

Company Registration No. 05281077

First Capital Connect Limited

Report and Financial Statements

For the year ended 31 March 2018

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First Capital Connect Limited

Report and financial statements 31 March 2018

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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 2018. 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 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, which is 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 before interest for the year of £nil (2017: £0.1m) on turnover of £nil (2017: £nil).

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 2018



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 2018. 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 (2017: £nil). Interim dividends of £2m were paid in the year (2017: £nil).

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 are as follows:

Andrew James
Stephen Montgomery

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:

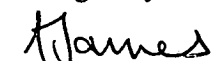
- as far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that 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 2018



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

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 2018 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; and
- the related notes 1 to 11.

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 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 member of First Capital Connect Limited

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 Financial Reporting Council's website at: 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 has 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

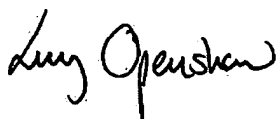
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



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

21 December 2018

First Capital Connect Limited
Profit and loss account
Year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Operating costs (net)	3	-	61
Profit before interest		-	61
Interest receivable	4	110	51
Profit before taxation	5	110	112
Tax charge on profit	6	(34)	(10)
Profit for the year		<u>76</u>	<u>102</u>

All amounts relate to discontinued operations.

Statement of comprehensive income
Year ended 31 March 2018

	2018 £'000	2017 £'000
Profit for the financial year	<u>76</u>	<u>102</u>
Total comprehensive income for the year	<u>76</u>	<u>102</u>

First Capital Connect Limited
Balance sheet
At 31 March 2018

	Notes	2018 £'000	£'000	2017 £'000	£'000
Current assets					
Debtors	7	1,976		3,775	
Cash at bank and in hand		37		9	
		<u>2,013</u>		<u>3,784</u>	
Creditors: amounts falling due within one year	8	<u>(867)</u>		<u>(714)</u>	
Net current assets			1,146		3,070
Total assets less current liabilities			<u>1,146</u>		<u>3,070</u>
Net assets			<u>1,146</u>		<u>3,070</u>
Capital and reserves					
Called up share capital	9		-		-
Profit and loss account			1,146		3,070
Shareholder's funds			<u>1,146</u>		<u>3,070</u>

The financial statements of First Capital Connect Limited, registered number 05281077, were approved by the Board of Directors on 21 December 2018 and were signed on its behalf by:

James

A James
Director

First Capital Connect Limited
Statement of changes in equity
For the year ended 31 March 2018

	Notes	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2016		-	2,968	2,968
Total comprehensive income for the financial year		-	102	102
Balance at 31 March 2017		-	3,070	3,070
Total comprehensive income for the financial year		-	76	76
Dividend payments	10	-	(2,000)	(2,000)
Balance at 31 March 2018		-	1,146	1,146

First Capital Connect Limited

Notes to the financial statements

Year ended 31 March 2018

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) Interest

Interest income is recognised on an accruals basis.

(d) Financial assets and liabilities

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

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.

(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.

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. Operating costs (net)

	2018 £'000	2017 £'000
Other external charges	-	(61)
	-	(61)

First Capital Connect Limited
Notes to the financial statements
Year ended 31 March 2018

3. Employee numbers and costs

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

4. Interest receivable

	2018 £'000	2017 £'000
<i>Interest receivable and similar income</i>		
Bank interest	-	-
Amounts receivable from other group undertakings	110	51
Interest receivable	<u>110</u>	<u>51</u>

5. Profit before taxation

Audit fees of £5,000 (2017: £5,000) have been borne by the immediate parent company, First Rail Holdings Limited.

6. Tax charge on profit

	2018 £'000	2017 £'000
Current taxation		
- UK corporation tax	21	12
- Adjustment in respect of prior year	13	(2)
Total current taxation and tax charge on profit	<u>34</u>	<u>10</u>

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 19% (2017: 20%).

The UK Government enacted legislation to reduce the main rate of UK corporation tax 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:

	2018 £'000	2017 £'000
Profit before tax	110	112
Profit multiplied by the standard rate of Corporation Tax in the UK of 19% (2017: 20%)	21	22
Factors affecting charge		
- Expenses not deductible for tax purposes	-	(10)
- Prior year adjustments	13	(2)
Total tax charge on profit	<u>34</u>	<u>10</u>

First Capital Connect Limited
Notes to the financial statements
Year ended 31 March 2018

7. Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	-	6
Amounts owed from group undertakings	1,972	2,924
Other debtors	4	845
	<u>1,976</u>	<u>3,775</u>

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

8. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	371	413
Amounts owed to group undertakings	394	54
Other creditors	50	194
Accruals and deferred income	52	53
	<u>867</u>	<u>714</u>

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

9. Called up share capital

	2018 £	2017 £
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	<u>1</u>	<u>1</u>

10. Dividends on equity shares

Amounts recognised as distributions to equity holders in the period:

	2018 £'000	2017 £'000
Interim dividends for the year ended 31 March 2018 of £2m (31 March 2017: £nil) per ordinary share	<u>2,000</u>	<u>-</u>

11. 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.