

**Company Registration No. 05281077**

**First Capital Connect Limited**

**Annual Report and Financial Statements**

**For the year ended 31 March 2020**



COMPANIES HOUSE

**30 MAR 2021**

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# **First Capital Connect Limited**

## **Annual Report and financial statements 31 March 2020**

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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 2020. The company has adopted Financial Reporting Standard 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 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 remaining open matters, which are mainly the 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 for the year of £0.1m (2019: £0.1m) as residual liabilities were settled.

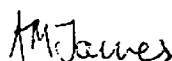
#### **Coronavirus pandemic**

The company has been unaffected by the coronavirus pandemic.

#### **Principal risks and uncertainties**

The company does not have any principal risks and uncertainties because it is no longer trading and does not expect to trade for the foreseeable future.

Approved by the Board of Directors  
and signed on behalf of the Board on 30 March 2021



Andrew James  
Director

4<sup>th</sup> 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 2020. 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 7. The directors have not recommended payment of a final dividend (2019: £nil). Interim dividends of £nil were paid in the year (2019: £nil).

#### **Financial risk management**

The company's principal financial assets are intercompany debtors with the ultimate parent undertaking, which has disclosed a material uncertainty over the going concern in its 2020 Annual Report. The directors have made an assessment with regards to the recoverability of the receivables and determined that no impairment loss has been incurred at the balance sheet date. The credit risk on liquid funds is limited because the counterparties are banks.

#### **Directors**

The directors who held office throughout the year and subsequently are as follows:

Andrew James  
Stephen Montgomery

#### **Directors' and officers' liability insurance**

The company's ultimate parent company, FirstGroup plc, has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **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.

#### **Post balance sheet events**

Coronavirus continues to have an adverse impact on both the rail industry and the wider economy of the United Kingdom. Until the vaccine is substantially deployed it appears these impacts will continue. Therefore, there is an ongoing material uncertainty relating to the ability of the ultimate parent company, FirstGroup plc, to fulfil its obligations to provide funding as more fully explained on pages 72 to 73 of the FirstGroup plc 2020 Annual Report and Accounts. The Directors have considered the impact of this as set out in the financial risk management section above.

There are no adjusting events.

#### **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 provisions of s418 of the Companies Act 2006.

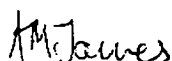
## **First Capital Connect Limited**

### **Directors' report**

#### **Auditor**

FirstGroup plc undertook a full audit tender process during the year to select a new audit firm to succeed Deloitte, who have been the Group's auditors since 1999. As a result, PwC was selected as the preferred firm and their appointment was confirmed at this year's FirstGroup AGM. The company is grateful to Deloitte for their work as External Auditor over a number of years and we look forward to working with PwC.

Approved by the Board of Directors  
And signed by order of the board on 30 March 2021



Andrew James  
Director  
4<sup>th</sup> 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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accountancy 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 members of First Capital Connect Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of First Capital Connect Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Independent auditor's report to the members of First Capital Connect Limited**

### **Report on the audit of the financial statements (continued)**

#### **Responsibilities of directors (continued)**

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

##### **Use of our report**

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



Edward Salter (Senior Statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
30 March 2021



**First Capital Connect Limited**  
**Profit and loss account**  
**Year ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
Operating income	2	65	102
<b>Profit before interest</b>		65	102
Interest receivable	4	50	33
<b>Profit before taxation</b>	5	115	135
Tax charge on profit	6	(22)	(14)
<b>Profit for the year</b>		93	121

All amounts relate to discontinued operations.

**Statement of comprehensive income**  
**Year ended 31 March 2020**

	2020 £'000	2019 £'000
Profit for the financial year	93	121
Total comprehensive income for the year	93	121

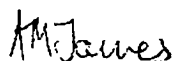
**First Capital Connect Limited**  
**Balance sheet**  
**As at 31 March 2020**

	Notes	2020 £'000	£'000	2019 (restated) £'000	£'000
<b>Fixed assets</b>					
Investments in debt instruments	7		1,407		1,640
<b>Current assets</b>					
Debtors	8	4		4	
Cash at bank and in hand		10		9	
		<u>14</u>		<u>13</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(61)</u>		<u>(386)</u>	
<b>Net current liabilities</b>			<u>(47)</u>		<u>(373)</u>
<b>Total assets less current liabilities</b>			<u>1,360</u>		<u>1,267</u>
<b>Net assets</b>			<u>1,360</u>		<u>1,267</u>
<b>Capital and reserves</b>					
Called up share capital	10		-		-
Profit and loss account			<u>1,360</u>		<u>1,267</u>
<b>Shareholder's funds</b>			<u>1,360</u>		<u>1,267</u>

The notes on pages 10 to 13 form an integral part of these financial statements.

As set out in note 7, the financial statements have been restated to reflect that the intercompany receivable balances of £1,640,000 were intended for use on a continuing basis and therefore are more appropriately presented as fixed assets.

The financial statements of First Capital Connect Limited, registered number 05281077, were approved by the Board of Directors on 30 March 2021 and were signed on its behalf by:



Andrew James  
Director

**First Capital Connect Limited**  
**Statement of changes in equity**  
**For the year ended 31 March 2020**

	Notes	Called up share capital £'000	Profit and loss account £'000	Total £'000
<b>Balance at 1 April 2018</b>		-	1,146	1,146
Total comprehensive income for the financial year		-	121	121
Dividend payments	11	-	-	-
<b>Balance at 31 March 2019</b>		-	1,267	1,267
Total comprehensive income for the financial year		-	93	93
Dividend payments	11	-	-	-
<b>Balance at 31 March 2020</b>		-	1,360	1,360

# **First Capital Connect Limited**

## **Notes to the financial statements**

### **Year ended 31 March 2020**

#### **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 private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office address is 4<sup>th</sup> 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 because its parent company publishes consolidated accounts which give a true and fair view and has therefore taken disclosure exemptions in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and intra-group transactions.

##### **(c) Interest**

Interest income is recognised on an accruals basis.

##### **(d) Financial assets and liabilities**

All financial assets and liabilities are measured at amortised cost.

##### **(e) 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.

##### **(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 no critical accounting judgements. The estimate that has the most significant effect on the amounts recognised in the financial statements is as follows:

##### **Recoverability of intercompany debtors**

The directors have made enquiries and note that the FirstGroup plc 2020 Annual Report and Accounts state that material uncertainties exist in the ability of the ultimate parent company, FirstGroup plc, to fulfil its obligations to provide funding as more fully explained on pages 72 to 73 of the FirstGroup plc 2020 Annual Report and Accounts.

Estimation is required in relation to the recoverability of amounts due from the ultimate parent company, FirstGroup plc which has a carrying value of £1,407,000. In the event that the amounts were not recoverable this could result in an impairment loss up to the value of the receivable.

**First Capital Connect Limited**  
**Notes to the financial statements**  
**Year ended 31 March 2020**

**2. Operating income**

	2020	2019
	£'000	£'000
Other operating income	65	102

A release of supplier accruals no longer needed of £51,000 and a release of insurance liability claims of £14,000 occurred in the year (2019: £342,000 supplier accruals release offset by additional costs for insurance liability claims of £240,000).

**3. Employee numbers and costs**

There were no persons employed by the company in either year other than directors. The directors received remuneration from other group companies, in the current and prior years, details of which are disclosed in their accounts. The directors did not receive emoluments in their capacity as directors to First Capital Connect Limited.

**4. Interest receivable**

	2020	2019
	£'000	£'000
<i>Interest receivable and similar income</i>		
Amounts receivable from other group undertakings	50	33
Interest receivable	50	33

**5. Profit before taxation**

Audit fees for auditing the financial statements of £5,000 (2019: £5,000) have been borne by the immediate parent company, First Rail Holdings Limited. No other services were provided by Deloitte LLP in either year.

**6. Tax charge on profit**

	2020	2019
	£'000	£'000
Current taxation		
- UK corporation tax	22	26
- Adjustment in respect of prior year	-	(12)
Total current taxation and tax charge on profit	22	14

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 19% (2019: 19%).

The UK Government enacted legislation to maintain the main rate of UK corporation tax at 19% 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:

	2020	2019
	£'000	£'000
Profit before tax	115	135
Profit multiplied by the standard rate of Corporation Tax in the UK of 19% (2019: 19%)	22	26
Factors affecting charge		
- Prior year adjustments	-	(12)
Total tax charge on profit	22	14

**First Capital Connect Limited**  
**Notes to the financial statements**  
**Year ended 31 March 2020**

**7. Investments in debt instruments**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>restated</b>
		<b>£'000</b>
Amounts owed from FirstGroup plc	1,407	1,640
	<u>1,407</u>	<u>1,640</u>

Amounts owed from FirstGroup plc are unsecured, interest-bearing and repayable on demand.

The financial statements have been restated to reflect that the intercompany receivable balances of £1,640,000 were intended for use on a continuing basis in the entity's activities and therefore are more appropriately presented as fixed assets

**8. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Other debtors	4	4
	<u>4</u>	<u>4</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	15	44
Amounts owed to FirstGroup plc	22	15
Amounts owed to fellow subsidiary undertakings	-	266
Other creditors	7	20
Accruals	17	41
	<u>61</u>	<u>386</u>

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

**10. Called up share capital**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

**11. Dividends on equity shares**

Amounts recognised as distributions to equity holders in the period:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interim dividends for the year ended 31 March 2020 of £nil (31 March 2019: £nil) per ordinary share	-	-
	<u>-</u>	<u>-</u>

**First Capital Connect Limited**  
**Notes to the financial statements**  
**Year ended 31 March 2020**

**12. Post balance sheet events**

Coronavirus continues to have an adverse impact on both the rail industry and the wider economy of the United Kingdom. Until the vaccine is substantially deployed it appears these impacts will continue. Therefore, there is an ongoing material uncertainty relating to the ability of the ultimate parent company, FirstGroup plc, to fulfil its obligations to provide funding as more fully explained on pages 72 to 73 of the FirstGroup plc 2020 Annual Report and Accounts. This impacts the future measurement of the significant receivable from FirstGroup plc.

There are no adjusting events.

**13. 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.