

Company Registration No. 05154485

First Rail Holdings Limited

Report and Financial Statements

31 March 2015

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First Rail Holdings Limited
Report and financial statements 2015

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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

Robert Welch

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.

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 £6.6m (2014: £15.7m operating loss) on turnover of £27.9m (2014: £23.8m).

First Great Western 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 Coast, the Transpennine and the ScotRail franchises. The company was unsuccessful in its bids for East Coast and ScotRail. 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 commences on 1 April 2016. The company is one of three shortlisted bidders for the East Anglia franchise with bid submission due in December 2015. The company is exploring open access opportunities on the East Coast mainline.

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.

First Rail Holdings Limited

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 (2014: £Nil). A dividend of £100m was paid in November 2015. Dividends of £95m (2014: £26m) 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: 15th December 2015

First Rail Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

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

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 2015 the company had cash of £94.0m (2014: £9.8m), net current assets of £96.3m (2014: £1.9m) and net assets of £153.9m (2014: £63.7m).

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: 15th December 2015

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 2015 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholder's funds and the related notes 1 to 22. 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 2015 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: 15th December 2015

First Rail Holdings Limited
Profit and loss account
Year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	27,912	23,766
Operating costs (net)			
- General		(27,876)	(25,692)
- Bid costs (net)		(13,921)	(21,834)
- Management recharges		7,250	8,087
	3	<u>(34,547)</u>	<u>(39,439)</u>
Operating loss		(6,635)	(15,673)
Income from fixed asset investments	8	95,000	26,000
Impairment of fixed asset investments	9	16	(2,400)
Profit before tax on ordinary activities	6	<u>88,381</u>	<u>7,927</u>
Tax credit on profit on ordinary activities	7	1,758	3,660
Retained profit for the year, transferred to reserves	18	<u><u>90,139</u></u>	<u><u>11,587</u></u>

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 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	9	46,416	46,416
Tangible assets	10	11,528	15,907
		<u>57,944</u>	<u>62,323</u>
Current assets			
Stock	11	35	35
Debtors	12	19,210	11,704
Cash at bank and in hand	13	93,963	9,837
		<u>113,208</u>	<u>21,576</u>
Creditors: amounts falling due within one year	14	(16,931)	(19,676)
Net current assets		<u>96,277</u>	<u>1,900</u>
Total assets less current liabilities		154,221	64,223
Provisions for liabilities and charges	15	(344)	(485)
Net assets		<u>153,877</u>	<u>63,738</u>
Financed by:			
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account	18	153,877	63,738
Shareholder's funds		<u>153,877</u>	<u>63,738</u>

The financial statements of First Rail Holdings Limited, registered number 05154485 were approved by the Board of Directors on 15th December 2015.

Signed on behalf of the Board of Directors



David Gausby
Director

First Rail Holdings Limited
Reconciliation of movements in shareholder's funds
31 March 2015

	2015 £'000	2014 £'000
Profit for the financial year	90,139	11,587
Net addition to shareholder's funds	90,139	11,587
Opening shareholder's funds	63,738	52,151
Closing shareholder's funds	153,877	63,738

First Rail Holdings Limited

Notes to the accounts

Year ended 31 March 2015

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 2015

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

	2015 £'000	2014 £'000
Lease of rolling stock	1,875	1,769
Lease of plant & equipment	2,200	1,760
Group management services	23,837	20,237
	<u>27,912</u>	<u>23,766</u>

3. Operating costs (net)

	2015 £'000	2014 £'000
General:		
Staff costs (see note below)	9,288	5,685
Other external charges	18,065	17,111
Management recharges	(7,250)	(8,087)
Bid and mobilisation costs (see note below)	13,921	22,424
Bid and mobilisation costs reimbursement	-	(590)
Depreciation	3,704	2,781
Profit on Disposal of Tangible Fixed Assets	(3,435)	-
Rentals payable under operating leases: other (see note below)	254	115
	<u>34,547</u>	<u>39,439</u>

In the year ended 31 March 2015 the company was engaged in bidding activity principally in relation to the East Coast, the Transpennine and the ScotRail franchises. The company incurred bid costs of £13.9m (2014: £22.4m). The bid costs include staff costs of £4.1m (2014: £7.9m). The tax effect of the net bid and mobilisation costs / income was a credit of £2.9m (2014: £5.0m credit).

Rentals payable under operating leases is in respect of land and buildings. The total charge including bid offices was £0.5m (2014: £0.7m).

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2015

4. Employee numbers and costs

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

	2015	2014
	No.	No.
Administration and management	112	124

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	11,205	11,387
Social security costs	1,309	1,215
Pension costs	867	1,008
	<u>13,381</u>	<u>13,610</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:

	2015	2014
	£'000	£'000
Aggregate emoluments (excluding pension contributions)	1,237	1,620

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:

	2015	2014
	£'000	£'000
Aggregate emoluments	396	466
Compensation for loss of office	400	-
<i>Defined benefit scheme</i>		
Accrued pension at end of year	56	51
Accrued lump sum at end of year	27	25

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 £9,657 (2014: £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 2015

7. Tax credit on profit on ordinary activities

	2015	2014
	£'000	£'000
Current taxation		
- Group relief receivable	(1,375)	(3,547)
- Adjustment in respect of prior years	(242)	(50)
Total current taxation	<u>(1,617)</u>	<u>(3,597)</u>
Deferred taxation		
- Origination and reversal of timing differences	(343)	(46)
- Effect of decrease in tax rate on opening deferred tax balance	-	(80)
- Adjustment in respect of prior years	202	63
Total deferred taxation	<u>(141)</u>	<u>(63)</u>
Total tax credit on profit on ordinary activities	<u><u>(1,758)</u></u>	<u><u>(3,660)</u></u>

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 21% (2014: 23%). The actual current tax charge for the current year differed from the standard rate for the reasons set out in the following reconciliation:

	2015	2014
	%	%
Standard rate of taxation	21.0	23.0
Factors affecting charge		
- Capital allowances in excess of depreciation	0.4	0.6
- Income from fixed asset investments not chargeable for tax	(23.0)	(75.4)
- Disallowable expenses	-	7.0
- Adjustment in respect of prior years	(0.3)	(0.6)
Current taxation rate for the year	<u><u>(1.9)</u></u>	<u><u>(45.4)</u></u>

8. Income from fixed asset investments

	2015	2014
	£'000	£'000
Dividend income from subsidiary undertakings	<u><u>95,000</u></u>	<u><u>26,000</u></u>

First Rail Holdings Limited

Notes to the accounts

Year ended 31 March 2015

9. Fixed asset investments

	£'000
Cost	
At 1 April 2014	54,987
Additions	(16)
	<hr/>
At 31 March 2015	54,971
	<hr/>
Provisions for impairment	
At 1 April 2014	8,571
Impairment	(16)
	<hr/>
At 31 March 2015	8,555
	<hr/>
Net book value	
At 31 March 2015	46,416
	<hr/>
At 31 March 2014	46,416
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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. 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 invested 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 9th 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, 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 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 South Western Trains Limited, First Transpennine Express Limited, First Thameslink Limited, First West Coast Limited and Horizon Trains Limited – dormant bid vehicles.

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 2015

10. Tangible fixed assets

	Rolling stock £'000	Plant & Equipment £'000	Information technology £'000	Total £'000
Cost				
At 1 April 2014	20,992	6,780	2,359	30,131
Additions	-	786	-	786
Disposals	-	(3,250)	-	(3,250)
At 31 March 2015	20,992	4,316	2,359	27,667
Accumulated depreciation				
At 1 April 2014	10,616	1,265	2,343	14,224
Charge for the year	1,499	2,189	16	3,704
Depreciation on Disposals	-	(1,789)	-	(1,789)
At 31 March 2015	12,115	1,665	2,359	16,139
Net book value				
At 31 March 2015	8,877	2,651	-	11,528
At 31 March 2014	10,376	5,515	16	15,907

11. Stock

	2015 £'000	2014 £'000
Spare parts	35	35

12. Debtors: amounts due within one year

	2015 £'000	2014 £'000
Trade debtors	166	130
Amounts owed by group undertakings	17,829	11,099
VAT	-	420
Prepayments and accrued income	1,215	55
	19,210	11,704

13. Cash at bank and in hand

	2015 £'000	2014 £'000
Bank deposit	93,963	9,837

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2015

14. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	1,771	4,593
Amounts owed to group undertakings	6,651	7,220
VAT	230	-
Accruals and deferred income	8,279	7,863
	<u>16,931</u>	<u>19,676</u>

15. Provisions for liabilities and charges

	Deferred tax
	£'000
At 1 April 2014	485
Credited to the profit and loss account	(141)
At 31 March 2015	<u>344</u>

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

16. Deferred taxation

Provision for deferred taxation consists of the following amounts:

	2015	2014
	£'000	£'000
Capital allowances in excess of depreciation	492	858
Other timing differences	(148)	(373)
Deferred tax provision	<u>344</u>	<u>485</u>

17. Called up share capital

	2015	2014
	£	£
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

18. Profit and loss account

	£'000
At 1 April 2014	63,738
Profit for the year transferred to reserves	<u>90,139</u>
At 31 March 2015	<u>153,877</u>

First Rail Holdings Limited
Notes to the accounts
Year ended 31 March 2015

19. Operating leases and capital commitments

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

	2015		2014	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	-	195	-
Between two and five years	705	-	533	-
	<u>705</u>	<u>-</u>	<u>728</u>	<u>-</u>

The company had no capital commitments at 31 March 2015 or at 31 March 2014.

20. Contingent liabilities

As at 31 March 2015, the company had contingent liabilities of £1.2m (2014: £4m) 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 Danish authorities was reduced to DKK30m and the Swedish guarantee remains at SEK15m, of which the company's share in both cases is 30%. The Swedish guarantee was cancelled after the end of the year.

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.

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. Post balance sheet event

The company paid a dividend of £100m in November 2015.

23. 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.