

Registered number: 06641019

British American Railway Services Limited

Directors' report and financial statements

For the year ended 31 December 2013

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British American Railway Services Limited

Company Information

| | |
|-----------------------------|---|
| Directors | K Busath E Ellis S Gregory C Roper G J Hanson |
| Company secretary | K Busath |
| Registered number | 06641019 |
| Registered office | Stanhope Station Stanhope Durham DL13 2YS |
| Independent auditors | Reeves & Co LLP Statutory Auditor & Chartered Accountants Third Floor 24 Chiswell Street London EC1Y 4YX |

British American Railway Services Limited

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British American Railway Services Limited

Directors' report For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

K Busath
E Ellis
S Gregory
C Roper
G J Hanson

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- *that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.*

British American Railway Services Limited

Directors' report

For the year ended 31 December 2013

Auditors

Under section 487(2) of the Companies Act 2006, Reeves & Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27 August 2014 and signed on its behalf.



K Busath
Secretary

British American Railway Services Limited

Independent auditors' report to the shareholders of British American Railway Services Limited

We have audited the financial statements of British American Railway Services Limited for the year ended 31 December 2013, set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditors' 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.

Respective responsibilities of directors and auditors

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 group's and the parent 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 Directors' 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 group's and the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

British American Railway Services Limited

Independent auditors' report to the shareholders of British American Railway Services Limited

Matters on which we are required to report by exception

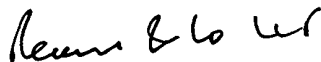
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Group strategic report or in preparing the Directors' report.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the group's capability to continue as a going concern.

The group has incurred a loss after taxation of £1,765,473 during the year ended 31st December 2013, current liabilities exceed its current assets by £3,256,271 and the group is showing a total net liabilities position of £7,089,636 as at 31 December 2013. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.



Stephen Tanner BSc(Econ) FCA (Senior statutory auditor)

for and on behalf of
Reeves & Co LLP

Statutory Auditor
Chartered Accountants

Third Floor
24 Chiswell Street
London
EC1Y 4YX

Date: *27th August 2014*

British American Railway Services Limited

**Consolidated profit and loss account
For the year ended 31 December 2013**

| | Note | 2013 £ | 2012 £ |
|--|-------------|--------------------|--------------------|
| Turnover | 1 | 6,874,419 | 5,136,072 |
| Cost of sales | | (5,322,759) | (4,439,696) |
| | | <hr/> | <hr/> |
| Gross profit | 2 | 1,551,660 | 696,376 |
| Administrative expenses | | (2,680,675) | (2,018,393) |
| | | <hr/> | <hr/> |
| Operating loss | 2 | (1,129,015) | (1,322,017) |
| Interest payable and similar charges | | (665,291) | (522,140) |
| | | <hr/> | <hr/> |
| Loss on ordinary activities before taxation | | (1,794,306) | (1,844,157) |
| Tax on loss on ordinary activities | 4 | - | 943 |
| | | <hr/> | <hr/> |
| Loss on ordinary activities after taxation | | (1,794,306) | (1,843,214) |
| Minority interests | | 28,833 | 59,733 |
| | | <hr/> | <hr/> |
| Loss for the financial year | 12 | (1,765,473) | (1,783,481) |
| | | <hr/> | <hr/> |

The notes on pages 9 to 17 form part of these financial statements.

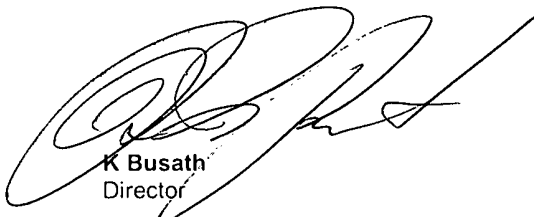
British American Railway Services Limited
Registered number: 06641019

Consolidated balance sheet
As at 31 December 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|--|------|------------------|--------------------|------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 5 | | (338,214) | | (369,632) |
| Tangible assets | 6 | | 6,409,126 | | 6,813,379 |
| | | | <u>6,070,912</u> | | <u>6,443,747</u> |
| Current assets | | | | | |
| Stocks | | 172,960 | | 57,880 | |
| Debtors | 8 | 1,347,309 | | 1,446,901 | |
| Cash at bank and in hand | | 58,735 | | 70,272 | |
| | | <u>1,579,004</u> | | <u>1,575,053</u> | |
| Creditors: amounts falling due within one year | 9 | (4,835,275) | | (4,416,387) | |
| Net current liabilities | | | <u>(3,256,271)</u> | | <u>(2,841,334)</u> |
| Total assets less current liabilities | | | <u>2,814,641</u> | | <u>3,602,413</u> |
| Creditors: amounts falling due after more than one year | 10 | | (9,904,277) | | (8,897,743) |
| Net liabilities | | | <u>(7,089,636)</u> | | <u>(5,295,330)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | 1,000 | | 1,000 |
| Other reserves | 12 | | 571,247 | | 571,247 |
| Profit and loss account | 12 | | (7,879,928) | | (6,114,455) |
| Shareholders' deficit | | | <u>(7,307,681)</u> | | <u>(5,542,208)</u> |
| Minority interests | | | <u>218,045</u> | | <u>246,878</u> |
| | | | <u>(7,089,636)</u> | | <u>(5,295,330)</u> |

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 August 2014.



K Busath
Director

The notes on pages 9 to 17 form part of these financial statements.

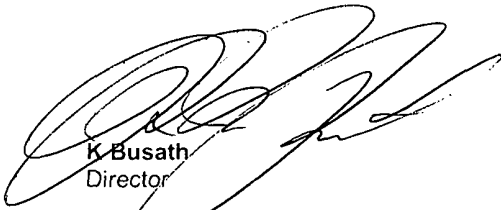
British American Railway Services Limited
Registered number: 06641019

Company balance sheet
As at 31 December 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|--|------|--------------------|---------------------------|--------------------|-------------------------|
| Fixed assets | | | | | |
| Investments | 7 | | 2,652,070 | | 2,652,070 |
| Current assets | | | | | |
| Debtors | 8 | 1,991,766 | | 1,477,120 | |
| Cash at bank | | 1,731 | | 187 | |
| | | <u>1,993,497</u> | | <u>1,477,307</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(2,517,101)</u> | | <u>(1,990,072)</u> | |
| Net current liabilities | | | <u>(523,604)</u> | | <u>(512,765)</u> |
| Total assets less current liabilities | | | <u>2,128,466</u> | | <u>2,139,305</u> |
| Creditors: amounts falling due after more than one year | 10 | | <u>(3,177,573)</u> | | <u>(2,626,501)</u> |
| Net liabilities | | | <u><u>(1,049,107)</u></u> | | <u><u>(487,196)</u></u> |
| Capital and Reserves | | | | | |
| Called up share capital | 11 | | 1,000 | | 1,000 |
| Other reserves | 12 | | 571,247 | | 571,247 |
| Profit and loss account | 12 | | <u>(1,621,354)</u> | | <u>(1,059,443)</u> |
| Shareholders' deficit | | | <u><u>(1,049,107)</u></u> | | <u><u>(487,196)</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27 August 2014.


K. Busath
Director

The notes on pages 9 to 17 form part of these financial statements.

British American Railway Services Limited

**Consolidated cash flow statement
For the year ended 31 December 2013**

| | £ | 2013 £ | £ | 2012 £ |
|--|-------------|------------------|-------------|------------------|
| Cash generated from operations | | | | |
| Operating loss | (1,129,015) | | (1,322,017) | |
| Depreciation of tangible fixed assets | 456,387 | | 451,750 | |
| Amortisation of intangible fixed assets | (31,418) | | (31,419) | |
| Profit on disposal of tangible fixed assets | (11,555) | | (93,000) | |
| (Increase)/decrease in stocks | (115,080) | | 3,661 | |
| Decrease/(increase) in trade debtors | 12,716 | | (453,937) | |
| Decrease/(increase) in other debtors | 178,741 | | (120,710) | |
| Increase in trade creditors | 85,574 | | 543,848 | |
| Increase in other creditors | 1,021,008 | | 1,476,672 | |
| | | 467,358 | | 454,848 |
| Cash from other sources | | | | |
| Sale of tangible fixed assets | 25,392 | | 130,000 | |
| | | 25,392 | | 130,000 |
| Application of cash | | | | |
| Interest paid | (164,250) | | (86,582) | |
| Hire purchase interest | (21,662) | | (41,723) | |
| Tax paid | - | | 943 | |
| Repayment of loans | (292,135) | | (117,039) | |
| Principal payment under finance lease | 52,311 | | (86,674) | |
| Purchase of tangible fixed assets | (65,971) | | (247,805) | |
| | | (491,707) | | (578,880) |
| Net increase in cash | | 1,043 | | 5,968 |
| Cash at bank and in hand less overdrafts at beginning of the year | | 8,969 | | 3,001 |
| Cash at bank and in hand less overdrafts at end of the year | | 10,012 | | 8,969 |
| Consisting of: | | | | |
| Cash at bank and in hand | | 58,735 | | 70,272 |
| Overdrafts included in "bank loans and overdrafts falling due within one year" | | (48,723) | | (61,303) |
| | | 10,012 | | 8,969 |

The notes on pages 9 to 17 form part of these financial statements.

British American Railway Services Limited

Notes to the financial statements For the year ended 31 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Going concern

Notwithstanding that the group has net current liabilities of £3,256,271 and net liabilities of £7,089,636 at the balance sheet date and has made a loss for the year of £1,765,473, the financial statements have been prepared on a going concern basis. The directors believe that a combination of commercial initiatives now underway and continued financial support from its ultimate parent undertaking, Iowa Pacific Holdings LLC, will ensure that adequate funding and investment is available to the group to enable it to meet its financial obligations as they fall due.

The directors, having assessed the responses of the directors of Iowa Pacific Holdings LLC to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the group of companies to continue as a going concern.

1.3 Basis of consolidation

The financial statements consolidate the accounts of British American Railway Services Limited and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £561,911 (2012 - £176,312).

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised when earned in accordance with obligations delivered.

Income from the hire of rolling stock is credited to the profit and loss account on a straight line basis over the period of the lease.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

| | | |
|-------------------|---|---------------|
| Negative goodwill | - | over 14 years |
| Goodwill | - | over 10 years |

British American Railway Services Limited

Notes to the financial statements For the year ended 31 December 2013

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-----------------------------------|---|----------------------------------|
| Freehold property | - | 2% & 4% straight line |
| Leasehold improvements | - | over the term to expiry of lease |
| Plant and machinery | - | 25% straight line |
| Vehicles and rolling stock | - | 10 - 20% straight line |
| Furniture, fittings and equipment | - | 25% straight line |

1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

British American Railway Services Limited

Notes to the financial statements For the year ended 31 December 2013

1. Accounting policies (continued)

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.12 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

1.13 Invoice discounting

The group has an agreement whereby the majority of its trade debtors are invoice discounted, with recourse after 75 days. On the basis that the benefit and risks attaching to the debts remain with the company, a separate presentation has been adopted, in accordance with FRSSE - "Reporting the Substance of Transactions". On this basis the gross debts are included as an asset within trade debtors and the proceeds received are included within bank loans and overdrafts as a liability.

2. Operating loss

The operating loss is stated after charging/(crediting):

| | 2013 £ | 2012 £ |
|--|-----------|-------------|
| Amortisation - intangible fixed assets | (31,418) | (31,419) |
| Depreciation of tangible fixed assets: | | |
| - owned by the group | 424,887 | 422,378 |
| - held under finance leases | 31,500 | 29,372 |
| Auditors' remuneration | 34,050 | 33,100 |
| Operating lease rental income | (951,693) | (1,482,408) |

Auditors fees for the company were £7,900 (2012 - £10,305)

3. Directors' remuneration

| | 2013 £ | 2012 £ |
|------------------------|-----------|-----------|
| Aggregate remuneration | 46,350 | 46,350 |

British American Railway Services Limited

**Notes to the financial statements
For the year ended 31 December 2013**

4. Taxation

| | 2013 £ | 2012 £ |
|--|-----------|--------------|
| Analysis of tax charge/(credit) in the year | | |
| UK corporation tax charge on loss for the year | - | - |
| Adjustments in respect of prior periods | - | (943) |
| | <u>-</u> | <u>(943)</u> |
| Tax on loss on ordinary activities | <u>-</u> | <u>(943)</u> |

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses, accelerated capital allowances and short term timing differences as there is insufficient evidence that the asset will be recovered in the foreseeable future.

The company has unutilised trading losses of £279,172 (2012: £247,061) available to carry forward against future trading profits.

5. Intangible fixed assets

| Group | Goodwill £ | Negative goodwill £ | Total £ |
|--|---------------|---------------------------|------------|
| Cost | | | |
| At 1 January 2013 and 31 December 2013 | 335,988 | (910,247) | (574,259) |
| Amortisation | | | |
| At 1 January 2013 | 76,373 | (281,000) | (204,627) |
| Charge for the year | 33,600 | (65,018) | (31,418) |
| At 31 December 2013 | 109,973 | (346,018) | (236,045) |
| Net book value | | | |
| At 31 December 2013 | 226,015 | (564,229) | (338,214) |
| At 31 December 2012 | 259,615 | (629,247) | (369,632) |

British American Railway Services Limited

Notes to the financial statements
For the year ended 31 December 2013

6. Tangible fixed assets

| Group | Land and buildings £ | Plant and machinery £ | Vehicles and rolling stock £ | Furniture, fittings and equipment £ | Total £ |
|-----------------------|----------------------------|-----------------------------|---------------------------------------|--|------------------|
| Cost | | | | | |
| At 1 January 2013 | 5,348,148 | 410,402 | 2,758,068 | 200,006 | 8,716,624 |
| Additions | 14,242 | - | 32,959 | 18,770 | 65,971 |
| Disposals | (13,837) | - | (1,900) | - | (15,737) |
| At 31 December 2013 | <u>5,348,553</u> | <u>410,402</u> | <u>2,789,127</u> | <u>218,776</u> | <u>8,766,858</u> |
| Depreciation | | | | | |
| At 1 January 2013 | 294,249 | 323,258 | 1,209,671 | 76,067 | 1,903,245 |
| Charge for the year | 103,954 | 15,290 | 293,520 | 43,623 | 456,387 |
| On disposals | - | - | (1,900) | - | (1,900) |
| At 31 December 2013 | <u>398,203</u> | <u>338,548</u> | <u>1,501,291</u> | <u>119,690</u> | <u>2,357,732</u> |
| Net book value | | | | | |
| At 31 December 2013 | <u>4,950,350</u> | <u>71,854</u> | <u>1,287,836</u> | <u>99,086</u> | <u>6,409,126</u> |
| At 31 December 2012 | <u>5,053,899</u> | <u>87,144</u> | <u>1,548,397</u> | <u>123,939</u> | <u>6,813,379</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| Group | 2013 £ | 2012 £ |
|----------------------------|----------------|----------------|
| Vehicles and rolling stock | <u>229,618</u> | <u>227,167</u> |

Included in land and buildings is freehold land carried at cost of £1,844,956 (2012: £1,844,956) which is not depreciated.

Included within vehicles and rolling stock are assets at cost of £2,789,127 (2012: £2,758,068) with accumulated depreciation of £1,507,461 (2012: £1,209,671) held for use in operating leases.

British American Railway Services Limited

**Notes to the financial statements
For the year ended 31 December 2013**

7. Fixed asset investments

| Company | Investments in subsidiary companies £ |
|--|--|
| Cost or valuation | |
| At 1 January 2013 and 31 December 2013 | <u>2,652,070</u> |
| Net book value | |
| At 31 December 2013 | <u>2,652,070</u> |
| At 31 December 2012 | <u>2,652,070</u> |

Details of the principal subsidiaries can be found under note number 15.

8. Debtors

| | Group | | Company | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2013 £ | 2012 £ | 2013 £ | 2012 £ |
| Due after more than one year | | | | |
| Amounts owed by group undertakings | - | - | 1,713,621 | 1,339,697 |
| Due within one year | | | | |
| Trade debtors | 1,169,383 | 1,090,234 | - | - |
| Other debtors | 177,926 | 356,667 | 278,145 | 137,423 |
| | <u>1,347,309</u> | <u>1,446,901</u> | <u>1,991,766</u> | <u>1,477,120</u> |

The group invoice discounts the majority of its trade debtors with recourse after 75 days. The gross value of the debts which are invoice discounted at 31 December 2013 is £928,990. The group has had a proportion of its debtors advanced which, including charges, totals £345,380 and is included in other creditors.

British American Railway Services Limited

**Notes to the financial statements
For the year ended 31 December 2013**

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

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 48,723 | 61,303 | - | 1,005 |
| Other loans | 2,270,371 | 1,975,853 | 2,270,371 | 1,975,853 |
| Net obligations under finance leases and hire purchase contracts | 8,263 | 19,499 | - | - |
| Trade creditors | 1,054,111 | 968,537 | 13,774 | 13,214 |
| Other taxation and social security | 443,540 | 412,007 | - | - |
| Other creditors | 1,010,267 | 979,188 | 232,956 | - |
| | <u>4,835,275</u> | <u>4,416,387</u> | <u>2,517,101</u> | <u>1,990,072</u> |

The invoice discounting facilities, included in other creditors, are secured by a fixed and floating charge over the assets of the group.

**10. Creditors:
Amounts falling due after more than one year**

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Other loans | 500,529 | 655,941 | 200,529 | 355,941 |
| Net obligations under finance leases and hire purchase contracts | 67,047 | 3,500 | - | - |
| Amounts owed to group undertakings | 9,336,701 | 8,238,302 | 2,977,044 | 2,270,560 |
| | <u>9,904,277</u> | <u>8,897,743</u> | <u>3,177,573</u> | <u>2,626,501</u> |

Other loans are secured by a fixed and floating charge over all of the assets of the group. E Ellis, a director of the company, has personally guaranteed £2,156,463 (2012: £2,331,794) relating to loan notes issued.

11. Share capital

| | 2013 | 2012 |
|---|--------------|--------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

British American Railway Services Limited

Notes to the financial statements For the year ended 31 December 2013

12. Reserves

| | Other reserves £ | Profit and loss account £ |
|-----------------------------|------------------------|---------------------------------|
| Group | | |
| At 1 January 2013 | 571,247 | (6,114,455) |
| Loss for the financial year | | (1,765,473) |
| | <hr/> | <hr/> |
| At 31 December 2013 | <u>571,247</u> | <u>(7,879,928)</u> |
| | | |
| | Other reserves £ | Profit and loss account £ |
| Company | | |
| At 1 January 2013 | 571,247 | (1,059,443) |
| Loss for the financial year | | (561,911) |
| | <hr/> | <hr/> |
| At 31 December 2013 | <u>571,247</u> | <u>(1,621,354)</u> |

13. Related party transactions

During the year, the group received £1,098,399 (2012: £3,035,889) from the Iowa Pacific Holdings LLC group of companies, the ultimate parent company. At the balance sheet date £9,366,701 (2012: £8,238,302) was owed to these companies, shown within creditors due in more than one year. During the year no interest was accrued on these loans (2012: £168,828).

As at the year end, Weardale Railways CIC had a net creditor balance of £72,127 (2012: net debtor of £27,172) owed to British American Railway Services Limited, the parent company of Weardale Railways CIC, in respect of monies advanced within the group.

14. Ultimate parent undertaking and controlling party

The directors consider that the ultimate parent undertaking and controlling party of this company as at the balance sheet date is Iowa Pacific Holdings LLC, a company incorporated in the United States. The largest and smallest group of undertakings for which group accounts have been produced is that headed by Iowa Pacific Holdings LLC.

British American Railway Services Limited

Notes to the financial statements For the year ended 31 December 2013

15. Principal subsidiaries

| Company name | Percentage Shareholding | Description |
|--|----------------------------|--|
| Rail Management Services Limited | 100 | Maintenance, refurbishment and operation of industrial rail track and the hire of shunting locomotives |
| Weardale Railways CIC (limited by guarantee) | 75 | Statutory railway and associated leisure activities |
| Dartmoor Railway CIC | 100 | Statutory railway and associated leisure activities |
| Devon and Cornwall Railways Limited | 100 | Hold relevant licensing from the Office of Rail Regulation |
| Hanson Traction Limited | 100 | Dormant |
| R T Rail Limited | 100 | Dormant |
| RMS Locotec (IOM) Limited | 100 | Dormant |