

Northern Rail Holdings Limited

Annual Report and Unaudited Financial Statements

9 January 2021

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Officers and professional advisors

Directors

Dominic Booth
Julian Edwards
Angelique Magielse
John Michael Heron
Alan Dingwall
John Whitehurst

Bankers

National Westminster Bank
Staines Branch
67 High Street
Staines
Middlesex
TW18 4PU

Registered Office

Eversheds House
70 Great Bridgewater Street
Manchester
Lancashire
M1 5ES

Registered Number: 04007719.

Directors' report

The directors present their annual report and unaudited financial statements for the 52 weeks ended 9 January 2021.

Principal activities

Northern Rail Holdings Limited (the "group" or "Northern") is a joint venture company owned by Serco Holdings Limited and Abellio Transport Holdings Limited. Northern Rail Holdings Limited is a holding company which owns 100% of the share capital of Northern Rail Limited, a previously trading subsidiary company.

The principal activity of the group was the operation of passenger railway services in the North of England under a Franchise agreement awarded by the Department for Transport. These activities ceased on 31st March 2016.

Results, business review and future outlook

The group has continued to settle assets and liabilities related to the previous trade during the current financial period and will continue to do so in the next financial period.

Operating loss for the 52 week period to 9 January 2021 was £0.2m (52 weeks ended 4 January 2020: £1.0m profit). The loss after taxation for the period amounted to £0.2m (52 weeks ended 4 January 2020: £1.0m profit).

Results and dividends

The Directors recommended dividends in the year of £2.0m which were paid on 18 December 2020 (52 weeks ended 4 January 2020: £nil).

Principal risks and uncertainties

The group's principal risks and uncertainties were significantly reduced after the transfer of significant operating assets and liabilities to Arriva Rail North Ltd on 31st March 2016. The group's future cash flows are based upon settling existing debts and liabilities. At the balance sheet date, the group's bank balance is in excess of all of the group's outstanding liabilities.

Directors

The directors who served the company during the period and up to the date of approving these financial statements were as follows:

Dominic Booth
Julian Edwards
Angelique Magielse
John Michael Heron
Alan Dingwall
John Whitehurst

Going Concern

The group operated a rail franchise, which ceased on 31 March 2016. The group does not operate the replacement franchise, which commenced on 1 April 2016. The group therefore ceased to trade as a train operator from 1 April 2016, but the group has responsibility for the subsequent wind down of the franchise, including the settlement of receivables and payables. This may take some time to complete. In accordance with the requirements of IAS 1: Presentation and Disclosure, these financial statements are prepared on a basis other than going concern to reflect the fact that trading has ceased. Nevertheless, assets continue to be carried at their recoverable amount which reflects the expected amounts to be recovered on settlement as appropriate. In addition, assets and liabilities are classified as current or non-current in accordance with the contractual terms of those balances and the anticipated timing of settlement.

Directors' report (continued)

Political contributions

The group made no political donations during the period (52 weeks ended 4 January 2020: nil).

Directors' insurance

During the period the company had in force an indemnity provision in favour of one or more directors of Northern Rail Holdings Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the Directors' report.

Financial instruments

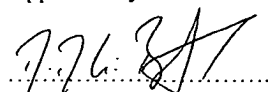
The group's principal financial assets are bank balances, together with trade and other debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The group has no significant credit risk, with exposure mainly on rail industry partners.

The group's principal financial liabilities relate to other creditors and accruals. .

Small company's regime

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. Additionally, the company has applied the exemption in not preparing a Strategic Report.

Approved by the Board on 5 January 2022 and signed on its behalf by:



Dominic Booth
Director

Statement of directors' responsibilities

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 period. 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). 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 group and the company and of the profit or loss of the group 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 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the group and company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Group statement of comprehensive income

for the period ended 9 January 2021

		52 weeks ended 9 January 2021 £000	52 weeks ended 4 January 2020 £000
	Notes		
Turnover	2	61	45
Operating income/(expenditure)		(295)	924
Operating profit/ (loss)	3	(234)	969
Other interest receivable and similar income	6	5	14
Profit/(loss) before taxation		(229)	983
Tax charge on profit/(loss) on ordinary activities	7	(5)	(3)
Profit/(loss) for the financial period and total comprehensive income/(loss)		(234)	980

All amounts relate to discontinued operations.

The company and group have no items of other comprehensive income/(loss) in either period other than the results of the period as set out above.

The profit in the period for Northern Rail Holdings Limited, the company, was £2.0m (2020: £nil).

Group balance sheet

at 9 January 2021

		9 January 2021 £000	4 January 2020 £000
	Notes		
Current assets			
Debtors	10	9	57
Cash at bank and in hand		391	4,467
		400	4,524
Creditors: amounts falling due within one year	11	(286)	(2,176)
Net current assets		114	2,348
Total assets less current liabilities		114	2,348
Net assets		114	2,348
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		114	2,348
Shareholders' funds		114	2,348

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

For the financial year ending 9 January 2021 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the directors and authorised for issue on 5 January 2022 and signed on their behalf by:

7.76: 8/1

Dominic Booth

Director

Registered Number: 04007719

Company balance sheet

at 9 January 2021

		9 January 2021	4 January 2020
	Notes	£	£
Fixed assets			
Investments	9	4	4
Creditors: amounts falling due within one year	11	(2)	(2)
Total assets less current liabilities		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account		-	-
Shareholders' funds		<u>2</u>	<u>2</u>

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Directors' responsibilities:

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Approved by the directors and authorised for issue on 5 January 2022 and signed on their behalf by:

7.76: 8/1

Dominic Booth

Director

Registered Number: 04007719

Group statement of changes in equity

	<i>Called up share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total equity £000</i>
Balance at 5 January 2019	-	1,368	1,368
Loss and total comprehensive loss for the period	-	980	980
Balance at 4 January 2020	<u>-</u>	<u>2,348</u>	<u>2,348</u>

	<i>Called up share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total equity £000</i>
Balance at 4 January 2020	-	2,348	2,348
Loss and total comprehensive income for the period	-	(234)	(234)
Dividends (Note 8)	-	(2,000)	(2,000)
Balance at 9 January 2021	<u>-</u>	<u>114</u>	<u>114</u>

Company statement of changes in equity

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£
Balance at 5 January 2019	2	-	2
Profit and total comprehensive income for the period	-	-	-
Balance at 4 January 2020	<u>2</u>	<u>-</u>	<u>2</u>

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£
Balance at 4 January 2020	2	-	2
Profit and total comprehensive income for the period	-	2,000	2,000
Dividends (note 8)	-	(2,000)	(2,000)
Balance at 9 January 2021	<u>2</u>	<u>-</u>	<u>2</u>

Notes to the unaudited financial statements

at 9 January 2021

1. Accounting policies

Northern Rail Holdings Limited (the “group”) is a company limited by shares and incorporated and domiciled in the UK. The company’s registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, Lancashire, M1 5ES.

These financial statements have been prepared in accordance with “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No Cash Flow Statement with related notes is included because the company and group, as a small reporting entity, is exempt from the requirement to prepare such a statement.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

1.1 Basis of Preparation

The financial statements are prepared on the historical cost basis. All amounts in the group financial statements have been rounded to the nearest £1,000. All amounts in the company financial statements have been rounded to the nearest £1.

1.2 Going concern

The group operated a rail franchise, which ceased on 31 March 2016. The group does not operate the replacement franchise, which commenced on 1 April 2016. The group therefore ceased to trade as a train operator from 1 April 2016, but the group has responsibility for the subsequent wind down of the franchise, including the settlement of receivables and payables. This may take some time to complete. In accordance with the requirements of IAS 1: Presentation and Disclosure, these financial statements are prepared on a basis other than going concern to reflect the fact that trading has ceased. Nevertheless, assets continue to be carried at their recoverable amount which reflects the expected amounts to be recovered on settlement as appropriate. In addition, assets and liabilities are classified as current in accordance with the contractual terms of those balances and the anticipated timing of settlement.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiary undertakings made up to 9 January 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the Group statement of comprehensive income from the date that control commences until the date that control ceases. Control is established when the parent company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the parent company is exempt from the requirement to present its own statement of comprehensive income.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Notes to the unaudited financial statements

at 9 January 2021

1. Accounting policies (continued)

1.4 *Classification of financial instruments issued by the group*

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 *Basic financial instruments*

Other debtors / creditors

Other debtors are recognised initially at transaction price less attributable transaction costs. Other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of other debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

1.6 *Other financial instruments*

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and

1.7 *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances held at banks

Notes to the unaudited financial statements

at 9 January 2021

1. Accounting policies (continued)

1.8 Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.9 Turnover

The only source of revenue in the current and prior year is other income.

Other income arises from the provision of ancillary services to external parties and is recognised when it can be measured reliably and it is probable that economic benefits will flow to the company as the service is delivered.

1.10 Interest receivable

Interest receivable

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss account as it accrues.

1.11 Taxation

Tax on the profit or loss for the period 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 directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the unaudited financial statements

at 9 January 2021

2. Turnover

All turnover originates in the United Kingdom and derives from the provision of railway services.

	52 weeks ended 9 January 2021	52 weeks ended 4 January 2020
<i>Turnover is analysed as follows:</i>		
	£000	£000
Other income	61	45
	<u>61</u>	<u>45</u>

3. Operating profit/(loss)

	52 weeks ended 9 January 2021	52 weeks ended 4 January 2020
<i>Included in profit/(loss) are the following:</i>		
	£000	£000
Fees payable to the group's auditor for the audit of the group's annual financial statements	-	25
	<u>-</u>	<u>25</u>

4. Staff numbers and costs

There were no employees at the period ended 9 January 2021 or 4 January 2020.

5. Directors' remuneration

Dominic Booth and Julian Edwards were remunerated through Abellio Transport Holdings Limited.

Angelique Magielse was remunerated through Abellio Transport Holding BV.

Alan Dingwall, John Michael Herron and John Whitehurst were remunerated through Serco Limited.

Each of the directors have determined that remuneration received for the provision of qualifying services to the company was £nil.

6. Other interest receivable and similar income

	52 weeks ended 9 January 2021	52 weeks ended 4 January 2020
	£000	£000
Interest receivable	5	14
	<u>5</u>	<u>14</u>

Notes to the unaudited financial statements

at 9 January 2021

7. Income tax

(a) Tax expense recognised in the profit and loss account

	52 weeks ended 9 January 2021 £000	52 weeks ended 4 January 2020 £000
Current tax:		
UK corporation tax on income for the period	5	3
Adjustment in respect of prior periods	-	-
Total current tax expense	5	3

Deferred Tax:

	52 weeks ended 9 January 2021 £000	52 weeks ended 4 January 2020 £000
Total deferred tax	-	-

	5	3
Total tax expense	5	3

(b) Factors affecting total tax charge

	52 weeks ended 9 January 2021 £000	52 weeks ended 4 January 2020 £000
Profit/loss after taxation	(234)	980
Total tax (expense)/credit	5	(3)
Profit/(loss) before taxation	(229)	983

Tax charge/(credit) using the standard rate of corporation tax in the UK of 19% (52 weeks ended 5 January 2019: 19%)

(44) 187

Effects of:

Adjustment in respect of prior periods	-	-
Tax rate changes	-	-
Deferred tax not recognised	49	(184)
Total tax expense included in profit and loss	5	3

Notes to the unaudited financial statements

at 9 January 2021

8. Dividends

	<i>52 weeks ended 9 January 2021 £000</i>	<i>52 weeks ended 4 January 2020 £000</i>
Paid – £0.5m per ordinary share (52 weeks ended 4 January 2020: £nil per ordinary share)	2,000	-

The directors recommended a final dividend of £2m, which was paid on 18 December 2020.

9. Fixed asset investments

Company

	<i>Subsidiary undertakings £</i>
At 4 January 2020 and 9 January 2021	4
Northern Rail Holdings Limited's wholly owned subsidiary undertaking, Northern Rail Limited, a company incorporated in England.	

10. Debtors

Group

	<i>9 January 2021 £000</i>	<i>4 January 2020 £000</i>
Trade debtors	-	-
Other taxes and social security	9	57
	<u>9</u>	<u>57</u>

Notes to the unaudited financial statements

at 9 January 2021

11. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>9 January 2021</i>	<i>4 January 2020</i>	<i>9 January 2021</i>	<i>4 January 2020</i>
	<i>£000</i>	<i>£000</i>	<i>£</i>	<i>£</i>
Trade creditors	11	1,166	-	-
Accruals and deferred income	265	964	-	-
Amounts due to related parties (note 15)	-	43	-	-
Corporation tax	6	3	-	-
Other creditors	5	-	2	2
	<u>286</u>	<u>2,176</u>	<u>2</u>	<u>2</u>

12. Capital and reserves

<i>Share Capital</i>	<i>9 January 2021</i>		<i>4 January 2020</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Allotted, called up and fully paid:				
‘A’ ordinary shares of £1 each	1	1	1	1
‘B’ ordinary shares of £1 each	1	1	1	1
Shares classified in shareholders’ funds		<u>2</u>		<u>2</u>

‘A’ ordinary shares of £1 each and ‘B’ ordinary shares of £1 each carry equal voting rights and rank pari passu in all respects.

13. Financial instruments

The carrying amounts of the financial assets and liabilities included:

	<i>9 January 2021</i>	<i>4 January 2020</i>
	<i>£000</i>	<i>£000</i>
Assets measured at amortised cost – cash and other debtors	400	4,524
Liabilities measured at amortised cost – other creditors	<u>(16)</u>	<u>(1,233)</u>
	<u>384</u>	<u>3,291</u>

14. Contingent liabilities

There were no contingent liabilities at 9 January 2021 or 4 January 2020.

Notes to the unaudited financial statements

at 9 January 2021

15. Related party transactions

During the period the group entered into transactions, in the ordinary course of business, with other related parties. The transactions with them are summarised below:

	52 weeks ended 9 January 2021	52 weeks ended 4 January 2020
<i>N.V. Nederlandse Spoorwegen</i>	£000	£000

Amounts included in the income statement

Recharges – payable	(26)	(43)
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All of the above expenses were payable to/receivable from N.V. Nederlandse Spoorwegen and its subsidiaries, which are related parties by virtue of N.V. Nederlandse Spoorwegen owning 50% of the issued share capital of the company. At 9 January 2021, amounts due to N.V. Nederlandse Spoorwegen entities amounted to £nil. (4 January 2020: amounts due to N.V. Nederlandse Spoorwegen amounted to £43,200).

	52 weeks ended 9 January 2021	52 weeks ended 4 January 2020
<i>Merseyrail Electrics 2002 Ltd</i>	£000	£000
Recharges - payable	-	(12)

The above expenses were payable to Merseyrail Electrics 2002 Limited, a related party by virtue of the fact that both Northern Rail Limited and Merseyrail Electrics 2002 Limited are joint ventures of the same ultimate controlling parties. At 9 January 2021, amounts due to Merseyrail Electrics 2002 Limited were £nil (4 January 2020: £nil).

16. Ultimate parent undertaking and controlling party

The ultimate controlling parties of Northern Rail Limited are N.V. Nederlandse Spoorwegen and Serco Group plc. These companies each own 50% of the share capital of Northern Rail Holdings Limited under a joint venture agreement. Copies of the financial statements of N.V. Nederlandse Spoorwegen are available from Laan Van Puntenburg 100, 3511 ER, Utrecht, Netherlands. Copies of the financial statements of Serco Group plc are available from Serco House, 16 Bartley Wood Business Park, Bartley Way, Hook, Hampshire, RG27 9UY.