-	194
Group relief	(1,785)	-
Total current tax charge	-	53
	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>6 DEBTORS AND PREPAYMENTS</b>		
Amounts falling due within one year		
Trade debtors	19	3,043
Corporation tax recoverable	529	517
Amounts owed by group undertakings	6,992	-
	<b>7,540</b>	<b>3,560</b>

# SOUTH EASTERN TRAINS LIMITED

	2008 £'000	2007 £'000
<b>7 CREDITORS</b> Amounts falling due within one year		
Amounts owed to group undertakings	-	5,000
Other creditors	-	1,261
Accruals and other deferred income	424	1,426
	<u>424</u>	<u>7,687</u>

## 8 PROVISIONS FOR LIABILITIES AND CHARGES

### Claims

	£'000
At 1 April 2007	932
Charged in year	183
Utilised in year	(369)
At 31 March 2008	<u>746</u>

The claims provision represents passenger and employee liability claims outstanding at the year end, based on advice from external claims handlers

	2008 £'000	2007 £'000
<b>9 CALLED UP SHARE CAPITAL</b>		
Authorised 1,000 (2007 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, issued and fully paid 2 (2007 2) ordinary shares of £1 each	<u>-</u>	<u>-</u>

10 RECONILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS FUNDS AND MOVEMENT IN RESERVES	Share Capital £'000	Profit and loss account £'000	Total shareholders funds £'000
At 1 April 2007	-	2,671	2,671
Profit for the year	-	5,951	5,951
At 31 March 2008	<u>-</u>	<u>8,622</u>	<u>8,622</u>

## **SOUTH EASTERN TRAINS LIMITED**

### **11 POST BALANCE SHEET EVENT**

There have been no significant post balance sheet events requiring disclosure

### **12 ULTIMATE PARENT UNDERTAKING**

The company's ultimate parent undertaking is BRB (Residuary) Limited, which is incorporated in Great Britain and registered in England and Wales. The largest group of undertakings for which group financial statements are prepared and of which the company is a member is BR (Residuary) Limited, Whittles House, 14 Pentonville Road, London, N1 9HF.

### **13 RELATED PARTY DISCLOSURES**

The company is a wholly owned subsidiary of BRB (Residuary) Ltd which produces consolidated financial statements, and accordingly has taken advantage of the exemption provided in FRS 8 not to disclose intra-group transactions with related parties.