

Company Registration No. 05281077

First Capital Connect Limited

Report and Financial Statements

For the year ended 31 March 2017

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First Capital Connect Limited

Report and financial statements 31 March 2017

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First Capital Connect Limited

Strategic report

The directors present their annual report and the audited financial statements for the year ended 31 March 2017. The Company has adopted FRS 102, under which it has taken advantage of reduced disclosures. Further information is available within the accounting policies section.

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

Principal activities

First Capital Connect Limited (FCC) provided passenger railway services from Brighton to Bedford (Thameslink services (TL)) and King's Cross to Kings Lynn (Great Northern services (GN)) and covered two of the country's largest airports, Luton and Gatwick. These activities ceased on 14 September 2014 with the loss of the franchise to a competitor, Govia Thameslink Railway Limited (GTR). FCC has not traded since that date.

Business Review and future outlook

The FCC franchise expired at 01:59 on 14 September 2014 and the company entered into a transfer scheme with the successor operator, GTR. As a result, the company is no longer a going concern and has ceased to trade from that date. The transfer scheme resulted in all significant operating assets and liabilities of the company passing to GTR, including employees. The company continues to deal with residual issues, for example, the settlement of contractual issues with Network Rail Infrastructure Limited and settlement of employer and public liability insurance claims. Appropriate estimates of these liabilities have been included in these financial statements.

The company made a profit before interest for the year of £0.1m (2016: £3.9m) on turnover of £nil (2016: £0.01m).

Principal risks and uncertainties

From the transfer date of 14 September 2014, the principal risks and uncertainties faced by the company were significantly reduced. The company remains liable for events up to that date.

Legislation and regulation

The business is subject to numerous laws regulating safety procedures, equipment specifications, employment requirements, environmental procedures, insurance coverage and other operating issues and considerations. 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. To help mitigate the risk of legislative or regulatory changes the company and FirstGroup plc regularly lobbies both government and transport bodies.

Approved by the Board of Directors
and signed on behalf of the Board on 21 December 2017



A James
Director

4th Floor Capital House
25 Chapel Street
London
NW1 5DH

First Capital Connect Limited

Directors' report

The directors have pleasure in submitting their annual report and audited financial statements for the year ended 31 March 2017. A review of the business and the future developments are set out in the Strategic report on page 1.

Financial matters

The results for the year are given in the profit and loss account on page 6. The directors have not recommended payment of a final dividend (2016: £nil). Interim dividends of £nil were paid in the year (2016: £1.4m).

Financial risk management

The company's principal financial assets are intercompany debtors. The credit risk on liquid funds is limited because the counterparties are banks.

Directors

The directors who held office throughout the year and subsequently, except where noted, are as follows:

David Gausby (resigned 31 December 2016)
Andrew James
Stephen Montgomery (appointed 31 December 2016)

Directors' and officers' liability insurance

Directors' and officers' liability insurance is taken out by FirstGroup plc, the company's ultimate parent undertaking, for the benefit of the directors and officers of the company.

Basis other than going concern

The directors have considered the going concern assumption given the September 2014 franchise end date with the company ceasing to trade at 01:59 on 14 September 2014. Accordingly, the financial statements have been prepared on a basis other than going concern. No material adjustment has arisen as a result of ceasing to apply the going concern basis.

Audit information

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

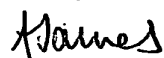
- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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 on 21 December 2017



A James
Director
4th Floor Capital House
25 Chapel Street
London
NW1 5DH

First Capital Connect Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; 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 Capital Connect Limited

We have audited the financial statements of First Capital Connect Limited for the year ended 31 March 2017 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 12. 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 the 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 on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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 provisions of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements; and
- in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent Auditor's report to the member of First Capital Connect Limited (continued)

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 FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

21 December 2017

First Capital Connect Limited
Profit and loss account
Year ended 31 March 2017

| | Notes | 2017 £'000 | 2016 £'000 |
|-------------------------------|-------|---------------|---------------|
| Turnover | 2 | - | 11 |
| Operating costs (net) | 3 | 61 | 3,931 |
| Profit before interest | | 61 | 3,942 |
| Interest receivable | 5 | 51 | 227 |
| Profit before taxation | 6 | 112 | 4,169 |
| Tax charge on profit | 7 | (10) | (1,123) |
| Profit for the year | | <u>102</u> | <u>3,046</u> |

All amounts relate to discontinued operations.

Statement of comprehensive income
Year ended 31 March 2017

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Profit for the financial year | 102 | 3,046 |
| Total comprehensive income for the year | <u>102</u> | <u>3,046</u> |

First Capital Connect Limited
Balance sheet
At 31 March 2017

| | Notes | 2017 £'000 | £'000 | 2016 £'000 | £'000 |
|---|-------|---------------|--------------|----------------|--------------|
| Current assets | | | | | |
| Debtors | 8 | 3,775 | | 3,761 | |
| Cash at bank and in hand | | 9 | | 637 | |
| | | <u>3,784</u> | | <u>4,398</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(714)</u> | | <u>(1,430)</u> | |
| Net current assets | | | <u>3,070</u> | | <u>2,968</u> |
| Total assets less current liabilities | | | <u>3,070</u> | | <u>2,968</u> |
| Net assets | | | <u>3,070</u> | | <u>2,968</u> |
| Capital and reserves | | | | | |
| Called up share capital | 10 | - | | - | |
| Profit and loss account | | | <u>3,070</u> | | <u>2,968</u> |
| Shareholder's funds | | | <u>3,070</u> | | <u>2,968</u> |

The financial statements of First Capital Connect Limited, registered number 05281077, were approved by the Board of Directors on 21 December 2017 and were signed on its behalf by:

A James

A James
Director

First Capital Connect Limited
Statement of changes in equity
For the year ended 31 March 2017

| | Called up share capital £'000 | Profit and loss account £'000 | Total £'000 |
|---|--|--|------------------------|
| Balance at 1 April 2015 | - | 1,322 | 1,322 |
| Total comprehensive income for the financial year | - | 3,046 | 3,046 |
| Dividend payments | - | (1,400) | (1,400) |
| Balance at 31 March 2016 | - | 2,968 | 2,968 |
| Total comprehensive income for the financial year | - | 102 | 102 |
| Balance at 31 March 2017 | - | 3,070 | 3,070 |

First Capital Connect Limited

Notes to the financial statements

Year ended 31 March 2017

1. Principal accounting policies

The accounting policies have been applied consistently throughout the current year and the preceding year.

(a) General information and basis of accounting

First Capital Connect Limited is a company limited by shares, incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The registered office address is 4th Floor Capital House, 25 Chapel Street, London NW1 5DH. The nature of the company's operations and its principal activities are set out in the Strategic report on page 1. The functional currency of First Capital Connect Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis and on a basis other than going concern as described in the Directors' Report on page 2 and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. First Capital Connect Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and intra-group transactions.

(c) Financial assets and liabilities

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

(d) 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 temporary 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.

(e) Turnover

Turnover includes amounts attributable to the company predominantly based on models of route usage, by the Railway Settlement Plan in respect of passenger receipts. Where season tickets or railcards are issued, the attributable share of income is deferred within creditors and is recognised in the profit and loss account over the period covered by the season ticket or railcard.

(f) 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.

Contract accounting

The company had a contractual relationship with Network Rail Infrastructure Limited. Due to the regulated nature of the rail industry, disputes and claims typically arise. Judgement is required by management as to the amount receivable and payable taking account of the information available at the time.

First Capital Connect Limited
Notes to the financial statements
Year ended 31 March 2017

1. Principal accounting policies (continued)

(f) Critical accounting judgements and key sources of estimation uncertainty (continued)

Self-insurance

Provision is made for all known incidents for which there is self-insurance using management's best estimate of the likely settlement of these incidents. The estimated settlement is reviewed on a regular basis with independent actuarial advice and the amount provided is adjusted as required.

2. Turnover and profit before taxation

Turnover represents the amounts receivable for services supplied to customers during the year. There was no turnover in the current year (2016: £0.011m).

The whole of the turnover and profit before taxation derived from the company's principal activities within the United Kingdom. The company had one principal class of business, namely, the provision of passenger railway services.

3. Operating costs (net)

| | 2017 £'000 | 2016 £'000 |
|--|---------------|----------------|
| Raw materials and consumables | - | 87 |
| Other external charges | (61) | (4,236) |
| Loss/(profit) on sale of tangible fixed assets | - | 218 |
| | <u>(61)</u> | <u>(3,931)</u> |

4. Employee numbers and costs

There were no persons employed by the company in either year other than directors, who received no remuneration.

5. Interest receivable

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| <i>Interest receivable and similar income</i> | | |
| Bank interest | - | 3 |
| Amounts receivable from other group undertakings | 51 | 224 |
| Interest receivable | <u>51</u> | <u>227</u> |

6. Profit before taxation

Audit fees of £5,000 (2016: £5,000) have been borne by the immediate parent company, First Rail Holdings Limited.

First Capital Connect Limited
Notes to the financial statements
Year ended 31 March 2017

7. Tax charge on profit

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Current taxation | 12 | 834 |
| - UK corporation tax | (2) | 289 |
| - Adjustment in respect of prior year | <u>10</u> | <u>1,123</u> |
| Total current taxation and tax charge on profit | <u>10</u> | <u>1,123</u> |

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 20% (2016: 20%).

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 17% from 1 April 2020.

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

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| Profit multiplied by the standard rate of Corporation Tax in the UK of 20% (2016: 20%) | 22 | 834 |
| Factors affecting charge | | |
| - Expenses not deductible for tax purposes | (10) | - |
| - Prior year adjustments | (2) | 289 |
| Total tax charge on profit | <u>10</u> | <u>1,123</u> |

8. Debtors

| | 2017 £'000 | 2016 £'000 |
|--------------------------------------|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 6 | 987 |
| Amounts owed from group undertakings | 2,924 | 1,843 |
| VAT | - | 8 |
| Other debtors | 845 | 890 |
| Prepayments and accrued income | - | 33 |
| | <u>3,775</u> | <u>3,761</u> |

Amounts owed from group undertakings are unsecured, interest-bearing and repayable on demand.

9. Creditors: amounts falling due within one year

| | 2017 £'000 | 2016 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 413 | 569 |
| Amounts owed to group undertakings | 54 | 49 |
| Other creditors | 194 | 472 |
| Accruals and deferred income | 53 | 340 |
| | <u>714</u> | <u>1,430</u> |

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

First Capital Connect Limited
Notes to the financial statements
Year ended 31 March 2017

10. Called up share capital

| | 2017 | 2016 |
|---|-------------------|-------------------|
| | £ | £ |
| Authorised | | |
| 1,000 ordinary shares of £1 each | 1,000 | 1,000 |
| | <u> </u> | <u> </u> |
| Allotted, called up and fully paid | | |
| 1 ordinary share of £1 | 1 | 1 |
| | <u> </u> | <u> </u> |

11. Dividends on equity shares

Amounts recognised as distributions to equity holders in the period:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | £'000 | £'000 |
| Interim dividends for the year ended 31 March 2017 of £nil (31 March 2016: £1.4m) per ordinary share | - | 1,400 |
| | <u> </u> | <u> </u> |

12. Ultimate parent company

The directors regard FirstGroup plc, a company incorporated in the United Kingdom and registered in Scotland, as the ultimate 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.

The company's immediate parent company is First Rail Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales.

Copies of the accounts of FirstGroup plc can be obtained on request from its registered address: 395 King Street, Aberdeen AB24 5RP.