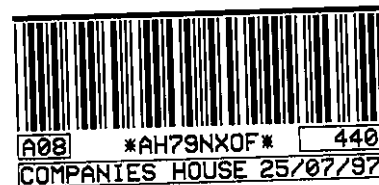


*ATOC Limited*

**DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS**

*Registered Number 3069033*

**31 March 1997**



## ATOC LIMITED

### **DIRECTORS' REPORT**

The Directors submit their report and financial statements for the year which ended on 31 March 1997.

#### *Principal Activity*

The principal activities of the Company during the year were the continued provision of a secretariat for the Association of Train Operating Companies and its associated schemes, companies and structures and the discharge of the role of agent for the various contractual arrangements entered into on behalf of scheme participants.

#### *Business Review*

On the 13 October 1996, control of the Company effectively passed from British Railways Board to the private sector when the thirteenth Train Operating Company was privatised. The last member company to move from the public sector to the private sector did so on the 31 March 1997.

During the year, the Company made a profit of £20,000 (Period from 14 July 1995 to 31 March 1996 : £12,000). The Directors do not recommend the payment of a dividend.

#### *Directors and their Interests*

The Directors of the Company during the year were as follows:

P G Hewett	Resigned 30.10.96
D G Griffin-Smith	Resigned 30.10.96
J C M Gordon	
C J G Tibbits - Chairman*	
A R Fearn	Appointed 21.05.96
R W Urie	Appointed 30.10.96
A D McTavish	Appointed 30.10.96

\* C J G Tibbits was elected Chairman at the first meeting of the Directors on 11 April 1996.

None of the Directors had a beneficial interest in any shares of the Company or any other group undertaking. No Director had a material interest in any contract with the Company or with British Railways Board.

The appointment, removal and terms of employment of the Directors of the Company were determined by British Railways Board during the period up to 13 October 1996 and thereafter by the Members of the Company.

#### *Charitable Contributions*

No political or charitable donations were made by the Company during the year.

**ATOC LIMITED**

**DIRECTORS' REPORT**

*Auditors*

In accordance with Section 384 of the Companies Act 1995, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'C J Yelland', is written over a horizontal dotted line.

C J Yelland  
Company Secretary

Registered Office  
The Podium  
1 Eversholt Street  
London NW1

25 June 1997

Registered Number 3069033

## **ATOC LIMITED**

### **DIRECTORS' STATEMENT OF RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements the Directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## **REPORT OF THE AUDITORS TO THE MEMBERS OF ATOC LIMITED**

We have audited the financial statements on pages 5 to 13.

### **Respective Responsibilities of Directors and Auditors**

As described on Page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of Opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG  
Chartered Accountants  
Registered Auditors

25 June 1997

**ATOC LIMITED**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 1997**

Notes	Year ended 31 March 1997 £000	Period from 14 July 1995 to 31 March 1996 £000	
1	Turnover	5,577	1,198
	Operating expenditure	<u>5,550</u>	<u>1,186</u>
2(a)	Operating profit on ordinary activities before taxation	27	12
3	Taxation on profit on ordinary activities	<u>1</u>	=
	Profit after taxation retained for the period	20	12
	Retained profit brought forward	<u>12</u>	=
	Retained profit carried forward	<u>32</u>	<u>12</u>

There are no other recognised gains and losses other than the profit for the period.

The notes on pages 7 to 13 form part of these financial statements.

**ATOC LIMITED**

**BALANCE SHEET  
as at 31 March 1997**

Notes	1997 £ 000	1996 £ 000	
FIXED ASSETS			
5	Tangible fixed assets	6	9
CURRENT ASSETS			
6	Debtors	996	631
	Cash at Bank	<u>448</u>	-
		1,444	631
7	CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1,418</u>	<u>628</u>
	NET CURRENT ASSETS	<u>26</u>	<u>3</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>32</u>	<u>12</u>
CAPITAL AND RESERVES			
8	Called up share capital	-	-
9	Profit and loss account	<u>32</u>	<u>12</u>
9	SHAREHOLDERS' FUNDS	<u>32</u>	<u>12</u>

These financial statements were approved by the Board of Directors on 25 June 1997 and are signed on its behalf by :

  
C J G Tibbits  
Chairman

  
R W Urie  
Director

The notes on pages 7 to 13 form part of these financial statements

## ATOC LIMITED

### NOTES TO THE ACCOUNTS for the year ended 31 March 1997

#### ACCOUNTING POLICIES

The accounting policies adopted by the Company are set out below :

(a) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cashflow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing the financial statements with the Registrar of Companies.

(b) FIXED ASSETS AND DEPRECIATION

Plant and equipment is capitalised at cost subject to a minimum monetary level of £5,000.

Depreciation is provided on a straight line basis over periods related to the estimated useful economic lives of assets and commences from the beginning of the year following entry into service. The lives used for the assets are :

Plant and equipment 3-20 years.

(c) LEASING

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

(d) TAXATION

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.



**ATOC LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**ACCOUNTING POLICIES (continued)**

**(e) PENSIONS**

The ATOC Limited Shared Cost Section of the Railways Pension Scheme provides pension benefits to the substantial majority of current employees on a defined benefit basis.

The contributions to the pension scheme are paid in accordance with its rules. The charge to the profit and loss account reflects the regular service cost of such obligations less a proportion of any actuarial surpluses, calculated across the Pension Scheme as a whole. These surpluses are credited over the estimated average remaining service lives of employees in the scheme.

# ATOC LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 1 TURNOVER

Turnover originates in the United Kingdom and all relates to the provision of services to the Association of Train Operating Companies. The Directors consider that the whole of the activities of the Company constitute a single class of business.

### 2(a) OPERATING PROFIT

The following amounts have been charged in arriving at the operating profit :

	Year ended 31 March 1997 £ 000	Period from 14 July 1995 to 31 March 1996 £ 000
Depreciation	3	-
Hire of equipment under operating leases	33	17
Property charge	130	-
Auditors' remuneration : -		
Audit fees	7	18
Non-audit fees	<u>2</u>	=

### 2(b) DIRECTORS' EMOLUMENTS

	£	£
Salary and taxable benefits	127,706	53,653
Pension contributions	<u>15,621</u>	<u>5,138</u>
	<u>143,327</u>	<u>58,791</u>

The emoluments, excluding pension contribution, of the Chairman were £nil and those of the highest paid director were £91,191 (Period from 14 July 1995 to 31 March 1996 : £53,653).

The emoluments, excluding pension contributions of the Directors (including the Chairman and highest paid director) were within the following ranges :

	Year ended 31 March 1997 No.	Period from 14 July 1995 to 31 March 1996 No.
£nil - £5,000	5	3
£35,001 - £40,000	1	-
£50,001 - £55,000	-	1
£90,001 - £95,000	1	-

# ATOC LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 2(c) EMPLOYEE COSTS

	Year ended 31 March 1997 £000	Period from 14 July 1995 to 31 March 1996 £000
Wages and salaries	1,323	621
Social security costs	104	29
Other pension costs	<u>74</u>	<u>16</u>
	<u>1,501</u>	<u>666</u>

The average number of persons employed by the Company during the year was 48.  
(Period from 14 July 1995 to 31 March 1996 : 31)

### 3 TAXATION

	Year ended 31 March 1997 £000	Period from 14 July 1995 to 31 March 1996 £000
UK corporation tax payable at 24%	<u>7</u>	=

### 4 OPERATING LEASE COMMITMENTS

The Company has the following annual commitments due under operating leases which expire as follows :

	1997 £000	1996 £000
Office equipment and motor vehicles : -		
Within one year	10	-
Within two to five years	<u>22</u>	<u>36</u>
	<u>32</u>	<u>36</u>
Property charges : -		
Within two to five years	<u>130</u>	=

ATOC LIMITED

NOTES TO THE ACCOUNTS (continued)

5 TANGIBLE FIXED ASSETS

Plant and  
equipment  
£000

COST

At 31 March 1996 and 31 March 1997	<u>9</u>
---------------------------------------	----------

ACCUMULATED  
DEPRECIATION

At 31 March 1996	-
Charge for year	<u>3</u>
At 31 March 1997	<u>3</u>

NET BOOK AMOUNT

At 31 March 1997	6
At 31 March 1996	<u>9</u>

6	DEBTORS	1997 £000	1996 £000
	Trade debtors	966	-
	Amounts owed by group undertakings	-	631
	Other debtors	3	-
	Prepayments and accrued income	<u>27</u>	=
		<u>996</u>	<u>631</u>

# ATOC LIMITED

## NOTES TO THE ACCOUNTS (continued)

7	CREDITORS	1997 £ 000	1996 £ 000
	<u>Falling due within one year</u>		
	Trade creditors	748	-
	Amounts owed to group undertakings	-	100
	Corporation tax payable	7	-
	Other taxes and social security costs	156	190
	Other creditors	112	191
	Accruals	<u>395</u>	<u>147</u>
		<u>1,418</u>	<u>628</u>

## 8 CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised		
Ordinary shares at £0.04 each	<u>100.00</u>	<u>100.00</u>
Issued and fully paid		
Ordinary shares at £0.04 each	<u>1.04</u>	<u>1.04</u>

## 9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

### Profit and loss account

	Year ended 31 March 1997 £000	Period from 14 July 1995 to 31 March 1996 £000
Retained profit for the period	20	12
Opening shareholders' funds	<u>12</u>	-
Closing shareholders' funds	<u>32</u>	<u>12</u>

## ATOC LIMITED

### NOTES TO THE ACCOUNTS (continued)

#### 10 PENSION SCHEMES

The majority of the Company's employees are members of the ATOC Limited Shared Cost Section of the Railways Pension Scheme (RPS), a funded defined benefit scheme. The ATOC Limited Shared Cost Section of the RPS was established with effect from 13 October 1996 when the Company separated from British Railways Board. The first actuarial valuation of the ATOC Limited Shared Cost Section of the RPS for the purposes of assessing the appropriate pension cost for ATOC Limited was as at 13 October 1996 and was undertaken by Watson Wyatt Partners, independent qualified actuaries.

The draft results of the valuation, based on the projected unit funding method, indicate that the market value of the scheme assets at the valuation date was £5.9 million and the actuarial value of those assets represented 115% of the benefits that had accrued to members. The principal assumptions underlying the valuation were that the return on the schemes investments would average 8.5% a year in future, and that salaries would increase at the rate of 6.5%.

Discussions are taking place with the trustees of the scheme and an independent pensions actuary working as a consultant to the Company to determine what action should be taken with regard to the surplus.

The charge to the profit and loss account in the year was £74,000.

#### 11 ULTIMATE PARENT UNDERTAKING AND RELATED PARTIES

Prior to 13 October 1996, the Company's ultimate parent undertaking was the British Railways Board, a statutory corporation incorporated under the terms of the Transport Act 1962 in Great Britain.

At 31 March 1997, the Company was owned by the passenger Train Operating Companies (TOCs). The income of the Company and amounts included in Trade Debtors relate to the Association of Train Operating Companies, the TOCs and other companies owned by the TOCs.