

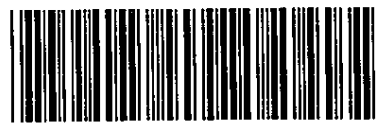
**NedRailways Northern Rail Limited**

**Director's report and financial  
statements**

**Registered number 5157396**

**31 December 2008**

MONDAY



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## Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2008.

### Principal activities

The principal activity of the company is to act as a holding company. The company owns a 50% stake in a joint venture company (Northern Rail Holdings Limited) owned in equal share with a Serco Group plc subsidiary company, which operates the Northern Rail franchise, through its subsidiary Northern Rail Limited.

### Business review

Trading for the period has been satisfactory. The results for the period are set out on page 5.

### Dividends

Details of dividends declared in the year are given in note 7 to the financial statements.

### Directors and their interests

The director who held office during the period was as follows:

AJM Valk

The director who held office at the end of the financial period had no disclosable interest in the shares of the company.

### Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



AJM Valk  
Director

8-10 New Fetter Lane  
LONDON  
EC4A 1RS

8 October 2009

## **Statement of director's responsibilities in respect of the Director's Report and the financial statements**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that its financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditors' report to the members of NedRailways Northern Rail Limited**

We have audited the financial statements of Nedrailways Northern Rail Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of NedRailways Northern Rail Limited** *(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

**8 October** 2009

**Profit and loss account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008</b> £	<b>2007</b> £
Administrative expenses	3	-	(1,645)
Other income		7,490	29,882
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>		<b>7,490</b>	<b>28,237</b>
Income from shares in participating interests		9,699,500	10,000,000
Other interest receivable and similar income	4	68,474	101,636
Interest payable and similar charges	5	(70,479)	(84,705)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>9,704,985</b>	<b>10,045,168</b>
Tax on profit on ordinary activities	6	(1,398)	(11,517)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		<b>9,703,587</b>	<b>10,033,651</b>
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing.

There are no recognised gains and losses other than those reflected in the results set out above.

**Balance sheet**  
*at 31 December 2008*

	Note	2008	2007
		£	£
<b>Fixed assets</b>			
Investments	8	1	1
<b>Current assets</b>			
Debtors	9	14,481	30,846
Cash at bank and in hand		174,141	1,651,219
		<u>188,622</u>	<u>1,682,065</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(12,687)</u>	<u>(1,510,217)</u>
<b>Net current assets</b>		<u>175,935</u>	<u>171,848</u>
<b>Total assets less current liabilities</b>		<u>175,936</u>	<u>171,849</u>
<b>Creditors: amounts falling due after more than one year</b>	11	-	-
<b>Net assets</b>		<u>175,936</u>	<u>171,849</u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account	13	175,935	171,848
<b>Equity shareholders' funds</b>	14	<u>175,936</u>	<u>171,849</u>

These financial statements were approved by the board of directors on 8 October 2009 and were signed on its behalf by:

AJM Valk  
Director

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have 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 in accordance with applicable accounting standards, and under the historical cost accounting rules.

The financial statements are prepared on a going concern basis which assumes the company will continue to trade.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of NedRailways BV, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of NedRailways BV, within which this company is included, can be obtained from the address given in note 16.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

#### ***Investments***

Investments are stated at cost less provision for any impairments in carrying value.

#### ***Taxation***

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### **2 Profit on ordinary activities before taxation**

Audit fees in an amount of £3,090 (2007: £3,000) are borne by the company's immediate parent undertaking.

The company had no employees during the year.

The director received no remuneration in the year.

**Notes (continued)**

**3 Staff costs**

The company had, including directors, an average of one employee during the year (2007: one). Staff costs are borne by the company's immediate parent undertaking.

The director received no remuneration during the year.

	2008 £	2007 £
Wages and salaries	-	1,316
Social security costs	-	329
	<u>-</u>	<u>1,645</u>

**4 Other interest receivable and similar income**

	2008 £	2007 £
Bank interest receivable	<u>68,474</u>	<u>101,636</u>

**5 Interest payable and similar charges**

	2008 £	2007 £
On loans from group undertakings	<u>70,479</u>	<u>84,705</u>

**Notes** *(continued)*

**6 Tax on profit on ordinary activities**

Analysis of charge in period

	2008 £	2007 £
<i>Foreign tax</i>		
Current tax charge/(credit) on income for the period	1,398	11,518
	<hr/>	<hr/>
Tax charge/(credit) on profit on ordinary activities	1,398	11,518
	<hr/>	<hr/>

*Factors affecting the tax charge for the current period*

The current tax charge for the period is different to that calculated by applying the standard rate of corporation tax in the UK of 28% (2007: 30%). The differences are explained below:

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	9,704,986	10,045,168
	<hr/>	<hr/>
Current tax at 28% (2007: 30%)	2,717,398	3,013,550
<i>Effects of:</i>		
Non taxable income	(2,715,860)	(3,000,000)
Different tax rates on overseas earnings	(140)	(2,032)
	<hr/>	<hr/>
Total current tax charge/(credit) (see above)	1,398	11,518
	<hr/>	<hr/>

## Notes (continued)

### 7 Dividends

	2008	2007
	£	£
Final dividend paid	9,699,500	10,000,000

### 8 Investments

The investments are:

	2008	2007
	£	£
Investment in Northern Rail Holdings Limited	1	1

Northern Rail Holdings Limited is incorporated in the UK. Its principal activity is that of a holding company. NedRailways Northern Rail Limited holds 50% of the ordinary issued share capital.

### 9 Debtors

	2008	2007
	£	£
Interest receivable	14,481	30,846
	<u>14,481</u>	<u>30,846</u>

### 10 Creditors: amounts falling due within one year

	2008	2007
	£	£
Dutch corporation tax payable	12,384	5,393
Amounts payable to group undertakings	303	4,824
Loan payable to parent undertaking	-	1,500,000
	<u>12,687</u>	<u>1,510,217</u>

**Notes (continued)**

**11 Creditors: amounts falling due after more than one year**

The creditors due after more than one year relate to a long term loan repayable to NedRailways BV, the company's immediate parent undertaking.

	2008 £	2007 £
Debt can be analysed as falling due:		
Between 1 and 2 years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Interest is payable at a fixed rate of 5% per annum.

**12 Share capital**

	2008 £	2007 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
1 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

**13 Reserves**

	Profit and loss account £
At beginning of year	171,848
Profit for the year	9,703,587
Dividend paid	(9,699,500)
	<u>175,935</u>
<b>At end of year</b>	<b>175,935</b>

## Notes (continued)

### 14 Reconciliation of movements in equity shareholders' funds

	2008 £000	2007 £000
Profit for the financial year	9,703,587	10,033,651
Dividends paid	(9,699,500)	(10,000,000)
<b>Net addition/(reduction) to equity shareholders' funds</b>	<b>4,087</b>	<b>33,651</b>
Opening equity shareholders' funds	171,849	138,198
<b>Closing equity shareholders' funds</b>	<b>175,936</b>	<b>171,849</b>

### 15 Related party disclosures

The company is controlled by NedRailways BV, incorporated in The Netherlands. The ultimate controlling party is NV Nederlandse Spoorwegen, which owns 100% of the voting rights.

### 16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group in which the results of the company are consolidated is that headed by NV Nederlandse Spoorwegen, incorporated in The Netherlands. The smallest group in which they are consolidated is that headed by NedRailways BV. The consolidated accounts of these groups are available to the public and may be obtained from Laan van Puntenburg 100, 3511 ER Utrecht, The Netherlands.