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FIRST RAIL LIMITED
(FORMERLY: THAMES VALLEY TRACTION LIMITED)

FINANCIAL STATEMENTS

31 MARCH 2003

**Company Registered
Number: 01966624**



FIRST RAIL LIMITED

FINANCIAL STATEMENTS

31 March 2003

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DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 March 2003.

Principal activities and future prospects

The company did not trade during the year.

Review of business

On 18 August 2003 the company changed its name to First Rail Limited

Directors

The directors who held office during the year, together with those subsequently appointed, are as follows:

DL Quinn
LA Daniels
AR Wilson
J Gilchrist (appointed 13th November 2003)

The directors who held office at the end of the year had the following interests in ordinary shares of FirstGroup plc:

	Ordinary shares		Share options under savings related share option scheme		Share options under long term incentive plan	
	At end of year	At beginning of year	At end of year	At beginning of year	At end of year	At beginning of year
	5p shares	5p shares	5p shares	5p shares	5p shares	5p shares
LA Daniels	249,932	249,932	-	-	9,532	9,532
DL Quinn	181	130	-	-	-	-
AR Wilson	227	130	-	-	-	-

LA Daniels also has 13,019 share options under the Executive Share Option Scheme (2002: 9,812) and 3,532 shares under deferred share bonus plans (2002: 2,088).

Information, including details of exercise prices, relating to the savings related share option scheme and the long term incentive plan are given in note 31 to the financial statements of FirstGroup plc.

The market price of FirstGroup plc shares at 31 March 2003 was 240 pence and the range during the year was 200 pence to 339 pence.


DIRECTORS' REPORT

Directors' Report (continued)

There is no contract or arrangements with the company or any of its fellow group undertakings, other than service contracts, in which any of the directors is materially interested and which is significant in relation to the business of the company or any of its fellow group undertakings taken as a whole.

C/o CentreWest London Buses Limited
3rd Floor, Macmillan House
Paddington Station
London
W2 1TY

By order of the board

 DL Quinn
Director

16 Apr 2004

BALANCE SHEET

At 31 March 2003

	Notes	31 March 2003 £000	31 March 2002 £000
Assets employed:			
Current assets			
Debtors	3	1,913	1,913
Creditors: amounts falling due within one year	4	(1,643)	(1,643)
Net current assets		<u>270</u>	<u>270</u>
Financed by:			
Capital and reserves			
Called up share capital	5	251	251
Share premium account	6	4	4
Revaluation reserve	6	15	15
Profit and loss account	6	-	-
Equity shareholders' funds		<u>270</u>	<u>270</u>

The annual accounts have not been audited because the company is entitled to the exemption provided by section 249AA(1) of the Companies Act 1985 relating to dormant companies and its members have not required the company to obtain an audit of these accounts in accordance with s249B(2).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with Section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the board of directors on 15 April 2004 and were signed on its behalf by:

DL Quinn
Director



NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policy

The following accounting policy has been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

2 Profit and loss account

During the current and preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

3 Debtors

	31 March 2003 £000	31 March 2002 £000
Amounts due within one year		
Amounts owed from group undertakings	<u>1,913</u>	<u>1,913</u>

4 Creditors

	31 March 2003 £000	31 March 2002 £000
Amounts falling due within one year		
Amounts owed to group undertakings	1,563	1,563
Corporation tax	-	-
Others creditors	<u>80</u>	<u>80</u>
	<u>1,643</u>	<u>1,643</u>

NOTES TO THE FINANCIAL STATEMENTS

5 Called up share capital

	Year to 31 March 2003 £000	Year to 31 March 2002 £000
Authorised		
995,000 ordinary shares of £1 each	995	995
5,000 'A' ordinary shares of £1 each	<u>5</u>	<u>5</u>
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
250,000 ordinary shares of £1 each	250	250
500 'A' ordinary shares of £1 each	<u>1</u>	<u>1</u>
	<u>251</u>	<u>251</u>

The same rights attach to both ordinary and class 'A' ordinary shares.

6 Reserves

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At beginning and end of year	<u>4</u>	<u>15</u>	<u>-</u>

7 Ultimate parent company

The ultimate parent company and ultimate controlling party is FirstGroup plc, which is incorporated in Great Britain and registered in Scotland. Copies of the accounts of FirstGroup plc can be obtained from the London Office of this company at Macmillan House, Paddington Station, London, W2 1FG. The company's immediate controlling party is First Student UK Limited.

8 Related party transactions

The company is taking advantage of the exemption granted by FRS 8 not to disclose transactions with group companies which are related parties.