

EUROTUNNEL FINANCIAL SERVICES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Registration number: 2982116

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Strategic Report

The directors present their Strategic Report for the year ended 31 December 2015.

Review and analysis of the business during the year

During the year, the Company sales decreased slightly due to a change in the behaviour of clients combined with a change in the mix of travel insurance products on offer. The Company aims for the future to increase activity in line with the expected growth in the Passenger Shuttle market.

In 2015, the Eurotunnel Group focused on achieving growth in its Passenger Shuttle revenue, on which the Company's activity of the sale of insurance is based, whilst at all times reaffirming the priority given to safety and service quality.

In 2015, Eurotunnel's Shuttle Services carried more than 2.6 million passenger vehicles.

The cross-Channel Short Straits car market grew by approximately 3% in the first half of 2015 but was badly affected by the migrant crisis in Europe and by the terrorist attacks in Paris and as a result contracted by 3% for the year as a whole. Despite this market contraction, the market share for the car activity increased by one point to 52.6%, a record since operations began.

The Eurotunnel Group has inaugurated two new terminals in the UK and France, which were built as part of the Terminal 2015 project to increase and improve traffic flow and capacity. Business remains dynamic, led by growth in the UK economy and signs of improvement in Europe.

However, Eurotunnel does not limit its view of success to economic performance. It is also committed to the environmental, social and societal dimension of its activity, in particular in terms of security, upholding ethical principles, dialogue with stakeholders, environmental added value, social integration and contribution to local development.

Financial performance during the year

The Company made a profit after taxation for the year of £336,296 (2014: £407,802).

Passenger Shuttle Insurance sales

The Company recorded a slight decrease in turnover of 10% in 2015, due to a change in the mix of clients and the effects of the migrants issue in the underlying Passenger Shuttles business.

Operating costs

The Company's operating costs remained constant in 2015.

Operating margin

The Company's operating margin decreased slightly in 2015 to £421,687, which represents a margin of approximately 50%.

Net finance costs

The Company does not have any significant financing cost as clients pay in advance for their insurance cover.

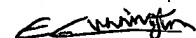
Future developments

The economic recovery in the United Kingdom opens up prospects for Shuttle Services, which will be sustained through investments that aim to increase the availability of rolling stock and have improved the passenger terminals.

Beyond the short or medium term, the Group is preparing, as part of a collaborative long term approach, the 2020 Vision Project which is organised into several working groups in order to bring innovative solutions for this ambitious project, which, in respect of the client passenger market has a traffic objective of 3 million cars per year by 2020, compared with 2.6 million in 2015, and the Company expects to benefit from this by a corresponding increase in the sale of its passenger insurance products.

Main risks and uncertainties

The main risks related to the Company's activity are that revenues are dependent on the evolution of the cross-Channel passenger market, which itself is dependent on factors over which the Company in most cases has no control; it faces strong competition; it must face the risks inherent in the utilisation of the Channel Tunnel infrastructure, such as the risk of terrorism. All, or any one of these risks or other risks not yet identified or currently considered significant, could have an adverse effect on the activities, financial situation or results of the Company.



By order of the Board,
Emma Cunningham
Company Secretary
27 April 2016

UK Terminal,
Ashford Road,
Folkestone,
Kent, CT18 8XX

Directors' Report

The directors have pleasure in submitting their report together with the financial statements for the year ended 31 December 2015.

Principal activities and business review

The Company is authorised and regulated by the Financial Conduct Authority to sell third parties' insurance products, mainly to persons making on-line or telephone bookings for trips on Eurotunnel Passenger Shuttles. The Company acts through its parent company and appointed representative, The Channel Tunnel Group Limited (CTG). During the year, the Company sales decreased slightly due to a change in the behaviour of clients combined with a change in the mix of travel insurance products on offer. The Company aims for the future to increase activity in line with the expected growth in the Passenger Shuttle market.

Results and dividend

The Company made a profit after taxation for the year of £336,296 (2014: £407,802). The results for the year are set out on page 6. The directors will recommend the payment of total dividends in respect of the year of £300,000 (2014: £400,000).

Directors

The directors who served during the year were J. Gounon and J. Willacy.

Neither of the directors had any material interest in any contract in relation to the business of the Company.

Charitable/political donations

Charitable donations of £nil were made during the year (2014: £nil). No political donations were made (2014: £nil).

Directors' third party indemnity provision

All of the directors who held office during the year were covered by a directors and officers liability insurance policy paid for by fellow Eurotunnel Group undertakings. There were no other directors' indemnities in place during the year.

Financial risks

Exchange rate exposure

The Company does not have any exchange rate exposure as substantially all of its income and costs are denominated in UK sterling.

Liquidity risk

The Company does not have any liquidity risk by virtue of its arrangement with its agent and parent company CTG, a fellow Eurotunnel Group undertaking, to provide all necessary finance as and when required.

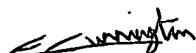
Credit risk

The Company does not have any significant credit risks. Credit risk represents the risk of financial loss to the Company in the event that a customer or other counterparty to a financial transaction fails to honour their contractual obligations. The customers of the Company pay almost exclusively in advance of receiving the insurance services.

Disclosure of information to auditors

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

By order of the Board,



Emma Cunningham
Secretary

27 April 2016

UK Terminal,
Ashford Road,
Folkestone,
Kent, CT18 8XX

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Eurotunnel Financial Services Limited

We have audited the financial statements of Eurotunnel Financial Services Limited for the year ended 31 December 2015 which comprise of the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jonathan Seaman (Senior Statutory Auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
Tower Bridge House
St. Katharine's Way
London E1W 1DD

4 May 2016

Statement of comprehensive income

£	Notes	2015	2014
Revenue	2	919,699	1,021,397
Staff and support services from fellow Eurotunnel group undertakings	3	(494,495)	(494,496)
External operating expenses		(3,517)	(7,408)
Operating profit	5	421,687	519,493
Interest payable to CTG		-	-
Profit for the year before taxation		421,687	519,493
Tax charge	8	(85,391)	(111,691)
Profit after taxation and total comprehensive income for the year		336,296	407,802

The notes on pages 9 to 13 form part of these financial statements.

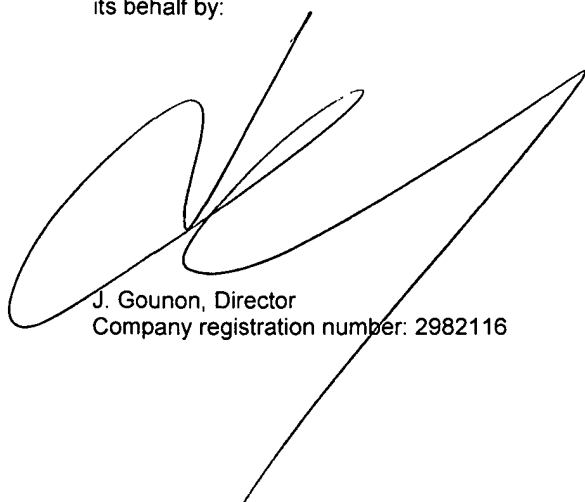
The results in the statement of comprehensive income relate to continuing operations. There are no items of other comprehensive income for either the current or the previous year.

Statement of financial position

£	Notes	31 December 2015	31 December 2014
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	6	164,863	336,425
Amounts due from parent company	11	-	43,150
Total current assets and total assets		164,863	379,575
EQUITY AND LIABILITIES			
Called up share capital	9	10,000	10,000
Retained earnings		105,871	169,575
Total equity		115,871	179,575
Amounts due to parent company	11	48,992	200,000
Total current liabilities		48,992	200,000
Total equity and liabilities		164,863	379,575

The notes on pages 9 to 13 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 17 April 2016 and signed on its behalf by:



J. Gounon, Director
Company registration number: 2982116

Statement of cash flows

£	Notes	2015	2014
Profit for the year		336,296	407,802
Tax charge		85,391	111,691
Operating cash flows before movements in working capital		421,687	519,493
Variation of operating amounts due from/ (to) parent company		6,752	(249,898)
Net cash inflow from operating activities		428,438	269,595
Dividend payments		(600,000)	(150,000)
Net cash outflow from financing activities		(600,000)	(150,000)
(Decrease)/ increase in cash in year		(171,562)	119,595

Statement of changes in equity

£	2015			2014		
	Share capital	Retained earnings	Total	Share capital	Retained earnings	Total
As at 1 January	10,000	169,575	179,575	10,000	111,773	121,773
Profit and total comprehensive income for the year	-	336,296	336,296	-	407,802	407,802
Final dividend in respect of 2012	-	-	-	-	-	-
Interim dividend in respect of 2013	-	-	-	-	-	-
Final dividend in respect of 2013	-	-	-	-	(150,000)	(150,000)
Interim dividend in respect of 2014	-	-	-	-	(200,000)	(200,000)
Final dividend in respect of 2014	-	(200,000)	(200,000)	-	-	-
Interim dividend in respect of 2015	-	(200,000)	(200,000)	-	-	-
As at 31 December	10,000	105,871	115,871	10,000	169,575	179,575

The Company is subject to a minimum eligible capital requirement set by the Financial Services Authority.

Eligible capital items include share capital, subordinated loans and retained earnings. The minimum capital amount for the Company is set at 2.5% of annual sales value, which amounts currently to approximately £26,000.

The Company has at all times satisfied these requirements.

The notes on pages 9 to 13 form part of these financial statements.

Notes to the financial statements

The Company is a limited company registered in England and Wales and its registered office is UK Terminal Ashford Road Folkestone Kent CT18 8XX. The Company is a subsidiary of The Channel Tunnel Group Limited (CTG).

CTG, jointly with France Manche SA (FM) is the operator of a fixed link under the Channel between England and France under a Concession currently expiring in 2086 from the UK and French governments. CTG and FM are both subsidiaries of Groupe Eurotunnel SE (GET SE), a company incorporated in France. GET SE is the immediate and ultimate parent of the Company.

The Company has been authorised and regulated by the Financial Services Authority (now the Financial Conduct Authority) since 2009 and sells a range of third parties' insurance products principally to persons making on-line or telephone bookings for trips on Eurotunnel Passenger Shuttles. The Company acts through its appointed representative CTG.

1. Important events

There have been no major significant events for the Company during 2015.

The Company recorded a slight decrease in turnover of 10% in 2015, due to a change in the behaviour of clients combined with a change in the mix of travel insurance products on offer. The Company aims for the future to increase activity in line with the expected growth in the Passenger Shuttle market.

The Company aims for the future to increase activity in line with the expected growth in the Passenger Shuttle market.

2. Basis of preparation and significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with those International Financial Reporting Standards as adopted by the European Union. IFRS as adopted by the European Union differ in certain aspects from those published by the IASB. Nevertheless, the Company has checked that the financial information for the periods presented would not have been substantially different if they had been prepared in accordance with IFRS as published by the IASB.

No standards, amendments or interpretations published by the IASB with effective dates beginning on or after 1 January 2015 but not yet adopted by the European Union have been applied in anticipation. No significant effect is expected from the future application of these standards.

Basis of preparation and accounting

The financial statements are presented in sterling. They are prepared under the historical cost convention.

The financial statements have been prepared under the assumption that the Company will continue as a going concern.

In assessing whether the going concern assumption is appropriate, management has taken into account all available information, including actual results as at the date of these accounts, and forecast figures in respect of all cash flow, income statement and balance sheet elements for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements.

There were no standards or interpretations published by the IASB and adopted by the European Union that became applicable to the Company on 1 January 2015.

The main texts which may be applicable to the Company that have been published by the IASB but are not yet in force (not adopted by the European Union) are:

- IFRS 15 "Revenue from Contracts with Customers" for accounting periods commencing on or after 1 January 2017 or 1 January 2018.
- Amendments to IAS 1 "Presentation of Financial Statements".

The potential effects of these standards, interpretations and amendments are being examined.

No significant impact resulting from the initial application of these standards interpretations and amendments has been identified.

No other standards, interpretations and amendments to existing standards are applicable to the Company.

Critical accounting judgements and key sources of estimation uncertainty

There are no judgements or estimates made by management in their application of IFRS that could have significant effects on these financial statements.

Significant accounting policies

i. Revenue

Revenue represents the company's commission from UK sales of third party insurance products and is recognised when received from the client. Commission is earned at the inception of the policy, as the insurance has been arranged and placed.

However, if material, provision will be made where commission is refundable in the event of policy cancellation in line with estimated cancellations.

ii. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The income tax charged to the Company arises from a group relief charge, which is the estimated amount relating to the Company arising within the Eurotunnel UK tax group arrangements. An adjustment will be made in future periods if actual agreed tax return amounts are different from this estimate.

3. Staff and support services from fellow Eurotunnel Group undertakings

No staff were employed by the Company during the period (2014: nil).

Costs of time spent by employees, related computer and other administrative support facilities are charged on a pro-rata basis by fellow Eurotunnel Group undertakings, including a reasonable mark-up.

4. Directors' remuneration

Directors are remunerated by fellow Eurotunnel Group undertakings for their duties to the Eurotunnel Group as a whole. The directors received no specific emoluments for the services to the Company during the year (2014 £nil).

The Board is not aware of any contract of significance (other than the service contracts) in relation to the Company or its fellow Eurotunnel Group undertakings in which any director has any material interest.

5. Operating profit

Operating profit is stated excluding audit fees of the current auditors Mazars LLP of £6,701 (2014: £6,701) which were borne by another Group company. Fees during the year for non-audit services provided by the current auditors, Mazars LLP, and their associates, were £nil (2014: £nil).

6. Cash and cash equivalents

£	31 December 2015	31 December 2014
Cash at bank and cash equivalents at start of year	336,425	216,830
(Decrease)/ increase in cash in the year	(171,562)	119,595
Total cash and cash equivalents at end of year	164,863	336,425

7. Financial assets and liabilities

Matrix of class of financial instrument and recognition categories as at 31 December 2015

£		Recognition categories					
Class of financial instrument	Notes	Financial assets at fair value through profit and loss (trading)	Available for sale financial assets	Loans and receivables	Liabilities at amortised cost	Total net carrying value	Fair value
Cash and cash equivalents	6	-	-	164,863	-	164,863	164,863
Total current financial assets		-	-	164,863	-	164,863	164,863
Current financial liabilities							
Amounts due to parent company	11	-	-	-	(48,992)	(48,992)	(48,992)
Total current financial liabilities		-	-	-	(48,992)	(48,992)	(48,992)

Matrix of class of financial instrument and recognition categories as at 31 December 2014

£		Recognition categories					
Class of financial instrument	Notes	Financial assets at fair value through profit and loss (trading)	Available for sale financial assets	Loans and receivables	Liabilities at amortised cost	Total net carrying value	Fair value
Cash and cash equivalents	6	-	-	336,425	-	336,425	336,425
Amounts due from parent company	11	-	-	43,150	-	43,150	43,150
Total current financial assets		-	-	379,575	-	379,575	379,575
Current financial liabilities							
Amounts due to parent company	11	-	-	-	(200,000)	(200,000)	(200,000)
Total current financial liabilities		-	-	-	(200,000)	(200,000)	(200,000)

Loans and receivables are all due within three months in both 2015 and 2014.

8. Taxation

8.1 Income tax expense

£	2015	2014
Current tax expense	85,391	111,691
Deferred tax	-	-
Current tax expense for the year	85,391	111,691

8.2 Factors affecting the tax charge for the year

£	2015	2014
Profit before tax	421,686	519,493
Profit for the year multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	85,391	111,691
Tax expense for the year	85,391	111,691

The UK standard rate of corporation tax was reduced from 21% to 20% from 1 April 2015 (2014: rate reduced from 23% to 21% from 1 April 2014).

The income tax charge arises from a group relief charge, which is the estimated amount payable by the Company within the Eurotunnel UK tax group arrangements.

8.3 Factors affecting future tax charges

The UK standard rate of corporation tax will be reduced from 20% to 19% from 1 April 2017, and will be further reduced from 19% to 17% from 1 April 2020.

The directors of the Company are not aware of any other significant factors likely to affect future tax charges.

No current or deferred tax amounts are provided for due to the Company's arrangement with fellow Eurotunnel Group undertakings incorporated in the United Kingdom, to meet all of the Company's taxation liabilities by the provision of group relief.

9. Share capital

£	31 December 2015	31 December 2014
Allotted, called-up and fully paid: 10,000 ordinary shares of £1 each	10,000	10,000

10. Commitments and contingent liabilities

The Company's parent company CTG and other Eurotunnel Group entities, namely GET SE, FM, Eurotunnel Finance Limited, Eurotunnel Services GIE, Eurotunnel SE, Eurotunnel Services Limited and EurotunnelPlus Limited each jointly and severally guarantee the obligations of FM and CTG in relation to the Term Loan. The Term Loans are the main external debt financing of the Eurotunnel Group, and are included within the financial statements of FM and CTG.

In order to guarantee these obligations, these companies have granted security as described in Groupe Eurotunnel SE's consolidated financial statements.

11. Related party disclosures

The Company's immediate parent undertaking is The Channel Tunnel Group Limited, a company registered in England and Wales.

Costs arising from related parties is analysed as follows:

£	2015	2014
Staff and support services invoiced from CTG	494,496	494,496
Tax charge from CTG	85,391	111,691
Total costs	579,887	606,187

Balances payable in respect of related parties is analysed as follows:

£	2015	2014
Amounts receivable from CTG	-	43,150
Amounts payable to CTG	(48,992)	(200,000)
Total net amounts (payable)/ receivable in relation to related parties	(48,992)	(156,850)

12. Ultimate parent undertaking

The results of the Company are consolidated in Groupe Eurotunnel SE's consolidated accounts, the Company's ultimate parent company and controlling party and a company registered in France. A copy of Groupe Eurotunnel SE's consolidated accounts is available in Groupe Eurotunnel SE's Registration Document available on the Eurotunnel Group's website www.eurotunnelgroup.com.

13. Capital risk management policy

The Company is subject to a minimum capital requirement set by and verified semi-annually by the Financial Conduct Authority. The minimum capital amount for the Company is currently set at 2.5% of annual sales value. Eligible capital items include share capital, subordinated loans and retained earnings. The Company has at all times satisfied these requirements.

The Company manages its capital risks by ensuring that any dividends paid from the Company will allow continued satisfaction of these tests. In the event that a major increase of capital was required for any reason, the Company has an arrangement with fellow members of the Eurotunnel Group to provide any additional capital as and when required.

The Eurotunnel Group has in place a solid long-term capital base, has no significant externally-imposed capital requirements and can meet on an ongoing basis all necessary capital and liquidity requirements of each of its subsidiaries.

Details of the Eurotunnel Group's capital and debt structure, and information about its objectives, policies and processes in respect of the management of all identified risks and uncertainties are set out, including in particular chapter 4 of the Groupe Eurotunnel SE's Registration Document available on the Eurotunnel Group's website www.eurotunnelgroup.com.