

Company Registration No. 05154485

First Rail Holdings Limited

Report and Financial Statements

31 March 2016

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First Rail Holdings Limited

Report and financial statements 2016

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First Rail Holdings Limited
Officers and professional advisers

Directors

Clive Burrows
Nicholas Chevis
Hugh Clancy
David Gausby
Stephen Montgomery
Timothy O'Toole

Registered Office

50 Eastbourne Terrace,
Paddington,
London
W2 6LG

Company Secretary

Michael Hampson

Auditor

Deloitte LLP
Chartered Accountants
London

First Rail Holdings Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

The Company has adopted FRS 102 in the year, under which it has taken advantage of a number of reduced disclosures. Further information is available within the accounting policies section.

PRINCIPAL ACTIVITIES

The company is a holding company for some of FirstGroup plc's rail operations. In addition, it leases rolling stock to fellow FirstGroup plc companies and also bids for heavy rail operations.

BUSINESS REVIEW AND FUTURE OUTLOOK

The company continues to provide services for the benefit of FirstGroup plc's rail operations and to lease its high-speed trains to First Greater Western Limited, a subsidiary undertaking.

The company made an operating loss of £13.3m (2015: £6.6m operating loss) on turnover of £25.7m (2015: £27.9m).

First Greater Western Limited has negotiated with the Department for Transport ("DfT") for a further franchise agreement to 31 March 2019 with a DfT option to extend to 31 March 2020. This franchise commenced in September 2015.

The company engaged in bidding activity during the year, principally in relation to the East Anglia, the Transpennine and the South West franchises. The company was unsuccessful in its bid for East Anglia. On 9 December 2015, the DfT announced its intention to award the Transpennine franchise to a wholly-owned subsidiary undertaking of the company. This franchise commenced on 1 April 2016. On 12 May 2016, the Office of Rail and Road announced the company had won open access opportunities on the East Coast mainline for 5 services a day between London and Edinburgh starting May 2021. The company has also been shortlisted for the South West franchise, for which it has entered a Joint Venture with MTR Corporation (UK) Limited ("MTR"), by selling MTR 30% of the First South West Trains Limited subsidiary. The South West bid was submitted to the DfT in September 2016 and a decision is expected by March 2017.

The First Capital Connect franchise, which operated the Thameslink and Great Northern services, expired on 14 September 2014 and the ScotRail franchise expired on 1 April 2015.

The company will continue to participate in a range of franchise competitions to achieve profit on a par with the last round of franchising, with an acceptable level of risk.

PRINCIPAL RISKS AND UNCERTAINTIES

LEGISLATION AND REGULATION

Our business is subject to numerous laws and regulations covering a wide range of matters including health and safety, equipment, employment, environmental, insurance coverage and other operating issues. These laws and regulations are constantly subject to change. The costs associated with complying with the adoption of new legislation, regulations or other laws could adversely impact the results of our operations. The company has embedded operating policies and procedures to ensure compliance with existing legislation and regulation. The company has access to FirstGroup plc's legal team, who oversee compliance and training programmes and advise on emerging issues.

LABOUR COSTS

Labour costs represent a significant component of the company's operating costs. Labour shortages, or low unemployment rates, could hinder the company's ability to recruit and retain qualified employees leading to a higher than expected increase in the cost of recruitment, training and other staff costs. To mitigate this risk, the company seeks to structure its recruitment and retain the right people.

TERRORISM

Terrorist acts and the public's concerns about potential attacks could adversely affect demand for our franchise services. More particularly if we were to be perceived as not taking all reasonable precautions to guard against potential terrorist acts this could adversely affect our reputation with the public. The parent company has a Head of Security who is responsible for improved security awareness, the application of good practice in the implementation of security measures, and the development and training of our employees so that they can respond effectively to any perceived threat or incident.

First Rail Holdings Limited

Strategic report

ECONOMY

The level of economic activity affects the number of train journeys taken by passengers in the UK. Any changes in economic activity may impact upon the passenger numbers and hence our subsidiary operations or bid models.

FINANCIAL MATTERS

The results for the year are given in the profit and loss account on page 8.

A £13m final dividend was paid in the year (2015: £nil). An Interim dividend of £100m was paid in November 2015. Dividends of £52m (2015: £95m) were received in the year.

Under Financial Reporting Standard 102 the company has taken advantage of a number of reduced disclosures. Further information is available within the principal accounting policies section. This position has been agreed with FirstGroup plc, the company's immediate controlling entity.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial assets are receivables from other group companies and bank balances.

The company's credit risk is primarily attributable to its receivables from group companies. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on bank balances is limited because the counter parties are banks.

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



David Gausby
Director

Milford House
1 Milford Street
Swindon
SN1 1HL

Date: 22 December 2016

First Rail Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

Directors

The directors who held office throughout the year, and to the date of signing of these financial statements, except as noted, were as follows:

Vernon Barker (resigned 17 April 2015)	David Gausby
Clive Burrows	Stephen Montgomery (appointed 28 September 2015)
Nicholas Chevis	Timothy O'Toole
Hugh Clancy	

Directors' indemnities and liability insurance

Directors' and Officers' liability insurance is maintained by the company's ultimate parent undertaking and is in place at the date of this report. The directors also have the benefit of indemnity provisions. These provisions are qualifying third party indemnity provisions as defined in section 234 of the Companies Act 2006.

Employee involvement

Communication with employees is effected mainly through briefing meetings between the directors, the senior management and employees. The briefing meetings enable senior management to consult employees and to ascertain their views on matters likely to affect their interests.

Disabled persons

The company recognises its obligations to give disabled people full and fair consideration for all vacancies within the statutory medical requirement, which have to be met for certain grades of staff. Wherever reasonable and practicable, the company will retain newly disabled employees and at the same time provide full and fair opportunities for the career development of disabled people.

Going concern

At 31 March 2016 the company had cash of £32.1m (2015: £94.0m), net current assets of £29.2m (2015: £96.3m) and net assets of £82.1m (2015: £153.9m).

The directors have considered the going concern assumption given the current economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts in forming this judgement.

After making enquiries and considering the above facts, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Audit information

Each of the persons who is a director at the date of approval of this report confirms that:

- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

First Rail Holdings Limited Directors' report

Auditor

The company has passed an elective resolution dispensing with the requirement to appoint an auditor annually. Deloitte LLP have indicated their willingness to continue as auditor of the company and are therefore deemed to be reappointed for a further term.

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



David Gausby
Director

Milford House
1 Milford Street
Swindon
SN1 1HL

Date: 22 December 2016

First Rail Holdings Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and Financial Reporting Standard 102 (United Kingdom Accountancy 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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the member of First Rail Holdings Limited

We have audited the financial statements of First Rail Holdings Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed in the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jennifer Chase (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date: 22 December 2016

First Rail Holdings Limited
Profit and loss account
Year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Turnover	2	25,663	27,912
Operating costs (net)			
- General		(24,101)	(27,876)
- Bid costs (net)		(19,307)	(13,921)
- Management recharges		4,431	7,250
	3	<u>(38,977)</u>	<u>(34,547)</u>
Operating loss		(13,314)	(6,635)
Income from fixed asset investments	7	52,000	95,000
Impairment of fixed asset investments	9	-	16
Profit before tax on ordinary activities	6	<u>38,686</u>	<u>88,381</u>
Tax credit on profit on ordinary activities	8	2,579	1,758
Retained profit for the year, transferred to reserves		<u>41,265</u>	<u>90,139</u>

All activities in the current and preceding year relate to continuing operations.

Statement of comprehensive income
Year ended 31 March 2016

	2016 £'000	2015 £'000
Profit for the financial year	41,265	90,139
Other comprehensive income	-	-
Total comprehensive income for the year	<u>41,265</u>	<u>90,139</u>

First Rail Holdings Limited
Balance sheet
Year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments	9	46,416	46,416
Tangible assets	10	7,221	11,528
		<u>53,637</u>	<u>57,944</u>
Current assets			
Stocks	11	35	35
Debtors	12	13,080	19,210
Cash at bank and in hand	13	32,119	93,963
		<u>45,234</u>	<u>113,208</u>
Creditors: amounts falling due within one year	14	<u>(16,088)</u>	<u>(16,931)</u>
Net current assets		<u>29,146</u>	<u>96,277</u>
Total assets less current liabilities		<u>82,783</u>	<u>154,221</u>
Provisions for liabilities and charges	15	<u>(641)</u>	<u>(344)</u>
Net assets		<u>82,142</u>	<u>153,877</u>
Financed by:			
Capital and reserves			
Called up share capital	16	82,142	153,877
Profit and loss account			
Shareholder's funds		<u>82,142</u>	<u>153,877</u>

The financial statements of First Rail Holdings Limited, registered number 05154485 were approved by the Board of Directors on 22 December 2016.

Signed on behalf of the Board of Directors



David Gausby
Director

First Rail Holdings Limited
Statement of changes in Equity
31 March 2016

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 31 March 2014		63,738	63,738
Total comprehensive income for the financial year		90,139	90,139
Balance at 31 March 2015		153,877	153,877
Total comprehensive income for the financial year		41,265	41,265
Dividend payments		(113,000)	(113,000)
Balance at 31 March 2016		82,142	82,142

First Rail Holdings Limited

Notes to the accounts

Year ended 31 March 2016

1. Principal accounting policies

The following accounting policies have been applied consistently throughout the current and preceding year in dealing with items which are considered material in relation to the company's financial statements.

General Information and basis of accounting

First Rail Holdings Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic report on page 2. The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The financial statements have been prepared on a historical cost basis and on a going concern basis as described in the going concern statement in the Directors' report on page 4.

The company has applied Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

Adoption of FRS 102

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 102. Accordingly, in the year ended 31 March 2016 the company has changed its accounting framework from pre-2015 UK GAAP to FRS 102. This transition is not considered to have had a material effect on the financial statements and as such the company has not presented a restated balance sheet or a reconciliation of equity on transition to FRS 102.

As permitted by FRS 102, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash-flow statement and certain related party transactions.

Investments

Fixed asset investments are stated at cost, net of any provision for impairment.

Group accounts

Group accounts are not presented as the company is a wholly-owned subsidiary undertaking of FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. In accordance with Section 400 of the Companies Act 2006, no consolidated accounts have been prepared. Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less residual value of tangible fixed assets over their estimated useful economic lives:

Rolling stock	- 10 to 15 years
Plant & Equipment	- 3 years or franchise length
Information technology	- 3 to 5 years

Stock

Stock is valued at the lower of cost or net realisable value.

First Rail Holdings Limited

Notes to the accounts

Year ended 31 March 2016

1. Principal accounting policies (continued)

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liability is reduced wholly or in part by the surrender of losses by group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertaking.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases and hire purchase

All leases are operating leases and the rental charges are taken to the profit and loss account on a straight-line basis over the life of the lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

Financial assets and liabilities

All financial assets and liabilities are measured at transaction price (including transaction cost).

Pension costs

The employees of the company all have contracts of employment with other group companies. Consequently, the company does not operate any pension schemes. Employment costs are recharged by the other group companies for the services provided to the company.

Turnover

Turnover represents the amounts receivable from third party contracts as well as assets leased to FirstGroup plc's rail operations. Turnover is recognised in the period by reference to the stage of completion of the services provided.

The whole of the turnover and profit on ordinary activities before taxation derives from the company's principal activities within the United Kingdom. The company has one principal class of business, namely, the provision of management services and asset leases to other group companies.

Critical accounting judgements and key sources of estimation uncertainty

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

Investments

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

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2016

2. Turnover

	2016	2015
	£'000	£'000
Lease of rolling stock	1,779	1,875
Lease of plant & equipment	1,203	2,200
Group management services	22,681	23,837
	<u>25,663</u>	<u>27,912</u>

3. Operating costs (net)

	2016	2015
	£'000	£'000
General:		
Staff costs (see note below)	5,636	9,288
Other external charges	17,240	18,065
Management recharges	(4,431)	(7,250)
Bid and mobilisation costs (see note below)	19,307	13,921
Depreciation	3,754	3,704
Profit on Disposal of Tangible Fixed Assets	(2,876)	(3,435)
Rentals payable under operating leases: other (see note below)	347	254
	<u>38,977</u>	<u>34,547</u>

In the year ended 31 March 2016 the company was engaged in bidding activity principally in relation to the East Anglia, the Transpennine and the South West franchises. Additionally, mobilisation costs were incurred in relation to the successful bid for the Transpennine franchise. The company incurred bid and mobilisation costs of £19.3m (2015: £13.9m). The tax effect of the bid and mobilisation costs was a credit of £3.9m (2015: £2.9m credit).

The bid and mobilisation costs include staff costs of £6.5m (2015: £4.1m) and office lease costs. Rentals payable under operating leases is in respect of land and buildings. The total charge including the bid offices was £0.6m (2015: £0.5m).

4. Employee numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	2016	2015
	No.	No.
Administration and management	79	112

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	10,210	11,205
Social security costs	1,184	1,309
Pension costs	719	867
	<u>12,113</u>	<u>13,381</u>

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2016

5. Directors' remuneration

Certain directors received remuneration from FirstGroup plc, the ultimate parent company, in the current and prior years, details of which are disclosed in its accounts. It is not considered practicable to allocate this between services provided to that company, and services provided in their capacity as directors to First Rail Holdings Limited. Details of retirement benefits accruing to the directors under the group defined benefit schemes are detailed in the financial statements of FirstGroup plc.

The remuneration of the directors during the year paid by First Rail Holdings Limited was as follows:

	2016 £'000	2015 £'000
Aggregate emoluments (excluding pension contributions)	1,332	1,237

Directors' emoluments include salary, fees, bonuses, sums paid by way of expense allowances subject to UK income tax and the money value of other non-cash benefits and exclude share options, company pension contributions and payments made under long-term incentive schemes.

The emoluments of the highest paid director amounted to:

	2016 £'000	2015 £'000
Aggregate emoluments	550	396
Compensation for loss of office		400
<i>Defined benefit scheme</i>		
Accrued pension at end of year		56
Accrued lump sum at end of year		27

The highest paid director did not exercise share options during the year and did not become entitled to receive shares under the FirstGroup long-term incentive plan.

6. Profit on ordinary activities

Audit fees of £2,500 (2015: £9,657) were incurred during the year. Deloitte LLP provided no other services in either year.

7. Income from fixed asset investments

	2016 £'000	2015 £'000
Dividend income from subsidiary undertakings	52,000	95,000

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2016

8. Tax credit on profit on ordinary activities

	2016	2015
	£'000	£'000
Current taxation		
- Group relief receivable	(2,636)	(1,375)
- Adjustment in respect of prior years	(240)	(242)
Total current taxation	(2,876)	(1,617)
Deferred taxation		
- Origination and reversal of timing differences	(24)	(343)
- Effect of decrease in tax rate on opening deferred tax balance	(74)	-
- Adjustment in respect of prior years	395	202
Total deferred taxation	297	(141)
Total tax credit on profit on ordinary activities	(2,579)	(1,758)

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 20% (2015: 21%).

During the period the UK Government enacted legislation to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017, plus a further reduction to 18% from 1 April 2020. Subsequent to the year end the UK Government announced a further reduction to the standard rate of corporation tax from 1 April 2020 to 17%.

The impact of this rate reduction to 18% has reduced the deferred tax liability on UK timing differences.

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

	2016	2015
	£'000	£'000
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 20% (2015: 21%)	7,737	18,560
Factors affecting charge		
- Non Taxable Income	(10,400)	(20,278)
- Prior year adjustments	155	(40)
- Effect of decrease in tax rate on origination and reversal of timing difference	3	-
- Effect of decrease in tax rate on opening deferred tax balance	(74)	-
Total tax credit on profit on ordinary activities	(2,579)	(1,758)

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2016

9. Fixed asset investments

Cost	£'000
At 1 April 2015 and 31 March 2016	54,971
Provisions for impairment	
At 1 April 2015 and 31 March 2016	8,555
Net book value	
At 31 March 2016 and 31 March 2015	46,416

In previous years, the company has invested £8.6m in its 30% owned DSB First ApS as part of a joint venture agreement with Danske Statsbaner (Danish State Railways, "DSB"), who subscribed 70%. DSB First ApS was the management company for two operating companies. The investment has been fully impaired. The Swedish company ceased operations in December 2011 and has been liquidated. The Danish company ceased operations in December 2015 and a solvent liquidation process is underway. Contingent liabilities remain in relation to this investment, which are set out in note 19.

On 9 October 2013 the company made a one-off cash contribution of £46.4m to its wholly-owned subsidiary undertaking First Greater Western Limited. The company did not receive any asset, right or consideration in return for the contribution and it has no entitlement whatsoever to any repayment of the contribution.

Subsidiary undertakings

At the end of the year the subsidiary undertakings of the company, all of whom are wholly-owned at year end, unless stated otherwise, were:

First Capital Connect Limited - rail franchise operated to 14 September 2014 and no longer trading;
First Greater Western Limited - rail franchise will continue to be operated to at least 31 March 2019;
First ScotRail Limited - rail franchise operated to 1 April 2015 and no longer trading;
First Transpennine Express Limited – rail franchise operating from 1 April 2016 to at least 31 March 2023;
First South Western Trains Limited – non-trading 70% owned bid vehicle with MTR Corporation (UK) limited owning 30%.

First CrossRail Limited, East Coast Trains Limited, First Caledonian Sleeper Limited, First East Anglia Limited, First Great Western Trains Limited, First Cross Country Limited, First East Midlands Limited, First Great Northern Limited, First Trains Limited, First Docklands Limited, First Metro Limited, First ScotRail Railways Limited, First Thameslink Limited, First West Coast Limited and Horizon Trains Limited – dormant bid vehicles.

All the subsidiary undertakings are incorporated in the UK and their issued share capital is ordinary shares.

Group accounts are not presented as the company is a wholly-owned subsidiary undertaking of FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. Accordingly, these accounts present information about the company as an individual undertaking and not about its group.

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2016

10. Tangible fixed assets

	Rolling stock £'000	Plant & Equipment £'000	Information technology £'000	Total £'000
Cost				
At 1 April 2015	20,992	4,316	2,359	27,667
Additions		171		171
Disposals		(3,530)		(3,530)
At 31 March 2016	20,992	957	2,359	24,308
Accumulated depreciation				
At 1 April 2015	12,115	1,665	2,359	16,139
Charge for the year	2,376	1,378		3,754
Depreciation on Disposals		(2,806)		(2,806)
At 31 March 2016	14,491	237	2,359	17,087
Net book value				
At 31 March 2016	6,501	720		7,221
At 31 March 2015	8,877	2,651		11,528

11. Stocks

	2016 £'000	2015 £'000
Spare parts	35	35

There is no material difference between the balance sheet value of the stocks and their replacement cost.

12. Debtors: amounts due within one year

	2016 £'000	2015 £'000
Trade debtors	213	166
Amounts owed by group undertakings	12,577	17,829
Prepayments and accrued income	290	1,215
	13,080	19,210

13. Cash at bank and in hand

	2016 £'000	2015 £'000
Bank deposit	32,119	93,963

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2016

14. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Trade creditors	1,385	1,771
Amounts owed to group undertakings	4,995	6,651
VAT	1,125	230
Accruals and deferred income	8,583	8,279
	16,088	16,931

15. Provisions for liabilities and charges

	Deferred tax
	£'000
At 1 April 2015	344
Credited to the profit and loss account	297
	641
At 31 March 2016	641

Provision for deferred taxation consists of the following amounts:

	2016	2015
	£'000	£'000
Capital allowances in excess of depreciation	688	492
Other timing differences	(47)	(148)
Deferred tax provision	641	344

16. Called up share capital

	2016	2015
	£	£
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
1 ordinary share of £1 each	1	1

17. Dividend

Dividend distribution to the company shareholder FirstGroup plc is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company shareholders. During the year a final dividend of £13m (2015: £nil) was paid to FirstGroup plc, the company's immediate controlling entity. An interim dividend of £100m (2015: nil) was paid during the year, again to FirstGroup plc.

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18. Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Payments falling due:				
Within one year	1,102	-	705	-
Between two and five years	2,475	-	3,528	-
	<u>3,577</u>	<u>=</u>	<u>4,233</u>	<u>=</u>

19. Contingent liabilities

As at 31 March 2016, the company had contingent liabilities of £1.0m (2015: £1.2m) in the form of a DKK30m guarantee issued to the Danish authority in relation to the operating company held by DSB First ApS (see note 9). The Swedish guarantee of SEK15m was cancelled during the year. The company's share is 30%. Subsequent to the year end, the DKK30m guarantee was cancelled.

The company has guaranteed liabilities of Hull Trains Company Limited in connection with its Section of the Railways Pension Scheme. The 31 December 2013 actuarial valuation showed a funding shortfall of £33,000 and a solvency shortfall of £6m as at that date.

The company is a member of a Value Added Tax ("VAT") group covering a number of subsidiary undertakings. All members of the VAT group are jointly and severally liable in respect of any VAT owed to HM Revenue & Customs.

20. Ultimate parent company

The directors regard FirstGroup plc, a company incorporated in Great Britain and registered in Scotland, as the ultimate and immediate parent and controlling company, which is the smallest and largest group that includes the company's results and for which group financial statements are prepared.

Copies of the accounts of FirstGroup plc can be obtained on request from Ground Floor, 50 Eastbourne Terrace, London W2 6LG.