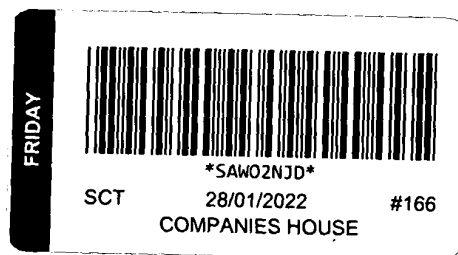


**Company Registration No. 05281077**

**First Capital Connect Limited**

**Annual Report and Financial Statements**

**For the year ended 31 March 2021**



# **First Capital Connect Limited**

## **Annual Report and financial statements 31 March 2021**

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# **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 2021. In preparing the financial statements, the directors have taken the exemption available for small companies in accordance with section 414B of the UK Companies Act, in respect of the requirement to prepare a strategic report.

### **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 has concluded open matters, which were mainly the settlement of employer and public liability insurance claims during the year. There remain tax liabilities to be settled, which have been included in these financial statements.

The company made a profit for the year of £53k (2020: £93k) 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.

### **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 (2020: £nil). Interim dividends of £nil were paid in the year (2020: £nil).

### **Financial risk management**

The company's principal financial assets are intercompany debtors with the ultimate parent undertaking. 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 with a minimum "A" credit rating.

### **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 the company's 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.

# **First Capital Connect Limited**

## **Directors' report**

### **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 auditors are 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 auditors are aware of that information.

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

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment was passed at FirstGroup plc's Annual General Meeting on 13 September 2021.

Approved by the Board of Directors

And signed by order of the board on 27 January 2022



Andrew James  
Director  
8th Floor, The Point  
37 North Wharf Road  
London  
W2 1AF

## **First Capital Connect Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

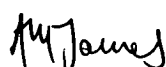
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Approved by the Board of Directors  
And signed by order of the board on 27 January 2022



Andrew James  
Director  
8th Floor, The Point  
37 North Wharf Road  
London  
W2 1AF

# Independent auditors' report to the members of First Capital Connect Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, First Capital Connect Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the profit and loss account, statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard; and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 3 (a) to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

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

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

### **Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations; and
- Identifying and testing journal entries, in particular any journal entries posted by the statutory directors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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 auditors' report.

## **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

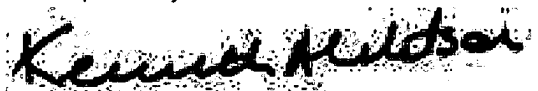
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Kenneth Wilson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

27 January 2022



**First Capital Connect Limited**  
**Profit and loss account**  
**Year ended 31 March 2021**

	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Operating costs	4	<u>28</u>	<u>65</u>
<b>Profit before interest</b>		28	65
Interest receivable	6	<u>38</u>	<u>50</u>
<b>Profit before taxation</b>	7	66	115
Tax charge on profit	8	<u>(13)</u>	<u>(22)</u>
<b>Profit for the financial year</b>		<u><u>53</u></u>	<u><u>93</u></u>

All amounts relate to discontinued operations.

**Statement of comprehensive income**  
**Year ended 31 March 2021**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Profit for the financial year	<u>53</u>	<u>93</u>
Total comprehensive income for the year	<u><u>53</u></u>	<u><u>93</u></u>

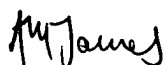
**First Capital Connect Limited**  
**Balance sheet**  
**As at 31 March 2021**

		2021		2020	
	Note	£'000	£'000	Restated *	£'000
<b>Current assets</b>					
Debtors	9	1,445		1,411	
Cash at bank and in hand		11		10	
		<u>1,456</u>		<u>1,421</u>	
<b>Creditors: amounts falling due within one year</b>	10	(43)		(61)	
<b>Net current assets</b>			1,413		1,360
<b>Total assets less current liabilities</b>			1,413		1,360
<b>Net assets</b>			<u>1,413</u>		<u>1,360</u>
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Profit and loss account			1,413		1,360
<b>Total shareholder's funds</b>			<u>1,413</u>		<u>1,360</u>

\* Details of the restatement are shown in note 9.

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

The financial statements of First Capital Connect Limited, registered number 05281077, on pages 7 to 13 were approved by the Board of Directors on 27 January 2022 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 2021**

	Note	Called up share capital £'000	Profit and loss account £'000	Total £'000
<b>Balance at 1 April 2019</b>		-	1,267	1,267
Total comprehensive income for the financial year		-	93	93
Dividend payments	12	-	-	-
<b>Balance at 31 March 2020</b>		-	1,360	1,360
Total comprehensive income for the financial year		-	53	53
Dividend payments	12	-	-	-
<b>Balance at 31 March 2021</b>		-	1,413	1,413

# **First Capital Connect Limited**

## **Notes to the financial statements**

### **Year ended 31 March 2021**

#### **1 General information**

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 8<sup>th</sup> Floor, The Point, 37 North Wharf Road, London W2 1AF. The nature of the company's operations and its principal activities are set out in the Directors' report on page 1.

#### **2 Statement of compliance**

The financial statements of First Capital Connect Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

#### **3 Principal accounting policies**

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

##### **(a) Basis of preparation and going concern**

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 1. No adjustments arose as a result of ceasing to apply the going concern basis.

The functional and presentation 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) Exemptions for qualifying entities under FRS 102**

The company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions in relation to share-based payments, financial instruments, preparation of a cashflow statement and remuneration of key management personnel which have been disclosed in FirstGroup plc's financial statements.

##### **(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). All the financial assets and liabilities are classified as 'basic' under Section 11 of FRS 102. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

##### **(e) Impairment of financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. All financial assets and liabilities are measured at transaction price (including transaction cost) and subsequently at amortised cost.

##### **(f) 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.

**First Capital Connect Limited**  
**Notes to the financial statements**  
**Year ended 31 March 2021**

**3 Principal accounting policies (continued)**

**(g) 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. There are no estimation uncertainties that have a significant effect on the amounts recognised in the financial statements.

**4. Operating costs**

	2021 £'000	2020 £'000
Operating costs	28	65

Operating costs consists of the release of supplier accruals no longer needed of £10,000, the writeback of unused doubtful debt provision of £11,000 and the release of insurance liability claims of £7,000 occurred in the year (2020: £51,000 supplier accruals release and a release of insurance liability claims of £14,000).

**5. 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.

**6. Interest receivable**

	2021 £'000	2020 £'000
Amounts receivable from group undertakings	38	50

**7. Profit before taxation**

Audit fees for auditing the financial statements of £5,000 (2020: £5,000) have been borne by the immediate parent company, First Rail Holdings Limited. No other services were provided by PricewaterhouseCoopers LLP during the current year or by Deloitte LLP in the prior year.

**8. Tax charge on profit**

	2021 £'000	2020 £'000
Current taxation	13	22
- UK corporation tax	13	22
Total current taxation and tax charge on profit	13	22

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 19% (2020: 19%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

**First Capital Connect Limited**  
**Notes to the financial statements**  
**Year ended 31 March 2021**

**8. Tax charge on profit (continued)**

The actual tax charge on profit for the current and previous year did not differ from the profit before tax multiplied by the standard rate of corporation tax:

	2021 £'000	2020 £'000
Profit before tax	66	115
Profit before tax multiplied by the standard rate of Corporation Tax in the UK of 19% (2020: 19%)	13	22
Total tax charge on profit	13	22

**9. Debtors**

	2021 £'000	2020 Restated £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	1,445	1,407
Other debtors	-	4
	1,445	1,411

The amounts owed by group undertakings relate to FirstGroup plc which were previously shown as a fixed asset investment in a debt instrument. These amounts have been restated as debtors due within one year because there are no formal contract terms and the financial statements are prepared on a basis other than going concern (1st April 2019 impact: £1,640,000).

Amounts owed from FirstGroup plc are unsecured, fixed interest-bearing at 3.253% and repayable on demand.

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

	2021 £'000	2020 £'000
Trade creditors	-	15
Amounts owed to FirstGroup plc	35	22
Other creditors	-	7
Accruals	8	17
	43	61

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

**11. Called up share capital**

	2021 £	2020 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	1	1

**First Capital Connect Limited**  
**Notes to the financial statements**  
**Year ended 31 March 2021**

**12. Dividend payments**

Amounts recognised as distributions to equity holders in the period:

	2021 £'000	2020 £'000
Interim dividends for the year ended 31 March 2021 of £nil (31 March 2020: £nil) per ordinary share	-	-

**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.