

**Company Registration No. 05154485**

**First Rail Holdings Limited**

**Report and Financial Statements**

**31 March 2014**

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**First Rail Holdings Limited**  
**Report and financial statements 2014**

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**First Rail Holdings Limited**  
**Report and financial statements 2014**  
**Officers and professional advisers**

**Directors**

Nicholas Chevis  
David Gausby  
Hugh Clancy  
Clive Burrows  
Timothy O'Toole  
Vernon Barker

**Registered Office**

50 Eastbourne Terrace,  
Paddington,  
London  
W2 6LG

**Company Secretary**

Robert Welch

**Auditor**

Deloitte LLP  
Chartered Accountants  
London

# **First Rail Holdings Limited**

## **Report and financial statements 2014**

### **Strategic Report**

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

#### **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 £15.7m (2013: £0.4m operating profit) on turnover of £23.8m (2013: £15.4m). 2013 included the reimbursement of bid and mobilisation costs in relation to the cancellation of the West Coast franchise competition. An impairment charge of £2.4m (2013: £5.0m) was made against the investment in DSB First ApS in the year as current and projected trading indicates that there will be no recovery of this amount at the end of the franchise in December 2015.

In October 2013, First Great Western agreed a new franchise agreement with the DfT, which will expire in September 2015. The company made a one-off cash contribution to First Greater Western Limited of £46.4m in October 2013, which is recorded in fixed asset investments. First Great Western is in negotiations with the DfT for a further franchise agreement to 31 March 2019 with a DfT option to extend to 31 March 2020. In February 2014, First Capital Connect agreed a new franchise agreement with the DfT, which expired on 14 September 2014 and it ceased trading from that date.

The company engaged in bidding activity during the year, principally in relation to the Essex Thameside franchise, the combined Thameslink, Southern and Great Northern franchise and the ScotRail sleeper and day franchises. The company was unsuccessful in all four bids.

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

In the year to 31 March 2015, the company was unsuccessful in its bid for the East Coast franchise. The company is preparing its bid for the Transpennine franchise, which is expected to be submitted to the DfT in April 2015. The pre-qualification for the Greater Anglia franchise is expected to take place in March 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.

# **First Rail Holdings Limited**

## **Report and financial statements 2014**

### **Strategic Report**

#### **PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

##### **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.

##### **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.

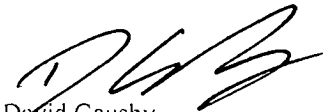
No final dividend was paid in the year (2013: £Nil). Dividends of £26m (2013: £22m) were received in the year.

##### **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: 11 December 2014

# **First Rail Holdings Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

### **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:

Nicholas Chevis  
David Gausby  
Hugh Clancy  
Clive Burrows  
Timothy O'Toole  
Vernon Barker  
Kenneth Scott (resigned 4<sup>th</sup> April 2014)

### **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 2014 the company had cash of £9.8m (2013: £34.6m), net current assets of £1.9m (2013: £40.8m) and net assets of £63.7m (2013: £52.2m).

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 11 December 2014

## **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 financial year. 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 2014 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholder's funds and the related notes 1 to 23. 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).

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 2014 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.



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

Date 11 December 2014

**First Rail Holdings Limited**  
**Profit and loss account**  
**Year ended 31 March 2014**

	Notes	2014 £'000	2013 £'000
Turnover	2	23,766	15,441
Operating costs (net)			
- General		(25,692)	(17,096)
- Bid costs (net)		(21,834)	(5,988)
- Management recharges		8,087	8,058
	3	<u>(39,439)</u>	<u>(15,026)</u>
<b>Operating (loss) / profit</b>		<b>(15,673)</b>	<b>415</b>
Income from fixed asset investments	8	26,000	22,000
Impairment of fixed asset investments	9	<u>(2,400)</u>	<u>(4,982)</u>
<b>Profit before tax on ordinary activities</b>	6	<b>7,927</b>	<b>17,433</b>
Tax credit / (charge) on profit on ordinary activities	7	<u>3,660</u>	<u>(118)</u>
<b>Retained profit for the year, transferred to reserves</b>	18	<b><u>11,587</u></b>	<b><u>17,315</u></b>

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

No separate statement of total recognised gains and losses is presented as all gains or losses for the current and preceding year passed through the profit and loss account.

**First Rail Holdings Limited**  
**Balance sheet**  
**Year ended 31 March 2014**

	Notes	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Investments	9	46,416	-
Tangible assets	10	15,907	11,908
		<u>62,323</u>	<u>11,908</u>
<b>Current assets</b>			
Stock	11	35	25
Debtors	12	11,704	18,027
Cash at bank and in hand	13	9,837	34,567
		<u>21,576</u>	<u>52,619</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(19,676)</u>	<u>(11,828)</u>
<b>Net current assets</b>		<u>1,900</u>	<u>40,791</u>
<b>Total assets less current liabilities</b>		64,223	52,699
<b>Provisions for liabilities and charges</b>	15	<u>(485)</u>	<u>(548)</u>
<b>Net assets</b>		<u><u>63,738</u></u>	<u><u>52,151</u></u>
<b>Financed by:</b>			
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Profit and loss account	18	63,738	52,151
<b>Shareholder's funds</b>		<u><u>63,738</u></u>	<u><u>52,151</u></u>

The financial statements of First Rail Holdings Limited, registered number 05154485 were approved by the Board of Directors on 11 December 2014.

Signed on behalf of the Board of Directors



David Gausby  
Director

**First Rail Holdings Limited**  
**Reconciliation of movements in shareholder's funds**  
**31 March 2014**

	2014 £'000	2013 £'000
Profit for the financial year	11,587	17,315
Net addition to shareholder's funds	11,587	17,315
Opening shareholder's funds	52,151	34,836
Closing shareholder's funds	63,738	52,151

# **First Rail Holdings Limited**

## **Notes to the accounts**

### **Year ended 31 March 2014**

#### **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.

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The going concern basis has been applied as described in the going concern statement in the Directors' Report on page 4.

##### **Cash flow statement**

The company is a wholly owned subsidiary of FirstGroup plc, a company registered in Scotland. Accordingly, the company has taken advantage of the exemption offered by Financial Reporting Standard 1, enabling it not to produce a cash flow statement as the parent company has included a consolidated cash flow statement within its group financial statements.

##### **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.

##### **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.

**First Rail Holdings Limited**  
**Notes to the accounts**  
**Year ended 31 March 2014**

**1. Principal accounting policies (continued)**

**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.

**2. Turnover**

	2014 £'000	2013 £'000
Lease of rolling stock	1,769	1,679
Lease of plant & equipment	1,760	-
Group management services	20,237	13,762
	<u>23,766</u>	<u>15,441</u>

**3. Operating costs (net)**

	2014 £'000	2013 £'000
General:		
Staff costs (see note below)	5,685	3,438
Other external charges	17,111	11,389
Management recharges	(8,087)	(8,058)
Bid and mobilisation costs (see note below)	22,424	23,260
Bid and mobilisation costs reimbursement	(590)	(17,272)
Depreciation	2,781	1,965
Rentals payable under operating leases: other (see note below)	115	304
	<u>39,439</u>	<u>15,026</u>

In the year ended 31 March 2014 the company was engaged in bidding activity, principally in relation to the Essex Thameside franchise, the combined Thameslink, Southern and Great Northern franchise and the ScotRail sleeper and day franchises. The company incurred bid costs of £22.4m (2013: £18.6m). The bid costs include staff costs of £7.9m (2013: £9.2m). The tax effect of the net bid and mobilisation costs / income was a credit of £5.0m (2013: £1.4m credit).

Rentals payable under operating leases is in respect of land and buildings. The total charge including bid offices was £0.7m (2013: £0.4m).

**First Rail Holdings Limited**  
**Notes to the accounts**  
**Year ended 31 March 2014**

**4. Employee numbers and costs**

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

	2014	2013
	No.	No.
Administration and management	124	91

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	11,387	10,683
Social security costs	1,215	1,233
Pension costs	1,008	707
	<u>13,610</u>	<u>12,623</u>

**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:

	2014	2013
	£'000	£'000
Aggregate emoluments (excluding pension contributions)	<u>1,620</u>	<u>2,234</u>

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:

	2014	2013
	£'000	£'000
Aggregate emoluments	<u>466</u>	<u>767</u>
<i>Defined benefit scheme</i>		
Accrued pension at end of year	51	36
Accrued lump sum at end of year	<u>25</u>	<u>23</u>

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 £4,657 (2013: £4,657) were incurred during the year. Deloitte LLP provided no other services in either year.

**First Rail Holdings Limited**  
**Notes to the accounts**  
**Year ended 31 March 2014**

**7. Tax (credit) / charge on profit on ordinary activities**

	2014 £'000	2013 £'000
Current taxation		
- Group relief (receivable) / payable	(3,547)	571
- Adjustment in respect of prior years	(50)	555
Total current taxation	<u>(3,597)</u>	<u>1,126</u>
Deferred taxation		
- Origination and reversal of timing differences	(46)	(453)
- Effect of decrease in tax rate on opening deferred tax balance	(80)	(43)
- Adjustment in respect of prior years	63	(512)
Total deferred taxation	<u>(63)</u>	<u>(1,008)</u>
Total tax (credit) / charge on profit on ordinary activities	<u><u>(3,660)</u></u>	<u><u>118</u></u>

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 23% (2013: 24%). The actual current tax charge for the current year differed from the standard rate for the reasons set out in the following reconciliation:

	2014 %	2013 %
Standard rate of taxation	23.0	24.0
Factors affecting charge		
- Capital allowances in excess of depreciation	0.6	2.7
- Income from fixed asset investments not chargeable for tax	(75.4)	(30.3)
- Disallowable expenses	7.0	6.9
- Adjustment in respect of prior years	(0.6)	3.2
Current taxation rate for the year	<u><u>(45.4)</u></u>	<u><u>6.5</u></u>

During the period the UK government enacted legislation to reduce the main rate of UK corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The impact of this rate reduction to 20% has reduced the deferred tax liability on UK timing differences.

**8. Income from fixed asset investments**

	2014 £'000	2013 £'000
Dividend income from subsidiary undertakings	<u><u>26,000</u></u>	<u><u>22,000</u></u>



**First Rail Holdings Limited**  
**Notes to the accounts**  
**Year ended 31 March 2014**

**9. Fixed asset investments**

	£'000
<b>Cost</b>	
At 1 April 2013	6,171
Additions	48,816
	<hr/> 54,987
<b>At 31 March 2014</b>	<hr/> 54,987
<b>Provisions for impairment</b>	
At 1 April 2013	6,171
Impairment	2,400
	<hr/> 8,571
<b>At 31 March 2014</b>	<hr/> 8,571
<b>Net book value</b>	
At 31 March 2014	46,416
	<hr/> <hr/>
At 31 March 2013	-
	<hr/> <hr/>

During 2009, the company subscribed for 30% of the share capital of 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. A provision for impairment of £1.2m against the original investment in DSB First ApS was made in the year ended 31 March 2011 due to operational and financial uncertainties in the underlying trading companies of DSB First ApS, which arose in late March 2011. The company invested DKK35 million (£4.2m) into DSB First ApS during the year ended 31 March 2012 in order to re-capitalise these trading entities. The Swedish franchise ceased operations in December 2011 and another operator now delivers the services. In the year ended 31 March 2013, the company invested a further DKK7.4 million (£0.8m) into DSB First ApS in connection with the liquidation of its Swedish subsidiary company. The Danish company continues to trade, however, current and projected trading indicated that there would be no recovery of the £5m carrying value at the end of the franchise and a full impairment charge was recognised in the year ended 31 March 2013. In the year ended 31 March 2014 and subsequently, DSB First ApS has called on further funding from its shareholders to ensure the Danish company remains solvent to the end of its franchise. The company has committed to invest a further DKK22.4m (£2.4m) into DSB First ApS, which was immediately impaired. Contingent liabilities remain in relation to this investment, which are set out in note 20.

On 9<sup>th</sup> 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 principal subsidiary undertakings of the company, all of whom are wholly owned and operate UK rail franchises, were:

First Capital Connect Limited  
First Greater Western Limited  
First ScotRail Limited

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 2014**

**10. Tangible fixed assets**

	Rolling stock £'000	Plant & Equipment £'000	Information technology £'000	Total £'000
<b>Cost</b>				
At 1 April 2013	20,992	-	2,359	23,351
Additions	-	6,780	-	6,780
At 31 March 2014	20,992	6,780	2,359	30,131
<b>Accumulated depreciation</b>				
At 1 April 2013	9,117	-	2,326	11,443
Charge for the year	1,499	1,265	17	2,781
At 31 March 2014	10,616	1,265	2,343	14,224
<b>Net book value</b>				
At 31 March 2014	10,376	5,515	16	15,907
At 31 March 2013	11,875	-	33	11,908

**11. Stock**

	2014 £'000	2013 £'000
Spare parts	35	25

**12. Debtors: amounts due within one year**

	2014 £'000	2013 £'000
Trade debtors	130	134
Amounts owed by group undertakings	11,099	9,163
VAT	420	112
Prepayments and accrued income	55	8,618
	11,704	18,027

**13. Cash at bank and in hand**

	2014 £'000	2013 £'000
Bank deposit	9,837	34,567

**First Rail Holdings Limited**  
**Notes to the accounts**  
**Year ended 31 March 2014**

**14. Creditors: amounts falling due within one year**

	2014	2013
	£'000	£'000
Trade creditors	4,593	2,188
Amounts owed to group undertakings	7,220	1,423
Accruals and deferred income	7,863	8,217
	<u>19,676</u>	<u>11,828</u>

**15. Provisions for liabilities and charges**

	Deferred tax £'000
At 1 April 2013	548
Credited to the profit and loss account	(63)
At 31 March 2014	<u>485</u>

Details of the deferred tax provision are given in note 16.

**16. Deferred taxation**

Provision for deferred taxation consists of the following amounts:

	2014	2013
	£'000	£'000
Capital allowances in excess of depreciation	858	1,058
Other timing differences	(373)	(510)
Deferred tax provision	<u>485</u>	<u>548</u>

**17. Called up share capital**

	2014	2013
	£	£
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

**18. Profit and loss account**

	£'000
At 1 April 2013	52,151
Profit for the year transferred to reserves	<u>11,587</u>
At 31 March 2014	<u>63,738</u>

**First Rail Holdings Limited**  
**Notes to the accounts**  
**Year ended 31 March 2014**

**19. Operating leases and capital commitments**

Commitments for payments in the next year under operating leases are as follows:

	2014		2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	195	-	435	-
Between two and five years	533	-	-	-
	<u>728</u>	<u>-</u>	<u>435</u>	<u>-</u>

The company had no capital commitments at 31 March 2014 or at 31 March 2013.

**20. Contingent liabilities**

As at 31 March 2014, the company had contingent liabilities of £4m (2013: £7m) in the form of guarantees issued to the Danish and Swedish authorities in relation to the operating companies held by DSB First ApS (see note 9). During the year, the guarantee to the Swedish authorities was reduced from SEK160m to SEK15m, of which the company's share is 30%. After this reduction the company's contingent liabilities were £4m.

The company has guaranteed liabilities of Hull Trains Company Limited in connection with its Section of the Railways Pension Scheme.

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.

**21. Related party transactions**

The company is taking advantage of the exemption under FRS8 not to disclose transactions with group companies that are related parties.

**22. 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.

**23. Subsequent events**

The franchise agreement of the company's subsidiary undertaking, First Capital Connect Limited, expired on 14 September 2014 and it ceased trading on that date. The franchise agreement of the company's subsidiary undertaking, First ScotRail Limited, is due to expire on 1 April 2015 and it will cease to trade from that date.