
GRAND CENTRAL RAILWAY COMPANY LIMITED

**Annual report and financial statements
for the year ended 31 December 2013**

FRIDAY



A3AX87NF

A17

27/06/2014

#232

COMPANIES HOUSE

GRAND CENTRAL RAILWAY COMPANY LIMITED

Company Information

Directors	S English A Furlong D Hatfield A J Cooper R H McClean J L Roberts
Company secretary	L Edwards
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 Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

GRAND CENTRAL RAILWAY COMPANY LIMITED

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 17

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Strategic report
for the year ended 31 December 2013**

The directors present their Strategic report for the year ended 31 December 2013.

Principal activities

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

Business review

In December 2013 Grand Central Railway Company Limited commenced a 4th path as part of its West Riding service and continues to operate 5 paths on its North East Service. The company participates in the National Passenger Focus survey and received a 95% score (2012 - 95%), the highest in the industry.


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.

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.

This report was approved by the board on 20 June 2014 and signed on its behalf.



L Edwards
Company secretary

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Directors' report
for the year ended 31 December 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

Results and dividends

The profit for the financial year, after taxation, amounted to £40,528,000 (2012 - £115,000).

During the year inter company debts due to other group companies were waived, amounting to £37,652,000.

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

Directors

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

S English
A W Deacon (resigned 12 November 2013)
S J Murphy (appointed 1 January 2013, resigned 24 March 2014)
A Furlong
D Hatfield
R W Holland (resigned 31 May 2014)
A J Cooper
R H McClean
J L Roberts (appointed 12 November 2013)

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

Future developments

Subsequent to the year end the immediate parent company GCRC Holdings Limited sold its investment in Grand Central Railway Company Limited to another group company, Arriva UK Trains Limited.

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.

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Directors' report
for the year ended 31 December 2013**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 prepared 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

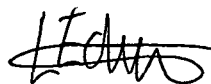
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- that directors have 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 auditors are aware of that information.

This report was approved by the board on 20 June 2014 and signed on its behalf.



L Edwards
Company secretary

GRAND CENTRAL RAILWAY COMPANY LIMITED

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Grand Central Railway Company Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GRAND CENTRAL RAILWAY COMPANY LIMITED

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.



Bill MacLeod (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
20 June 2014

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Profit and loss account
for the year ended 31 December 2013**

	Note	2013 £000	2012 £000
TURNOVER	1,2	32,670	27,071
Cost of sales		<u>(25,663)</u>	<u>(24,094)</u>
GROSS PROFIT		7,007	2,977
Administrative expenses		<u>(3,558)</u>	<u>(3,252)</u>
OPERATING PROFIT/(LOSS)	3	3,449	(275)
EXCEPTIONAL ITEMS			
Other exceptional items	8	<u>37,652</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		41,101	(275)
Interest receivable and similar income	6	3	-
Interest payable and similar charges	7	<u>(884)</u>	<u>(137)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		40,220	(412)
Tax on profit/(loss) on ordinary activities	9	<u>308</u>	<u>527</u>
PROFIT FOR THE FINANCIAL YEAR	19	<u>40,528</u>	<u>115</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account. Therefore, no statement of total recognised gains and losses has been presented.

There are no material differences between the profit/(loss) on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 17 form part of these financial statements.

GRAND CENTRAL RAILWAY COMPANY LIMITED
Registered number: 03979826

Balance sheet
as at 31 December 2013

	Note	£000	2013 £000	2012 £000
FIXED ASSETS				
Intangible assets	10		4	4
Tangible assets	11		5,588	3,070
			<u>5,592</u>	<u>3,074</u>
CURRENT ASSETS				
Stocks	12	20		168
Debtors	13	7,093		5,066
Cash at bank and in hand		40		4
		<u>7,153</u>		<u>5,238</u>
CREDITORS: amounts falling due within one year	14	(4,253)		(50,303)
NET CURRENT ASSETS/(LIABILITIES)			<u>2,900</u>	<u>(45,065)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,492</u>	<u>(41,991)</u>
PROVISIONS FOR LIABILITIES				
Other provisions	16		(2,310)	(2,355)
NET ASSETS/(LIABILITIES)			<u>6,182</u>	<u>(44,346)</u>
CAPITAL AND RESERVES				
Called up share capital	17		100	100
Share premium account	18		10,304	304
Profit and loss account	18		(4,222)	(44,750)
TOTAL SHAREHOLDERS' FUNDS/(DEFICIT)	19		<u>6,182</u>	<u>(44,346)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2014.



J L Roberts
 Director

The notes on pages 8 to 17 form part of these financial statements.

GRAND CENTRAL RAILWAY COMPANY LIMITED

Notes to the financial statements for the year ended 31 December 2013

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 period, 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.

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

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 year ended 31 December 2013**

1. ACCOUNTING POLICIES (continued)

1.8 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.

2. TURNOVER

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

All turnover arose within the United Kingdom.

3. OPERATING PROFIT/(LOSS)

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

	2013	2012
	£000	£000
Amortisation - intangible fixed assets	-	1
Depreciation of tangible fixed assets:		
- owned by the company	1,182	729
Auditors' remuneration	22	22
Operating lease rentals:		
- rolling stock	6,430	7,209
- land and buildings	82	129
	<hr/> <hr/>	<hr/> <hr/>

During the year the company made a profit on disposal of tangible fixed assets of £120,000 (2012 - £Nil.)

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the year ended 31 December 2013**

4. STAFF COSTS

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

	2013 £000	2012 £000
Wages and salaries	4,445	4,025
Social security costs	456	471
Other pension costs	212	124
	<u>5,113</u>	<u>4,620</u>

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

	2013 No.	2012 No.
Train staff	94	89
Administration and other	21	25
	<u>115</u>	<u>114</u>

5. DIRECTORS' EMOLUMENTS

	2013 £000	2012 £000
Aggregate emoluments	<u>383</u>	<u>119</u>
Company contributions to defined contribution pension schemes	<u>10</u>	<u>3</u>

During the year retirement benefits were accruing to 3 directors (2012 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £133,000 (2012 - £96,000).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £000	2012 £000
Group interest receivable	<u>3</u>	<u>-</u>

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the year ended 31 December 2013**

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£000	£000
Interest and other finance charges payable to group companies	884	137

8. EXCEPTIONAL ITEMS

	2013	2012
	£000	£000
Exceptional items	37,652	-

During the year inter company debts due to other group companies were waived, amounting to £37,652,000.

9. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2013	2012
	£000	£000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on loss for the year	(205)	(43)
Adjustments in respect of prior periods	(36)	(484)
Total current tax	(241)	(527)
Deferred tax		
Origination and reversal of timing differences	25	-
Adjustments in respect of prior years	(92)	-
Total deferred tax (note 15)	(67)	-
Tax on profit/(loss) on ordinary activities	(308)	(527)

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the year ended 31 December 2013**

9. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013	2012
	£000	£000
Profit/(loss) on ordinary activities before tax	40,220	(412)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	9,351	- (101)
Effects of:		
Expenses not deductible for tax purposes	10	12
Capital allowances for year in (less than)/in excess of depreciation	(15)	46
Adjustments in respect of prior periods	(36)	(484)
Utilisation of previously unrecognised tax losses	(797)	-
Non-taxable release of internal indebtedness	(8,754)	-
Current tax credit for the year (see note above)	(241)	(527)

Factors that may affect future tax charges

During 2012 the Chancellor announced that the UK Corporation Tax rate applicable from 1 April 2013 would be 23%, and that the UK Corporation Tax rate applicable from 1 April 2014 would be 21%.

On 20 March 2013 the Chancellor made a further announcement that the UK Corporation Tax rate applicable from 1 April 2015 would be 20%.

10. INTANGIBLE FIXED ASSETS

	Trade Mark £000
Cost	
At 1 January 2013 and 31 December 2013	6
Accumulated amortisation	
At 1 January 2013 and 31 December 2013	2
Net book value	
At 31 December 2013	4
At 31 December 2012	4

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the year ended 31 December 2013**

11. TANGIBLE FIXED ASSETS

	Leasehold property £000	Plant, machinery and motor vehicles £000	Fixtures and fittings £000	Heavy maintenance £000
Cost				
At 1 January 2013	288	380	146	3,823
Additions	30	-	-	3,670
At 31 December 2013	<u>318</u>	<u>380</u>	<u>146</u>	<u>7,493</u>
Accumulated depreciation				
At 1 January 2013	213	380	62	912
Charge for the year	45	-	15	1,122
At 31 December 2013	<u>258</u>	<u>380</u>	<u>77</u>	<u>2,034</u>
Net book value				
At 31 December 2013	<u>60</u>	<u>-</u>	<u>69</u>	<u>5,459</u>
At 31 December 2012	<u>75</u>	<u>-</u>	<u>84</u>	<u>2,911</u>
				Total £000
Cost				
At 1 January 2013				4,637
Additions				3,700
At 31 December 2013				<u>8,337</u>
Accumulated depreciation				
At 1 January 2013				1,567
Charge for the year				1,182
At 31 December 2013				<u>2,749</u>
Net book value				
At 31 December 2013				<u>5,588</u>
At 31 December 2012				<u>3,070</u>

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the year ended 31 December 2013**

12. STOCKS

	2013	2012
	£000	£000
Rolling stock spare parts	-	147
Catering supplies	20	21
	<u>20</u>	<u>168</u>

13. DEBTORS

	2013	2012
	£000	£000
Trade debtors	92	315
Amounts owed by group undertakings	4,744	3,141
Deferred taxation (note 15)	67	-
Group relief receivable	205	43
VAT recoverable	533	744
Other debtors	5	747
Prepayments and accrued income	1,447	76
	<u>7,093</u>	<u>5,066</u>

14. CREDITORS:

Amounts falling due within one year

	2013	2012
	£000	£000
Trade creditors	2,261	2,113
Amounts owed to group undertakings	314	46,220
Taxation and social security	142	150
Accruals and deferred income	1,536	1,820
	<u>4,253</u>	<u>50,303</u>

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the year ended 31 December 2013**

15. DEFERRED TAXATION

	2013	2012
	£000	£000
At 1 January	-	-
Profit and loss account movement during the year (note 9)	<u>(67)</u>	-
At 31 December	<u><u>(67)</u></u>	<u><u>-</u></u>
The deferred tax asset is made up as follows:		
	2013	2012
	£000	£000
Accounting depreciation in excess of capital allowances	(54)	-
Short term timing differences	<u>(13)</u>	-
	<u><u>(67)</u></u>	<u><u>-</u></u>

At 31 December 2013 the company had an unprovided deferred tax asset, calculated at 20% of gross amounts, of approximately £6,475,000 (2012 - £8,048,000 calculated at 23%) comprising mainly surplus tax losses. It is not considered prudent to recognise the asset at the year end.

16. OTHER PROVISIONS

	Other provisions
	£000
At 1 January 2013	2,355
Charged to profit and loss account in the year	<u>(45)</u>
At 31 December 2013	<u><u>2,310</u></u>

Other provisions

An onerous lease provision has been fully released during the year (2012 £2,355,000). A provision has been made during 2013 against a potential ORCATs claim of £2,310,000.

17. CALLED UP SHARE CAPITAL

	2013	2012
	£000	£000
Authorised, allotted and fully paid		
210,010 Ordinary shares of £0.10 each (2012: 210,000)	21	21
790,000 B Ordinary shares of £0.10 each (2012: 790,000)	<u>79</u>	<u>79</u>
	<u><u>100</u></u>	<u><u>100</u></u>

During the year 10 ordinary shares of £0.10 were issued for a total consideration of £10,000,000 which included a premium of £9,999,999.

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the year ended 31 December 2013**

18. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2013	304	(44,750)
Profit for the financial year		40,528
Premium on shares issued during the year	10,000	
	<u>10,304</u>	<u>(4,222)</u>
At 31 December 2013	<u>10,304</u>	<u>(4,222)</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Opening total shareholders' deficit	(44,346)	(44,461)
Profit for the financial year	40,528	115
Premium on shares issued during the year	10,000	-
	<u>6,182</u>	<u>(44,346)</u>
Closing total shareholders' deficit	<u>6,182</u>	<u>(44,346)</u>

20. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £000	2012 £000	2013 £000	2012 £000
Expiry date:				
Within 1 year	62	16	-	-
Between 2 and 5 years	9	67	5,322	6,312
After more than 5 years	10	-	-	-
	<u>81</u>	<u>83</u>	<u>5,322</u>	<u>6,312</u>

GRAND CENTRAL RAILWAY COMPANY LIMITED

**Notes to the financial statements
for the year ended 31 December 2013**

21. 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 of Grand Central Railway Company Limited 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.