
ARRIVA UK TRAINS LIMITED

Annual report and financial statements
for the year ended 31 December 2014



ARRIVA UK TRAINS LIMITED

Company Information

Directors	D C J Applegarth R B Cobbe A Furlong K M Carlaw R C V Harrison R H Baldwin C D D Burchell
Company secretary	L Edwards
Company number	3166214
Registered office	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

ARRIVA UK TRAINS LIMITED

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ARRIVA UK TRAINS LIMITED

Strategic report for the year ended 31 December 2014

The directors present their Strategic report for the year ended 31 December 2014.

Principal activities

The principal activity of the company during the year is that of an investment company.

Business review

The company's profit and loss account on page 7 shows a profit on ordinary activities before taxation of £3.0m (2013: £9.6m). The decrease in the profit on ordinary activities before taxation from 2013 to 2014 was mostly due to additional costs in relation to bidding activity and reduced dividends received, partially offset by a £7.1m reduction in amounts written off investments. Furthermore, on 31 May 2014 the company increased its shareholding in Alliance Rail Holdings Limited from 75.1% to 100%, whilst acquiring its assets and making a cash equity injection of one further ordinary share for £893,671. Consequently, an impairment charge of £1.4m was realised in relation to the company's investment in Alliance Rail Holdings Limited.

In February 2014, the company acquired Arriva Trains Holdings Limited (formerly DB Regio UK Limited), a fellow group undertaking, from DB UK Holding Limited for a nominal consideration of £1. MTL Services Limited, the immediate UK parent company, acquired 1 ordinary share of £1 in Arriva UK Trains Limited for £93,000,000. The company then increased its shareholding in Arriva Trains Holdings Limited (formerly DB Regio UK Limited) with the purchase of 1 ordinary share of £1 for a cash consideration of £93,000,000.

As at the balance sheet date the company had net assets of £116m (2013: £28m).

The increase in net assets has primarily been driven by a £93m capital injection by MTL Services Limited, used to acquire further shares in Arriva Trains Holdings Limited (formerly DB Regio UK Limited) and referred to above.

The company is the holding company and franchisee for a passenger train franchise under a franchise agreement signed with the Strategic Rail Authority (SRA) on 18 October 2003 for the 'All Wales' Franchise, operated by Arriva Trains Wales/Trenau Arriva Cymru Limited. The franchise commencement date was 7 December 2003 and the franchise will operate until 14 October 2018. In October 2005, the rights and liabilities of the SRA in relation to the ATW franchise transferred to the Welsh Assembly Government (WAG) and the Secretary of State for Transport (SoS). As part of this process the WAG became responsible for the day to day management of the franchise. Under the franchise agreement the company has a direct obligation to ensure that Arriva Trains Wales/Trenau Arriva Cymru Limited complies with the terms of the franchise agreement.

The company is also the holding company and franchisee for a passenger train franchise under a franchise agreement signed with the SoS on 9 July 2007 for the New Cross Country Franchise, operated by XC Trains Limited. The franchise commencement date was 11 November 2007 and the franchise will operate until October 2016.

The directors consider the state of the company's affairs to be satisfactory, and there have been no material changes since the balance sheet date.

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.

ARRIVA UK TRAINS LIMITED

Strategic report (continued)

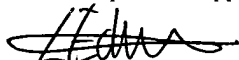
Future developments

There have not been any significant changes in the company's principal activities in the year and the directors are not aware, at the date of this report, of any significant changes in the company's activities expected in the next year.

Key performance indicators

The directors of 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 Arriva UK Trains 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 10 April 2015 and signed on its behalf.



L Edwards
Company secretary

ARRIVA UK TRAINS LIMITED

**Directors' report
for the year ended 31 December 2014**

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the financial year, after taxation, amounted to £5,195,000 (2013 - £11,565,000).

The underlying results of the company can fluctuate significantly from year to year due to the nature and level of bid and franchise activity, and the level of income from fixed asset investments.

During the year, the company wrote down the value of its investment in Alliance Rail Holdings Limited by £1,394,000 to £Nil in line with the value of the net assets of the investment.

The company paid a dividend of £10,000,000 during the year (2013 - £23,500,000).

Directors

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

D C J Applegarth
R B Cobbe
R W Holland (resigned 31 May 2014)
A Furlong
K M Carlaw
T Bell (resigned 1 January 2014)
R C V Harrison (appointed 1 January 2014)
R H Baldwin (appointed 25 April 2014)
C D D Burchell (appointed 17 November 2014)

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.

ARRIVA UK TRAINS LIMITED

**Directors' report
for the year ended 31 December 2014**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 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;
- 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.

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

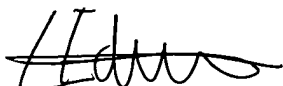
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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 relevant audit information and to establish that the company's auditors are aware of that information.

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.

This report was approved by the board on 10 April 2015 and signed on its behalf.



L Edwards
Company secretary

ARRIVA UK TRAINS LIMITED

Independent auditors' report to the members of Arriva UK Trains Limited

Report on the financial statements

Our opinion

In our opinion, Arriva UK Trains Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

Arriva UK Trains Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; 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 the preparation of the financial statements 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.

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.

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.

ARRIVA UK TRAINS LIMITED

Independent auditors' report to the members of Arriva UK Trains Limited

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 4, 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 & Ireland) ("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.

What an audit of financial statements involves

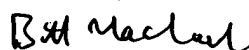
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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.



Bill MacLeod (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
17 April 2015

ARRIVA UK TRAINS LIMITED

**Profit and loss account
for the year ended 31 December 2014**

	Note	2014 £000	2013 £000
Administrative expenses		(21,586)	(16,067)
Other operating income		11,337	9,859
OPERATING LOSS	2	(10,249)	(6,208)
Income from shares in group undertakings		15,000	24,542
Interest receivable and similar income	5	256	354
Amounts written off investments	9	(1,394)	(8,542)
Interest payable and similar charges	6	(616)	(572)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,997	9,574
Tax on profit on ordinary activities	7	2,198	1,991
PROFIT FOR THE FINANCIAL YEAR	15	5,195	11,565

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 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 on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 9 to 18 form part of these financial statements.

ARRIVA UK TRAINS LIMITED
Registered number: 3166214

Balance sheet
as at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	8		-		-
Investments	9		154,229		61,704
			<u>154,229</u>		<u>61,704</u>
CURRENT ASSETS					
Debtors	10	8,974		20,966	
CREDITORS: amounts falling due within one year	11	(22,210)		(29,639)	
NET CURRENT LIABILITIES			<u>(13,236)</u>		<u>(8,673)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>140,993</u>		<u>53,031</u>
CREDITORS: amounts falling due after more than one year	12		(24,597)		(24,830)
NET ASSETS			<u><u>116,396</u></u>		<u><u>28,201</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		22,500		22,500
Share premium account	15		93,000		-
Profit and loss account	15		896		5,701
TOTAL SHAREHOLDERS' FUNDS	16		<u><u>116,396</u></u>		<u><u>28,201</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 April 2015.



A Furlong
Director

The notes on pages 9 to 18 form part of these financial statements.

ARRIVA UK TRAINS LIMITED

Notes to the financial statements for the year ended 31 December 2014

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, and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company is a wholly-owned subsidiary of Deutsche Bahn AG and is included in the consolidated financial statements of Deutsche Bahn AG which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. These financial statements, therefore, present information about the company as an individual undertaking and not about its group.

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 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:

Computer equipment	- 3 years straight line
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1.4 Investments

Investments are included at cost less amounts provided for impairment. Investments are reviewed annually for potential impairment. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

1.5 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.

1.6 Pensions

Arriva Plc operates a defined benefit retirement scheme which covers employees of the company. The assets of the defined benefit scheme are held separately from those of the company in independently administered funds. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions payable by the company are charged to the profit and loss account in the period to which it relates.

ARRIVA UK TRAINS LIMITED

**Notes to the financial statements
for the year ended 31 December 2014**

1. ACCOUNTING POLICIES (continued)

1.7 Dividends

Dividend income and payments are recognised in the financial statements of the company in the period in which the dividends are received or paid.

1.8 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.

2. OPERATING LOSS

Operating loss is stated after charging:

	2014	2013
	£000	£000
Fees payable to the company's auditors for the audit of the company's financial statements	5	5

3. STAFF COSTS

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

	2014	2013
	£000	£000
Wages and salaries	4,193	3,059
Social security costs	445	247
Other pension costs	341	213
	4,979	3,519

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

	2014	2013
	No.	No.
Administration	42	33

ARRIVA UK TRAINS LIMITED

**Notes to the financial statements
for the year ended 31 December 2014**

4. DIRECTORS' EMOLUMENTS

	2014	2013
	£000	£000
Aggregate emoluments	644	389
Contributions to defined benefit pension schemes	63	44

During the year retirement benefits were accruing to 3 directors (2013 - 2) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £241,000 (2013 - £221,000) of which £20,000 (2013: £20,000) was in relation to employers contributions to a defined benefit pension scheme. Benefits are accruing to the highest paid director under a defined benefits pension scheme and at the year end the accrued pension amounted to £12,116 (2013: £10,242).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£000	£000
Interest receivable from group undertakings	256	354

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£000	£000
Interest payable to group undertakings	616	572

ARRIVA UK TRAINS LIMITED

**Notes to the financial statements
for the year ended 31 December 2014**

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014	2013
	£000	£000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on profit for the year	(2,284)	(1,498)
Adjustments in respect of prior years	476	(363)
Total current tax	(1,808)	(1,861)
Deferred tax		
Origination and reversal of timing differences	3	38
Adjustments in respect of prior years	(393)	(168)
Total deferred tax (see note 13)	(390)	(130)
Tax on profit on ordinary activities	(2,198)	(1,991)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%). The differences are explained below:

	2014	2013
	£000	£000
Profit on ordinary activities before taxation	2,997	9,574
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	644	2,226
Effects of:		
Capital allowances in excess of depreciation	(3)	(4)
Adjustments in respect of prior years	476	(363)
Non-taxable dividend income received from UK companies	(3,225)	(5,706)
Impairment of fixed asset investments	300	1,986
Current tax credit for the year (see note above)	(1,808)	(1,861)

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%.

ARRIVA UK TRAINS LIMITED

Notes to the financial statements
for the year ended 31 December 2014

8. TANGIBLE ASSETS

	Computer equipment £000
Cost	
At 1 January 2014 and 31 December 2014	98
Accumulated depreciation	
At 1 January 2014 and 31 December 2014	98
Net book value	
At 31 December 2014	-
At 31 December 2013	-

9. INVESTMENTS

	Group companies £000
Cost	
At 1 January 2014	83,072
Additions	93,919
At 31 December 2014	176,991
Accumulated impairment	
At 1 January 2014	21,368
Charge for the year	1,394
At 31 December 2014	22,762
Net book value	
At 31 December 2014	154,229
At 31 December 2013	61,704

ARRIVA UK TRAINS LIMITED

**Notes to the financial statements
for the year ended 31 December 2014**

9. INVESTMENTS (continued)**Group companies**

Investments comprise the following:

Name	Class of shares	Holding
Arriva Trains Northern Limited	Ordinary	100 %
Arriva Trains Merseyside Limited	Ordinary	100 %
Arriva Trains Wales/Trenau Arriva Cymru Limited	Ordinary	100 %
At Seat Catering (2003) Limited	Ordinary	100 %
XC Trains Limited	Ordinary	100 %
London and North Western Railway Company Limited	Ordinary	100 %
Arriva Transpennine Limited (formerly Arriva DLR Limited)	Ordinary	100 %
Arriva Night Trains Limited	Ordinary	100 %
Arriva Scotrail Limited	Ordinary	100 %
Alliance Rail Holdings Limited	Ordinary	100 %
GCRC Holdings Limited	Ordinary	100 %
Grand Central Railway Company Limited	Ordinary	100 %
Arriva Trains Holdings Limited (formerly DB Regio UK Limited)	Ordinary	100 %

Name	Business	Registered office
Arriva Trains Northern Limited	Dormant	England and Wales
Arriva Trains Merseyside Limited	Dormant	England and Wales
Arriva Trains Wales/Trenau Arriva Cymru Limited	Passenger railway services	England and Wales
At Seat Catering (2003) Limited	Passenger railway services	England and Wales
XC Trains Limited	Passenger railway services	England and Wales
London and North Western Railway Company Limited	Service, repair and maintenance of trains	England and Wales
Arriva Transpennine Limited (formerly Arriva DLR Limited)	Dormant	England and Wales
Arriva Night Trains Limited	Dormant	England and Wales
Arriva Scotrail Limited	Dormant	Scotland
Alliance Rail Holdings Limited	Dormant	England and Wales
GCRC Holdings Limited	Holding company	England and Wales
Grand Central Railway Company Limited	Passenger railway services	England and Wales
Arriva Trains Holdings Limited (formerly DB Regio UK Limited)	Passenger railway services	England and Wales

In February 2014, the company acquired Arriva Trains Holdings Limited (formerly DB Regio UK Limited), a fellow group undertaking, from DB UK Holding Limited for a nominal consideration of £1. The company then increased its shareholding in Arriva Trains Holdings Limited (formerly DB Regio UK Limited) with the purchase of 1 ordinary share of £1 for a cash consideration of £93,000,000.

On 31 May 2014 the company increased its shareholding in Alliance Rail Holdings Limited from 75.1% to 100%, whilst acquiring its assets and making a cash equity injection of one further ordinary share for £893,671. During the year, the company wrote down the investment in Alliance Rail Holdings Limited of £1,394,000 in line with the value of the net assets of the company.

The directors believe that the carrying value of the investments is supported by their underlying assets.

ARRIVA UK TRAINS LIMITED

**Notes to the financial statements
for the year ended 31 December 2014**

10. DEBTORS

	2014	2013
	£000	£000
Trade debtors	710	170
Amounts owed by group undertakings	3,156	16,356
Group relief receivable	2,309	1,498
Other debtors	1,756	909
Prepayments and accrued income	426	1,806
Deferred tax asset (see note 13)	617	227
	<u>8,974</u>	<u>20,966</u>

11. CREDITORS:

Amounts falling due within one year

	2014	2013
	£000	£000
Bank loans and overdrafts	-	1
Trade creditors	485	351
Amounts owed to group undertakings	15,731	19,895
Other creditors	93	3,069
Accruals and deferred income	5,901	6,323
	<u>22,210</u>	<u>29,639</u>

12. CREDITORS:

Amounts falling due after more than one year

	2014	2013
	£000	£000
Amounts owed to group undertakings	<u>24,597</u>	<u>24,830</u>

13. DEFERRED TAX ASSET

	2014	2013
	£000	£000
At 1 January	227	97
Profit and loss account movement for the year	390	130
	<u>617</u>	<u>227</u>
At 31 December	<u>617</u>	<u>227</u>

ARRIVA UK TRAINS LIMITED

**Notes to the financial statements
for the year ended 31 December 2014**

13. DEFERRED TAX ASSET (continued)

The deferred tax asset is made up as follows:

	2014 £000	2013 £000
Excess of depreciation on fixed assets over tax allowances claimed	13	15
Other short term timing differences	604	212
	<u>617</u>	<u>227</u>

14. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Authorised		
25,000,000 Ordinary shares of £1 each (2013: 25,000,000)	<u>25,000,000</u>	<u>25,000,000</u>
Allotted and fully paid		
22,500,003 Ordinary shares of £1 each (2013: 22,500,002)	<u>22,500,003</u>	<u>22,500,002</u>

In February 2014 MTL Services Limited, the immediate UK parent company, acquired 1 ordinary share of £1 in Arriva UK Trains Limited for a cash consideration £93,000,000.

15. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2014	-	5,701
Profit for the financial year	-	5,195
Dividends (Note 17)	-	(10,000)
Share premium on shares issued	93,000	-
	<u>93,000</u>	<u>896</u>
At 31 December 2014		

ARRIVA UK TRAINS LIMITED

**Notes to the financial statements
for the year ended 31 December 2014**

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£000	£000
Opening shareholders' funds	28,201	40,136
Profit for the financial year	5,195	11,565
Dividends (Note 17)	(10,000)	(23,500)
Share premium on shares issued	93,000	-
	<hr/>	<hr/>
Closing shareholders' funds	116,396	28,201
	<hr/>	<hr/>

17. DIVIDENDS

	2014	2013
	£000	£000
Dividends paid on equity capital	10,000	23,500
	<hr/>	<hr/>

18. PENSION COMMITMENTS

A number of employees of the company are members of The Arriva Pension Scheme. This defined benefit fund was last assessed on 5 April 2012 using the projected unit method. The principal actuarial assumptions were that: (i) the annual rate of return on investment would be 4.90% higher (from 1 January 2011 until 2015 and 3.90% thereafter) than the annual increase in total pensionable remuneration of 0.00% (frozen from 1 January 2011 until 2015 and increases thereafter capped at 1% per annum) and, where relevant, (ii) there would be no variation from the scheme's rules to pensions in payment. On the basis of these assumptions the actuarial value of the funds at 5 April 2012 was sufficient to cover 81% of the benefits then accrued to members. The actuarial value of the schemes assets at 5 April 2012 was £51.2 million.

Financial Reporting Standard 17 'Retirement benefits'

The company makes contributions to a defined benefit scheme, The Arriva Pension Scheme which is operated by the UK intermediate parent company, Arriva Plc. Other companies within the Arriva Group make contributions to the scheme, therefore it is not possible for the company to identify its share of the underlying assets and liabilities as at 31 December 2014. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions payable by the company are charged to the profit and loss account in the period in which they fall due.

ARRIVA UK TRAINS LIMITED

**Notes to the financial statements
for the year ended 31 December 2014**

19. 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 Arriva UK Trains 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 Arriva UK Trains Limited and DB Mobility Logistics AG is the smallest.

Information on Arriva UK Trains Limited can be found at their registered address Admiral Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XP.

Transactions and balances 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.