
GRAND CENTRAL RAILWAY COMPANY LIMITED

**Annual report and financial statements
for the period ended 31 December 2011**

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GRAND CENTRAL RAILWAY COMPANY LIMITED

Company Information

Directors	S English B G Cooper A Furlong D Hatfield R W Holland A J Cooper R H McClean
Company secretary	E A Davies
Company number	03979826
Registered office	1 Admiral Way Doxford International Business Park Sunderland Tyne and Wear SR3 3XP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 89 Sandyford Road Newcastle upon Tyne NE1 8HW

GRAND CENTRAL RAILWAY COMPANY LIMITED

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GRAND CENTRAL RAILWAY COMPANY LIMITED

Directors' report for the period ended 31 December 2011

The directors present their report and the audited financial statements for the 9 month period ended 31 December 2011

Principal activities

The principal activity of the company during the period was the provision of passenger train services

During the period the company changed its accounting period from 31 March to 31 December to align with its new parent company

Business review

During the period the company's immediate parent company, GCRC (Holdings) Limited, was acquired by Arriva UK Trains Limited, whose UK intermediate parent company is Arriva Plc, which itself is wholly owned by Deutsche Bahn AG

The Kings Cross to Bradford route is now fully established (3 services a day in each direction) and the Kings Cross to Sunderland route (4 services a day in each direction) has now been in operation for just over three full years

The Performance Punctuality Monitor (PPM) moving annual average for the year was 83% (84% prior period) The company participates in the National Passenger Focus Survey and received a 95% score, the highest in the industry

Results and dividends

The loss for the period, after taxation, amounted to £9,497,000 (2011 - loss £8,434,000)

The directors did not pay a dividend in the current or prior period

Directors

The directors who served during the period and up to the date of signing the financial statements were

S English

T A Clift (resigned 29 February 2012)
G R Fearnley (resigned 4 November 2011)
P A Gartside (resigned 4 November 2011)
R L Howells (resigned 4 November 2011)
P E Moody (resigned 4 November 2011)
D Lowrie (resigned 31 January 2012)
T P Worrall (resigned 4 November 2011)
C J Belcher (resigned 4 November 2011)
B G Cooper
A Furlong (appointed 4 November 2011)
D Hatfield (appointed 14 July 2011)
R W Holland (appointed 4 November 2011)
A J Cooper (appointed 1 February 2012)
R H McClean (appointed 1 February 2012)

During the financial period, a qualifying third party indemnity provision for the benefit of the directors was in force

Political and charitable contributions

During the period the company made charitable donations of £390 (year ended 31 March 2011 £3,605)

GRAND CENTRAL RAILWAY COMPANY LIMITED

Directors' report for the period ended 31 December 2011

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to local and national competition and factors which would cause a decline in the market. Further discussion of these risks and uncertainties in the context of the group as a whole, is provided in the annual report of the UK intermediate parent company, Arriva Plc, which does not form part of this report.

Financial risk management objectives and policies

Details of financial risk management objectives and policies are shown in the annual report of Arriva Plc which does not form part of this report.

Key performance indicators

The directors of the ultimate parent company, Deutsche Bahn AG, manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Grand Central Railway Company Limited. The development performance and position of the group, including this company, is discussed in the group's annual report which does not form part of this report.

Statement of directors' responsibilities

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have prepared the audited 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 audited 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 audited financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent.

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 audited 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.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the intermediate parent company DB Mobility Logistics AG, which is a wholly owned subsidiary of Deutsche Bahn AG. The directors have received confirmation that DB Mobility Logistics AG intends to support the company for at least one year after these financial statements are signed.

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Directors' report
for the period ended 31 December 2011**

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

During the year Grant Thornton UK LLP resigned as auditors to the company, and the directors have appointed PricewaterhouseCoopers LLP

This report was approved by the board on 27 June 2012 and signed on its behalf



B G Cooper
Director

GRAND CENTRAL RAILWAY COMPANY LIMITED

Independent auditors' report to the members of Grand Central Railway Company Limited

We have audited the financial statements of Grand Central Railway Company Limited for the period ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 2, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the 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 year for which the financial statements are prepared is consistent with the financial statements.

GRAND CENTRAL RAILWAY COMPANY LIMITED

Independent auditors' report to the members of Grand Central Railway Company 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

Bill MacLeod

Bill MacLeod (Senior statutory auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

28 June 2012

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GRAND CENTRAL RAILWAY COMPANY LIMITED

Profit and loss account
for the period ended 31 December 2011

	Note	9 months ended 31 December 2011 £000	12 months ended 31 March 2011 £000
TURNOVER	1,2	16,656	19,611
Cost of sales		<u>(20,351)</u>	<u>(20,316)</u>
GROSS LOSS		(3,695)	(705)
Administrative expenses		<u>(4,745)</u>	<u>(5,446)</u>
OPERATING LOSS	3	(8,440)	(6,151)
Interest receivable and similar income	6	6	4
Interest payable and similar charges	7	<u>(1,063)</u>	<u>(2,287)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(9,497)	(8,434)
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE FINANCIAL PERIOD	17	<u>(9,497)</u>	<u>(8,434)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for the 9 month period ended 31 December 2011 or the 12 months ended 31 March 2011 other than those included in the profit and loss account. Therefore, no statement of total recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

The notes on pages 8 to 16 form part of these financial statements.

GRAND CENTRAL RAILWAY COMPANY LIMITED
Registered number: 03979826

Balance sheet
as at 31 December 2011

	Note	31 December 2011 £000	31 March 2011 £000
FIXED ASSETS			
Intangible assets	9	5	5
Tangible assets	10	1,619	2,036
		1,624	2,041
CURRENT ASSETS			
Stocks	11	168	234
Debtors	12	6,589	6,345
Cash at bank and in hand		591	1,092
		7,348	7,671
CREDITORS: amounts falling due within one year	13	(51,719)	(44,676)
NET CURRENT LIABILITIES		(44,371)	(37,005)
TOTAL ASSETS LESS CURRENT LIABILITIES		(42,747)	(34,964)
PROVISIONS FOR LIABILITIES			
Other provisions	15	(1,714)	-
NET LIABILITIES		(44,461)	(34,964)
CAPITAL AND RESERVES			
Called up share capital	16	100	100
Share premium account	17	304	304
Profit and loss account	17	(44,865)	(35,368)
TOTAL SHAREHOLDERS' DEFICIT	18	(44,461)	(34,964)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2012


B G Cooper
 Director

The notes on pages 8 to 16 form part of these financial statements

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the period ended 31 December 2011**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 applicable to companies reporting under UK GAAP, and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Cash flow statement

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 (Revised 1996).

1.3 Turnover

Turnover includes amounts attributable to train operating companies, predominantly based on models of route usage, by the Rail Settlement Plan in respect of passenger receipts, excluding value added tax. Income is accrued where it is earned in an earlier period to that in which it is billed or received in cash. Income is deferred where it is received in an earlier period than that to which it relates.

1.4 Intangible fixed assets and amortisation

Intangible assets are included at cost less accumulated amortisation.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Trade Mark - 5% straight line

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	-	period of the lease
Plant, machinery and motor vehicles	-	10% to 33% straight line
Fixtures and fittings	-	10% straight line
Heavy maintenance	-	period of the rolling stock lease

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.7 Stocks

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

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the period ended 31 December 2011**

1. ACCOUNTING POLICIES (continued)

1.8 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted

1.9 Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Contributions payable by the company are charged to the profit and loss account in the period in which they fall due. Contributions payable under the defined contribution scheme are charged to the profit and loss account as they arise.

1.10 Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the intermediate parent company DB Mobility Logistics AG, which is a wholly owned subsidiary of Deutsche Bahn AG. The directors have received confirmation that DB Mobility Logistics AG intends to support the company for at least one year after these financial statements are signed.

2. TURNOVER

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

3. OPERATING LOSS

The operating loss is stated after charging

	9 Months ended 31 December 2011 £000	12 Months ended 31 March 2011 £000
Depreciation of tangible fixed assets		
- owned by the company	400	290
Auditors' remuneration - audit fees	22	15
Operating lease rentals		
- rolling stock	6,995	5,236
- land and buildings	87	101
	<u> </u>	<u> </u>

GRAND CENTRAL RAILWAY COMPANY LIMITED

Notes to the financial statements
for the period ended 31 December 2011

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	9 Months ended 31 December 2011	12 Months ended 31 March 2011
	£000	£000
Wages and salaries	4,329	3,968
Social security costs	373	417
Other pension costs	93	86
	<u>4,795</u>	<u>4,471</u>

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

	9 Months ended 31 December 2011	12 Months ended 31 March 2011
	No.	No.
Train staff	27	26
Administration and other	94	99
	<u>121</u>	<u>125</u>

5. DIRECTORS' EMOLUMENTS

	9 Months ended 31 December 2011	12 Months ended 31 March 2011
	£000	£000
Aggregate emoluments	<u>412</u>	<u>142</u>

The highest paid director received remuneration of £106,000 (2011 - £87,000)

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	9 Months ended 31 December 2011	12 Months ended 31 March 2011
	£000	£000
Bank interest receivable	<u>6</u>	<u>4</u>

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the period ended 31 December 2011**

7. INTEREST PAYABLE AND SIMILAR CHARGES

	9 Months ended 31 December 2011	12 Months ended 31 March 2011
	£000	£000
Interest and other finance charges payable to group companies	1,063	2,780
Exceptional interest and other finance charges payable to group companies	-	(493)
	<u>1,063</u>	<u>2,287</u>

The exceptional interest relates to interest released which is no longer payable due to a back dated interest rate reduction on the loan payable to group undertakings

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	9 Months ended 31 December 2011	12 Months ended 31 March 2011
	£000	£000
UK corporation tax charge on loss for the period/year	<u>-</u>	<u>-</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 26.0% (2011 - 28%). The differences are explained below

	9 Months ended 31 December 2011	12 Months ended 31 March 2011
	£000	£000
Loss on ordinary activities before tax	<u>(9,497)</u>	<u>(8,434)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.0% (2011 - 28%)	(2,469)	(2,362)
Effects of:		
Expenses not deductible for tax purposes	290	643
Capital allowances for year/period (more than)/less than depreciation	(87)	79
Unrecognised tax losses carried forward	2,266	1,645
Other short term timing differences	-	(5)
	<u>-</u>	<u>-</u>
Current tax charge for the period/year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

On 21 March 2012 the Chancellor announced that the UK Corporation Tax rate applicable from 1 April 2012 would be 24% (as opposed to 25% which was substantively enacted on 5 July 2011) and that the previously announced reductions of 1% per annum would result in the UK Corporation Tax rate reducing to 22% (as opposed to 23%) with effect from 1 April 2014

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the period ended 31 December 2011**

9. INTANGIBLE FIXED ASSETS

	Trade Mark £000
Cost	
At 1 April 2011 and 31 December 2011	6
Accumulated amortisation	
At 1 April 2011 and 31 December 2011	1
Net book value	
At 31 December 2011	5
At 31 March 2011	5

10. TANGIBLE FIXED ASSETS

	Leasehold property £000	Plant, machinery and motor vehicles £000	Fixtures and fittings £000	Heavy maintenance £000
Cost				
At 1 April 2011	288	380	146	1,725
Additions	-	-	-	458
Disposals	-	-	-	(540)
At 31 December 2011	288	380	146	1,643
Accumulated depreciation				
At 1 April 2011	128	212	32	131
Charge for the period	37	96	15	252
On disposals	-	-	-	(65)
At 31 December 2011	165	308	47	318
Net book value				
At 31 December 2011	123	72	99	1,325
At 31 March 2011	160	168	114	1,594

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the period ended 31 December 2011**

10. TANGIBLE FIXED ASSETS (continued)

	Total £000
Cost	
At 1 April 2011	2,539
Additions	458
Disposals	(540)
At 31 December 2011	2,457
Accumulated depreciation	
At 1 April 2011	503
Charge for the period	400
On disposals	(65)
At 31 December 2011	838
Net book value	
At 31 December 2011	1,619
At 31 March 2011	2,036

11. STOCKS

	31 December 2011 £000	31 March 2011 £000
Rolling stock spare parts	147	212
Catering supplies	21	22
	168	234

12. DEBTORS

	31 December 2011 £000	31 March 2011 £000
Trade debtors	387	175
VAT recoverable	406	419
Other debtors	4,485	4,481
Prepayments and accrued income	1,311	1,270
	6,589	6,345

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the period ended 31 December 2011**

13. CREDITORS:

Amounts falling due within one year

	31 December	31 March
	2011	2011
	£000	£000
Trade creditors	2,058	4,762
Amounts owed to group undertakings	46,852	38,448
Social security and other taxes	250	100
Other creditors	721	-
Accruals and deferred income	1,838	1,366
	51,719	44,676
	51,719	44,676

The amounts owed to group undertakings are repayable on demand. Interest is charged at base rate + 1.85% per annum.

14. DEFERRED TAXATION

	31 December	31 March
	2011	2011
	£000	£000
At beginning and end of period/year	-	-
	-	-
	-	-

At 31 December 2011 the company had an unprovided deferred tax asset, calculated at 25% of gross amounts, of approximately £9,593,000 (31 March 2011 £7,674,000 calculated at 26%) comprising mainly surplus tax losses. It is not considered prudent to recognise the asset at the period end.

15. PROVISIONS

	Other provisions
	£000
Charged to profit and loss account in the period	1,714
At 31 December 2011	1,714
	1,714

Other provisions

An onerous lease provision has been recorded in the period in relation to the lease of one train which is surplus to the company's requirements. The provision represents the costs of the lease to the end of the contract in 2016 less the current anticipated receipts from the existing sub-lease.

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the period ended 31 December 2011**

16. SHARE CAPITAL

	31 December 2011 £000	31 March 2011 £000
Authorised, allotted, called up and fully paid		
210,000 Ordinary shares of £0 10 each (2010 210,000)	21	21
790,000 B Ordinary shares of £0 10 each (2010 790,000)	79	79
	100	100
	100	100

17. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 April 2011	304	(35,368)
Loss for the financial period		(9,497)
At 31 December 2011	304	(44,865)
	304	(44,865)

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	31 December 2011 £000	31 March 2011 £000
Opening shareholders' deficit	(34,964)	(26,530)
Loss for the financial period/year	(9,497)	(8,434)
Closing shareholders' deficit	(44,461)	(34,964)
	(44,461)	(34,964)

19. OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	31 December 2011 £000	31 March 2011 £000	31 December 2011 £000	31 March 2011 £000
Expiry date:				
Between 2 and 5 years	109	14	7,560	-
After more than 5 years	-	79	-	6,523
	109	93	7,560	6,523
	109	93	7,560	6,523

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the period ended 31 December 2011**

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company and ultimate controlling party is Deutsche Bahn AG, a company registered in Germany, which has prepared group financial statements incorporating the results of Grand Central Railway Company Limited. Copies of these financial statements can be obtained from Potsdamer Platz 2, 10785 Berlin.

Deutsche Bahn AG is the largest group to consolidate the financial statements and DB Mobility Logistics AG is the smallest.

Information on Grand Central Railway Company Limited can be obtained from their registered address Admiral Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XP.

Transactions with other companies in the Deutsche Bahn Group are not specifically disclosed as the company has taken advantage of the exemption available under FRS 8 'Related party disclosures' for wholly-owned subsidiaries.