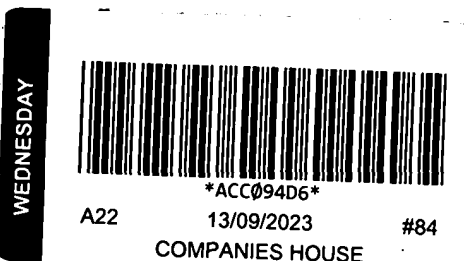


REGISTERED NUMBER: 11389531 (England and Wales)

Keolis Amey Operations / Gweithrediadau Keolis Amey Limited

Annual Report and Financial Statements

For year ended 31 March 2023



**Contents of the Financial Statements
Year ended 31 March 2023**

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Company Information
Year ended 31 March 2023

Directors:

V Merle
K J Jarvey

Secretary:

G Dunlop

Registered office:

19-21 Hatton Garden
London, England
EC1N 8BA
United Kingdom

Registered number:

11389531 (England and Wales)

Auditor:

Higgins Fairbairn & Co
1st floor, 5-6 Argyll Street
London
W1F 7TE

Strategic Report
Year ended 31 March 2023

The directors present their strategic report for the year from 1 April 2022 to 31 March 2023.

Review of Business

Keolis Amey Operations / Gweithrediadau Keolis Amey Limited ('the company' or 'KAO') was the operator for the rail services of the Wales and Borders franchise between 14 October 2018 and 7 February 2021.

The company was incorporated on 30 May 2018 and is a joint venture between Keolis (UK) Limited and Amey Rail Limited. Keolis (UK) Limited holds 64% and Amey Rail Limited 36% of the share capital of Keolis Amey Operations / Gweithrediadau Keolis Amey Limited. Keolis (UK) Limited and Amey Rail Limited also operate Docklands Light Railway for Transport for London (TfL), and Manchester Metrolink for Transport for Greater Manchester (TfGM).

As a consequence of COVID-19, the company ceased as the operator for the operation of passenger railway of the Wales & Border franchise on 7 February 2021.

Performance in the year

During the year in review, the company remained active and non-operating.

The turnover of the company was nil (2022: £33,000) with profit before tax of £385,000 (2022: £5,821,000).

Key performance indicators

No key performance indicators were reported during this year due to the company's operations having ceased.

Principal risks and uncertainties

As discussed in the Review of the Business section of the Strategic Report, the company ceased as the operator for the operation of passenger railway of the Wales & Border franchise on 7 February 2021. Therefore, no principal risks and uncertainties now exist for this company. Prior to this, the key business risks and uncertainties affecting the company were considered to relate to safety risk, local and national competition, political risk, grant compliance risk, credit risk, price risk, cashflow and liquidity risk and foreign exchange risk. These risks were as below:

Safety risk

During the operations a Safety Steering Committee was held every month which was attended by members of the Senior Management Team. A variety of KPI's were reviewed to ensure effective monitoring of safety performance and that a proactive approach to safety was adopted by all employees.

Competitive risk

Competition was a risk and had the potential to impact on future revenues as other entities enter the marketplace for passenger transport services and bid on existing contracts as they go to tender. However, the company managed the risk by continually assessing and reviewing the performance of its operations and developing and implementing improvements to its services.

Political risk

Changes in Government or to laws, regulations, policies, local authority attitudes towards public transport and reductions in the availability of Government financial support could adversely impact the company's operations and financial position. The company actively participated in key industry, trade and Government steering groups and used internal initiatives across the business to offset the impact of external issues.

Strategic Report (continued)
Year ended 31 March 2023

Credit risk

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The company does not consider that it is materially exposed to credit risk.

Price risk

The rail services payment received by the company was subject to indexation linked to indices which costs were also subject to, thus hedging price inflation.

Cash flow and liquidity risk

Cash flow and liquidity risk is the risk that the company's available cash will not be sufficient to meet its financial obligations. The company actively manages its cash flow position including collection of debts and timely payment of creditors.

Foreign Exchange risk

Foreign exchange risk refers to the potential for loss from exposure to foreign exchange rate fluctuations. The company does not consider that it is materially exposed to foreign exchange risk because few of its transactions are conducted in currencies other than Sterling.

Grant compliance risk

The company was required to comply with certain conditions as part of its Grant Agreement. If it failed to comply with these conditions, it may have been liable to penalties including the potential termination of the contract. Various members of the Senior Management team sat on key Boards and Steering Groups responsible for overseeing delivery in vital areas of the business. Grant compliance was closely managed and monitored, and procedures were in place in place to minimise the risk of non-compliance.

Future developments

Following the transfer of the franchise on 7 February 2021, the company entered a period of demobilisation, whereby remaining assets and liabilities will be collected and extinguished as appropriate.

Until the management is reasonably certain that there are no liabilities that could be raised against the company, the entity will remain active and non-operating.

During this period of demobilisation, the company will continue to meet expectations of all stakeholders, as relevant to a post franchise company.

Strategic Report (continued)
Year ended 31 March 2023

S172(1) Statement

The company ceased its main activity on 7 February 2021. From this date the company entered a period of demobilisation. KAO directors continue to act in the way they consider, in good faith, and would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

a) the likely consequences of any decision in the long-term;

KAO stopped its operations on 7 February 2021 and the directors plan to liquidate the company in the next few years. The decisions taken by its directors will ensure all obligations and commitments with its stakeholders are met.

b) the interests of the company's employees;

KAO transferred all its employees to a new publicly owned subsidiary of Transport for Wales on 7 February 2021 and so this is no longer relevant.

c) the need to foster the company's business relationships with suppliers, customers and others;

After ceasing trading the company stopped its main activity and the relationships with its supplier and customer in the normal course of the business.

d) the impact of the company's operations on the community and the environment;

After ceasing trading the company stopped its main activity and the relationships with the community and the environment.

e) the desirability of the company maintaining a reputation for high standards of business conduct;

Although the company has ceased trading the directors continue to follow the principles of Keolis UK's ethics policies including the code of conduct and the Directors meet to discuss key business decisions.

f) the need to act fairly as between members of the Company;

Although the company has ceased trading KAO's parent company, Keolis (UK) Limited is involved in the key business decisions.

Approved by the board and signed on its behalf by:

Virginie Merle



Director

Date: 4 September 2023

Directors' Report
Year ended 31 March 2023

The directors present their annual report on the affairs of Keolis Amey Operations / Gweithrediadau Keolis Amey Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 March 2023.

Organisation and principal activity

Keolis Amey Operations / Gweithrediadau Keolis Amey Limited was incorporated on 30 May 2018 (Companies House registration no 11389531). The company ceased its principal activity as the operator of passenger railway services of the Wales & Border franchise on 7 February 2021. The company remained active and non-operating during the year.

Future developments

Details of future developments can be found in the Strategic Report on page 3.

Events after the balance sheet date

On 19 July 2023 it was agreed by the board that there will be a partial repayment and a partial write-off amounts, amongst others, owed by the Company to Keolis UK and Amey under the Intra-Group Loan Agreement.

Dividends

No dividends were paid during the year (2022: £nil).

Directors

The directors, who served throughout the year and up to the date of signature of the financial statements, were as follows:

V Merle
K J Jarvey

Statement as to Directors' Engagement

Please refer to the Strategic Report in the following respects:

- See paragraph b. of the S172(1) statement in relation to how the directors have engaged with employees and have regards to their interests;
- See paragraph c. of the S172(1) statement in relation to how the directors have engaged with customers, suppliers and others in a business relationship with the company.

Employee involvement

The company transferred all its employees to a new publicly owned subsidiary of Transport for Wales on 7 February 2021 so this is no longer relevant.

Financial Risk Management

The company's principal financial assets are bank balances. The credit risk on liquid funds is limited because the counterparties are banks with a minimum "A" credit rating.

Going concern

Following the transfer of the Wales and Borders heavy rail franchise back to Transport for Wales on 7 February 2021, the Company ceased its principal activity. As a result, the going concern basis of preparation is not appropriate and the financial statements have been prepared on a basis other than going concern. Future costs are recognised in the financial statements as at 31 March 2023 as result of ceasing to apply the going concern basis.

Directors Report (continued)
Year ended 31 March 2023

Corporate Governance Statement

The Companies (Miscellaneous Reporting) Regulations 2018 introduced new statutory reporting requirements which require KAO to make a statement on Corporate Governance arrangements in place including stating which corporate governance code is in place. The below explains the corporate governance arrangements in place for the organisation.

Purpose and Leadership

The main purpose is to ensure the demobilisation is completed successfully. Accordingly, KAO continues not to apply a specific corporate governance code.

The Board of Directors is responsible for the supervision and management of the demobilisation of the company.

Board Composition

As the company has ceased operations the shareholders of KAO, Keolis (UK) Limited and Amey Rail Limited agreed to amend the Shareholders Agreement related to the board composition. This now states "*subject to appointment of the Additional Keolis Directors, the Board shall consist of no less than two Directors holding office at any time (and the maximum number of Directors holding office shall be five)*".

The board consists of two directors, one director from each of the shareholders as stated on page 1.

Directors' responsibilities

The Board is responsible for completing the demobilisation of the Company and are committed to maintaining good governance in their decision making. Relevant policies and procedures are in place to ensure good governance is maintained.

Opportunity & Risk

The Board is responsible for assessing the risk and opportunities of the company.

See Principal risks and uncertainties section on page 2 for further detail of key business risks the organisation faces.

Remuneration

As per the KAO Shareholder Agreement, Directors are not remunerated in their capacity as Director for the company.

Statement as to disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each 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.

Approved by the board and signed on its behalf by:

Virginie Merle

Director

Date: 4 September 2023



Directors' responsibilities statement
Year ended 31 March 2023

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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) 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Opinion

We have audited the financial statements of Keolis Amey Operations / Gweithrediadau Keolis Amey Limited for the year ended 31 March 2023 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 15 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 as applied to other entities of public interest, 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 on a basis other than going concern

We draw attention to note 1.2 to the financial statements which explains that the company ceased its principal activities and therefore the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1.2. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the members of Keolis Amey Operations / Gweithrediadau Keolis Amey Limited

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas, and we corroborated this by reviewing supporting documentation.
- In addition to the above, based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: inquiries of management (and where applicable those charged with governance), review of Board minutes; and obtaining written representations.

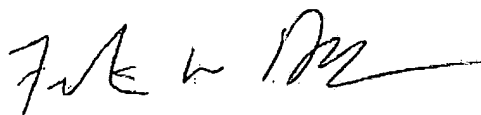
Independent Auditor's Report to the members of Keolis Amey Operations / Gweithrediadau Keolis Amey Limited

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of controls and by assuming revenue recognition to be a fraud risk. We performed the following procedures to support our understanding: meeting with management to understand where they considered there was susceptibility to fraud; determining which account balances are subjective in nature and considering the process and controls which the company has established to prevent and detect fraud, and how these are monitored.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Fenton Higgins FCA (Senior statutory auditor)

Higgins Fairbairn & Co
Chartered accountants & statutory auditor
1st Floor, Sutherland House
5-6 Argyll Street
London
W1F 7TE

Date: 4 September 2023

Profit and loss account
Year ended 31 March 2023

		Year ended 2023	Year ended 2022
	Note	£000	£000
Turnover	2	-	33
Cost of Sales		-	(21)
Gross Profit		-	12
Administrative expenses		229	5,658
Operating profit/(loss)	5	229	5,670
Interest receivable	6	126	164
Interest payable reversal/(interest payable)	7	30	(13)
Profit/(loss) before taxation		385	5,821
Taxation	8	(73)	(79)
Profit/ (loss) after taxation		312	5,742

All of the results for 2022 and 2023 are related to discontinued operations.

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income
Year ended 31 March 2023

	Note	Year ended 2023 £000	Year ended 2022 £000
Profit after taxation		312	5,742
Total comprehensive income for the financial year		<u>312</u>	<u>5,742</u>

All the total comprehensive profit for 2023 and 2022 is related to discontinued operations.

Balance Sheet
As at 31 March 2023


			2023	2022
	Note	£000	£000	£000
Current assets				
Debtors	9	416		489
Cash at bank and in hand		25,894		25,592
		<u>26,310</u>		<u>26,081</u>
Creditors: Amounts falling due within one year	10	<u>(50,762)</u>		<u>(50,845)</u>
Net current liabilities			<u>(24,452)</u>	<u>(24,764)</u>
Total assets less current liabilities			<u>(24,452)</u>	<u>(24,764)</u>
Net liabilities			<u>(24,452)</u>	<u>(24,764)</u>
Capital and Reserves				
Called up share capital	12		1,000	1,000
Profit and loss account			(25,452)	(25,764)
Total shareholders' deficit			<u>(24,452)</u>	<u>(24,764)</u>

The financial statements of Keolis Amey Operations / Gweithrediadau Keolis Amey Limited (registered number 11389531) were approved by the board of directors and authorised for issue on 4 September 2023. They were signed on its behalf by:

Virginie Merle

Director

Date: 4 September 2023



Statement of changes in equity
Year ended 31 March 2023

	Share capital	Profit and loss account	Total shareholders' deficit
	£000	£000	£000
At 31 March 2021	1,000	(31,506)	(30,506)
Year ended 31 March 2022:			
Profit for the financial year	-	5,742	5,742
At 31 March 2022	1,000	(25,764)	(24,764)
Profit for the financial year	-	312	312
Year ended 31 March 2023	1,000	(25,452)	(24,452)

Notes to the Financial Statements
Year ended 31 March 2023

1. Accounting policies

1.1 Basis of preparation of Financial Statements

Keolis Amey Operations / Gweithrediadau Keolis Amey Limited ('the company') is a private company limited by shares incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historic cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is pounds sterling because that is the currency of the primary economic environment in which the company operates. The presentational currency is pounds sterling rounded to the nearest thousand.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, Keolis S.A., a company registered in France, which may be obtained at 34, avenue Léonard de Vinci 92400 Courbevoie - France, or on the Keolis website at www.keolis.com. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

As set out in the Directors' report, following the transfer of the Wales and Borders heavy rail franchise back to Transport for Wales on 7 February 2021, the company ceased its principal activity since then and remained active but not operating during the year. In the absence of any realistic alternative, it is likely that the company will be liquidated in due course although the timeframe for this is uncertain; until then the company will still remain active and non-operating.

In these circumstances, the Directors consider that it is not appropriate to prepare the financial statements on a going concern basis. As the company plans to continue operating for a period of time and realise assets and liabilities in an orderly fashion, the financial statements have been prepared on a basis other than going concern and the directors have determined that the accounting policies applied to individual items should be consistent with those adopted in the prior year. However, future costs have been recognised in the financial statements as at 31 March 2023 as result of ceasing to apply the going concern basis.

1.2 Going concern

Following the transfer of the Wales and Borders heavy rail franchise back to Transport for Wales on 7 February 2021, the Company ceased its principal activity. As a result, the going concern basis of preparation is not appropriate and the financial statements have been prepared on a basis other than going concern. Future costs have been recognised in the financial statements as at 31 March 2023 as result of ceasing to apply the going concern basis.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

1.4 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

1.5 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
Year ended 31 March 2023

1. Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, 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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1.6 Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 Foreign currency

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

1.8 Operating profit

Operating profit is stated before finance costs.

1.9 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the Financial Statements - continued
Year ended 31 March 2023

1. Accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The key source of estimation uncertainty is in relation to the quantum of the future liabilities which are expected to be paid in future financial years.

2. Turnover

The turnover and profit/(loss) before taxation are attributable to the principal activities of the Company.

An analysis of turnover is given below:

	2023	2022
	£000	£000
Other revenue	-	33
Total Revenue	-	33

All turnover in 2022 arose within the United Kingdom.

3. Staff Costs

The Company has no employees (2022: no employees) and no salaries or wages have been paid to the directors during the current year (2022: £nil).

4. Auditor's remuneration

The company paid the following amounts to its Auditor in respect of the audit of its financial statements:

	2023	2022
	£000	£000
Fees for the audit of the company	10	10
	10	10

Notes to the Financial Statements - continued
Year ended 31 March 2023

5. Operating profit

The operating profit is stated after (credit)/charging:

	2023 £000	2022 £000
Reversal of demobilisation costs	-	(918)
Reversal of provision for Performance Bonds	-	(5,000)
Operating lease payments (reversal)		
Land and buildings	(256)	-

6. Interest receivable and similar income

	2023 £000	2022 £000
Bank interest receivable	126	3
Interest received from HMRC	-	161
	126	164

Interest received in 2022 from HMRC related to VAT repayment supplement from HMRC.

7. Interest payable and other finance charges

	2023 £000	2022 £000
Interest payable reversal / (charge) on liability	36	(13)
Interest payable to HMRC	(6)	-
	30	(13)

Interest payable reversal on liabilities in 2023 relates to the release of provisions for interest payable not materialised.

Notes to the Financial Statements - continued
Year ended 31 March 2023

8. Taxation

Analysis of the tax charge in the year

The tax charge on the profit for the year was as follows:

	2023 £000	2022 £000
Current tax:		
Adjustment in respect of previous periods	(73)	(82)
Total current tax	(73)	(82)
Deferred tax:		
Origination and reversal of timing differences	-	2
Adjustment in respect of previous periods	-	-
Effect of changes in tax rates	-	1
Total deferred tax	-	3
Total tax (charge) per profit and loss account	(73)	(79)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2023 £000	2022 £000
Profit for the year	385	5,821
Tax on profit at standard UK tax rate of 19%	(73)	(1,106)
Effects of:		
Adjustment in respect of previous periods	-	(82)
Expenses not deductible	-	1
Income not taxable	-	1,108
Deferred tax recycled from other comprehensive income	-	-
Deferred tax re losses extinguished on cessation	-	-
Tax rate changes	-	1
Deferred tax not recognised	-	(1)
Tax charge for the year	(73)	(79)

Factors that may affect current and future tax charges

An increase in the UK corporation tax rate from 19% to 25% for companies with taxable profits in excess of £250,000 (effective 1 April 2023) was substantively enacted on 24 May 2021. This rate increase will have a consequential effect on the company's future tax charge if applicable.

Notes to the Financial Statements - continued
Year ended 31 March 2023

9. Debtors: amounts falling due within one year

	2023	2022
	£000	£000
Other debtors	416	129
Corporation tax	-	360
	<u>416</u>	<u>489</u>

10. Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	-	5
Other creditors	48	36
Corporation tax	73	-
Accruals	1,229	1,392
Shareholders loans (see note 13)*	49,412	49,412
	<u>50,762</u>	<u>50,845</u>

*Shareholders loans have been reclassified from 2021 to creditors falling within one year as the financial statements have been prepared using a basis other than going concern.

11. Deferred taxation

	2023	2022
	£000	£000
Deferred tax asset at the start of the year	-	-
Adjustments in respect of prior periods	-	-
Deferred tax credit/(charge) to the profit and loss account for the year	-	3
	<u>-</u>	<u>3</u>

The deferred taxation balance is made up as follows:

Short term timing differences – non trading	-	3
Deferred tax asset at end of year	<u>-</u>	<u>3</u>

Notes to the Financial Statements - continued
Year ended 31 March 2023

12. Called up share capital

	2023	2022
	£000	£000
Authorised, allotted, called up and fully paid 1,000,000 shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

13. Related party disclosures

Transactions with related parties include loans provided by Keolis (UK) Limited, with a balance at 31 March 2023 of £31,624,000 (2022: £31,624,000) and Amey Rail Limited, with a balance at 31 March 2023 of £17,788,000 (2022: £17,788,000). The total amount of these loans is included within creditors due within one year, following the end of the franchise agreement under the terms of the loan agreement the loans are repayable on demand. There was no interest charged on the above loans.

During the year the Company purchased £53,000 (2022: £146,000) of consultancy and support services and received a credit note related to the former Cardiff office of £256,000 from Keolis (UK) Limited. At 31 March 2023 £77,000 (2022: £166,000) is included in the trade creditors and accruals falling due within one year.

14. Post balance sheet event

On 19 July 2023 it was agreed by the board that there will be a partial repayment and a partial write-off amounts, amongst others, owed by the Company to Keolis UK and Amey under the Intra-Group Loan Agreement.

15. Immediate and ultimate parent company

The company's immediate parent company is Keolis (UK) Limited, a non-quoted public company incorporated in England.

Keolis (UK) Limited's immediate parent company, Keolis S.A., is a non-quoted public company incorporated in France. Keolis S.A. is the parent undertaking of the smallest group of companies for which group accounts are prepared. Copies of these accounts can be obtained from the registered office of Keolis S.A. located at 34, avenue Léonard de Vinci 92400 Courbevoie - France, or on the Keolis website at www.keolis.com.

The company's ultimate parent companies and controlling shareholders are SNCF and Caisse de Depot et Placement du Quebec (CDPQ). SNCF is a company registered in France. CDPQ is established by statute in Quebec Canada. The respective controlling interests in the company are 30.0% CDPQ and 70.0% SNCF.

SNCF is the parent undertaking of the largest group of companies for which group accounts are prepared. Copies of these accounts can be obtained at SNCF, 34 rue du Commandant René Mouchotte 75014, Paris, France, or on the SNCF website at www.sncf.com.