

Directly Operated Railways Limited
Annual Report and Financial Statements
For the year ended 31 March 2019

Company Number 06950819

Registered office:

Great Minster House
33 Horseferry Road
London
SW1P 4DR



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**Directly Operated Railways Limited
Annual Report and Financial Statements**

Company Information

Chief Executive

Peter Wilkinson

Directors

Richard Cantwell
David Bennett

Registered Office

Great Minster House
33 Horseferry Road
London
England
SW1P 4DR

**Directly Operated Railways Limited
Annual Report and Financial Statements**

Strategic Report

For the year ended 31 March 2019

The Directors present their strategic report for the year ended 31 March 2019.

Business overview

Directly Operated Railways Limited (DOR) is in the process of winding down its remaining obligations and moving to dormant company status.

Finance review

Operating performance

Turnover for the year ending 31 March 2019 was £nil (2018: £nil.).

The operating expenditure reported in the year was £10k (2018: £82k). For the year to 31 March 2019 expenditure comprised residual obligations and other expenses, such as audit fees and tax computations.

Profit before taxation was £49k (2018: Loss £67k).

Balance sheet

At 31 March 2019 DOR had net assets of £26,6K (2018: £26,7k net assets).

Cash flow

There was a net cash inflow of £28k in the year (2018: £234k outflow) leaving a cash balance of £26,6k at 31 March 2019 (2018: £26,6k).

Key risks and uncertainties

The systems of control and protection are designed to help manage and control risks to an appropriate level rather than to eliminate them. As the Department for Transport's (DfT) Direct Award programme has completed the Directors consider that the principal risk and uncertainty for DOR is the transition of the company into its revised role.

As the DfT's DA programme is now being managed solely within DfT the Directors consider, at the time of approving the financial statements, that the Company has access to adequate resources to meet its obligations for the foreseeable future.

On behalf of the Board



David Bennett

13 December 2019

Registered Office: Great Minster House, 33 Horseferry Road, London SW1P 4DR

Directly Operated Railways Limited Annual Report and Financial Statements

Directors' Report For the year ended 31 March 2019

The Directors present their annual report, business review and the audited consolidated financial statements for the year ended 31 March 2019. The Directors' report should be read in conjunction with the Strategic Report.

History and background

DOR ("the Company") is a private limited company which was incorporated on 2 July 2009 by the Department for Transport to manage Train Operating Companies that are returned to temporary public ownership. The Company is wholly owned by the Department for Transport. There are also a number of inactive subsidiary companies established in case a franchise takeover under Section 30 of the Railways Act 1993 should be required. DOR was the intermediate holding company for all of these, though as part of the Company's winding down, DOR passed significant control of the Company's subsidiaries to DFT OLR Holdings Limited within March 2019.

(Details on subsidiaries in note 7)

Results and dividend

The Group's reported financial performance for the year ended 31 March 2019 shows a profit for the financial year of £40k (2018: loss of £80k).

The Directors do not propose a dividend for the year (2018: £Nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed below:

Peter Wilkinson	Director
Richard Cantwell	Director
David Bennett	Director

No remuneration was proposed or paid to Directors during the financial year.

Directly Operated Railways Limited Annual Report and Financial Statements

Directors' Report For the year ended 31 March 2019

Employees

DOR does not currently have any employees. Residual administration is undertaken by DfT employed staff who are within the remit of DfT employee policies.

Directors and their interests

The current Directors of the DOR Board are listed on page 5. A Register of Directors' Interests is maintained by the Company Secretary through whom public inspection can be arranged. None of the Directors have any interests, such as shares in the company or its (inactive) subsidiaries.

Financial reporting

The Directors have a commitment to best practice in the Company's financial reporting and systems. A statement of Directors' Responsibilities for preparing the financial statements may be found on page 7.

Directors' and Officers' liability insurance

The Company has three Directors', an accounting Officer, as well as liability insurance cover in place as permitted by the Companies Act 2006.

Internal controls

The Board is responsible for establishing the Company's goals and objectives, and overseeing the establishment, implementation and review of the Company's risk management system. The Company has in place a risk management policy, the purpose of which is to ensure that risk management is an integral part of day-to-day operations for all staff.

The Board is also responsible for maintaining a sound system of internal control that supports the achievement of these goals and objectives. It sets appropriate policies on internal control and seeks regular assurance that its policies are being complied with and that the system is functioning effectively.

The system of internal control is designed to manage risk rather than eliminate it completely and can only provide reasonable, rather than absolute assurance against material misstatement or loss.

Future Developments

There are no plans for the Group to undertake additional activities and future plans primarily relate to meeting any residual obligations.

Directly Operated Railways Limited

Annual Report and Financial Statements

Statement of directors' responsibilities in respect of the financial statements

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 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 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information



David Bennett
Executive Director
13 December 2019

Registered Office: Great Minster House, 33 Horseferry Road, London SW1 P 4DR

Directly Operated Railways Limited
Annual Report and Financial Statements

Consolidated Profit and Loss Account
For the year ended 31 March 2019

		2019 Total	2018 Total
	Note	£'000	£'000
Turnover	2		
Other operating income		-	-
		-	-
Cost of Sales		-	-
Operating loss	3	-	-
Administrative Expenses		(10)	(82)
Loss before interest and taxation		(10)	(82)
Interest receivable and similar income	5	59	15
Profit before taxation		49	(67)
Tax on profit	6	(9)	(13)
Profit/(loss) for the financial year		40	(80)

There are no material differences between the loss before taxation and the loss for the financial years stated above and their historical cost equivalents.

The notes on pages 13 to 18 form part of these financial statements.

Directly Operated Railways Limited
Annual Report and Financial Statements

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2019

	2019 £'000	2018 £'000
Profit/(loss) for the financial year	49	(80)
Re-measurements of net defined benefit obligation	-	-
Total tax on components of other comprehensive income	-	-
Total comprehensive income/(expense) for the year	49	(80)

The notes on pages 13 to 18 form part of these financial statements.

Directly Operated Railways Limited
Annual Report and Financial Statements

Consolidated and Company Balance Sheets as at
31 March 2019

	Note	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Current assets					
Debtors	8	114	256	114	256
Cash at bank and in hand		26,531	26,502	26,531	26,502
		26,645	26,758	26,645	26,758
Creditors: amounts falling due within one year	9	(5)	(78)	(5)	(78)
Net current assets		26,640	26,680	26,640	26,680
Total assets less current liabilities		26,640	26,680	26,640	26,680
Net assets		26,640	26,680	26,640	26,680
Capital and reserves					
Profit and loss account		26,640	26,680	26,640	26,680
Called up share capital		-	-	-	-
Total shareholders' funds	12	26,640	26,680	26,640	26,680

As permitted by s408 of the Companies Act 2006, the company has not presented its own profit and loss account. The profit of the company for the financial year was £40k (2018: £80k loss).

For the year ending 31.03.2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 13 to 18 are an integral part of these financial statements.

The financial statements on pages 8 to 18 were approved by the Board of Directors on 05 December 2019 and signed on its behalf by



David Bennett
Executive Director
13 December 2019

Company number 06950819

Directly Operated Railways Limited
Annual Report and Financial Statements
Notes to the Financial Statements
For the year ended 31 March 2019

Consolidated	Called up Share Capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 April 2017	-	26,760	26,760
Loss for the financial year	-	(80)	(80)
Other comprehensive income for the year	-	-	-
Balance as at 31 March 2018	-	26,680	26,680
Balance at 1 April 2018	-	26,680	26,680
Gain for the financial year	-	40	40
Adjustment to prior year reserves	-	(80)	(80)
Other comprehensive income for the year	-	-	-
Balance as at 31 March 2019	-	26,640	26,640

Consolidated and Company Statements of changes in equity
For the year ended 31 March 2019

Company	Called up Share Capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 April 2017	-	26,760	26,760
Loss for the financial year	-	(80)	(80)
Other comprehensive income for the year	-	-	-
Balance as at 31 March 2018	-	26,680	26,680
Balance at 1 April 2018	-	26,680	26,680
Profit for the financial year	-	49	49
Adjustment to prior year reserves	-	(80)	(80)
Balance as at 31 March 2019	-	26,649	26,649

The notes on pages 13 to 18 form part of these financial statements.

Directly Operated Railways Limited
Annual Report and Financial Statements
Notes to the Financial Statements
For the year ended 31 March 2019

Consolidated Statement of Cash Flows
For the year ended 31 March 2019

		2019 £'000	2018 £'000
	Note		
Net cash outflow from operating activities	14	(31)	(236)
Taxes (paid)/credited		-	(13)
		<u>(31)</u>	<u>(249)</u>
Cash flow from investing activities			
Interest received		59	15
Net cash generated from investment activities		<u>59</u>	<u>15</u>
		<u>28</u>	<u>(234)</u>
Increase/(decrease) in cash and cash equivalents			
Net opening cash and cash equivalents at 1 April 2018/2019		<u>26,503</u>	<u>26,736</u>
Net closing cash and cash equivalents at 31 March 2019/2020		<u>26,531</u>	<u>26,503</u>

The notes on pages 13 to 18 form part of these financial statements

Directly Operated Railways Limited
Annual Report and Financial Statements
Notes to the Financial Statements
For the year ended 31 March 2019

1. Accounting policies

a) General Information

Directly Operated Railways Limited is a limited liability company incorporated in United Kingdom. The Registered Office is Great Minster House, 33 Horseferry Road, London SW1P 4DR.

b) Statement of compliance

The financial statements 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" ("FRS102") and the Companies Act 2006. The company transitioned from previously existent UK GAAP to FRS 102 as at 1 April 2015.

c) Basis of preparation

The financial statements of Directly Operated Railways Limited were approved for issue by the Board of Directors on 05 December 2019. The financial statements have been prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The Group's accounting policies are consistent with the prior year.

The company has considerable resources, as evidenced by its cash balances and very negligible liabilities. It has ceased to engage in ongoing business activities. As a result, the Directors believe that the company is well placed to manage its risks. After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

d) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account. Except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted

e) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand.

Directly Operated Railways Limited
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f) Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors have considered estimates and judgements in applying accounting policies, *accounting estimates and assumptions*, and *due to the low level of activity in the financial year* do not consider any specific matters to be critical to the preparation of these financial statements.

Directly Operated Railways Limited
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For the year ended 31 March 2019

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. All turnover originates in the United Kingdom.

The company primarily provides management services.

3. Audit fees

	2019 £'000	2018 £'000
Auditors' remuneration – audit fees	(2)	13
– non-audit fees	9	-
	<u>7</u>	<u>13</u>

4. Employees and directors

Employees

The average monthly number of employees (including Directors) during the year was as follows:

	2019 Number	2018 Number
Managerial and administrative	-	-
Operational	-	-
	<u>-</u>	<u>-</u>

Directors

	2019 £'000	2018 £'000
Aggregate emoluments in respect of qualifying services to the Company	-	-
Company contributions made to money purchase pension schemes	-	-
Compensation for loss of office	-	-
Total	<u>-</u>	<u>-</u>

The emoluments excluding pension contributions of the highest paid Director were £Nil (Year ended 31 March 2018: £Nil).

The pension contributions of the highest paid Director were nil (Year ended 31 March 2017: Nil). During 2019 £Nil (2018: £Nil) was paid to Directors as compensation for loss of office.

The current Directors of DOR are DfT employees who are now remunerated by DfT since the cessation of trading activities within DOR.

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5. Net Interest expense

	2019 £'000	2018 £'000
Interest receivable and similar income		
Bank interest	59	15
Other interest receivable	-	-
Net interest expense	<u>59</u>	<u>15</u>

6. Tax on Profit/loss

(a) Tax expense included in profit or loss:

	2019 £'000	2018 £'000
Current taxation:		
UK corporation tax on profit/(losses) of the year	9	13
Adjustments in respect of prior years	-	-
Tax charge on profit/(loss)	<u>9</u>	<u>13</u>

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7. Investments

All subsidiaries of DOR (West Coast Main Line Company Limited, London Midland Trains Limited, Thameslink Limited, Trans Pennine Express Limited and EM Trains Limited) were passed on to DFT OLR Holdings Limited in March 2019.

8. Debtors

Group and Company	2019 £'000	2018 £'000
Trade debtors	-	-
Amounts owed by group undertakings	-	-
Other debtors	114	256
Prepayments and accrued income	-	-
	<u>114</u>	<u>256</u>

9. Creditors: amounts falling due within one year

Group and Company	2019 £'000	2018 £'000
Other taxation and social security	-	-
Corporation tax	9	-
Accruals and deferred income	(4)	78
	<u>5</u>	<u>78</u>

10. Called up share capital

	2019 £	2018 £
<i>Authorised</i>		
(2018: 100) 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
(2019: 1) 1 Ordinary share of £1	<u>1</u>	<u>1</u>

11. Reserves and reconciliation of movements in shareholders' funds/(deficit)

	2019 £'000	2018 £'000
Total Shareholders' funds at 01 April	26,680	26,760
Dividend received	-	-
Adjustment to prior year reserves	(80)	-
(Loss)/profit for the financial year	40	(80)
Total Shareholders' funds at 31 March	<u>26,640</u>	<u>26,680</u>

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12. Retirement benefits

The cost of contributions to the defined contribution scheme amounts to £nil (2018: £nil).

13. Cash flow statement

(a) Reconciliation of operating profit to net cash outflow from operating activities

Continuing operations	2019 £'000	2018 £'000
Operating profit/(loss)	40	(82)
Adjustment to prior year reserves	(80)	-
Decrease/(increase) in debtors	142	(214)
(Decrease)/increase in creditors	(73)	(60)
Total net cash (outflow)/inflow from operating activities	29	(236)

(b) Reconciliation of net cash flow to movement in net funds

	2019 £'000	2018 £'000
(Increase)/Decrease in cash in the year	29	(234)
Change in net cash resulting from cash flows	29	(234)
Net cash at 1 April	26,502	26,736
Net cash at 31 March	26,531	26,502

(c) Analysis of net funds

	1 April 2018 £'000	Cash flow £'000	Non- Cash Movements £'000	31 March 2019 £'000
Net cash in hand	26,502	29	-	26,531

14. Related party transactions

No related party transactions took place in the 2019-19 Financial Year.

15. Ultimate parent undertakings

The immediate and ultimate parent undertaking and controlling party is the Department for Transport. The Department for Transport is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2019. The consolidated financial statements of the Department for Transport can be obtained from Great Minster House, 33 Horseferry Road, London, SW1P 4DR.