FINANCIAL REPORT
BRITISH RAILWAYS BOARD
29 SEPTEMBER 2013

Registered Office

One Kemble Street
London
United Kingdom
WC2B 4AN

Financial Report
British Railways Board

(For the period ended 29 September 2013)

Presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 14 May 2014

HC 1238

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication, please call 0300 330 3000

Print ISBN 9781474102575
Web ISBN 9781474102582

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

ID 2640819 05/14

Printed on paper containing 75% recycled fibre content minimum

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British Railways Board is a statutory corporation created by the Transport Act 1962.

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MEMBERS

Chairman	P Collins (appointed 3 October 2013) T A Jenner (resigned 29 September 2013)
Members	P C Trewin (resigned 29 September 2013) S Baker (appointed 3 October 2013) J Hotchkiss (appointed 3 October 2013)
Registered Office	One Kemble Street London WC2B 4AN
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

CHAIRMAN'S STATEMENT

I have pleasure in presenting the financial report and audited consolidated financial statements for the period ending 29 September 2013, within which are incorporated the results of the British Railways Board's (BRB, the 'Board') wholly owned subsidiary BRB (Residuary) Ltd (BRBR, the 'Company'). In preparation for the abolition of BRBR, the ownership of the Company was transferred from the Secretary of State for Transport to the British Railways Board (BRB) on 1 April 2013. BRBR was then abolished on 30 September 2013 and its ongoing activities transferred to a number of successor bodies. The results for BRBR described herein reflect a very successful final six months of operations for the Company, which in turn reflects the professionalism and dedication of the Directors and staff of BRBR in the months leading up to abolition. I would like to thank the Directors and staff of BRBR for their dedication.

During the reporting period BRB has continued to hold the French law benefits and obligations of the Channel Tunnel Rail Usage Contract (CTRUC) on trust for the Secretary of State. Following the abolition of BRBR, the safeguarding and management of those benefits and obligations will remain the sole purpose of BRB.

Having recently been appointed as Chairman of BRB, I would like to place on record my thanks, and that of the Secretary of State, to the outgoing Chairman of BRB Terence Jenner OBE and to Peter Trewin who has also stepped down from the Board of BRB. Both Terence and Peter have provided many years of invaluable service to the railway industry in general and to BRB and BRBR in particular. Their experience and knowledge will be greatly missed.

Paul Collins
Chairman
13 March 2014

INTRODUCTION TO THE FINANCIAL STATEMENTS

BRB and BRBR

BRB was created on 1 January 1963 to inherit the railway responsibilities of the British Transport Commission. During the 1990s BRB oversaw the privatisation of rail operations in Great Britain. As part of the privatisation process, BRB's functions in respect of passenger rail franchising were transferred to the Strategic Rail Authority (SRA) in 2001. The majority of the remaining property, rights and obligations of BRB were transferred to BRBR, a limited company wholly owned by the SRA created specifically for that purpose. Those responsibilities included the management of a diverse property portfolio and the settlement of industrial injury claims submitted by former British Railways employees. On abolition of the SRA in 2006, BRBR became a wholly owned subsidiary of the Secretary of State for Transport. As noted in the Chairman's Statement, BRBR became a wholly owned subsidiary of BRB on 1 April 2013. BRBR was included within the Public Bodies Act as a body to be abolished. The abolition of BRBR was completed on 30 September 2013.

Channel Tunnel Usage Contract

In 1987 BRB and the French national railway (SNCF) entered into a joint long-term usage contract (Channel Tunnel Usage Agreement) (also referred to as the Railway Usage Contract or RUC) with Eurotunnel. This contract, which defines the arrangements for the operation of both rail passenger and rail freight services through the channel tunnel, runs to 2052.

The UK Government's responsibilities with respect to the channel tunnel are principally derived from BRB's continuing obligations as a formal signatory to the RUC, and from supplementary agreements to the RUC that were implemented to enable the privatisation of BRB's international freight and passenger businesses. BRB's property rights, contractual and financial obligations under English law and agreements specifically relating to BRB's channel freight services were transferred to the Strategic Rail Authority in 2001, and subsequently transferred to the Secretary of State for Transport (SoS) in August 2005. BRB continues to hold the French law benefits and obligations of the RUC on trust for the SoS. The UK Government confirmed in a Minute laid before Parliament in June 1996 that it would make available adequate funds to meet any financial liabilities arising from BRB's continuing responsibilities for the RUC, and ancillary and related agreements. The detailed risk management procedures are disclosed in note 20.

Future / Dissolution of the Board

The Board, under the provisions of the Transport Act 2000, will remain a statutory corporation until such time as the Secretary of State, after consulting the Board, considers it no longer necessary for the Board to exist. At that time he shall, by Statutory Instrument, provide for its dissolution.

External Auditors

The external audit of the Financial Report and Accounts for the period ended 29 September 2013 has been undertaken by PricewaterhouseCoopers LLP in accordance with the contractual arrangements established in January 2011.

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

The Accounts Direction from the Secretary of State requires the Board to prepare accounts for the period from 1 April 2013 until the date of abolition of BRBR in compliance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The Accounts Direction also requires the Board to prepare accounts so as to give a true and fair view of the state of affairs of the Board at the date of abolition of BRBR. See note 2.1 for more information.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Board's transactions and disclose with reasonable accuracy at any time the financial position of the Board 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 Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Board is aware, there is no relevant audit information of which the Board's auditors are unaware. The Members have taken all the steps that ought to have been taken as Members to ensure that they are aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

Paul Collins
Chairman
13 March 2014

MEMBERS' REPORT

OPERATING REVIEW

Business Overview

The Board of BRB is responsible for the safeguarding and management of BRB's remaining obligations relating to the CTRUC. As noted earlier, the rights and obligations associated with CTRUC under English law were transferred to the Secretary of State for Transport in 2005. It is only the French law benefits and obligations associated with CTRUC which continue to be held by BRB on trust for the Secretary of State. The Board of BRB has continued to act as steward of these benefits and obligations throughout the reporting period and will continue to do so for the foreseeable future.

In preparation for the abolition of BRBR, the Company was transferred to BRB from 1 April 2013. The remainder of this Operating Review deals with the activities of BRBR during the reporting period.

BRBR discharged a range of legacy responsibilities inherited from the BRB. The Company's primary objective was to discharge these legacy responsibilities as soon as practicable consistent with achieving best value for money.

The responsibilities inherited included:

- The management of a diverse property portfolio which had four components:
  - The Non Operational Property Estate – comprising 30 geographically dispersed sites of mixed use, mostly acquired in the 19th century to facilitate railway construction;
  - The Operational Property Estate – a small number of sites held at the direction of DfT pending confirmation of future transport use;
  - The Administrative Office Estate – which comprised 0.9m sqft of office space.
  - The Burdensome Estate – which was made up of approximately 4000 bridges, tunnels, viaducts and other structures located throughout England, Scotland, and Wales which no longer formed part of the operational railway but which still needed to be repaired and maintained;
- The management of industrial injury claims submitted by former BR employees; and
- The management of a portfolio of inherited finance leases.

MEMBERS' REPORT (continued)

Non Operational Estate

As at 29 September 2013 some 30 non-operational sites formed the Company's non-operational estate. These sites have a book value as at 29 September 2013 of £12.1million of which £1.4m is classified as investment property held for sale within current assets and the remainder is classified as investment property under non-current assets.

The Company disposes of land in accordance with the published guidance from DfT. Sites with a realistic prospect of rail or other transport use in the foreseeable future are retained or sold for those purposes. Of the 30 sites which make up the estate as at 29 September 2013, the majority have been released for disposal.

In respect of those properties released for disposal, the Company's policy was to act as quickly as is consistent with deriving best value for the taxpayer. During the reporting period BRBR sold 38 sites and generated sales proceeds of £14.2 million.

Rental and advertising income from non-operational property totalled £0.8 million.

On abolition the sites within the Non Operational Estate were transferred to a number of successor bodies including the Department for Transport, Network Rail and London & Continental Railways (LCR).

Operational Estate

The operational estate consists of 6 assets held in the main at the direction of DfT pending confirmation of future transport use. As at 29 September 2013, these sites have a book value of £136.1 million and are classified as investment property under non-current assets.

On abolition, the assets within the Operational Estate were transferred to successor bodies as follows:

- Glasgow Eastfield depot – to Network Rail
- Leeds Hunslet sidings – to Network Rail
- Old Dalby test track – to Network Rail
- Temple Mills bus depot – to the Secretary of State
- North Pole International Depot – to the Secretary of State
- Waterloo International Terminal – to the Secretary of State

MEMBERS' REPORT (continued)

Administrative Office Estate (AOE or Admin offices)

Up to the date of abolition the Company continued to hold some 0.9 million square feet of office space in administrative buildings, with the space being sub-leased to a range of commercial and government tenants. These sites have a book value as at 29 September 2013 of £64.3 million of which is all classified as investment property under non-current assets. The occupancy rate has remained stable at around the 74% mark over the period, reflecting the Company's strategy of maximising the rental income from the properties. On abolition, the AOE was transferred to LCR.

Burdensome Estate

The Company had responsibility for the maintenance of approximately 4000 structures such as bridges, tunnels and viaducts on closed branch lines. The Company's policy was to maintain them in safe condition, which cost around £7m- £8m a year on average.

The truncated nature of the 2013/14 year reduced significantly the number of projects that were taken through to completion before closure. However, significant schemes that completed included the repair of a 3-span brick lined culvert near to the village of Slapton in Northamptonshire. The culvert, which supports a public highway, had suffered from scour and spalling to the lining, and the headwalls required pinning back. The work, which commenced in 2012, was delayed because of flooding during the winter.

Projects to infill several public road bridges were initiated. Work to infill Workhouse Bridge and Green Lane Bridges was underway as BRB (Residuary) Ltd closed. Both structures, which are located on the former Whitchurch to Buttington Junction in Shropshire, failed to meet the Board's load bearing obligations to Section 117 of the Transport Act 1968. Infilling work also commenced to Workhouse Bridge and Low Reay Bridge on the Cleator to Workington Branch. In this case the County Council was amenable to taking the infilling forward with the Board as a joint venture, sharing the costs equally.

No transfers of structures to Local Authorities were concluded before the end of September 2013. However 6 bridges had been identified for transfer during 2013/14 including Ddol Railway and Sarn Mill Bridges on the Mold to Denbigh Railway to Flintshire County Council. In some cases the Councils wished to remove or infill the bridges before transfer and where appropriate this was agreed.

On abolition, the Burdensome Estate transferred to the Secretary of State for Transport, with day to day management of the estate being undertaken by the Highways Agency on the Secretary of State's behalf.

Claims Management

As a major employer for nearly half a century (with up to three-quarters of a million employees at one time) and as an operator of trains, ships and hotels for most of that time, the BRB on privatisation retained responsibility in the great majority of cases for industrial injuries and employment and environment-related claims resulting from its activities during that period. In some instances claims do not arise until many years after the relevant employment ceases (e.g. medical conditions may not develop until much later).

MEMBERS' REPORT (continued)

Claims Management (continued)

As at 29 September 2013, 1,127 disease and injury claims were still outstanding against the Company, including 106 mesothelioma claims, 66 asbestosis claims, 17 pleural plaque claims, 19 pleural thickening claims, 34 vibration white finger claims, 1 carpal tunnel syndrome claim, 1 personal injury claim, and 881 industrial deafness claims. The value of the provision for employee related claims as at 29 September 2013 was £247.0 million.

The Company's policy with regard to the handling of these claims was to settle them expeditiously where legal liability rested with the Company. During the period some £8.3 million was paid out in settlement of such claims, and the average time required to settle a claim was 1.4 years.

Legal responsibility for the management and settlement of ill health claims transferred to the Secretary of State for Transport on abolition of BRBR.

Other Activities

The Company also managed a declining number of leasing liabilities inherited from BRB. The leasing liabilities relate to rolling stock assets. All the remaining leases have been sub-leased to a successor business meaning the entire liability is recoverable from this successor business. The day to day management of the leases has been outsourced to Lease Portfolio Management (LPM).

The Company also dealt with intellectual property issues arising from its predecessors including those in relation to the use of computer software applications in the industry following privatisation. On abolition of BRBR, responsibility for these matters passed to the Secretary of State for Transport.

Safety

The Board of the BRBR continued to place particular emphasis on ensuring that its safety responsibilities arising out of the maintenance of the estate were understood and met. The Company's Safety Committee, which was a committee of the Board, was responsible for reviewing and ensuring BRBR's compliance with safety legislation and regulations. The safety committee was chaired by Peter Trewin up to the date of abolition.

FINANCIAL REVIEW

Operating Performance

Turnover (excluding property sales) for the period ended 29 September 2013 totalled £8.7m, which in the main reflected rental income from the current property portfolio. A revaluation of the property portfolio took place during the period and a £8.8m increase has been recognised. Property sales were ahead of expectations and totalled £15.1m. The profit on property sales totalled £4.7m.

The operating expenditure reported in the period totalled £11.9m. The reported financial result for the period was a profit on ordinary activities before tax of £10.6m.

Taxation

BRBR's commercial property activities, which included the Non Operational, Administrative and Burdensome Estates, fell within the charge to UK Corporation Tax. The statutory activities of BRBR, those which related to obligations to former employees of BRB and the warranties and indemnities inherited from BRB, were not taxable. Deferred tax was provided under IFRS. This arose primarily from the excess of carrying book value of investment property over the tax base of assets.

Since the creation of BRBR in 2001, the Company generated sizeable tax losses as the costs associated with managing the commercial property activities exceeded the income generated from those activities and property sales. Tax losses which have not been utilised at the balance sheet date may be transferred to successor bodies to offset against taxable profits of future periods as generated by those successor bodies under the BRBR Tax Consequence Order 2013, subject to agreement with HM Revenue & Customs.

Financing Strategy

The Company was funded through a combination of income earned on property activities and, in the event that property income did not cover BRBR's normal operating costs, grant-in-aid funding or loans from the DfT.

Cash Flow

The Company generated a net cash inflow in the period of £5.5m. The cash balance of the BRB Group at the end of the period stands at £8.0m.

Business Risks

The Company faced a number of specific risks in addition to the risks associated with the general commercial environment within which the Company operated. The specific risks were captured in a corporate risk register, together with appropriate mitigation strategies. The risk register was updated regularly and was subject to scrutiny by Internal Audit and the Board.

STATEMENT ON INTERNAL CONTROL

BRB

The majority of BRB's original rights and obligations under the CTRUC were delegated permanently to BRB delegates through English law Back-to-Back Agreements. However, as noted earlier BRB continues to hold the French law benefits and obligations of the CTRUC on trust for the Secretary of State for Transport. As part of their stewardship duty, Board Members undertake periodically a review of the effectiveness and robustness of the current contractual arrangements. The latest stewardship report was submitted to the Secretary of State in September 2013 and no issues were raised.

BRBR

The system of internal control operated by BRBR up to the date of abolition was designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve the aims and objectives of the Company. The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board's objectives, and to manage them efficiently, effectively and economically to an acceptable level of exposure.

The Company's approach to risk management was set out in its Risk Management Framework (RMF). The RMF confirmed the Company's appetite for risk and described the role of the Finance Director who championed the cause of risk management at the Board, the Audit Committee and the Management Committee. The senior management team had primary responsibility for acting in accordance with the RMF so as to deliver the Board's policy on risk and internal control. The Company's approach to risk management was subject to audit by the Audit & Risk Assurance team within the DfT. The Company's system of internal control was operational throughout the reporting period.

Paul Collins
Chairman
13 March 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRITISH RAILWAYS BOARD

We have audited the Group and Board financial statements (the "financial statements") of British Railways Board for the period ended 29 September 2013 which comprise the Group Income Statement, the Group and Board Statements of Comprehensive Income, the Group and Board Balance Sheets, the Group and Board Statements of Changes in Equity, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of board members and auditors

As explained more fully in the Statement of board members' responsibilities set out on page 6, the members 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 and 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 Board's members as a body in accordance with Section 24 of the Transport Act 1962 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.

Scope of the audit of the financial statements

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 Group's and Board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board members; and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the financial report 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Board's affairs as at 29 September 2013 and of the Group's profit and cash flows for the period then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union; and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRITISH RAILWAYS BOARD (continued)

Opinion on financial statements (continued)

- have been prepared in accordance with the Accounts Direction given by the Secretary of State for Transport.

Emphasis of matter- abolition of BRBR / estimation uncertainty

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in respect of the following two matters:

- in notes 1 and 2.1 to the financial statements concerning the basis of preparation and the abolition of the Board's subsidiary company, BRB (Residuary) Ltd (BRBR). BRBR was included within the Public Bodies Act as a body to be abolished. The abolition was completed on 30 September 2013.

- in notes 2.1 and 18 (b) to the financial statements concerning the uncertainties inherent in the provision for employee claims. As set out in these notes, the employee provision is subject to a significant amount of estimation uncertainty. This relates to both the quantum and quantity of future claims, with the result that the eventual liability may vary significantly from that currently provided for.

Sarah Isted (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

March 2014

GROUP INCOME STATEMENT

	Note	Group Period ended 29 September 2013 £m	Year ended 31 March 2013 £m
Revenue	3	8.7	-
Operating costs	4	(11.9)	-
Operating loss		**(3.2)**	**-**
Gain on revaluation of investment property	9 & 10	8.8	-
Profit on sale of investment property	6	4.7	-
Net finance income	7	0.3	-
Profit before tax		**10.6**	**-**
Income tax credit	17	0.5	-
Profit for the period/year		**11.1**	**-**

STATEMENTS OF COMPREHENSIVE INCOME

	Group		Board	
	Period ended 29 September 2013 £m	Year Ended 31 March 2013 £m	Period ended 29 September 2013 £m	Year Ended 31 March 2013 £m
Profit for the period/year	11.1	-	-	-
Total comprehensive income for the period/year attributable to equity owners	11.1	-	-	-

GROUP BALANCE SHEET

	Note	Group 29 Sep 2013 £m	Group 31 Mar 2013 £m
Assets			
Non-current assets			
Investment property	9	211.1	-
Property, plant and equipment	8	0.2	-
Trade and other receivables	13	20.3	-
		231.6	-
Current assets			
Trade and other receivables	13	9.8	-
Investment property held for sale	10	1.4	-
Cash and cash equivalents	14	8.0	-
		19.2	-
Total assets		**250.8**	**-**
Equity			
Accumulated losses		(91.4)	-
Total equity		**(91.4)**	**-**
Liabilities			
Non- current liabilities			
Borrowings	16	20.3	-
Deferred income tax liabilities	17	2.2	-
Provisions for other liabilities and charges	18	270.5	-
		293.0	-
Current liabilities			
Trade and other payables	15	19.2	-
Provisions for other liabilities and charges	18	30.0	-
		49.2	-
Total liabilities		**342.2**	**-**
Total equity and liabilities		**250.8**	**-**

The notes on pages 20 to 41 are an integral part of these financial statements

The financial statements on pages 15 to 41 were approved by the board of members on 13 March 2014 and were signed on its behalf by:

Chairman……………………...

P Collins

BOARD BALANCE SHEET BRB

	Note	29 Sep 2013 £	31 Mar 2013 £
Assets			
Non- current assets			
Investment in subsidiaries	11	1	-
		1	-
Total assets		**1**	**-**
Equity			
Capital reserve		1	-
Total equity		**1**	**-**
Total equity and liabilities		**1**	**-**

Chairman…………………………

P Collins
13 March 2014

STATEMENTS OF CHANGES IN EQUITY

Group	Accumulated losses £m
Balance as at 1 April 2013	**-**
Acquisition of BRBR (see note below)	(106.4)
Profit for the period and total comprehensive income	11.1
Capital introduced by Parent	3.9
Balance as at 29 September 2013	**(91.4)**

Board	Capital reserve £
Balance as at 1 April 2013	-
Capital introduced by Parent	1
Balance as at 29 September 2013	**1**

Note:

BRBR was acquired at the beginning of 1 April 2013. This has been deemed to constitute a business combination between entities under common control (ultimately the Secretary of State for Transport) and has been accounted for under the concept of 'predecessor accounting' whereby the acquiring entity recognises the assets and liabilities at the values previously held in the predecessor's accounts (BRBR's). A difference has resulted between the aggregate book value of the assets and liabilities as at the point of the transaction (-£106.4m) and the consideration given (which was nil).

STATEMENTS OF CASH FLOWS

	Notes	Group 29 Sep 2013 £m	Group 31 Mar 2013 £m
Cash flows from operating activities			
Cash used in operations	19	(11.5)	-
Interest received	7	0.6	-
Net cash used in operating activities		(10.9)	-
Cash flows from investing activities			
Investment property- capital additions	9 &10	(0.8)	-
Investment property- sales		14.3	-
Net cash generated from investing activities		13.5	-
Cash flows from financing activities			
Capital introduced by parent undertaking		3.9	-
Cash and cash equivalents from acquisition of BRBR		2.5	
Repayments of borrowings		(1.0)	-
Net cash generated from financing activities		5.4	-
Net increase in cash and cash equivalents		**8.0**	**-**
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of period/year	14	**8.0**	**-**

Note: The board had no cash movements during the period

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

BRB was created on 1 January 1963 to inherit the railway responsibilities of the British Transport Commission. During the 1990s BRB oversaw the privatisation of rail operations in Great Britain. As part of the privatisation process, BRB's functions in respect of passenger rail franchising were transferred to the Strategic Rail Authority (SRA) in 2001. The majority of the remaining property, rights and obligations of BRB were transferred to BRBR, a limited company wholly owned by the SRA created specifically for that purpose. Those responsibilities included the management of a diverse property portfolio and the settlement of industrial injury claims submitted by former British Railways employees. On abolition of the SRA in 2006, BRBR became a wholly owned subsidiary of the Secretary of State for Transport. As noted in the Chairman's Statement, BRBR became a wholly owned subsidiary of BRB on 1 April 2013.

BRBR was included within the Public Bodies Act as a body to be abolished. The abolition of BRBR was completed on 30 September 2013. The disposal of the entire business of BRBR immediately after the reporting date represents a single disposal group for the purpose of IFRS 5; non-current assets held for sale and discontinued operations.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations, and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and financial assets and financial liabilities at fair value through profit or loss.

These financial statements have been prepared up to 29 September 2013 rather than the actual date of abolition of BRBR (30 September 2013). This reflects an interpretation of the Accounts Direction and has been done to ensure that the balance sheet contains the final assets and liabilities to be transferred, as intended by the Secretary of State, rather than a nil balance sheet.

It is expected BRB will continue as a going concern but with a nil balance sheet and will not be required to produce financial statements. These financial statements have therefore been prepared on a going concern basis.

New standards effective and applied in these financial statements

There are no new EU adopted standards, interpretations and amendments to standards effective for the period ended 29 September 2013 that apply to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

New standards effective and applied in these financial statements

The following new EU adopted standards, amendments to standards and interpretations were not effective for the period ended 29 September 2013, and have not been applied in preparing these financial statements. Their adoption is not expected to have a material effect on the financial statements.

IFRS 9	*Financial Instruments*
Investment entities	*(Amendments to IFRS 10, IFRS 12 and IAS 27)*
Transition guidance	*(Amendments to IFRS 10, IFRS 11 and IFRS 12)*

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from the other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements and estimates that the members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements are in respect of the Group's provisions for other liabilities and charges.

As highlighted in note 18 (b), the employee provision is subject to a significant amount of estimation uncertainty. This relates to both the quantum and quantity of future claims, with the result that the eventual liability may vary significantly from that currently provided for. The provision booked represents management's best estimate at this stage.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They cease to be consolidated from the date on which control ceases.

The only assets and liabilities reflected in the Board balance sheet is the £1 investment in BRB. Where balances are nil for the purpose of the Board balance sheet detailed notes have not been disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

2.2 Consolidation (continued)

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the asset given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities are recognised and recorded as goodwill.

Intercompany transactions, balances and unrealised gains on transactions between subsidiaries are eliminated in full.

2.3 Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pounds Sterling, which is the Group's functional currency.

2.4 Financial instruments

Financial assets and financial liabilities are recognised on the Group’s balance sheet when the Company or a subsidiary becomes a party to the contractual provisions of the instruments.

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

b) Trade receivables and other receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

c) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

2.5 Property, plant and equipment

Property, plant and equipment includes IT equipment and servers.

Assets are carried at cost less accumulated depreciation and accumulated impairment losses, and are reviewed for indications of impairment at each reporting date. Depreciation of these assets is charged to income statement. Depreciation is charged to operating expenses over their estimated useful lives, using the straight line method. The management considers the straight line method to be appropriate as the assets are of low value and the consumption of economic benefit is evenly spread over their estimated lives.

Gains and losses on disposal of property, plant and equipment are taken to the Income Statement. Repairs and maintenance are charged to the Income Statement when the expenditure is incurred.

2.6 Investment property

The Group's investment property portfolio comprises Administrative Buildings and Non-Operational Property. Investment properties are held at fair value and revalued annually. The surplus or deficit on revaluation is reported in the Income Statement. No depreciation is provided in respect of investment property.

Administrative Buildings

Office buildings are revalued annually on an individual property basis to current open market value, assuming existing use, by professional external surveyors. Where properties are revalued the charges are taken to the Income Statement.

Non-operational property

Non-operational property is carried at estimated market value, and is revalued annually on an open market basis by professional surveyors.

Valuations are performed as of the financial position date by either internal director valuation or professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for carrying amounts in the financial statements.

Where properties are revalued, the charges are taken to the Income Statement. Income from disposals is accounted for at the date of sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

2.7 Investment property held for sale

Under directions and guidance from the DfT, BRB (Residuary) Ltd operates a process to consider the likely usefulness of land for transport purposes before releasing it for sale. Properties are classified as 'Investment property held for sale' once they are released, ready for sale and expected to be sold in the next year as per IFRS 5. All other properties are held as investment property pending a decision about its future use.

2.8 Burdensome structures

Burdensome structures by their nature are not easily disposed of and consequently BRB Residuary Limited has decided that the most economical way to manage these structures is to maintain them to current safety standards and dispose of them when and if an appropriate opportunity arises. Expenditure on these structures is charged to the Income Statement as incurred.

2.9 Pensions

BRB has no employees and does not have a pension scheme. BRB (Residuary) Ltd participates in 2 pension schemes which are as follows:

The BR Shared Cost Section of the Railway Pension Scheme is a defined benefit scheme. BRB (Residuary) Ltd is accounting for the pension contributions as if the scheme were a defined contribution scheme as it is not possible to separately identify the assets and liabilities in the scheme. Therefore, as required by IAS 19, the contributions are charged directly to the Income Statement.

The last actuarial review for funding purposes was carried out as at 31 December 2010 by independent qualified actuaries Towers Watson. The scheme is open to new members.

The Principal Civil Service Pension Scheme exists for all members of the Civil Service. The scheme is a defined benefit scheme backed by the Government. Within BRB (Residuary) Ltd, the scheme is not open to new members. Again, BRB (Residuary) Ltd is accounting for pension contributions as if the scheme were a defined contribution scheme as it is not possible to separately identify the assets and liabilities in the scheme. Therefore, as required by IAS 19, the contributions are charged directly to the Income Statement.

2.10 Revenue recognition

Revenue represents amounts receivable in respect of property rental income, advertising income and other property and trading activity earned in the normal course of business. Revenue is shown net of VAT and other sales-related taxes.

a) Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

2.10 Revenue recognition (continued)

b) Rental Income

Rental income from investment property that is leased under an operating lease is recognised in the Income Statement on a straight-line basis over the lease term and is included in 'trading income'.

c) Dividend income

Dividend income is recognised when the Group's right to receive payment has been established and is shown as ‘miscellaneous income'.

2.11 Income tax

The tax expense represents the sum of the current tax payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible.
The Group's current tax liability is calculated using the tax rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on the temporary differences that arise when the tax authority recognises and measures assets and liabilities with rules that differ from those in the financial statements. Deferred taxes are calculated under the balance sheet liability method at the rate of tax expected to prevail (subject to the rate being enacted or substantively enacted by that date) when temporary differences reverse. Deferred tax is not discounted.

Deferred tax liabilities are generally recognised for taxable temporary differences, and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Please refer to note 17.

2.12 Provisions

Provisions for legal claims are recognised when; the Group has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

2.13 Government grant

Grants and other contributions received towards the cost of property, plant and equipment are included in trade and other payables as deferred income and released to the Income Statement over the estimated useful economic life of the asset which it relates to.

BRBR has historically received a number of cash injections from DfT. They have been accounted for in accordance with the contractual agreement in place at the time of receipt.

In the period ended 29 September 2013, BRBR Ltd received a £2.6m working capital loan from the DfT. It was repaid on 24 September 2013 with an interest of £11,722 at interest rate of 1.21% p.a. During the period BRBR has also received a capital grant of £3.9m from the DfT. All BRBR bank accounts were closed following the abolition of the Company and the remaining balance of £5.2m was transferred to the DfT.

During the year ended 31 March 2013, BRBR Ltd received £11m from the DfT; £5.25m as grant in aid and a further £5.75m as a loan which was repaid on 29 March 2013. In April 2012, the DfT has provided BRBR with a funding of £3.64m. This was to fund the Waterloo International Terminal's roof works as the station is to be brought back into operational use for domestic rail service by 2014. The roof works were completed during the period ended 29 September 2013, and the surplus funding of £363,865 was returned to the DfT.

2.14 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group has back to back rolling stock leases. The assets and liabilities relating to the leases are included in trade and other receivables and borrowings respectively. There are a number of finance lease liabilities owed to various rolling stock companies, the last of which expires in 2016. Each of the leases is fully recoverable via sub-leases due from Freightliner Limited.

The leases are effectively accounted for as finance leases (see note 16) but due to their back to back nature full disclosure of payables/ receivables etc is not included in the financial statements.

Each lease payment is apportioned between the liability and finance charges so as to produce a constant periodic rate of interest over the lease term. Rental obligations, net of finance charges, are included in borrowings in the balance sheet. The payment profile of the leases due to the rolling stock companies are identical to the amounts due from Freightliner with an identical payment profile.

The Group leases out (as an operating lease) office buildings that it owns. The assets are included in the balance sheet as investment properties. Rental income is recognised in accordance with the rental income accounting policy in note 2.10 (b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Revenue

Trading Income

	Group	
	Period ended 29 Sep 2013 £m	Year ended 31 Mar 2013 £m
Rents and maintenance charges	7.6	-
Miscellaneous income	1.1	-
	8.7	-

4. Operating costs

Analysis of expenditure

	Group	
	Period ended 29 Sep 2013 £m	Year ended 31 March 2013 £m
Employee benefit costs (note 5(d))	1.4	-
Materials, supplies and services	0.8	-
Estate management costs	9.5	-
Impairment charges	0.2	-
Operating expenditure	11.9	-

5. Operating loss

(a) The operating loss for the period is stated after charging:

Property leases and rentals of £5.0m.

Auditors' remuneration and expenses of £0.1m. These fees relate to the audit of the Group and subsidiary financial statements, as well as any reporting requirement under the Whole of Government Accounts process. No other fees were payable to the Company's auditors.

Hire of plant and equipment of £4.2k.

BRB (Residuary) Limited is committed to the maintenance of burdensome structures for an unspecified future period. In the period to 29 September 2013, costs associated with the maintenance and disposal of these structures amounted to £2.4m.

(b) Charitable donations

There were no charitable donations made during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5 Operating loss (continued)

(c) Members

The Board members remuneration was as follows:

	Salary £'000	Termination Payment	Benefits in Kind £'000	Total £'000	Pension Contributions £'000	29 Sep 2013 Total £'000	31 Mar 2013 Total £'000
P C Trewin	64	14	3	81	-	81	-
T A Jenner	33	7	-	40	-	40	-
P Collins	-	-	-	-	-	-	-
S Baker	-	-	-	-	-	-	-
J Hotchkiss	-	-	-	-	-	-	-
	97	21	3	121	-	121	-

(d) Employee benefit costs

	Group	
	29 Sep 2013 £m	31 Mar 2013 £m
Wages and salaries	1.1	-
Social security costs	0.2	-
Salaries: pension costs	0.1	-
	1.4	-

(e) Staff numbers

The average monthly number of staff employed, excluding Board Members was as follows:

	Number employed 29 Sep 2013	Number employed 31 Mar 2013
BRB (Residuary) Ltd	29	-

(f) Key management compensation

Key management includes Members of the Board, the Board of Directors of BRB (Residuary) Ltd and all members of Group Management. The compensation paid or payable to key management for employee services is shown below;

	Period ended 29 Sep 2013 £m	Year ended 31 Mar 2013 £m
Salaries and other short-term employee benefits	0.5	-
Termination benefits	0.3	-
Total	**0.8**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Profit on sale of investment property

	Non-operational estate £m	AOE freehold property £m	29 Sep 2013 Total £m	31 Mar 2013 Total £m
Sales proceeds	14.2	0.9	15.1	-
Carrying value	(9.0)	(0.6)	(9.6)	-
Profit before selling costs	5.2	0.3	5.5	-
Selling costs incurred	(0.7)	(0.1)	(0.8)	-
Profit on disposal of investment property	**4.5**	**0.2**	**4.7**	**-**

7. Net finance expense

	Group 29 Sep 2013 £m	31 Mar 2013 £m
Interest receivable on:		
Leases	0.4	-
Other	0.6	-
Finance income	1.0	-
Interest payable on leases	(0.4)	-
Unwinding of discount on provisions and long term creditors	(0.3)	-
Finance expense	(0.7)	-
Net finance income	0.3	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Property, plant and equipment

	Plant and equipment £m	Group IT equipment £m	Total £m
Cost			
At 1 April 2013	-	-	-
At acquisition of BRBR	0.4	0.2	0.6
As at 29 September 2013	0.4	0.2	0.6
Accumulated depreciation			
At 1 April 2013	-	-	-
At acquisition of BRBR	(0.2)	(0.2)	(0.4)
Depreciation charge	-	-	-
As at 29 September 2013	(0.2)	(0.2)	(0.4)
Net Book Value as at 29 September 2013	0.2	-	0.2

9. Investment property

The Group holds a portfolio of land which was not required for railway operational purposes, and accordingly was retained by British Railways Board during the privatisation process. The land was transferred to BRB (Residuary) Limited under a transfer scheme in accordance with the Railways Act 1993. It is the intention to dispose of this property where there is not a realistic prospect of the property being required for rail or other transport use in the foreseeable future.

	As of 29 Sep 2013 Group £m	As of 31 Mar 2013 Group £m
At 1 April 2013	-	-
At acquisition of BRBR	200.0	-
Additions	0.8	-
Revaluation	8.8	-
Disposals	(0.3)	-
Impairment	(0.2)	-
Transfer to investment property held for resale	2.0	-
Closing Balance	211.1	-

Freehold buildings were valued on 29 September 2013 by either internal director valuation or external qualified chartered surveyors, principally Sanderson Weatherall and Lambert Smith Hampton. It is conducted on an open market existing use basis in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual. When fair value could not be reliably determined, cost model was used (cost less impairment).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Investment property held for sale

As at 29 September 2013, 1 property with a value of £1.4m at current market prices has been treated as investment property held for sale.

These properties are held as current assets pending sale. All other land is held as investment property within non-current assets pending a decision about its future use.

	As of 29 Sep 2013 Group £m	As of 31 Mar 2013 Group £m
At 1 April 2013	-	-
At acquisition of BRBR	12.7	-
Additions	-	-
Revaluation	-	-
Disposals	(9.3)	-
Inter-group transfer	-	-
Transfer to investment property	(2.0)	-
Closing Balance	1.4	-

11. Investments in subsidiaries

The Board has the following significant subsidiary undertakings:

Company Name	Activity	Percentage Owned by British Railways Board
BRB (Residuary) Limited	Trading	100%
British Rail Engineering Limited	Dormant	100%
RFD (Channel Tunnel) Limited	Dormant	100%
British Transport Hotels Limited	Dormant	100%
The Pullman Car Company Limited	Dormant	100%
British Rail Limited	Dormant	100%
British Railways Limited	Dormant	100%
Whittles Properties Trent & Derwent Limited	Trading	100%
Whittles Properties Brunel Limited	Trading	100%
Whittles Properties Crewe Limited	Trading	100%
Whittles Properties Croydon Limited	Trading	100%
Whittles Properties Manchester Limited	Trading	100%

During the period ended 29 September 2013 the following wholly owned subsidiaries have been dissolved.

Company Name	Status	Date dissolved
Whittles Properties Liverpool Limited	Dissolved	20/08/2013

On 18 November 2013, the Group applied for Whittles Properties Crewe Limited to be dissolved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Financial instruments by category

Group 29 September 2013

Assets as per Balance Sheet	**Loans and receivables £m**	**Total £m**
Trade and other receivables (excluding pre-payments)	28.6	28.6
Cash and cash equivalent	8.0	8.0
Total	36.6	36.6

Liabilities as per Balance Sheet	**Financial liabilities measure at amortised cost £m**	**Total £m**
Borrowings	20.3	20.3
Trade and other payables	19.2	19.2
Total	39.5	39.5

Group 31 March 2013

Assets as per Balance Sheet	**Loans and receivables £m**	**Total £m**
Trade and other receivables (excluding pre-payments)	-	-
Cash and cash equivalent	-	-
Total	-	-

Liabilities as per Balance Sheet	**Financial liabilities measured at amortised cost £m**	**Total £m**
Borrowings	-	-
Trade and other payables	-	-
Total	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Trade and other receivables

	Group	
	29 Sep 2013 £m	**31 Mar 2013 £m**
Trade receivables	29.0	-
Less: Provision for impairment of trade receivables	(0.4)	-
Trade receivables- Net	28.6	-
Prepayments	1.5	-
Inter-company receivables	-	-
	30.1	-
Less: Non-current portion of trade receivables	(20.3)	-
Current Portion	9.8	-

Receivables include £18.5m recoverable from successor businesses relating to leasing liabilities. This amount is owed by Freightliner (1995) Limited. Since its privatisation in 1996, Freightliner (1995) Limited has required revenue funding by government grants. As discussed in note 2.14 the Group has a back to back rolling stock lease and the liability portion of the lease is included in borrowings (see note 16). No provision has been made against this debt.

Movements on the provision for impairment of trade receivables are as follows:

	Group	
	29 Sep 2013 £m	**31 Mar 2013 £m**
At 1 April 2013	-	-
At acquisition of BRBR	1.0	-
Provided for	-	-
Released/used	(0.6)	-
At 29 September	0.4	-

14. Cash and cash equivalents

	Group	
	29 Sep 2013 £m	**31 Mar 2013 £m**
Cash at Bank and on Hand	2.9	-
Short-term Deposits	5.1	-
	8.0	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Trade and other payables

	Group	
	29 Sep 2013 £m	31 Mar 2013 £m
Trade payables	6.4	-
Social security and other taxes	0.9	-
Accrued expenses	4.0	-
Deferred income	7.9	-
Total	19.2	-

16. Borrowings

Group	29 Sep 2013 £m	31 Mar 2013 £m
Non-current		
Leasing liabilities	20.3	-
	20.3	-
Current		-
Leasing liabilities	6.4	-
		-
Total borrowings	26.7	-

Repayment of loans and leasing liabilities included above

Group	29 Sep 2013 Leases £m	31 Mar 2013 Leases £m
Due for repayment within one year	6.4	-
Between one and two years	8.3	-
Between two and five years	12.0	-
	26.7	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Income tax

BRB is assessed in accordance with the Taxes Acts.

The income tax (credit) based on the profit for the period is as follows;

	Group	
	29 Sep 2013 £m	**31 Mar 2013 £m**
Deferred tax at 21%	(0.5)	-
Current tax at 23%	-	-
Income tax credit for the period/year	(0.5)	-

Deferred tax reflects the basis that will apply post-transfer to the recipient organisations. Therefore, it is not recognised for assets and liabilities transferring to the Department for Transport, which has Crown exemption from corporation tax and does not need to account for deferred tax, or for tax losses transferring to LCR which does not recognise losses due to uncertainty over timing of utilisation. The Company and Group income tax expenses, and balance sheet liabilities, are £17.1m lower as a consequence of this.

The income tax credit for the period/year can be reconciled to the profit per the Income Statement as follows:

	Group	
	29 Sep 2013 £m	**31 Mar 2013 £m**
Profit before taxation	10.6	-
Tax at the UK corporation tax rate of 23%	2.4	-
Non-deductible expenses	0.1	-
Taxable temporary differences	(2.8)	-
Group relief surrendered for no payment	-	-
Prior year adjustment	-	-
Change in tax rate	(0.2)	-
Income tax credit for the period/year	(0.5)	-

The deferred tax liabilities/ (assets) recognised at the current and prior balance sheet dates, and the movement thereon during the period/year, are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Income tax (continued)

	Investment property	Investment property held for sale	Onerous lease provision	Tax Losses	Total
Group	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2013	-	-	-	-	-
At acquisition of BRBR	6.7	0.1	(4.1)	-	2.7
Charge / (credit) to income	(1.8)	-	1.3	-	(0.5)
At 29 September 2013	4.9	0.1	(2.8)	-	2.2

18. Provisions for other liabilities and charges

Group	Property £m	Employee £m	Business Sales & Other £m	Redundancy £m	Total £m
At 1 April 2013	-	-	-	-	-
At acquisition of BRBR	52.0	255.0	1.2	1.6	309.8
(Credited)/ charged to the Income Statement	(1.3)	-	(0.1)	-	(1.4)
Unwinding discount	(0.1)	0.3	-	-	0.2
Revised discount rate	1.7	-	-	-	1.7
Used during the period	(1.0)	(8.3)	-	(0.5)	(9.8)
As at 29 September 2013	51.3	247.0	1.1	1.1	300.5

Group	Property £m	Employee £m	Business Sales and Other £m	Redundancy £m	Total £m
As at 1 April 2012	-	-	-	-	-
(Credited)/ charged to the Income Statement	-	-	-	-	-
Unwinding discount	-	-	-	-	-
Revised discount rate	-	-	-	-	-
Used during the period	-	-	-	-	-
As at 31 March 2013	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Provisions for other liabilities and charges (continued)

Analysis of total provisions:

Group	**29 Sep 2013 £m**	**31 Mar 2013 £m**
Non-current	270.5	-
Current	30.0	-
	300.5	-

(a) Property

The property portfolio, which has been inherited from the British Railways Board by BRB (Residuary) Limited, includes a leased administration building with on-going contractual liabilities expiring in 2098. The Group also has a property with an onerous lease expiring in 2052. Forecast cash flows have been produced for both of these buildings based on external valuations and discounted using appropriate Government gilt rates in line with IAS 37. Factors considered include the outcome of rent reviews, refurbishment costs, dilapidations and, in particular, the ability to sub-let these properties. No provision is made for management expenses and day to day administration costs. The movement in discount rate reflects changes in gilt rates during the period.

(b) Employee

The employee provision relates to industrial injury and disease claims arising from the British Railways Board's large employee base both prior to and subsequent to privatisation and for which indemnities were given to the majority of sold businesses which have been inherited by BRB (Residuary) Limited. The diseases concerned include asbestosis, mesothelioma, pleural plaques, deafness and vibration white finger. The provision is based on forecasts of future cash flows, based on the model produced by the Institute of Actuaries Asbestos Working Group and discounted at a rate of 4%. Claims are forecast to be received until at least 2040 and, based on recent evidence, possibly until 2050.

The employee provision is subject to a significant amount of estimation uncertainty. This relates to both the quantum and quantity of future claims, with the result that the eventual liability may vary significantly from that currently provided for. The provision booked represents management's best estimate at this stage.

(c) Business sales and other

The provision for business sales and other includes commitments made to the purchasers of the former British Railways Board businesses under warranties and indemnities agreed during the sale process, public liability claims relating to periods prior to privatisation and claims under the British Railways Board's central insurance fund. The provision has been discounted using appropriate Government gilt rates in line with IAS 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Provisions for other liabilities and charges (continued)

(d) Redundancy

The redundancy provision relates to the contraction of the activity formerly undertaken by the British Railways Board and the outsourcing of property estate management. The redundancy provision also includes provision inherited from the Strategic Rail Authority (SRA).

19. Cash flows from operating activities

	Group	
Cash used in operating activities	**29 Sep 2013 £m**	**31 Mar 2013 £m**
Trading income	8.7	-
Operating expenditure	(11.9)	-
Less: amortisation (non-cash)	0.2	
Less: unwinding discount (non-cash)	0.2	
Provisions	(9.8)	-
Changes in workings capital		-
- Trade and other receivables	4.6	-
- Trade and other payables	(3.5)	-
Cash used in operating activities	(11.5)	-

20. Risk management

In 1987 BRB and the French national railway (SNCF) entered into a joint long-term usage contract (Channel Tunnel Usage Agreement) (also referred to as the Railway Usage Contract or RUC) with Eurotunnel. This contract, which defines the arrangements for the operation of both rail passenger and rail freight services through the channel tunnel, runs to 2052.

The UK Government's responsibilities with respect to the channel tunnel are principally derived from BRB's continuing obligations as a formal signatory to the RUC, and from supplementary agreements to the RUC that were implemented to enable the privatisation of BRB's international freight and passenger businesses. BRB's property rights, contractual and financial obligations under English law and agreements specifically relating to BRB's channel freight services were transferred to the Strategic Rail Authority in 2001, and subsequently transferred to the Secretary of State for Transport (SoS) in August 2005.

BRB continues to hold the French law benefits and obligations of the RUC on trust for the SoS. The UK Government confirmed in a Minute laid before Parliament in June 1996 that it would make available adequate funds to meet any financial liabilities arising from BRB's continuing responsibilities for the RUC, and ancillary and related agreements. As part of their stewardship duty, Board Members undertake periodically a review of the effectiveness and robustness of the current contractual arrangements. The latest stewardship report was submitted to the Secretary of State in September 2013 and no issues were raised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Commitments

(a) Operating lease commitments- Group as lessee

The Group pays head rent on several office premises under non-cancellable operating lease agreements.

As discussed in note 18 the Group's property portfolio includes a number of leased administration buildings with on-going contractual liabilities expiring at various dates between 2013 and 2098. The Group has adopted a net basis of presentation in respect of these leases and the net liabilities arising from these arrangements, being akin to onerous contract provisions, have been included in provisions for other liabilities and charges.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows;

	29 Sep 2013 £m	31 Mar 2013 £m
Due for repayment within 1 year	2.1	-
Between 1 and 2 years	2.1	-
Between 2 and 5 years	6.5	-
In 5 years or more	564.3	-
Total	575.0	-

(b) Operating lease commitments- Group as lessor

The Group receives rental income on several office premises under non-cancellable operating lease agreements.

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows;

	29 Sep 2013 £m	31 Mar 2013 £m
Due to be received within 1 year	8.1	-
Between 1 and 2 years	7.8	-
Between 2 and 5 years	18.6	-
In 5 years or more	26.5	-
Total	61.0	-

22. Related party transactions

The following transactions were carried out with related parties:

(a) Sale of goods & services

BRB (Residuary) Ltd is the parent company of Whittles Properties Trent & Derwent Ltd, Whittles Properties Brunel Ltd, Whittles Properties Crewe Ltd, Whittles Properties Croydon Ltd, and Whittles Properties Manchester Ltd (Whittles entities).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Related party transactions (continued)

(a) Sale of goods & services (continued)

The Whittles entities each hold investment properties, BRB (Residuary) Ltd acted as an agent for those entities, by collecting rents and paying expenses on their behalf. In return, BRB (Residuary) Ltd received management fees. During the period ended 29 September 2013, BRB (Residuary) Ltd received a total management fee of £19k from these entities.

(b) Key management compensation

The British Railways Board is the parent of BRB (Residuary) Ltd. BRB (Residuary) Ltd is the parent company of Whittles Properties Trent & Derwent Ltd, Whittles Properties Brunel Ltd, Whittles Properties Croydon Ltd and Whittles Properties Manchester Ltd, collectively known as the Whittles entities. Terence Jenner and Peter Trewin of the Board are directors of BRB (Residuary) Ltd. Peter Trewin is also a director of the Whittles entities. They are remunerated for their services to the Group by BRB (Residuary) Ltd. BRB does not contribute to this remuneration.

(c) Receipts from ultimate parent organisation

In the period ended 29 September 2013 BRBR received a £2.6m working capital loan from the DfT, the Board's sponsoring department. It was repaid on 24 September 2013 with an interest of £11,722 at interest rate of 1.21% p.a. During the period BRBR has also received a capital grant of £3.9m from the DfT. All BRBR bank accounts were closed following the abolition of the Company and the remaining balance of £5.2m was transferred to the DfT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Contingent liabilities

BRBR gave certain warranties and indemnities in relation to the sale of businesses, most of which are subject to financial caps and time limits, a number of which extend until 2020 or thereabouts. The potential liabilities include personal injuries and environmental damage. These have now all been transferred to the DfT following BRBR's abolition. Where it is probable that these will materialize a provision has been included within the provision for liabilities and charges. The aggregate sum of the financial caps totals £1.3bn after provisions. In addition there are also certain uncapped liabilities. Whilst it is possible that a number of unexpected claims will emerge over time, the Board believes that provision has been made in these financial statements for the amounts likely to be payable. Upon abolition the provisions for liabilities were transferred to the DfT.

In 1987 the British Railways Board (BRB) and the French National Railway (SNCF) entered into a joint long-term usage contract (Channel Tunnel Usage Agreement) (also referred to as the Railway Usage Contract or RUC) with Eurotunnel. This contract, which defines the arrangements for the operation of both rail passenger and rail freight services through the channel tunnel, runs to 2052.

The UK Government's responsibilities with respect to the channel tunnel freight are principally derived from BRB's continuing obligations as a formal signatory to the RUC, and from supplementary agreements to the RUC that were implemented to enable the privatisation of BRB's international freight and passenger businesses.

BRB's property rights, contractual and financial obligations under English law and agreements specifically relating to BRB's channel freight services were legally transferred to the Strategic Rail Authority in 2001, and subsequently transferred to the Secretary of State for Transport (SoS) in August 2005.

BRB Continues to hold the French law benefits and obligations of the RUC on trust for the SoS.

The UK Government confirmed in a Minutes laid before Parliament in June 1996 that it would make available adequate funds to meet any financial liabilities arising from BRB's continuing responsibilities for the RUC, and ancillary and related agreements.

24. Post balance sheet events

BRB (Residuary) Ltd was abolished on 30 September 2013. Its remaining assets and liabilities were transferred to a number of successor bodies, including London & Continental Railways Ltd, the Highways Agency, Network Rail and the Department for Transport. Please refer to the final accounts of BRB (Residuary) Ltd for further details. A copy of it can be obtained from 4th Floor, One Kemble Street, WC2B 4AN.

ACCOUNTS DIRECTION GIVEN BY THE UNITED KINGDOM SECRETARY OF STATE FOR TRANSPORT WITH THE CONSENT OF HER MAJESTY'S TREASURY, IN ACCORDANCE WITH SECTION 24 OF THE TRANSPORT ACT 1962.

1. This direction applies to British Railways Board (BRB)

2. British Railways Board (BRB) shall prepare accounts for the period from 1st April 2013 until the date of abolition of British Railways Residuary Board (BRBR) in compliance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

3. The Accounts shall comprise in respect of the Board and its subsidiaries:

(a) Directors' report
(b) Statement on internal control
(c) Statement of Board Members' responsibilities
(d) Group income statement
(e) Group and Board statements of comprehensive income
(f) Group and Board balance sheets
(g) Group and Board statements of changes in equity
(h) Group and Board statements of cash flows

Including in each case such notes as may be necessary to meet the requirements of paragraphs 2 and 4.

4. The accounts shall be prepared so as to give a true and fair view of the state of affairs of BRB, at the date of the abolition of BRBR, and of the comprehensive income and expenditure, changes in equity and cash flows for the period then ended;

5. Approval of the accounts (Directors Report and Balance Sheet(s)) shall be by signature of any Director of BRB.

6. A copy of this Direction shall be reproduced as an annex to the accounts

7. This direction supercedes the direction dated 16 May 2002.

David Buchan
Group Financial Controller, Department for Transport

18 March 2013
Date

ISBN 978-1-4741-0257-5

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