Registered number: 3831229

HEAVY HAUL LIMITED
Report and accounts 2009

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 MARCH 2009

HEAVY HAUL LIMITED

COMPANY INFORMATION

DIRECTORS	Adam Cunliffe Eddie Fitzsimons Peter Maybury Russell Mears Paul Smart
COMPANY SECRETARY	Russell Mears
COMPANY NUMBER	3831229
REGISTERED OFFICE	The Podium 1 Eversholt Street London NW1 2FL
AUDITORS	Deloitte LLP Chartered Accountants and Registered Auditors London England
BANKERS	Royal Bank of Canada Europe Limited 71 Queen Victoria Street London EC4V 4DE
SOLICITORS	Addleshaw Goddard Milton Gate 60 Chiswell Street London EC1Y 4AG

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DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 MARCH 2009

The directors present their report and the financial statements for the period ended 28 March 2009.

PRINCIPAL ACTIVITIES

Freightliner Heavy Haul Limited (FHH) was established in 1999 to broaden the market diversity of what had been traditionally been a single market operator trading exclusively in deep-sea containers. FHH was launched on the basis of using new equipment and recruiting the best people to set new standards of flexibility and reliability in the bulk freight sector. FHH now operates nationwide in the coal, aggregates, cement, waste specialist minerals and petroleum sectors and also moves a large number of trains in support of Network Rail's own programme of track maintenance and renewals.

Since starting in 1999, FHH has grown to a turnover of over £100 million, with over 650 employees, and a fleet of over 85 locomotives and over 1,300 wagons, a capital investment of over £170 million. Using these resources, FHH has secured a position carrying approximately 20% of the UK bulk rail freight market, and continues to grow.

On 24 July 2008 Heavy Haul Limited and its fellow group companies were acquired by RailInvest Holding Company Limited.

BUSINESS REVIEW

As shown on page 7 of the financial statements Freightliner Heavy Haul results show a profit before tax of £8.4 million (2008 £12.6 million.) The fall in profit comes from a reduction in infrastructure activity and a decline in the bulk commodity haulage, especially in the construction linked aggregates market.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £6,856,000 *(2008 - £9,129,000).*

The directors do not propose a dividend for the accounting period (2008 - £8,000,000).

FUTURE DEVELOPMENTS

We expect the challenging trading environment to continue into the 2010 financial period. Freightliner Heavy Haul will continue to focus on its service quality and cost control so as to strongly position itself for an eventual improvement in market conditions.

DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 MARCH 2009

PRINCIPAL RISKS AND UNCERTAINTIES

The Board manages the principal risks and uncertainties as follows:

Customers
The heavy haul business benefits from a wide and growing customer base under medium and long-term contracts.

Credit
Credit risk is controlled by the regular review and setting of customer payment terms. Compliance with these limits is monitored daily.

Health and safety
Railway operators are required by statute (The Railways and Other Guided Transport Systems [Safety] Regulations, 2006) to hold a current Safety Certificate. To secure a Safety Certificate they must submit to the Office of the Rail Regulator a Railway Safety Case (RSC), a document defining the safety management system.

Each railway operator holds a duty to comply with it RSC. Freightliner Heavy Haul Limited has a professional head of Safety and Security, reporting to the Board. Convening every four weeks, the Professional Heads of each company within the group meet with the Group Head of Risk Management and other representatives of pertinent disciplines to review, at all levels of operations, compliance with the RSC. It is the responsibility of the Group Head of Risk to escalate matters of appropriate significance to the Group Executive.

Liquidity and interest rates
The company's credit risk is attributable to its debtors, which are presented in the balance sheet net of any provision for bad debts. The company only enters into material transactions with reputable and established businesses. Cash flow forecasts are updated on a regular basis to assess the ability to meet future cash commitments and to ensure that loan covenants will be met.

Financial risk management
The directors considered the risks attached to the company's financial instruments, which principally comprise operating debtors, operating creditors and external loans. The directors have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the company. The company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements.

The directors' policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so. At a group level fuel and interest rates have been hedged during the year.

ENVIRONMENT

The company recognises the importance of its environmental responsibilities by adopting good industry practice for the control of pollution and the management of environmental risks. A provision has been carried forward within the accounts for anticipated environmental work to be carried out at a number of operational sites and anticipated to be undertaken within the next few years.

DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 MARCH 2009

EMPLOYEES

Details of the number of employees and related costs can be found on note 4 to the financial statements.

The company continues its policy and practices to keep employees informed through staff magazines and newsletters. Regular meetings are held between local management and employees to encourage the free flow of information and ideas.

Full consideration is given to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job.

The group has been running employee share schemes since privatisation and the scheme is open to all employees except key managers. Key managers and directors have a separate opportunity to purchase "key manager" shares and in doing so are precluded from the general employee share scheme.

DIRECTORS

The directors who served throughout the period except as noted were:

Norman Broadhurst (resigned 23rd July 2008)
Adam Cunliffe
Eddie Fitzsimons
Peter Maybury
Russell Mears
Paul Smart

PENSIONS

As disclosed in note 19 to the financial statements the Freightliner Heavy Haul share of the of the pension deficit, net of deferred tax, on an FRS17 basis is £5.8 million (2008: £1.4 million surplus). The deficit has mainly arisen by a fall in scheme asset values driven by the prevailing worldwide economic recession.

The pension scheme is multi-employer covering several companies within the group. The last actuarial valuation was performed at 31st December 2007 and reported a surplus for the scheme of £11.9 million (the group share after related deferred tax is £5.1 million). This valuation includes a contingency to account for the poor market conditions that have been experienced post valuation date and scheme contribution levels for both employer and member have been set accordingly based on this.

To demonstrate its commitment to the scheme the company has scheduled additional employer contributions of £4.8 million, payable over 3 years from July 2008.

DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 MARCH 2009

PROVISION 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'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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 and applicable law). The financial statements are required by law to 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 judgments 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;
- 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 proper accounting records that 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 1985. 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.

AUDITORS

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP.

Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Russell Mears	Paul Smart
Russell Mears	**Paul Smart**
Director	Director
Date: 20 August 2009	Date: 20 August 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEAVY HAUL LIMITED

We have audited the financial statements of Heavy Haul Limited for the period ended 28 March 2009, which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profit, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEAVY HAUL LIMITED

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 March 2009 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Deloitte LLP

DELOITTE LLP

Chartered Accountants and Registered Auditors

London
England

Date: 20 August 2009

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 28 MARCH 2009

	Note	2009 £000	*2008* *£000*
TURNOVER	1	**125,853**	*104,994*
Cost of sales		(98,444)	*(82,158)*
GROSS PROFIT		27,409	*22,836*
Other operating expenditure		(17,881)	*(9,468)*
OPERATING PROFIT	2	9,528	*13,368*
Interest receivable		79	*207*
Interest payable	6	(1,389)	*(1,158)*
Other finance income	7	135	*232*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,353	*12,649*
Tax on profit on ordinary activities	8	(1,497)	*(3,520)*
PROFIT FOR THE FINANCIAL PERIOD	16	6,856	*9,129*

All amounts relate to continuing operations.

The notes on pages 10 to 26 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 28 MARCH 2009

	Note	2009 £000	*2008 £000*
PROFIT FOR THE FINANCIAL PERIOD		**6,856**	*9,129*
Unrealised surplus on revaluation of tangible fixed assets		61	*60*
Actuarial (loss)/gain related to pension scheme	19	(13,262)	*5,802*
Deferred tax attributable to actuarial gain	19	3,713	*(1,624)*
Change in UK Corporation tax rate		-	*(79)*
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD		**(2,632)**	*13,288*

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE PERIOD ENDED 28 MARCH 2009

	2009 £000	*2008 £000*
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**8,353**	*12,649*
Difference between a historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	30	*28*
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**8,383**	*12,677*
HISTORICAL COST PROFIT FOR THE PERIOD AFTER TAXATION	**6,886**	*9,157*

The notes on pages 10 to 26 form part of these financial statements.

BALANCE SHEET
AS AT 28 MARCH 2009

	Note	£000	28 March 2009 £000	£000	*29 March 2008 £000*
FIXED ASSETS					
Tangible fixed assets	9		22,099		*23,132*
CURRENT ASSETS					
Stocks	10	1,699		*289*	
Debtors	11	36,557		*25,344*	
Cash at bank and in hand		-		*18*	
		38,256		*25,651*	
CREDITORS: amounts falling due within one year	12	(27,666)		*(20,919)*	
NET CURRENT ASSETS			10,590		*4,732*
TOTAL ASSETS LESS CURRENT LIABILITIES			32,689		*27,864*
CREDITORS: amounts falling due after more than one year	13		(18,418)		*(17,872)*
PROVISIONS FOR LIABILITIES					
Deferred tax	14		(1,405)		*(1,697)*
NET ASSETS EXCLUDING PENSION SCHEME (LIABILITY)/ASSET			12,866		*8,295*
Defined benefit pension scheme (liability)/asset	19		(5,836)		*1,367*
NET ASSETS INCLUDING PENSION SCHEME (LIABILITY)/ASSET			7,030		*9,662*
CAPITAL AND RESERVES					
Called up share capital	15		-		*-*
Revaluation reserve	16		426		*395*
Profit and loss account	16		6,604		*9,267*
SHAREHOLDERS' FUNDS	17		7,030		*9,662*

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

Russell Mears
....
Russell Mears
Director

Date: 20 August 2009

P Smart
....
Paul Smart
Director

Date: 20 August 2009

The notes on pages 10 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 MARCH 2009

. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards. The particular accounting policies adopted are consistent with those adopted in the prior year and are described below.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and leasehold properties and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going Concern

The company's business activities, together with the factors likely to affect is future development, performance and position are set out in the Business Review on page 1.

The company has long-term contracts with a number of customers and suppliers, is cash generative and is forecast to continue to be. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

Turnover

Turnover comprises revenue recognised by the company in respect of transport, haulage and other services which fall within the company's ordinary activities after deduction of trade discounts and excluding Value Added Tax, and which in the directors' opinion constitute the company's principle activity. The turnover all arises in the United Kingdom.

. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	33 to 40 years
Long term leasehold property	-	Shorter of lease term or 33 years
Plant & machinery	-	3 to 25 years
Road fleet	-	2 to 10 years
Traction and rolling stock	-	20 to 25 years

Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every year on the basis of existing use values.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

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.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Stocks

Stocks represent operational maintenance spares and diesel fuel stored at the outbased sites. The values are based on the weighted average method of purchase price for fuel and the lower of cost and net realisable value for the maintenance spares.

. ACCOUNTING POLICIES (continued)

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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements where there is no commitment to sell the asset.

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.

Pensions

The company operates within the Railways Pension Scheme, a defined benefits pension scheme, which provides benefits throughout the railway industry. For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately to the profit and loss account if the benefits have vested. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.The pension charge is based on a full actuarial valuation dated 31 December 2007 updated to 28 March 2009 by the company's actuaries

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennually and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Financial periods

The company's accounting reference date is 31st March. As permitted by section 223 of the Companies Act 1985, the financial year is treated as ending on the nearest Saturday before 31 March. The accounts for the current year cover the 52 week period from 30 March 2008 to 28 March 2009.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 MARCH 2009

1. TURNOVER

Turnover and operating profit is attributable to the haulage of freight by rail and other associated services.

All turnover arose within the United Kingdom.

2. OTHER OPERATING EXPENDITURE

The operating profit is stated after charging:

	2009	*2008*
	£000	*£000*
Staff costs (note 4)	**36,854**	*33,781*
Depreciation of tangible fixed assets		
- owned assets	**148**	*186*
- held under finance leases and hire purchase contracts	**842**	*769*
Operating lease rentals		
- traction and rolling stock	**15,472**	*14,255*
- plant and machinery	**9**	*14*
Property rentals	**491**	*404*

3. AUDITORS' REMUNERATION

	2009	*2008*
	£000	*£000*
Fees payable to the company's auditor for the audit of the company's annual accounts	**37**	*26*

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2009 £000	*2008 £000*
Wages and salaries	29,440	*27,720*
Social security costs	2,777	*2,587*
Other pension costs (Note 19)	4,637	*3,474*
	36,854	*33,781*

The average monthly number of employees, including the directors, during the period was as follows:

	2009 No.	*2008 No.*
Train operations	539	*501*
Terminals	111	*104*
	650	*605*

5. DIRECTORS' REMUNERATION

	2009 £000	*2008 £000*
Emoluments	266	*154*

During the period retirement benefits were accruing to 5 directors *(2008 - 5)* in respect of defined benefit pension schemes.

The highest paid director received remuneration of £266,000 *(2008 - £175,000)*.

The total accrued pension provision of the highest paid director at 28 March 2009 amounted to £20,000 *(2008 - £16,000)*.

The amount of the accrued lump sum in respect of the highest paid director at 28 March 2009 amounted to £16,000 *(2008 - £14,000)*.

One (2008 - one) director was remunerated by this company. The other directors were remunerated by the other group companies in both the current and prior periods but it is not practicable to allocate this between their services as directors of this company and as directors of other group companies. The total remuneration received by them in the period is £1,413,000 (2008 - £996,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 MARCH 2009

6. INTEREST PAYABLE

	2009 £000	*2008 £000*
On bank loans and overdrafts	-	*114*
On finance leases and hire purchase contracts	1,087	*1,044*
On loans from group undertakings	302	*-*
	1,389	*1,158*

7. OTHER FINANCE INCOME

	2009 £000	*2008 £000*
Expected return on pension scheme assets	2,093	*1,934*
Interest on pension scheme liabilities	(1,958)	*(1,702)*
	135	*232*

8. TAXATION

	2009 £000	*2008 £000*
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on profit for the period	876	*2,902*
Adjustments in respect of prior periods	-	*20*
Total current tax	876	*2,922*
Deferred tax		
Origination and reversal of timing differences	542	*837*
Effect of increased tax rate on opening liability	-	*(76)*
Net pension cost charge in excess of pension contribution relief	79	*(163)*
Total deferred tax (see note 14)	621	*598*
Tax on profit on ordinary activities	1,497	*3,520*

8. TAXATION (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2008 - lower than)* the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £000	*2008 £000*
Profit on ordinary activities before tax	**8,353**	*12,649*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% *(2008 - 30%)*	**2,339**	*3,795*
Effects of:		
Expenses not deductible for tax purposes	**63**	*68*
Capital allowances for period in excess of depreciation	**(386)**	*(837)*
Group relief received for nil consideration	**(1,061)**	*(287)*
Adjustments to tax charge in respect of prior periods	**-**	*20*
Pension contribution relief in excess of net pension charge	**(79)**	*163*
Current tax charge for the period (see note above)	**876**	*2,922*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 MARCH 2009

9. TANGIBLE FIXED ASSETS

	Land and buildings £000	Traction and rolling stock £000	Road fleet £000	Plant and machinery £000	Total £000
Cost or valuation					
At 30 March 2008	3,918	21,020	13	590	25,541
Additions	103	101	-	36	240
Disposals	(493)	-	-	-	(493)
At 28 March 2009	3,528	21,121	13	626	25,288
Depreciation					
At 30 March 2008	346	1,720	13	330	2,409
Charge for the period	81	867	-	41	989
On disposals	(148)	-	-	-	(148)
Revaluation	(61)	-	-	-	(61)
At 28 March 2009	218	2,587	13	371	3,189
Net book value					
At 28 March 2009	3,310	18,534	-	255	22,099
At 29 March 2008	*3,572*	*19,300*	-	*260*	*23,132*

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

	28 March 2009 £000	*29 March 2008 £000*
Traction and rolling stock	18,453	*19,194*

At 28 March 2009, included within the net book value of land and buildings is £NIL *(2008 - £NIL)* relating to freehold land and buildings, £2,776,000 *(2008 - £2,748,000)* relating to long term leasehold land and buildings and £534,000 *(2008 - £824,000)* relating to short term leasehold land and buildings.

The land and buildings were revalued on 28th March 2009 by ATIS REAL Weatheralls, Chartered Surveyors, on an open market existing use basis. The valuation has been carried out in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. The surplus arising on revaluation of £61,000 has been taken to revaluation reserve.

9. TANGIBLE FIXED ASSETS (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	28 March 2009 £000	*29 March 2008 £000*
Cost	3,155	*3,546*
Accumulated depreciation	(273)	*(369)*
Net book value	2,882	*3,177*

10. STOCKS

	28 March 2009 £000	*29 March 2008 £000*
Fuel	130	*155*
Consumable spares	1,569	*134*
	1,699	*289*

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS

	28 March 2009 £000	*29 March 2008 £000*
Trade debtors	15,070	*15,246*
Amounts owed by group undertakings	19,482	*8,872*
Other debtors	144	*267*
Prepayments and accrued income	1,861	*959*
	36,557	*25,344*

12. CREDITORS:
Amounts falling due within one year

	28 March 2009 £000	*29 March 2008 £000*
Net obligations under finance leases and hire purchase contracts	796	*754*
Trade creditors	6,036	*8,696*
Amounts owed to group undertakings	11,089	*1,564*
Social security and other taxes	4,283	*5,088*
Other creditors	1,638	-
Accruals	3,824	*4,817*
	27,666	*20,919*

13. CREDITORS:
Amounts falling due after more than one year

	28 March 2009 £000	*29 March 2008 £000*
Net obligations under finance leases and hire purchase contracts	17,078	*17,872*
Other creditors	1,340	-
	18,418	*17,872*

Creditors include amounts not wholly repayable within 5 years as follows:

	28 March 2009 £000	*29 March 2008 £000*
Repayable by instalments	12,948	*14,473*

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	28 March 2009 £000	*29 March 2008 £000*
Between one and five years	4,130	*3,399*
After five years	12,948	*14,473*
	17,078	*17,872*

14. DEFERRED TAXATION

	28 March 2009 £000	*29 March 2008 £000*
At beginning of period	1,697	*936*
Charge for period	542	*761*
Reclassification of deferred tax asset relating to pension commitments	(834)	-
At end of period	1,405	*1,697*

The provision for deferred taxation is made up as follows:

	28 March 2009 £000	*29 March 2008 £000*
Accelerated capital allowances	2,239	*1,697*
Deferred tax asset relating to pension commitments	(834)	-
	1,405	*1,697*

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £761,000 (2008 - £760,000). These assets are expected to be used in the continuing operations of the business and, therefore no tax is expected to be paid in the foreseeable future.

Deferred tax in respect of the company's defined benefit scheme is disclosed in note 19.

15. SHARE CAPITAL

	28 March 2009 £	*29 March 2008 £*
Authorised		
1,000 Ordinary shares of £1 each	1,000	*1,000*
Allotted, called up and fully paid		
1 Ordinary share of £1	1	*1*

16. RESERVES

	Revaluation reserve £000	Profit and loss account £000
At 30 March 2008	395	9,267
Profit for the period	-	6,856
Pension reserve movement	-	(9,549)
Surplus on revaluation of leasehold property	61	-
Realised revaluation surplus	(30)	30
At 28 March 2009	426	6,604

The closing balance on the Profit and loss account includes a £5.8 million loss *(2008 - £3.4 million credit)* , stated after deferred taxation of £2.3 million *(2008 - £1.3 million)*, in respect of pension scheme liabilities of the company pension scheme.

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	28 March 2009 £000	*29 March 2008 £000*
Opening shareholders' funds	9,662	*4,374*
Profit for the period	6,856	*9,129*
Dividends (Note 18)	-	*(8,000)*
Other recognised gains and losses during the period	(9,488)	*4,159*
Closing shareholders' funds	7,030	*9,662*

18. DIVIDENDS

	2009 £000	*2008 £000*
Dividends paid on equity capital	-	*8,000*

19. PENSION COMMITMENTS

The company operates a defined benefit pension scheme for all qualifying employees.

The pension scheme is "multi-employer", available to all employees within several companies participating within the group. The fund and liabilities are not separately identifiable between the participating companies. Under the requirements of FRS17 the assets and liabilities have been allocated to each company applying a pragmatic and reasonable estimate for the split (using as a basis the employees' accrued pension liabilities within the scheme at 28th March 2009).

The scheme is subject to triennial valuation by independent actuaries, Watson Wyatt Partners. The last valuation was carried out at 31st December 2007 and the figures include in the accounts in respect of the company pension scheme are based on this latest valuation as updated to the current accounting period by independent actuaries, Mercer Human Resources Consulting.

The assets and liabilities shown within this disclosure represent the 60% company share. At a gross level the funding obligations and assets can be summarised as follows:

Gross level	2009 £000	*2008* *£000*
Present value of funded obligations	(57,201)	*(43,778)*
Fair value of scheme assets	40,715	*46,941*
(Deficit)/surplus in the scheme	(16,486)	*3,163*
Special contribution payments included under other creditors	2,978	-
(Deficit)/surplus after special contributions	(13,508)	*3163*
Member share of (deficit)/surplus	5,403	*(1,265)*
Company share	(8,105)	*1,898*
Related deferred tax asset/(liability)	2,269	*(531)*
Net (liability)/asset	(5,836)	*1,367*

The amounts recognised in the Balance sheet are as follows:

	2009 £000	*2008* *£000*
Present value of funded obligations	(34,321)	*(26,267)*
Fair value of scheme assets	24,429	*28,165*
(Deficit)/surplus in scheme	(9,892)	*1,898*
Special contribution payments included under creditors	1,787	-
(Deficit)/surplus	(8,105)	*1,898*
Related deferred tax asset	2,269	*(531)*
Net (liability)/asset	(5,836)	*1,367*

19. PENSION COMMITMENTS (continued)

The amounts recognised in profit or loss are as follows:

	2009 £000	*2008* *£000*
Current service cost	(2,731)	*(3,474)*
Interest on obligation	(1,958)	*(1,702)*
Expected return on scheme assets	2,093	*1,934*
Members' share of special contributions	(1,906)	*-*
Total	(4,502)	*(3,242)*
Actuarial (losses)/gains immediately recognised in statement of total recognised gains and losses	(13,262)	*5,802*

Changes in the present value of the defined benefit obligation are as follows:

	2009 £000	*2008* *£000*
Opening defined benefit obligation	26,267	*29,937*
Current service cost	2,731	*3,474*
Interest cost	1,958	*1,702*
Actuarial losses/(gains)	4,377	*(8,115)*
Benefits paid	(1,012)	*(731)*
Closing defined benefit obligation	34,321	*26,267*

Changes in the fair value of scheme assets are as follows:

	2009 £000	*2008* *£000*
Opening fair value of scheme assets	28,165	*26,575*
Expected return	2,093	*1,934*
Actuarial losses	(8,885)	*(2,313)*
Contributions by employer	4,783	*2,700*
Benefits paid	(1,012)	*(731)*
Members' share of special contributions	(715)	*-*
	24,429	*28,165*

The company expects to contribute £4.6 million to its defined benefit pension scheme for all qualifying employees in 2010.

19. PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2009	2008
Equities/Pooled funds	69.40 %	70.00 %
Bonds	21.10 %	9.20 %
Property	9.50 %	9.80 %
Other funds	- %	11.00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2009	2008
Discount rate at 28 March	6.50 %	6.70 %
Expected return on scheme assets at 28 March	5.92 %	6.55 %
Future salary increases	4.30 %	4.40 %
Future pension increases of pensions in payment	3.30 %	3.40 %
Rate of increase of pensions in deferment	3.30 %	3.10 %
Inflation assumption	3.30 %	3.40 %

To develop the expected long-term rate of return on asset assumption, the company considers the current level of expected return on risk free investments (primarily government bonds), the historical level of risk premium associated with the other class assets in which the portfolio is invested and the expectations for future returns of each asset class. The expected return on asset for each asset class is then weighted by the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Defined benefit obligation	(34,321)	(26,267)	(29,936)	(23,943)	(16,913)
Scheme assets	24,429	28,165	26,574	19,541	13,490
(Deficit)/surplus	(9,892)	1,898	(3,362)	(4,402)	(3,423)
Experience adjustments on scheme liabilities	(526)	(66)	(19)	(24)	(11)
Experience adjustments on scheme assets	(8,885)	(2,313)	1,041	3,053	603

20. OPERATING LEASE COMMITMENTS

At 28 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	28 March 2009 £000	*29 March 2008 £000*
Expiry date:		
Within one year	131	*57*
Between two and five years	120	*236*
After more than five years	165	*185*
Total	416	*478*

Other operating leases

	Traction and rolling stock £000	Plant and machinery £000	28 March 2009 £000	*29 March 2008 £000*
Leases that expire				
Within one year	1,143	24	1,167	*240*
Between two and five years	3,646	446	4,092	*4,910*
After more than five years	8,447	-	8,447	*11,897*
Total	13,236	470	13,706	*17,047*

The total equipment lease capital employed and total future operating lease commitments are shown on the following table

	Traction and rolling stock £000	Plant and machinery £000	28 March 2009 £000	*29 March 2008 £000*
Company estimate of underlying gross capital values	123,633	1,476	125,109	*154,552*
Total lease payments due over the remaining term	85,599	751	86,350	*122,441*

	2009 No.	*2008 No.*
Number of assets leased		
Locomotives	68	*83*
Wagons	790	*870*

21. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption inn FRS8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the group.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Management Consortium Bid Limited, incorporated in Great Britain. The ultimate parent company and controlling party is Arcapita Bank B.S.C.(c), a company incorporated in Bahrain.

The smallest and largest group for which consolidated accounts are prepared, is Raillnvest Holding Company Limited, incorporated in Great Britain. Copies of the group accounts may be obtained from The Podium, 1 Eversholt Street, London, NW1 2FL.