

**CrossCountry Trains Limited**

**Directors' report and financial statements  
for the financial period ended 31 March 2012**

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# **CrossCountry Trains Limited**

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# **CrossCountry Trains Limited**

## **Directors' report for the financial period ended 31 March 2012**

The directors present their report and the financial statements for the 56 week period ended 31 March 2012. The previous financial statements were for the 52 week period ended 5 March 2011.

### **Principal activities**

The principal activity of the Company was the operation of passenger rail services which linked a number of cities and other destinations in England, Scotland and Wales.

As part of the re-mapping of various rail franchises, the Department for Transport ("DfT") gave notice that the original CrossCountry franchise would expire on 10 November 2007. The franchise, in revised form, was re-tendered and on 10 July 2007 it was announced that the new franchise had been awarded to Arriva Group plc.

Following the termination of the franchise on 10 November 2007, the Company no longer has an ongoing operational business. As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1 to the financial statements.

### **Results for the year and business review**

The profit and loss account, presented on page 6, reflects the results of the Company for the financial period ended 31 March 2012.

The profit for the financial period, after taxation, amounted to £Nil (2011: £Nil).

### **Dividends**

Dividends paid during the financial period totalled £250,000 (2011: £Nil).

### **Directors**

The directors who served during the financial period were:

Anthony Collins  
Chris Gibb  
Graham Leech

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

### **Political and charitable contributions**

The Company made no political or charitable contributions during the financial period (2011: £Nil).

# **CrossCountry Trains Limited**

## **Directors' report for the financial period ended 31 March 2012**

### **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

### **Auditors**

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

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

A handwritten signature in black ink, appearing to read 'AC', is written over a circular stamp or mark.

**Anthony Collins**  
Director

Date 11 June 2012

The School House  
50 Brook Green  
London  
W6 7RR

## **CrossCountry Trains Limited**

### **Directors' responsibilities statement for the financial period ended 31 March 2012**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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. As explained in note 1 to the financial statements, the directors do not believe that it is appropriate to prepare the financial statements on a going concern basis.

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.

## **CrossCountry Trains Limited**

### **Independent auditors' report to the shareholders of CrossCountry Trains Limited**

We have audited the financial statements of CrossCountry Trains Limited for the financial period ended 31 March 2012, set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These financial statements have not been prepared on a going concern basis for the reason set out in note 1 to the financial statements.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its result for the financial period 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

## **CrossCountry Trains Limited**

### **Independent auditors' report to the shareholders of CrossCountry Trains Limited**

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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



DK Turner (Senior Statutory Auditor)

for and on behalf of  
**KPMG LLP, Statutory Auditor**

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date 11 June 2012

## CrossCountry Trains Limited

### Profit and loss account for the financial period ended 31 March 2012

		56 weeks ended 31 March 2012 £000	52 weeks ended 5 March 2011 £000
Other operating income	2	1,534	-
Other operating charges		(1,535)	(2)
<b>Operating loss</b>	3	<b>(1)</b>	<b>(2)</b>
Interest receivable and similar income	6	1	2
<b>Profit on ordinary activities before taxation</b>		<b>-</b>	<b>-</b>
Tax on profit on ordinary activities	7	-	-
<b>Profit for the financial period</b>	12	<b>-</b>	<b>-</b>

All amounts relate to discontinued operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 13 form part of these financial statements

There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis




**CrossCountry Trains Limited**  
**Registered number: 3007937**

**Balance sheet**  
**as at 31 March 2012**

	Note	£000	31 March 2012 £000	£000	5 March 2011 £000
<b>Current assets</b>					
Debtors	8	58		721	
Cash at bank and in hand		258		10	
		<u>316</u>		<u>731</u>	
<b>Creditors: amounts falling due within one year</b>	9	<b>(289)</b>		<b>(454)</b>	
<b>Net current assets</b>			<u>27</u>		<u>277</u>
<b>Total assets less current liabilities and net assets</b>			<u>27</u>		<u>277</u>
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Profit and loss account	12		27		277
<b>Shareholders' funds</b>	13		<u>27</u>		<u>277</u>

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



**Anthony Collins**  
 Director

Date 11 June 2012

# CrossCountry Trains Limited

## Notes to the financial statements for the financial period ended 31 March 2012

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Under FRS 8 'Related party disclosures', the Company is exempt from the requirement to disclose transactions with related parties, which are wholly owned subsidiaries of the group, on the grounds that it is a wholly owned subsidiary undertaking of Virgin Rail Group Holdings Limited and the Company's results are consolidated in its parent company financial statements. Virgin Rail Group Holdings Limited owns 99.74% of the Company. Related party transactions within the group have not been disclosed on the basis that the Company is assumed in substance to be 100% owned.

#### 1.2 Going concern

Following the termination of the franchise on 10 November 2007, the Company no longer has an ongoing operational business. 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. 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.

#### 1.3 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 'Cash flow statements'.

#### 1.4 Franchise expense/income

Revenue grants receivable/payable in respect of the operation of the rail franchise are taken to the profit and loss account in the financial period to which they relate.

#### 1.5 Claim income

Claim income in respect of the recovery of costs in connection with a train derailment that occurred in September 2006 is recognised when received and is shown within other operating income.

#### 1.6 Taxation

The charge for taxation is based on the result for the financial period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Tax charges and credits are accounted for through the same primary statement (being either the profit and loss account or the statement of total recognised gains and losses) as the related pre-tax items.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19 'Deferred Tax'. A net deferred tax asset is regarded as recoverable and therefore recognised only when, 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.

## CrossCountry Trains Limited

### Notes to the financial statements for the financial period ended 31 March 2012

#### 1. Accounting policies (continued)

##### 1.7 Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### 2. Other operating income

	56 weeks ended 31 March 2012 £000	52 weeks ended 5 March 2011 £000
Claim income	1,534	-

Claim income relates to an ongoing claim for recovery of costs in connection with a tram derailment that occurred in September 2006.

#### 3. Operating loss

The operating loss is stated after charging/(crediting)

	56 weeks ended 31 March 2012 £000	52 weeks ended 5 March 2011 £000
Franchise expense/(income)	1,537	(252)

Franchise expense/income arises under the original Franchise Agreement between the DfT and the Company as supplemented by the July 2002 Arrangement and the Supplemental Letter. These arrangements were on the basis of the Company receiving a pre-tax profit margin equivalent to 1% of revenue and remain in place following the termination of the CrossCountry franchise to cover any residual costs and income.

#### 4. Auditors' remuneration

	56 weeks ended 31 March 2012 £000	52 weeks ended 5 March 2011 £000
Fees payable to the Company's auditor for the audit of these financial statements	3	5

#### 5. Staff numbers and costs

The Company has no employees other than the directors, who did not receive any remuneration (2011: £Nil)

# CrossCountry Trains Limited

## Notes to the financial statements for the financial period ended 31 March 2012

### 6. Interest receivable

	56 weeks ended 31 March 2012 £000	52 weeks ended 5 March 2011 £000
Bank interest receivable	<u>1</u>	<u>2</u>

### 7. Taxation

	56 weeks ended 31 March 2012 £000	52 weeks ended 5 March 2011 £000
<i>Analysis of tax charge in the financial period</i>		
Adjustments in respect of prior financial periods	-	(1)
UK group relief	-	1
	<u>-</u>	<u>-</u>
<b>Tax on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

#### *Factors affecting tax charge for the financial period*

The tax assessed for the financial period is the same as (2011 the same as) the standard rate of corporation tax in the UK of 26% (2011 28%) as set out below

	56 weeks ended 31 March 2012 £000	52 weeks ended 5 March 2011 £000
Profit on ordinary activities before tax	<u>-</u>	<u>-</u>
Current tax at 26% (2011 28%)	-	-
<b>Effects of:</b>		
UK tax losses not utilised or not recognised	-	1
Adjustments in respect of prior financial periods	-	(1)
	<u>-</u>	<u>-</u>
<b>Total current tax charge (see above)</b>	<u>-</u>	<u>-</u>

#### *Factors that may affect future tax charges*

A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further 1% reduction to 24% (a revised rate effective from 1 April 2012) was substantively enacted on 26 March 2012. A rate of 24% has been used within the deferred tax calculations within these financial statements.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

## CrossCountry Trains Limited

### Notes to the financial statements for the financial period ended 31 March 2012

#### 8. Debtors

	31 March 2012 £000	5 March 2011 £000
Trade debtors	-	569
Amounts owed by group undertakings	54	137
Other debtors	1	12
Corporation tax	3	3
	<u>58</u>	<u>721</u>

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

	31 March 2012 £000	5 March 2011 £000
Trade creditors	260	424
Group relief	-	1
Other creditors	29	29
	<u>289</u>	<u>454</u>

#### 10. Deferred taxation

	31 March 2012 £000	5 March 2011 £000
At beginning and end of financial period	<u>-</u>	<u>-</u>

There is an unrecognised deferred tax asset of £41,000 (2011 £46,000) which relates to tax losses carried forward

#### 11. Share capital

	31 March 2012 £	5 March 2011 £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

# CrossCountry Trains Limited

## Notes to the financial statements for the financial period ended 31 March 2012

### 12 Reserves

	Profit and loss account £000
At beginning of financial period	277
Dividends paid (see note 14)	(250)
	<hr/>
At end of financial period	27
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### 13. Reconciliation of movement in shareholders' funds

	31 March 2012 £000	5 March 2011 £000
Opening shareholders' funds	277	277
Dividends paid (see note 14)	(250)	-
	<hr/>	<hr/>
Closing shareholders' funds	27	277
	<hr/> <hr/>	<hr/> <hr/>

### 14. Dividends

	56 weeks ended 31 March 2012 £000	52 weeks ended 5 March 2011 £000
Dividends paid	250	-
	<hr/>	<hr/>

### 15. Pension scheme

Until the termination of the franchise, the Company participated in its own separate shared cost section of the Railways Pension Scheme ("RPS"). The RPS is a funded scheme and provides benefits based on final pensionable pay. The assets of the RPS are held separately from those of the Company. The RPS is a shared cost scheme with costs being shared between the employer and the members on the basis of a 60/40 split.

On 10 November 2007, the franchise termination date, pursuant to a statutory transfer scheme, all staff transferred out of the Company. At the point of transfer the deficit on the section relevant to the Company was £Nil. The gross assets and liabilities of the section transferred out in line with the transfer of the re-mapped franchise.

The Company has no rights or obligations in respect of the RPS following expiry of the related franchise.

## **CrossCountry Trains Limited**

### **Notes to the financial statements for the financial period ended 31 March 2012**

#### **16. Ultimate parent undertaking and parent undertaking of larger group**

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

Copies of the Virgin Rail Group Holdings Limited and Virgin Wings 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 March 2012 the ultimate parent company is Virgin Group Holdings Limited, a company registered in the British Virgin Islands.