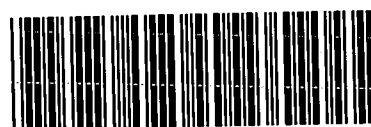


WCT Group Holdings Limited and its subsidiaries

Annual report and financial statements
For the year ended 31 December 2022
Registered number 04196341

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WCT Group Holdings Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report to the members of WCT Group Holdings Limited	6 - 8
Consolidated statement of profit and loss	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the financial statements	15 - 32

WCT Group Holdings Limited

Strategic report

For the year ended 31 December 2022

Introduction

We are pleased to present our report and financial statements for WCT Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2022.

The principal activity of the Group was previously the operation of passenger rail services between London (Euston) and Birmingham, Wolverhampton, Holyhead, Chester, Liverpool, Manchester, Preston, Carlisle and Glasgow under the franchise operated by West Coast Trains Limited ("West Coast"), a member of the Group.

Following the expiry of the franchise in December 2019, West Coast ceased to trade and the Group no longer has any investments in operational companies. As the Directors do not intend to acquire a replacement trade for West Coast, 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.

Business review

Following the successful transfer of the operation of passenger rail services to First Trenitalia West Coast Railways in December 2019, the Group retains responsibility for the wind down of certain assets and liabilities related to the expired franchise agreement. The Group has made good progress on winding down these residual assets and liabilities, although it can take a considerable time to reach a final position.

Although not trading as a train operating company, the Group was able to finalise settlements in respect of certain assets and liabilities, related to the expiry of the franchise agreement. Mainly as a consequence of the difference between the agreed settlement values and the previous carrying values of these assets and liabilities, the Group reported an operating profit for the year.

Principal risks and uncertainties

The key risk faced by the Group in the wind down of residual assets and liabilities is that the Group has insufficient funds to meet its external liabilities as they fall due. In respect of this risk, the Directors have considered and continue to consider the balance sheet and cash flow forecasts of the Group and are confident that the Group has sufficient funding to meet its liabilities.

Key Performance Indicators

Since the Group is no longer trading it is not possible to produce key performance indicators. Similarly, since the Group no longer consumes energy the Directors consider it to be exempt from any of the UK Governments Streamlined Energy and Carbon Reporting requirements.

Future Developments

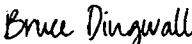
The Group continues to be engaged in the winding down of the remaining residual assets and liabilities. The Directors continue to monitor this process and remain confident that the Group has sufficient resources to meet the remaining liabilities as they fall due.

WCT Group Holdings Limited

Strategic 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

WCT Group Holdings Limited

Directors' report

For the year ended 31 December 2022

The Directors present their report and the consolidated financial statements for the year ended 31 December 2022 for WCT Group Holdings Limited.

Results and dividends

The profit for the financial year, after taxation and non-controlling interest, amounted to £369,000 (2021: £5,857,000).

Dividends paid to equity holders of the parent during the financial period totalled £6,000,000 (2021: £30,918,000).

Directors

The Directors who served during the year ended 31 December 2022 and up to the date of the Directors' report were:

Patrick McCall (resigned 24 March 2022)
Martin Griffiths (resigned 10 January 2023)
Ross Paterson (resigned 31 January 2023)
Robert Blok
Timothy Kavanagh (alternate to Ross Paterson appointed 18 February 2022, resigned 31 January 2023)
Andrew Gibbs (appointed 3 March 2022)
Danny Elford (appointed 10 January 2023, resigned 26 April 2023)
Bruce Dingwall (appointed 31 January 2023)

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

Political contributions

The Group 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 and the Group'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 and the Group's auditor is aware of that

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic report on page 1.

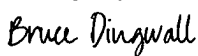
Auditor

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

WCT Group Holdings 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 Holdings Limited

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK-adopted international 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 parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements UK-adopted international accounting standards;
- assess the Group and parent 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 Group or the parent 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of WCT Group Holdings Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated Statement of Profit and Loss, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of changes in equity, Consolidated cash flow statement, 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 International Financial Reporting Standards (IFRS) for the Group and FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice) for the Company.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and parent Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the UK-adopted international accounting standards;
- the parent 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 of 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 Group and the parent 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 Holdings 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 Group and 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 5, 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 Holdings 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:

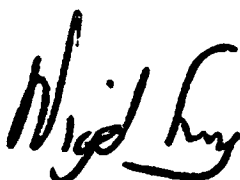
- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and the Company operates in and how the Group and the Company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, 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 Holdings Limited
Consolidated statement of profit and loss
For the year ended 31 December 2022

		Year Ended 31 December 2022	Year Ended 31 December 2021
	Note	£000	£000
Revenue	3	233	520
Other operating income	4	-	464
Train operating expense	5	(77)	2,492
Staff costs	7	144	-
Other operating charges		133	2,996
Operating profit		433	6,472
Finance (cost)/income	8	(10)	40
Profit before tax	6	423	6,512
Taxation	9	(53)	(639)
Profit for the year		370	5,873
Profit attributable to:			
Equity holders of the parent		369	5,857
Non-controlling interest		1	16
Profit for the year		370	5,873
Total comprehensive income attributable to:			
Equity holders of the parent		369	5,857
Non-controlling interest		1	16
Total comprehensive income for the year		370	5,873

The Company had no other comprehensive income that was not presented in the profit and loss account. Accordingly a statement of other comprehensive income has not been presented.


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

WCT Group Holdings Limited**Consolidated balance sheet
As at 31 December 2022**

		As at 31 December 2022	As at 31 December 2021
	Note	£000	£000
Current assets			
Trade and other receivables	11	182	593
Cash and cash equivalents	12	2,982	10,981
		<u>3,164</u>	<u>11,574</u>
Total assets		<u>3,164</u>	<u>11,574</u>
Current liabilities			
Trade and other payables	13	(1,171)	(2,598)
Current tax liabilities		(52)	(639)
Provisions	14	(840)	(1,590)
		<u>(2,063)</u>	<u>(4,827)</u>
Total liabilities		<u>(2,063)</u>	<u>(4,827)</u>
Net assets		<u>1,101</u>	<u>6,747</u>
Equity			
Ordinary share capital	16	3	3
Merger reserve	17	22,533	22,533
Retained earnings	17	(21,483)	(15,852)
Equity attributable to the parent		1,053	6,684
Non-controlling interest		48	63
Total equity		<u>1,101</u>	<u>6,747</u>

The accompanying notes form an integral part of this consolidated 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: 04196341

WCT Group Holdings Limited**Company balance sheet
As at 31 December 2022**

		As at 31 December 2022		As at 31 December 2021	
	Note	£000	£000	£000	£000
Fixed assets					
Investments	10		1,091		6,521
Current assets					
Debtors	11	-		1	
Cash at bank and in hand	12	10		224	
		10		225	
Creditors: amounts falling due within one year	13	-		-	
Net current assets			10		225
Total assets less current liabilities and net assets			<u>1,101</u>		<u>6,746</u>
Capital and reserves					
Ordinary share capital	16		3		3
Merger reserve	17		1,088		6,518
Retained earnings	17		10		225
Total equity			<u>1,101</u>		<u>6,746</u>

The accompanying notes form an integral part of this company 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: 04196341

WCT Group Holdings Limited**Consolidated statement of changes in equity****For the year ended 31 December 2022 and the year ended 31 December 2021**

	Ordinary share capital £000	Merger reserve £000	Retained earnings £000	Cash flow hedging reserve £000	Total equity attributable to parent £000	Non- controlling interest £000	Total £000
At 31 December 2020	3	22,533	9,209	-	31,745	129	31,874
Total comprehensive income for the period							
Profit for the period	-	-	5,857	-	5,857	16	5,873
Total profit and comprehensive income for the period	-	-	5,857	-	5,857	16	5,873
Transactions with owners, recorded directly in equity							
Dividends paid on ordinary shares	-	-	(30,918)	-	(30,918)	(82)	(31,000)
Total contributions by, and distributions to, owners	-	-	(30,918)	-	(30,918)	(82)	(31,000)
At 31 December 2021	3	22,533	(15,852)	-	6,684	63	6,747
At 1 January 2022	3	22,533	(15,852)	-	6,684	63	6,747
Total comprehensive income for the year							
Profit for the year	-	-	369	-	369	1	370
Total profit and comprehensive income for the year	-	-	369	-	369	1	370
Transactions with owners, recorded directly in equity							
Dividends paid on ordinary shares	-	-	(6,000)	-	(6,000)	(16)	(6,016)
Total contributions by, and distributions to, owners	-	-	(6,000)	-	(6,000)	(16)	(6,016)
At 31 December 2022	3	22,533	(21,483)	-	1,053	48	1,101

The Company had no other comprehensive income that was not presented in the profit and loss account. Accordingly a statement of other comprehensive income has not been presented.

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

WCT Group Holdings Limited**Company statement of changes in equity
As at 31 December 2022**

	Ordinary share capital £000	Merger reserve £000	Retained earnings £000	Total £000
At 31 December 2020	3	31,511	360	31,874
Total comprehensive income for the period				
Profit for the period	-	-	5,790	5,790
Total profit and comprehensive income for the period	-	-	5,790	5,790
Transactions with owners, recorded directly in equity				
Dividends paid on ordinary shares	-	-	(30,918)	(30,918)
Transfer between reserves	-	(24,993)	24,993	-
Total contributions by, and distributions to, owners	-	(24,993)	(5,925)	(30,918)
At 31 December 2021	3	6,518	225	6,746
At 1 January 2022	3	6,518	225	6,746
Total comprehensive income for the year				
Profit for the year	-	-	355	355
Total profit and comprehensive income for the year	-	-	355	355
Transactions with owners, recorded directly in equity				
Dividends paid on ordinary shares	-	-	(6,000)	(6,000)
Transfer between reserves	-	(5,430)	5,430	-
Total contributions by, and distributions to, owners	-	(5,430)	(570)	(6,000)
At 31 December 2022	3	1,088	10	1,101

The Company had no other comprehensive income that was not presented in the profit and loss account. Accordingly a statement of other comprehensive income has not been presented.

An interim dividend for the year ended 31 December 2022 of £172.51 per ordinary share (2021: £888.96) was declared and paid in 2022

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

WCT Group Holdings Limited**Consolidated statement of cash flows
For the year ended 31 December 2022**

		Year Ended 31 December 2022	Year Ended 31 December 2021
	Note	£000	£000
Cash flow from operating activities			
Profit for the year		370	5,873
<i>Adjustments for:</i>			
Finance income	8	10	(40)
Taxation	9	53	639
		<u>433</u>	<u>6,472</u>
<i>Working capital changes:</i>			
Decrease in trade and other receivables		411	23,781
Decrease in trade and other payables		(1,390)	(11,227)
Decrease in provisions		<u>(750)</u>	<u>(952)</u>
		<u>(1,296)</u>	<u>18,074</u>
Interest received		<u>(10)</u>	<u>40</u>
Net cash from operating activities before tax		<u>(1,306)</u>	<u>18,114</u>
Tax paid		(677)	(2,534)
Net cash from operating activities		<u>(1,983)</u>	<u>15,580</u>
Cash flow from financing activities			
Dividends paid to equity holders of the parent		(6,000)	(30,918)
Dividends paid to non-controlling interest		<u>(16)</u>	<u>(82)</u>
Net cash from financing activities		<u>(6,016)</u>	<u>(31,000)</u>
Net decrease in cash and cash equivalents		(7,999)	(15,420)
Cash and cash equivalents at beginning of year		10,981	26,401
Cash and cash equivalents at end of year	12	<u><u>2,982</u></u>	<u><u>10,981</u></u>

The accompanying notes form an integral part of this consolidated statement of cash flows.

WCT Group Holdings Limited

Notes to the financial statements

For the year ended 31 December 2022

1 Accounting policies

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

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

These consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union. The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The principal accounting policies adopted in the preparation of these consolidated 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

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are recorded at fair value.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not presented its own profit and loss account. The result for the year attributable to the Company is disclosed in the Company statement of changes in equity.

Going concern

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

The Company acts as a holding company for the subsidiaries listed in note 10 and consequently is dependent on revenue generated by those companies under the West Coast franchise.

Following the expiry of the franchise, West Coast ceased to trade and the Group no longer has any investments in operational companies. As the Directors do not intend to acquire a replacement trade for West Coast, they have not prepared these 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.

Based on industry practice certain contracts, assets, rights, commitments and liabilities of West Coast associated with the operations of the franchise transferred to the new franchise operator on the termination date of the West Coast franchise.

WCT Group Holdings Limited

Notes to the financial statements

For the year ended 31 December 2022

1 Accounting policies *(continued)*

1.2 New accounting standards adopted during the year ended 31 December 2022

There were no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 which have had a material impact on the Group's consolidated financial statements.

1.3 Basis of consolidation

The financial statements consolidate the accounts of WCT Group Holdings Limited and all of its subsidiary undertakings ("subsidiaries").

On 1 March 2002, the Company acquired the entire share capital of WCT Group Limited (formerly Virgin Rail Group Limited) with the consideration being satisfied by the issue of ordinary shares in the Company. The combination was accounted for as a Group reconstruction using the principles of merger accounting.

All other acquisitions have been accounted for using the principles of acquisition accounting. Under this method the results and cash flows of the subsidiary companies are included in the Group statement of profit and loss and the Group cash flow statement respectively from the dates of acquisition. Fair values are attributed to the Group's share of the identifiable net assets required.

1.4 Revenue

The finalisation of certain agreements relating to the transfer of assets and liabilities at the end of the franchise has resulted in differences between the agreed settlement values and previous estimates of these items. As a consequence of these differences the Company is reporting revenue during the year relating to one-off income amounts and settlement gains, although it was no longer trading as a train operating company. In addition, the continuing wind down of the company, and settlement of certain items has made possible the release of residual provisions and creditor balances.

1.5 Franchise expense/income

Under the contractual terms of its franchise agreement, the Group had revenue sharing arrangements with the DfT. As a result of these arrangements, the Group may be liable to make payments to the DfT or receive amounts from the DfT. The Group recognises revenue share amounts payable or receivable in the statement of profit and loss in the same period in which it recognises the related revenue. Revenue share amounts payable or receivable are treated as other operating charges or other operating income.

1.6 Taxation

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

WCT Group Holdings Limited

Notes to the financial statements

For the year ended 31 December 2022

1 Accounting policies *(continued)*

1.6 Taxation *(continued)*

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.

1.7 Impairment of non-current assets

Non-current 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.

1.8 Operating leases

Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit and loss as an integral part of the total lease expense.

1.9 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. The amounts recognised are the best estimate of the expenditure that will be required to meet the Group's obligation.

WCT Group Holdings Limited

**Notes to the financial statements
For the year ended 31 December 2022**

1 Accounting policies (*continued*)

1.10 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument. In accordance with IFRS 9, financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Group determines the classification at initial recognition and re-evaluates this designation at each balance sheet date except for those financial instruments measured at fair value through profit or loss.

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.

Cash and cash equivalents

For the purposes of the balance sheet and cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities at the balance sheet date of twelve months or less.

Impairment of non-derivative financial assets

The Group assesses at each balance sheet date whether a non-derivative financial asset or group of financial assets is impaired. The "expected credit loss" approach is taken when calculating impairments on financial assets. All financial assets are reviewed for historic write offs and this proportion is applied to its class of financial assets to calculate the required provision.

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.

1.11 Dividends

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

1.12 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

- IFRS 17 Insurance Contracts (effective date to be confirmed).
- Amendments to IFRS 3: Definition of a Business (effective date to be confirmed).
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective date to be confirmed).

WCT Group Holdings Limited

Notes to the financial statements

For the year ended 31 December 2022

2 Significant judgements, estimates and accounting policies

The preparation of the consolidated financial statements in conformity with IFRSs 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.

The items discussed below are considered to be the most significant sources of estimation uncertainty.

Estimates:

Costs of winding down residual assets and liabilities

The Group has made estimates of the amounts likely to be incurred in winding down the remaining assets and liabilities. Although good progress has been made on this, there does remain some uncertainty as to the eventual timing and value of costs incurred. Actual outcomes may therefore differ from the estimates made by the Group.

Judgements:

Historic liabilities

The Group has recorded certain historic liabilities which have not yet crystallised, and may ultimately not do so. It is a matter of judgement as to when, or whether, such liabilities should be assumed not to crystallise, and the actual outcome may differ from the judgement made.

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

3 Revenue	31 December 2022	31 December 2021
	£000	£000
Group passenger revenue	224	1,064
Group other trading income	9	(544)
	<u>233</u>	<u>520</u>

All Group revenue arose within the UK. Passenger revenue reported in the prior period was primarily the result of releasing certain provisions relating to obligations in respect of the transfer to the successor operator, primarily related to the sale of discount cards for rail travel. Revenue in the current year relates to the wind down of balances.

Other trading income consisted primarily of the provision of station facilities to other train operators, retail commissions receivable and car parking. Balances in the year relate to wind down activity, most notably in respect of ticket issuing fees. The negative balance in the prior year is the result of a dispute relating to ticket issuing fees. This has been provided for in revenue, reflecting the classification of the original receipts.

4 Group other operating income	31 December 2022	31 December 2021
	£000	£000
Network change compensation and performance regime	-	453
Property income	-	11
	<u>-</u>	<u>464</u>

Network change compensation was receivable in respect of lost revenue and incremental costs incurred due to Network Rail's alterations of the track and infrastructure.

Net performance regime income/expense was in respect of service disruption under the performance regime provisions of the track access agreement with Network Rail.

All balances in the prior period relate to the Group's finalisation of positions relating to these items with Network Rail.

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

5 Group train operating expense	31 December 2022	31 December 2021
	£000	£000
Rolling stock costs	-	(541)
Track access costs	-	(3)
Station and depot access costs	-	(17)
Power costs	-	242
Other operating costs	<u>77</u>	<u>(2,173)</u>
	<u><u>77</u></u>	<u><u>(2,492)</u></u>

Other operating costs consist primarily of retail commissions payable, catering supplies and British Transport Police charges. Balances in the year relate to unwinding of the Group's affairs, as a result of actual outcomes being different to previous estimates.

WCT Group Holdings Limited

**Notes to the financial statements
For the year ended 31 December 2022**

6 Expenses and auditor's remuneration

Included in profit/loss are the following:

	31 December 2022	31 December 2021
	£000	£000
Rental income received on properties	<u>-</u>	<u>(11)</u>

Auditor's remuneration

Remuneration of the auditor and its associates:

- Audit of these financial statements	5	7
- Audit of financial statements of subsidiaries of the Company	15	43
	<u>15</u>	<u>43</u>

WCT Group Holdings Limited**Notes to the financial statements
For the year ended 31 December 2022****7 Staff costs****Headcount and total remuneration**

There were no persons directly employed by the Group in the year.

The aggregate payroll costs of these persons were as follows:

	31 December 2022	31 December 2021
	£000	£000
Wages and salaries	(144)	-
	(144)	-

The Company has no employees in the year (2021: Nil).

Staff costs in the year relate to unwinding of the prior year, due to actual outcomes being different to previous estimates.

Directors' remuneration

	31 December 2022	31 December 2021
	£000	£000
Total remuneration		
Amounts paid to third parties for Directors' services	279	279

Highest paid director

Amounts paid to third parties for Directors' services	74	74
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Amounts paid to third parties for Directors' services had been previously accrued as wind down costs.

WCT Group Holdings Limited

**Notes to the financial statements
For the year ended 31 December 2022**

8 Finance income and expense

	31 December 2022	31 December 2021
	£000	£000
Group finance income		
Bank interest receivable	9	2
Other interest (payable)/receivable	(19)	38
	<u>(10)</u>	<u>40</u>

WCT Group Holdings Limited**Notes to the financial statements****For the year ended 31 December 2022****9 Taxation**

Recognised in the consolidated statement of profit and loss:	31 December 2022	31 December 2021
	£000	£000
Current tax		
Current tax on income for the year	53	691
Adjustments in respect of prior periods	-	(52)
Total current tax	53	639
Total tax expense	53	639

Factors affecting tax charge for the financial 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	423	6,512
Tax at UK corporation tax rate of 19% (2020: 19%)	80	1,237
Effects of:		
Non-taxable items	-	-
Deductible temporary differences not recognised	-	(546)
Adjustments in respect of prior periods	(27)	(52)
Total tax expense	53	639

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 Holdings Limited**Notes to the financial statements
For the year ended 31 December 2022****10 Investments**

Company	Investments in subsidiary companies £000
Cost	
At the beginning and end of the year	<u>348,629</u>
Impairment	
At the beginning of the year	342,108
Charge for the year	<u>5,430</u>
At the end of the year	<u>347,538</u>
Net book value	
At 31 December 2022	<u>1,091</u>
At 31 December 2021	<u>6,521</u>

The Company owns 99.74% of the allotted share capital of WCT Group Limited.

WCT Group Limited owns 100% of the allotted share capital of West Coast Trains Limited, which operated passenger rail services.

The Company owns 100% of the allotted share capital of WCT Sales Limited, previously a train hire company and 100% of Redstar Ticketing Limited.

All of these companies are included within the consolidated financial statements and are registered in England and Wales at the registered office address given in the Directors' Report.

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 offset by a reduction in the Company's merger reserve (see note 17).

WCT Group Holdings Limited**Notes to the financial statements****For the year ended 31 December 2022****11 Trade and other receivables**

	Group		Company	
	As at 31	As at 31	As at 31	As at 31
	December 2022	December 2021	December 2022	December 2021
	£000	£000	£000	£000
Current				
Trade receivables	78	596	-	-
Provision for doubtful receivables	(78)	(95)	-	-
Net trade receivables	-	501	-	-
Amounts owed by related undertakings	-	-	-	1
Other receivables	182	92	-	-
	182	593	-	1

Amounts owed by related undertakings in the prior year included loans to Stagecoach Group plc and Virgin Holdings Limited, repayable on demand. As disclosed in note 19 these loans were repaid on 5 February 2021 in the form of a dividend in specie of the receivables.

12 Cash and cash equivalents

	Group		Company	
	As at 31	As at 31	As at 31	As at 31
	December 2022	December 2021	December 2022	December 2021
	£000	£000	£000	£000
Cash at bank and in hand	2,982	10,981	10	224

Cash and cash equivalents comprise of cash and short-term bank deposits with maturity of six months or less. The carrying amount of these assets is equal to their fair value.

WCT Group Holdings Limited**Notes to the financial statements****For the year ended 31 December 2022****13 Trade and other payables**

	Group		Company	
	As at 31	As at 31	As at 31	As at 31
	December 2022	December 2021	December 2022	December 2021
		(restated)		
	£000	£000	£000	£000
Current				
Trade payables	286	636	-	-
Other payables	826	1,556	-	-
Accruals and deferred income	59	406	-	-
Corporation Tax	52	639	-	-
	<u>1,223</u>	<u>3,237</u>	<u>-</u>	<u>-</u>

14 Provisions

	Group	
	As at 31	As at 31
	December 2022	December 2021
	£000	£000
Current		
As at 31 December 2020	1,590	2,542
Transfer from Accruals	-	57
Amounts utilised in the year	(750)	(878)
Amounts released in the year	-	(131)
At 31 December 2021	<u>840</u>	<u>1,590</u>

The provisions brought forward related to obligations in respect of winding down the company following the end of the franchise. The wind down costs are expected to be incurred through to expected insolvency, the timing of which is currently uncertain.

WCT Group Holdings Limited**Notes to the financial statements
For the year ended 31 December 2022****15 Financial instruments****(a) Carrying values of financial instruments**

	31 December 2022 £000	31 December 2021 £000
Group financial assets		
Current assets		
- Trade receivables	-	501
- Other receivables	182	92
- Cash and cash equivalents	2,982	10,981
	<u>3,164</u>	<u>11,574</u>
Group financial liabilities		
Current liabilities		
- Trade payables	(286)	(636)
- Other payables	(826)	(1,556)
	<u>(1,112)</u>	<u>(2,192)</u>
Group net financial assets	<u>2,052</u>	<u>9,382</u>

The carrying values of financial assets and liabilities are deemed to approximate their fair values.

Fair value estimation

For all financial instruments that are not measured at fair value on a recurring basis, the Directors consider that the carrying amounts of financial assets and financial liabilities approximate their fair values.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to amounts due from outstanding receivables.

The Group's objective is to minimise credit risk to an acceptable level whilst not overly restricting the Group's ability to generate revenue and profit. It is the Group's policy to invest cash assets safely and profitably. To control credit risk, counterparty credit limits are set by reference to published credit limits.

The maximum exposure to credit risk is limited to the carrying value of each class of asset as summarised in the table at the beginning of this note. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty. The Group's largest credit exposures are to financial institutions with short-term credit ratings of A2 (or equivalent) or better, the Department for Transport and Rail Settlement Plan Limited, all of which the Group considers unlikely to default on their respective liabilities to the Group.

WCT Group Holdings Limited**Notes to the financial statements****For the year ended 31 December 2022****15 Financial instruments (continued)****(b) Credit risk (continued)**

There are no financial assets past due, but not impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash requirements on an ongoing basis. The Group ensures that it has sufficient cash on demand to meet expected operational expenses and impending capital calls and investment funding over the franchise term. This includes the servicing of financial obligations but excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The maturity profile of Group financial liabilities based on undiscounted gross cash flows and contractual maturities is as follows:

31 December 2022					
	Carrying amount £000	Contractual cash flows £000	Within 1 year £000	1-2 years £000	2-5 years £000
Non-derivative financial liabilities					
Trade and other payables	<u>(1,112)</u>	<u>(1,112)</u>	<u>(1,112)</u>	<u>-</u>	<u>-</u>

31 December 2021					
	Carrying amount £000	Contractual cash flows £000	Within 1 year £000	1-2 years £000	2-5 years £000
Non-derivative financial liabilities					
Trade and other payables	<u>(2,192)</u>	<u>(2,192)</u>	<u>(2,192)</u>	<u>-</u>	<u>-</u>

(d) Capital management

The Group regards its capital as comprising its equity and cash. The Group's objective when managing capital is to safeguard the Group's ability to meet the remaining liabilities as they fall due. The capital structure of the Group is kept under regular review.

WCT Group Holdings Limited**Notes to the financial statements****For the year ended 31 December 2022****16 Capital and reserves****(a) Share capital**

	As at 31 December 2022 £	As at 31 December 2021 £
Allotted, called up and fully paid		
17,738 "A" ordinary shares of £0.10 each	1,774	1,774
17,042 "B" ordinary shares of £0.10 each	1,704	1,704
	<u>3,478</u>	<u>3,478</u>

The "A" and "B" ordinary shares rank pari passu with each other in all respects.

(b) Reserves

For the Group, a reconciliation of the movements in each reserve is shown in the Consolidated statement of changes in equity.

For the Company, a reconciliation of the movements in each reserve is shown in the Company statement of changes in equity.

The merger reserve arose on a Group reconstruction in 2002 which was accounted for using the principles of merger accounting.

The balance held in the retained earnings reserve is the accumulated retained profits of the Group and Company.

The cash flow hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. The cumulative gain or loss is recycled to the statement of profit or loss to match the recognition of the hedged item through the statement of profit or loss.

17 Reserves	Merger reserve £000	Profit and loss account £000
Group		
At the beginning of the year	22,533	(15,852)
Profit for the year	-	369
Dividends paid	-	(6,000)
	<u>22,533</u>	<u>(21,483)</u>

Reserves	Merger reserve £000	Profit and loss account £000
Company		
At the beginning of the financial period	6,518	225
Profit for the financial period	-	355
Dividends paid	-	(6,000)
Transfers	(5,430)	5,430
	<u>1,088</u>	<u>10</u>

WCT Group Holdings Limited**Notes to the financial statements****For the year ended 31 December 2022****18 Related parties**

At 31 December 2021 and 31 December 2022, the Company's ultimate parent undertaking was Virgin Group Holdings Limited, whose sole shareholder is Sir Richard Branson.

The shareholder of Virgin Group Holdings Limited has interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under International Accounting Standard 24: Related Party Disclosures.

During the financial period, the Group entered into the following transactions with related parties:

	31 December 2022 £000	31 December 2021 £000
Companies related by virtue of common control or ownership		
Purchases	<u>(337)</u>	<u>(1,034)</u>
Companies related by virtue of direct/indirect ownership		
Revenue	-	-
Purchases	(195)	(574)
Receivables outstanding	<u>-</u>	<u>-</u>

Related party revenue is principally in respect of work undertaken on rail franchise bids and staff secondments. Related party purchases are principally in respect of management services, royalty fees and commission.

19 Ultimate parent company and parent undertaking of larger group

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

Copies of the 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.