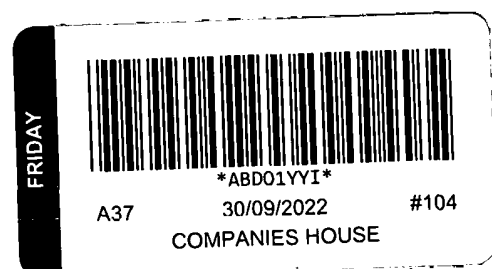


**WCT Group Limited**

**Annual report and financial statements**

**For the year ended 31 December 2021**

**Registered number 03282548**



WCT Group Limited

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## **WCT Group Limited**

### **Directors' report**

#### **For the year ended 31 December 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021 for WCT Group Limited (the "Company").

#### **Principal activity**

The Company is an intermediate holding company which owns West Coast Trains Limited ("West Coast"). West Coast ran the West Coast rail franchise which operated passenger rail services in England, Scotland and Wales until 8 December 2019, when the operation transferred to First Trenitalia West Coast Railway.

Following the expiry of the franchise, West Coast Trains Limited ceased to trade. As the Directors do not intend to acquire a replacement trade, they have not prepared these financial statements on a going concern basis, consistent with the prior year. The effect of this is explained in note 1 to the financial statements.

#### **Results and Dividends**

The profit for the year, after taxation, amounted to £30,500,000 (2020: £32,000,000).

Dividends paid during the year totalled £30,665,000 (2020: £32,000,000).

#### **Directors**

The Directors who served during the year and up to the date of the Directors' report were:

Timothy Kavanagh  
Neil Micklethwaite (resigned 5 July 2022)  
Robert Blok  
Andrew Gibbs

The Company maintains Directors' and Officers' liability insurance in respect of legal action that might be brought against its directors and senior officers.

#### **Political contributions**

The Company made no political contributions during the year (2020: £Nil).

#### **Disclosure of information to auditor**

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

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

#### **Auditor**

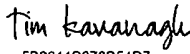
Pursuant to section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to be re-appointed and will therefore continue in office.

**WCT Group Limited**

**Directors' report**

**For the year ended 31 December 2021**

This report was approved by the board and signed on its behalf by:

DocuSigned by:  
  
5B2611B278B54D7...  
**Tim Kavanagh**  
Director

Date: 30 September 2022

The Battleship Building  
179 Harrow Road  
London  
W2 6NB

## **WCT Group Limited**

### **Directors' responsibilities statement For the year ended 31 December 2021**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of WCT Group Limited**

### **Opinion**

We have audited the financial statements of WCT Group Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Company management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the wind down provision. On this audit we do not believe there is a fraud risk related to revenue recognition because the business is in a wind-down state with no revenue being generated.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts being unexpected postings to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

## **Independent auditor's report to the members of WCT Group Limited**

### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws and anti-bribery, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Independent auditor's report to the members of WCT Group Limited**

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



## **Independent auditor's report to the members of WCT Group Limited**

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

DocuSigned by:



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Nicola Davies (Senior Statutory Auditor)  
for and on behalf of  
**KPMG LLP, Statutory Auditor**

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 30 September 2022

**WCT Group Limited****Profit and loss account****For the year ended 31 December 2021**

		<b>Year Ended 31 December 2021</b>	Financial Period Ended 31 December 2020 (56 weeks)
	<b>Note</b>	<b>£000</b>	<b>£000</b>
Income from shares in group undertakings		<b>30,500</b>	32,000
<b>Profit before tax</b>		<b>30,500</b>	32,000
Tax on profit	<b>5</b>	-	-
<b>Profit for the year</b>		<b>30,500</b>	32,000

There was no other comprehensive income for the year ended 31 December 2021 (2020: £Nil) and therefore no separate statement of other comprehensive income has been presented.

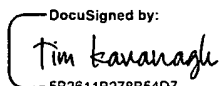
The accompanying notes form an integral part of this profit and loss account.

**WCT Group Limited****Balance sheet****For the year ended 31 December 2021**

		<b>As at 31</b>		<b>As at 31</b>	
		<b>December 2021</b>		<b>December 2020</b>	
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Investments	6		4,116		4,116
<b>Current assets</b>					
Debtors: amounts falling due within one year	7	-		81	
Cash at bank and in hand		1		85	
		<u>1</u>		<u>166</u>	
<b>Net current assets</b>			<u>1</u>		<u>166</u>
<b>Total assets less current liabilities</b>			4,117		4,282
<b>Net assets</b>			<u>4,117</u>		<u>4,282</u>
<b>Capital and reserves</b>					
Called up share capital	8		60		60
Profit and loss account	8		4,057		4,222
<b>Total equity</b>			<u>4,117</u>		<u>4,282</u>

The accompanying notes form an integral part of this balance sheet.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
 5B2611B278B54D7...  
**Tim Kavanagh**  
 Director

Date: 30 September 2022

Registered number: 03282548

**WCT Group Limited****Statement of changes in equity  
For the year ended 31 December 2021**

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
At 8 December 2019	60	4,222	4,282
Profit for the financial period	-	32,000	32,000
Dividends paid on ordinary shares	-	(32,000)	(32,000)
<b>At 31 December 2020</b>	<b>60</b>	<b>4,222</b>	<b>4,282</b>
At 31 December 2020	60	4,222	4,282
Profit for the year	-	30,500	30,500
Dividends paid on ordinary shares	-	(30,665)	(30,665)
<b>At 31 December 2021</b>	<b>60</b>	<b>4,057</b>	<b>4,117</b>

The accompanying notes form an integral part of this statement of changes in equity.

## **WCT Group Limited**

### **Notes to the financial statements For the year ended 31 December 2021**

#### **1 Accounting policies**

WCT Group Limited (the "Company") is a private company incorporated and domiciled in the UK and registered in England and Wales.

The Company is itself a subsidiary company and is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared under the historic cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### **1.1 Basis of preparation**

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliation for share capital;
- Related party disclosures in respect of wholly owned subsidiaries;
- Requirements of IFRS 7 'Financial Instruments: Disclosures';
- Requirements of IFRS 13 'Fair Value Measurements';
- Disclosures in respect of compensation of key management personnel;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

#### ***Going concern***

The financial statements have not been prepared on a going concern basis as explained below.

The Company acts as a holding company of West Coast Trains Limited ("West Coast") and consequently is dependent on revenue generated by that company under the West Coast franchise agreement.

Following the expiry of the West Coast franchise, West Coast ceased to trade and the Company no longer has any investments in operational companies. As the directors do not intend to acquire a replacement trade for the Company, they have not prepared the financial statements on a going concern basis, consistent with the prior year.

## **WCT Group Limited**

### **Notes to the financial statements**

#### **For the year ended 31 December 2021**

#### **1 Accounting policies (continued)**

##### **1.1 Basis of preparation (continued)**

###### *Going concern (continued)*

No adjustments were necessary to the amounts at which the net assets are included in these financial statements compared with the values at which they would have been stated had the going concern basis of accounting been adopted.

##### **1.2 Fixed asset investments**

Fixed asset investments are shown at cost less provision for impairment. The Company's impairment review is principally based on discounting future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the investment. The directors have considered the impact of the cessation of the franchise on the investment, and do not consider that any impairment is necessary at this time as a result.

##### **1.3 Financial instruments**

###### *Non-derivative financial assets*

Non-derivative financial assets are deemed to be assets which have no fixed or determinable payments that are not quoted in an active market and would therefore be classified as "loans and receivables". Such non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment and include trade and other receivables.

###### *Non-derivative financial liabilities*

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost, and include trade and other payables.

##### **1.4 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and it is the intention to settle these on a net basis.

**WCT Group Limited**

**Notes to the financial statements**

**For the year ended 31 December 2021**

**1 Accounting policies *(continued)***

**1.5 Dividends**

Dividends are recorded in the Company's financial statements in the year in which they are declared and are approved by the Company's shareholders.

**2 Significant judgements, estimates and accounting policies**

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates calculated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no accounting policies that are considered to be critical, because they either require a significant amount of management judgement or the results are material to the Company's financial statements.

**WCT Group Limited****Notes to the financial statements****For the year ended 31 December 2021****3 Auditor's remuneration**

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

	<b>31 December 2021</b>	31 December 2020 (56 weeks)
	<b>£000</b>	<b>£000</b>
Fees for the audit of the Company	<b>2</b>	<b>4</b>

Audit fees for the year were fully accrued within prior year estimates.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of WCT Group Holdings Limited, the parent undertaking of the smallest group of undertakings, including the Company, for which consolidated financial statements are drawn up.

**4 Staff costs**

The Company has no employees other than the directors, who did not receive any remuneration (2020: £Nil).



**WCT Group Limited****Notes to the financial statements****For the year ended 31 December 2021****5 Taxation**

Recognised in the profit and loss account:

	<b>31 December 2021</b>	31 December 2020 (56 weeks)
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
Current tax on income for the year	-	-
<b>Tax on profit</b>	-	-

There is no tax recognised in other comprehensive income or equity.

**Factors affecting tax charge for the year**

The actual tax charge for the year differs from that computed by applying the standard tax rate to the profit before tax as reconciled below:

	<b>31 December 2021</b>	31 December 2020 (56 weeks)
	<b>£000</b>	<b>£000</b>
Profit before tax	<b>30,500</b>	32,000
Tax at UK corporation tax rate of 19% (2019: 19%)	<b>5,795</b>	6,080
Effects of:		
Non taxable income	<b>(5,795)</b>	(6,080)
<b>Tax on profit</b>	-	-

**Factors that may affect future tax charges**

On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 December 2021.

**WCT Group Limited****Notes to the financial statements  
For the year ended 31 December 2021****6 Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost</b>	
At 31 December 202	5,261
	<hr/>
At 31 December 2021	5,261
	<hr/>
<b>Impairment</b>	
At 31 December 2020	1,145
	<hr/>
At 31 December 2021	1,145
	<hr/>
<b>Net book value</b>	
At 31 December 2020	4,116
	<hr/> <hr/>
At 31 December 2021	4,116
	<hr/> <hr/>

The Company owns all of the ordinary share capital of West Coast Trains Limited, which operated passenger rail services. West Coast Trains Limited is registered in England and Wales.

**7 Debtors**

	<b>As at 31 December 2021 £000</b>	<b>As at 31 December 2020 £000</b>
Amounts owed by group undertakings	-	81
	<hr/>	<hr/>
	-	81
	<hr/> <hr/>	<hr/> <hr/>

**WCT Group Limited****Notes to the financial statements  
For the year ended 31 December 2021****8 Capital and reserves****(a) Share capital**

	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
53,061 employee non-voting ordinary shares of £0.0005 each	-	-
20,000,000 ordinary shares of £0.0005 each	<b>10</b>	10
50,133 preference shares of £1 each	<b>50</b>	50
	<hr/> <b>60</b> <hr/>	<hr/> 60 <hr/>

Except for voting rights, the ordinary shares and the employee non-voting shares rank pari passu with each other in all respects.

The preference shares are classified as equity as they do not carry a right to a fixed dividend payment.

**(b) Reserves**

A reconciliation of the movements in each reserve is shown in the Statement of changes in equity.

The balance held in the profit and loss account reserve is the accumulated retained profits of the Company.

**9 Contingent liabilities**

The Company had provided a performance bond of £10,500,000 (31 December 2020: £10,500,000) to the Department for Transport in support of the Company's rail franchise operations. This bond was issued by a financial institution. The performance bond was released on 12 January 2021.

**WCT Group Limited**

**Notes to the financial statements**

**For the year ended 31 December 2021**

**10 Ultimate parent company and parent undertaking of larger group**

The parent undertaking of the smallest group of undertakings, including the Company, for which consolidated financial statements are drawn up is WCT Group Holdings Limited. The parent undertaking of the largest group of undertakings, including the Company, for which consolidated financial statements are drawn up is Virgin Holdings Limited.

Copies of the WCT Group Holdings Limited and Virgin Holdings Limited consolidated financial statements are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

As at 31 December 2021 the ultimate parent company is Virgin Group Holdings Limited, a company registered in the British Virgin Islands.