

Company Registration No. 02996875

First Rail Procurement Limited

Annual Report and Financial Statements

For the year ended 31 March 2023

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First Rail Procurement Limited

Annual Report and Financial Statements 2023

Contents	Page
Directors' report	1
Directors' responsibilities statement	3
Profit and loss account	4
Statement of comprehensive income	4
Balance sheet	5
Statement of changes in equity	6
Notes to the financial statements	7

First Rail Procurement Limited Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 2023. In preparing the financial statements, the directors have taken the exemption available for small companies in accordance with section 414B of the UK Companies Act, in respect of the requirement to prepare a strategic report.

PRINCIPAL ACTIVITIES

The company is a holding company and carries out certain procurement activities within the UK Rail industry.

BUSINESS REVIEW AND FUTURE OUTLOOK

The company has one subsidiary undertaking, Great Western Trustees Limited, which is dormant.

The company entered into contracts in December 2020 to procure and supply seats to Angel Leasing Company Limited as part of the refurbishment of the Pendolino fleet of trains operated by a fellow subsidiary undertaking, First Trenitalia West Coast Rail Limited.

The company procures the seats from Transcal Limited. The delivery of seats for the first train was completed in January 2022. Delivery of seats for twenty-six trains was completed by the year end.

The seat refurbishment is a multiyear programme extending into 2024. There are 56 trains going through the programme.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has a well-established risk management methodology which we use throughout the business to allow us to identify and manage the principal risks which could:

- adversely impact the safety and security of the company's employees, customers and assets;
- have a material impact on the financial or operational performance of the company;
- impede achievement of our strategic objectives and financial targets; and/or
- adversely impact the company's reputation or stakeholder expectations.

The company's principal risks are set out below; these risks have been assessed considering their potential impact (both financial and reputational), the likelihood of occurrence and any change to this compared to the prior year and the residual risk after the implementation of controls.

Compliance, litigation and claims, health and safety

The company's operations are subject to a wide range of legislation and regulation. Failure to comply can lead to litigation, claims, damages, fines and penalties. The company has three main risks; third party injury and other claims arising from general operations, employee injuries and property damage. A higher volume of litigation and claims can lead to increased costs and reputational impact.

We have a very strong focus on safety and it is one of our five values. The company self-insures third party and employee injury claims up to a certain level commensurate with the historical risk profile. We purchase insurance above these limits from reputable global insurance firms. Claims are managed by experienced claims handlers. Non-insured claims are managed by FirstGroup plc's dedicated in-house legal teams with external assistance as appropriate.

Economic conditions

Changing economic conditions affect our business in different ways. A less positive economic outlook affects the number of train journeys taken by passengers in the UK. Any changes in economic activity may impact upon the passenger numbers and hence our operations. A less positive economic outlook could have a negative impact on our business in terms of reduced demand and reduced opportunities for growth. Improving economic conditions may also result in a tightening of labour markets resulting in employee shortages, pressure to increase pay, or affect the availability of public funding for transport services. The same factors could also affect our key suppliers.

To mitigate these risks, we continue to focus on building revenue streams and controlling costs to ensure we remain competitive.

First Rail Procurement Limited

Directors' report

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Environmental risk

FirstGroup plc recognises the importance of its environmental policies, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual Report, which do not form part of this report. Initiatives designed to minimise the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

We recognise the environmental impacts arising from our business activities and are committed to reducing these through effective environmental management.

KEY PERFORMANCE INDICATORS

The directors consider profit for the year to be the only key performance indicator. The company made a profit for the year of £333k (2022: £181k), which is a satisfactory outcome.

FINANCIAL RISK MANAGEMENT

The company's principal financial assets are intercompany debtors with the ultimate parent undertaking. The directors have made an assessment with regards to the recoverability of the receivables and determined that no impairment loss has occurred at the balance sheet date. The credit risk on liquid funds is limited because the counterparties are banks with a minimum "A" credit rating.

FINANCIAL MATTERS

The results for the year are given in the profit and loss account on page 4. During the year, the company did not declare a dividend to its parent company, FirstGroup plc (2022: £nil). No final dividend is proposed (2022: £nil).

DIRECTORS

The directors who served during the year and to the date of approval of these financial statements are set out below:

Hugh Clancy (resigned 4 August 2023)
Andrew James
Stephen Montgomery

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company's parent company, FirstGroup plc, has made qualifying third-party indemnity provisions for the benefit of the company's directors which were made during the year and remain in force at the date of approval of this report.

GOING CONCERN

At 31 March 2023, the company had cash of £746k (2022: £543k) and net current assets / net assets of £1,877k (2022: net current assets / net assets of £1,544k).

The directors have considered the going concern assumption given the current economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts in forming this judgement.

After making enquiries and considering the above facts, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board of Directors
and signed on behalf of the Board



A James
Director
8th Floor, The Point, 37 North Wharf Road, London W2 1AF

19 October 2023

First Rail Procurement Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to.

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Approved by the Board of Directors
and signed on behalf of the Board



A James
Director
8th Floor, The Point, 37 North Wharf Road, London W2 1AF

19 October 2023

First Rail Procurement Limited
Profit and loss account
Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	5	6,744	1,130
Operating costs	6	(6,337)	(906)
Operating profit		407	224
Interest receivable and similar income	7	4	-
Profit before taxation	8	411	224
Tax on profit	9	(78)	(43)
Profit for the financial year		333	181

Statement of Comprehensive Income
For the year ended 31 March 2023

	2023 £'000	2022 £'000
Profit for the financial year	333	181
Total comprehensive income for the year	333	181

First Rail Procurement Limited
Balance sheet
As at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Equity investments	10	-	-
		-	-
Current assets			
Debtors (including £1,289k (2022: £1,289k) due after one year)	11	1,685	1,289
Cash at bank and in hand		746	543
		2,431	1,832
Creditors: amounts falling due within one year	12	(554)	(288)
Net current assets		1,877	1,544
Total assets less current liabilities / Net assets		1,877	1,544
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account		1,877	1,544
Total shareholder's funds		1,877	1,544

For the year ended 31 March 2023 the company was entitled to exemption from audit by parent guarantee under section 479A of the Companies Act 2006 relating to subsidiary companies.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The notes on pages 7 to 10 form an integral part of these financial statements.

The financial statements of First Rail Procurement Limited, registered number 02996875, on pages 4 to 10 were approved by the Board of Directors on 19 October 2023.

Signed on behalf of the Board of Directors



A James
Director

First Rail Procurement Limited
Statement of changes in equity
For the year ended 31 March 2023

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2021	-	1,363	1,363
Profit and total comprehensive income for the financial year	-	181	181
Balance at 31 March 2022	-	1,544	1,544
Profit and total comprehensive income for the financial year	-	333	333
Balance at 31 March 2023	-	1,877	1,877

First Rail Procurement Limited

Notes to the financial statements

Year ended 31 March 2023

1 General information

First Rail Procurement Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office address is 8th Floor, The Point, 37 North Wharf Road, London W2 1AF. The nature of the company's operations and its principal activities are set out in the Directors' report on page 1.

2 Statement of compliance

The financial statements of First Rail Procurement Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3 Principal accounting policies

The following accounting policies have been applied consistently throughout the current and preceding year.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, modified to include certain items at fair value in accordance with FRS 102.

The functional and presentation currency of First Rail Procurement Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

(b) Going concern

The company currently meets its day-to-day working capital requirements through its bank balance and is not dependent on its ultimate parent FirstGroup plc for support at present. The company's business modelling forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current bank balance. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

The company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions in relation to share-based payments, financial instruments, preparation of a cashflow statement and remuneration of key management personnel which have been disclosed in FirstGroup plc's financial statements.

Group financial statements are not presented as the company is a wholly-owned subsidiary undertaking of FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. In accordance with Section 400 of the Companies Act 2006, no consolidated financial statements have been prepared. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

(d) Financial assets and liabilities

All financial assets and liabilities are measured at transaction price (including transaction cost). All the financial assets and liabilities are classified as 'basic' under Section 11 and Section 12 of FRS 102. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

(e) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liability is reduced wholly or in part by the surrender of losses by group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertaking.

First Rail Procurement Limited
Notes to the financial statements
Year ended 31 March 2023

3 Principal accounting policies (continued)

(f) Impairment of financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. All financial assets and liabilities are measured at transaction price (including transaction cost) and subsequently at amortised cost. All financial assets and liabilities are measured at transaction price (including transaction cost) and subsequently measured at amortised cost.

(g) Turnover

Turnover represents the amounts receivable from third party contracts. Turnover is recognised in the period by reference to the stage of completion of the services provided. Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied net of returns, discounts and rebates allowed by the company and value added taxes.

The whole of the turnover and profit before taxation derive from the company's principal activities within the United Kingdom. The company has one principal class of business, namely, the supply of materials for train refurbishments.

4. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies as described above, management have made a critical accounting judgement on the company acting as a principal for goods and services provided to a customer. The customer contract specifies the goods and services to be provided. The company has primary responsibility for the goods and services meeting the customer specifications. Therefore, the company is deemed as a principal.

There are no estimation uncertainties that have a significant effect on the amounts recognised in the financial statements.

5. Turnover

	2023 £'000	2022 £'000
Supply of materials for train refurbishments	6,744	1,130
	<u>6,744</u>	<u>1,130</u>

6. Operating costs

	2023 £'000	2022 £'000
Materials for train refurbishments	6,273	870
Other costs	64	36
	<u>6,337</u>	<u>906</u>

7. Interest receivable and similar income

	2023 £'000	2022 £'000
Income from short-term deposits	4	-
	<u>4</u>	<u>-</u>

First Rail Procurement Limited **Notes to the financial statements** **Year ended 31 March 2023**

8. Profit before taxation

During the current and prior years, the number of employees was nil. The directors received remuneration from another group company, First Rail Holdings Limited, in the current and prior years, details of which are disclosed in their financial statements. It is not considered practicable to allocate this between services provided to those companies, and services provided in their capacity as directors to First Rail Procurement Limited.

9. Tax on profit

	2023	2022
	£'000	£'000
Current taxation	78	43
- Group relief		
Total current taxation and tax on profit	<u>78</u>	<u>43</u>

The standard rate of taxation for the year, based on the UK standard rate of corporation tax, is 19% (2022: 19%).

From 1 April 2023 the corporation tax rate increased to 25%.

The actual current tax charge on profit for the current and previous years did not differ from the profit multiplied by the standard rate of corporation tax:

	2023	2022
	£'000	£'000
Profit before tax	411	224
Profit before tax multiplied by the standard rate of		
Corporation Tax in the UK of 19% (2022: 19%)	<u>78</u>	<u>43</u>
Total tax on profit	<u>78</u>	<u>43</u>

10. Equity investments

The company has one subsidiary undertaking at the end of the year, Great Western Trustees Limited, which is non-trading and dormant. This company is wholly-owned and is incorporated in Great Britain and registered in England and Wales. All shares held are ordinary shares. Its registered office is Milford House, 1 Milford Street, Swindon SN1 1HL.

11. Debtors

	2023	2022
	£'000	£'000
Trade debtors	352	-
Amounts owed by FirstGroup plc	1,289	1,289
Amounts owed by group undertakings	<u>44</u>	<u>-</u>
	<u>1,685</u>	<u>1,289</u>

In the opinion of the directors, the fair value of amounts owed by group undertakings does not differ materially from the carrying value. Amounts owed by FirstGroup plc and group undertakings are unsecured, interest-free and repayable on demand. Amounts owed by FirstGroup plc fall due after more than one year because there are no formal contract terms.

First Rail Procurement Limited
Notes to the financial statements
Year ended 31 March 2023

12. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	327	10
Group tax relief payable	74	68
Amounts owed to group undertakings	78	78
Other taxation and social security	70	82
Accruals and deferred income	5	50
	<u>554</u>	<u>288</u>

Group tax relief payable is owed to FirstGroup plc. In the opinion of the directors, the fair value of amounts owed to group undertakings does not differ materially from the carrying value. Amounts owed to FirstGroup plc and group undertakings are unsecured, interest-free and repayable on demand.

13. Called up share capital

	2023	2022	2023	2022
	Number	Number	£'000	£'000
Authorised:				
Ordinary shares of 1p each	5,100,000	5,100,000	51	51
'A' Ordinary shares of 1p each	4,900,000	4,900,000	49	49
	<u>10,000,000</u>	<u>10,000,000</u>	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:				
Ordinary shares of 1p each	1	1	-	-
'A' Ordinary shares of 1p each	-	-	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

The 'A' ordinary shares rank above the ordinary shares with respect to dividends and upon winding up. In addition, 'A' ordinary shares may at any time be converted in whole into a like number of ordinary shares. The number of ordinary shares of 1p each in issue at the end of the year was 1 (2022: 1).

14. Ultimate parent company

The directors regard FirstGroup plc, a company incorporated in Great Britain and registered in Scotland, as the ultimate and immediate parent and controlling company, which is the smallest and largest group that includes the company's results and for which group financial statements are prepared. Copies of the Financial Statements of FirstGroup plc can be obtained on request from its registered office: 395 King Street, Aberdeen AB24 5RP.