Association of Train Operating Companies

ATOC Limited

Directors' report and financial statements

Registered number 3069033

31 March 2013

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2013

Business model and principal activities

The principal activities of the company during the year were the continued provision of a secretariat for the Association of Train Operating Companies ("Association") and its associated schemes (governance bodies which control its formal areas of activity), other related companies and structures and the discharge of the role of agent for the various contractual arrangements entered into on behalf of scheme participants The members of the Association are the train operating companies ("TOCs")

As a supply company to the Association, the business objective is to provide cost-efficient, effective services to allow the Association to meets its member objectives

- Maximise value to members of the business services it provides,
- Improve the business environment for TOCs,
- Act as a more powerful advocate for passenger rail, and
- Make the Association more effective and cost-efficient

As the majority of ATOC Limited's sales are to the Association for administration, falling turnover and costs are viewed as a benefit to members, who are also the shareholders In the current passenger rail industry structure, the Association has a pivotal role in providing both business services and a trade association role to the TOCs, particularly where TOCs need to act collectively in order to provide a consumer benefit which the government wishes to see perpetuated The Department for Transport has provided written assurances that they have no plans at present to change this structure

ATOC Limited has also taken on a participative role on behalf of the TOCs in two major projects led and funded by Network Rail – Global System for Mobile Communications – Railway (GSM-R) and European Rail Traffic Management System (ERTMS) It also co-ordinates pooled marketing activity for London based TOCs on a voluntary basis

During the year ATOC co-ordinated the distribution of a £7m Community Linking Places Grant to the rail industry to improve cycle facilities throughout the network A further grant of £7 5m has been agreed which will be distributed in the new financial year

In December 2012, the company decided to activate a break clause in the property lease for its offices at 40 Bernard Street, London (actionable 30 September 2013) and signed a 15 year lease for new accommodation at 200 Aldersgate Street, London (April 2013) The company expects to make the physical move in mid-July

The Association of Train Operating Companies and the Rail Delivery Group, a body created to help deliver some of the recommendations of the McNulty Report into value for money for the railways, have been exploring ways of working closer together in the future These discussions should not affect the role of ATOC Limited

Related parties

As well as providing support activities for the Association, ATOC Limited also provides administration and personnel support to a number of related parties, including Rail Settlement Plan Limited ("RSP"), Rail Staff Travel Limited ("RST"), NRES Limited and Train Information Services Limited ("TISL") These companies all have similar shareholders, the franchised TOCs, and all support different activities of the Association

Financial and business performance

During the year, the company made a profit before tax of £295,000 *(2012 Profit £25,000)* and after adjustment for tax this became a profit of £148,000 *(2012 Loss £54,000)* The directors do not recommend the payment of a dividend in 2013 *(2012 £Nil)*

The costs of providing services rose in the year Turnover rose from £22,689k to £23,831k and operating costs rose from £22,676k to £23,564k This was due to additional activity in the trade association and a write off of some accommodation costs prior to the move to new offices

The company does not use a large number of key performance indicators to monitor its business as each scheme, or activity, is closely monitored by the members involved There are three main indicators

- Administration costs per employee increased by 9% from £16,383 in 2011/12 to £17,857 this year This is calculated by dividing the administration cost centre by the average numbers of employees in the year The administration cost centre includes accommodation, personnel, IT and general office expenses The average staff fell from 141 last year to 133 this year and the overall cost of administration rose from £2,310,000 to £2,366,000 This index does not take into account the number of consultants and temporary staff in the organisation and if they are included the index increases from £14,171 in 2012 to £14,339 in 2013
- Staff turnover has increased from 9% in 2011/12 to 17% this year The calculation is the number of leavers divided by the average number of employees in the year
- Scheme specific expenditure is monitored against budgets formally set within the ATOC Scheme structures All schemes were within acceptable budget parameters

Going concern

The impact on the ATOC Limited Section of the Railway Pensions Scheme ("RPS") from the poorer investment returns and of improving mortality assumptions has been significant The triennial valuation of the Scheme as at 31 December 2010 was published showing that the ATOC Limited Section of the RPS was underfunded A deficit recovery plan was agreed with the employer, the members and the trustee Note 14 explains the pension position following the revaluation

Although the company has net assets before pension liabilities of £1,047,000 *(2012 £899,000)*, the impact of the net pension deficit results in net liabilities of £8,473,000 (*2012 a liability of £4,221,000)* Through the mechanism of the Association Schemes, the members are obliged to fund all liabilities in the Association and its companies and if a pension deficit arises, it will be covered by increased employer and employee contributions, through a plan agreed with the Pension Trustees Accordingly, the financial statements are prepared on a going concern basis as the company's management believes that it will be able to meet all its liabilities as they fall due for payment The Association budget process requires a majority of TOCs to approve the annual budget The budget has been approved for the next financial year

The pension deficit this year has largely increased as a consequence of assumption changes which from year to year is generally caused by changes in market conditions Bond yields at 31 March 2013 were significantly lower than a year earlier which caused the discount rate to fall and the value of the liabilities to increase Future inflation expectations have also risen effectively increasing the value of the liabilities In total the assumption changes caused the value of the liabilities to increase by about £5m

Risk framework

The Association has an established, structured, internal risk review programme in place, which culminates in shareholders reviewing risks on a six monthly basis through the ATOC Management Board, which is part of the Association This review includes more general passenger industry risks as well as those specific to ATOC Limited The current main areas of risk identified to ATOC Limited include

- *Consumer and competition law issues* - The framework for the post-privatisation passenger rail industry includes the approach that network benefits, especially inter-operable ticketing, is a benefit for the country Consequently one of the Association's key roles is to manage this framework and to ensure that members, i e the TOCs, comply with and use the framework in an acceptable manner Many pressure groups now promote potential problems with consumer issues and railways, particularly punctuality, fares, ticketing and information provision The threat of a challenge for breach of competition or consumer law has therefore increased Although the company and the Association take every precaution to ensure that this is avoided, in the current climate a challenge of some kind is quite possible
- *Failure of a major contractor and general contract risks* – the majority of ATOC Limited's processes are outsourced Consequently there is the risk of a major contractor failing, but to mitigate this, contract procurement follows European Union best practice guidelines and processes and every major contractor is assessed and regularly monitored To avoid contractual arrangements that do not adequately protect the company, the in house legal team also ensure that all contracts are properly vetted and reviewed
- *Policy work and stakeholder management* – the Association's reputation could suffer and its ability to influence stakeholders could diminish if the Association's lobbying, response to government consultations or ability to react to European issues is not adequate This would then impact ATOC Limited

Employees

Details of the numbers of employees and related costs can be found in note 4 to the financial statements

Governance

The members of the ATOC Limited board are appointed by the Association of Train Operating Companies' Council Each member of the council is obliged to take a share in ATOC Limited The articles of ATOC Limited restrict the shareholding of the company to the full membership of the Association only

The board does not meet regularly and has delegated the management of risks and appointment of directors to the four weekly meetings of the Association Council and Management Board

Directors and directors' interests

Tom Smith is the independent part time chairman of both the Association of Train Operating Companies and of ATOC Limited Michael Roberts is the Chief Executive Officer The other directors hold a non-executive status

The directors who held office were as follows

V Barker (appointed 21 January 2013)
DDG Booth (appointed 21 January 2013)
D A Brown
A E Collins (resigned 28 August 2012)
A D McTavish (resigned 3 July 2013)
M A Roberts (Chief Executive Officer)
T Smith (Chairman)

The board would like to express its appreciation for the contribution that Alec McTavish and Tony Collins have made and wishes them well for the future

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company No director had a material interest in any contract with the company

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial period

Standing Committees

There are two standing committees The first is the Audit Committee, which is treated as a full meeting of the board, led by the company Chairman The second is the Remuneration Committee, which is led by David Brown and has all non-executive directors as members

Charitable contributions

The company did not make any charitable donations during the year (*2012 £250*) No political donations were made during the year (*2012 £Nil*)

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all reasonable steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

This information is given in accordance with S 418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

By order of the board

200 Aldersgate Street
London
EC1A 4HD

C J Yelland
Secretary

Approved by the directors on 22 July 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The 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 are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATOC LIMITED

We have audited the financial statements of ATOC Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors

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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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 company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 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

Jacqueline Holden

Jacqueline Holden FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 July 2013

Profit and loss account
for the year ended 31 March 2013

	Note	2013 Total £000	*2012 Total £000*
Turnover		**23,831**	*22,689*
Operating expenditure		**(23,564)**	*(22,676)*
Operating profit		**267**	*13*
Interest receivable and similar income	5	**28**	*13*
Interest payable and similar charges	5	**-**	*(1)*
Profit on ordinary activities before taxation	2	**295**	*25*
Taxation on profit on ordinary activities	6	**(147)**	*(79)*
Profit /(loss) for the year		**148**	*(54)*

The results for the year ended 31 March 2013 are all from continuing activities

A statement on movements in reserves is set out in note 13

There are no differences between the amounts reported in the profit and loss account and their historical cost equivalents

The notes on pages 13 to 30 form part of these financial statements

Statement of total recognised gains and losses
for the year ended 31 March 2013

	Note	2013 Total £000	*2012 Total £000*
Profit / (loss) for the year		**148**	*(54)*
Actuarial loss recognised in the pension scheme	14	**(5,500)**	*(3,800)*
Deferred tax asset/(liability) arising on the above	7	**1,100**	*610*
Total recognised losses in the year		**(4,252)**	*(3,244)*

The notes on pages 13 to 30 form part of these financial statements

Balance sheet

as at 31 March 2013

	Note	**2013 £000**	*2012 £000*
Fixed assets			
Tangible fixed assets	8	**349**	*678*
Current assets			
Debtors amounts falling due in less than 1 year	9	**7,072**	*4,239*
Debtors amounts falling due in more than 1 year	9	**602**	*681*
Cash at bank and in hand		**6,639**	*1,769*
		14,313	*6,689*
Creditors amounts falling due within one year	10	**(13,364)**	*(6,468)*
Net current assets / (liabilities)		**949**	*221*
Total assets less current liabilities		**1,298**	*899*
Provisions for liabilities	11	**(251)**	-
Net assets excluding pension liability		**1,047**	*899*
Net pension deficit	14	**(9,520)**	*(5,120)*
Net liabilities including pension liability		**(8,473)**	*(4,221)*
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	**(8,473)**	*(4,221)*
Equity shareholders' deficit	13	**(8,473)**	*(4,221)*

Balance sheet (continued)

The notes on pages 13 to 30 form part of these financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 22 July 2013 and are signed on its behalf by

T Smith	**M A Roberts**
Director	*Director*

Company Registration No 3069033

Cash flow statement
for the year ended 31 March 2013

Reconciliation of operating profit to net cash inflow from operating activities

	2013 £000	*2012 £000*
Operating profit	267	*13*
Depreciation charges	329	*136*
(Increase) / decrease in debtors	(1,041)	*4,837*
Increase / (decrease) in creditors	7,363	*(1,885)*
Net pension adjustment	-	*100*
Net cash inflow from operating activities	**6,918**	*3,201*

Cash flow statement (see note 16)

	2013 £000	*2012 £000*
Net cash inflow from operating activities	6,918	*3,201*
Returns on investments and servicing of finance	28	*12*
Taxation	(236)	*(194)*
Capital expenditure	-	-
Transfer of net liabilities to Train Information Services Limited	-	*(1,368)*
Cash inflow before management of liquid resources and financing	**6,710**	*1,651*
Financing (note 16)	(1,840)	*100*
Increase in cash for the period	**4,870**	*1,751*

The notes on pages 13 to 30 form part of these financial statements

Notes to the Accounts

(forming part of the financial statements)

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of accounting

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

Going concern

The company has net current assets of £949,000 *(2012 of £221,000)* and net assets less current liabilities, excluding pension liability, of £1,047,000 *(2012 £899,000)*, the impact of the net pension liability results in net liabilities of £8,326,000, *(2012 net liabilities of £4,221,000)* The financial statements are prepared on a going concern basis as the directors believe that the company will be able to meet all its liabilities as they fall due for payment as outlined in the directors' report

Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses The cost of fixed assets comprises purchase price and directly attributable costs

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

Computer software 4 years
Computer hardware 5 years
Fixtures and fittings 3-20 years

Development projects

In certain circumstances where the ATOC Limited incurs development costs it considers that the contracted arrangements result in the creation of an asset

The determination of whether such projects result in a fixed asset or a finance lease is assessed on a project by project basis Where ATOC Limited does not bear the risks and rewards associated with the asset as the expenditure will be recovered over a period of time from the TOCs but retains the intellectual property associated with the asset the arrangement is treated as a finance lease receivable Lease receipts are apportioned between finance income, turnover and the reduction of the lease asset so as to achieve a constant rate of interest on the remaining balance of the asset Finance income is recognised in the profit and loss account Where ATOC Limited retains the risks and rewards of the asset, then the item is treated as a fixed asset (see policy above)

If it is considered that the development expenditure does not create an asset for ATOC Limited, then the expenditure is charged through the profit and loss account as income from the TOCs is received reflecting the services provided by ATOC Limited during the contractual arrangement

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

Notes *(continued)*

Taxation

Current tax, including UK and corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Turnover

Turnover is stated net of VAT Turnover originates in the United Kingdom and all relates to continuing activities The directors consider that the whole of the activities of the company constitute a single class of business

In order to reduce the administration burden on the Train Operating Companies, ATOC Limited has assumed responsibility for invoicing and settlement between the Train Operating Companies in respect of a number of settlements, particularly the Corporate Police Travel, NatWest Railcards and MOD HM Forces Railcard income ATOC Limited acts solely as an agent in these processes In these circumstances, ATOC Limited does not bear any of the benefits or risks associated with these transactions

Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year

Turnover includes the recharge of salary and administration costs incurred by ATOC Limited on behalf of its related parties

Pensions

The company operates a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the company

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating expenditure and in the statement of total recognised gains and losses actuarial gains and losses

Notes *(continued)*

2 Profit on ordinary activities before taxation

This is stated after charging

	2013 £000	*2012 £000*
Depreciation		
Owned (per note 8)	329	*136*
Hire of plant and machinery rentals payable under operating leases	49	*48*
Auditor remuneration:		
Fees payable to the auditors for the audit of the company's annual accounts	18	*16*
Total audit fees	18	*16*
Other services relating to taxation	4	*6*
All other services	83	-
Total non-audit fees	87	*6*

Notes *(continued)*

3 Remuneration of directors

Two directors accrue benefits under a defined benefit pension scheme The directors do not receive any remuneration from any related parties nor ATOC Limited in respect of their activities for the company *(2012 £Nil)*

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 151 (*2012 141*) Employee costs charged to ATOC Limited

	2013	*2012*
Employees costs	**£000**	*£000*
Wages and salaries	**9,799**	*9,144*
Social security costs	**870**	*815*
Other pension costs	**1,148**	*1,061*
	11,817	*11,020*

The table above shows the gross employee costs included in the profit & loss account for ATOC Limited and its related parties excluding the TOCs The employee costs for all related companies are wages and salaries £3,978,000 *(2012 £3,473,000)*, social security costs £356,000 *(2012 £318,000)* and other pension costs £506,000 *(2012 £391,000)* ATOC Limited pays for its staff costs and those of its related companies The related companies reimburse ATOC Limited by way of a recharge, which is recorded in turnover The recharge to ATOC Limited for staff costs are the same as the costs incurred

The employee costs include staff that have been recharged to Rail Settlement Plan Limited of £2 555 000 *(2012 £2,186,000)*, Rail Staff Travel Limited £513,000 *(2012 £557,000)*, and Train Information Services Limited £1,772,000 *(2012 £1 635,000)*

5 Net interest receivable and payable

	2013	*2012*
	£000	*£000*
Interest receivable and similar income	**28**	*13*
Interest payable and similar charges	-	*(1)*

Notes *(continued)*

6 Taxation

	2013	*2012*
	£000	*£000*
Current tax		
UK Corporation tax on profits for the period	236	-
Adjustments in respect of previous periods		*(1)*
Total current tax	236	*(1)*
Deferred tax		
Origination and reversal of timing differences	(89)	*151*
Amounts provided for in prior year	-	*(71)*
	(89)	*80*
Tax on profit on ordinary activities	147	*79*

Factors affecting the tax charge for the current period
The difference between the total amount of current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows

	2013	*2012*
	£000	*£000*
Current tax reconciliation		
Profit on ordinary activities before tax	295	*25*
Current tax at 24% (*2012 20%*)	71	*5*
Effects of		
Small companies relief	(5)	-
Expenses not deductible for tax purposes	64	*3*
Depreciation for period is in excess of capital allowances	51	*(32)*
Accrued Interest on finance lease	-	*(1)*
Pension differences	-	*20*
Pension provision	61	-
Current year losses carried forward	(6)	*5*
Total current tax charge (see above)	236	-

On 21 March 2012 the Chancellor announced a reduction in the main rate of UK corporation tax to 23 percent with effect from 1 April 2013 The change became enacted on 17 July 2012 and therefore the effect of the rate reduction has been reflected in calculating the deferred tax asset held at the period end

The Chancellor also proposed changes to further reduce the main rate of UK corporation tax to 20 percent by 1 April 2015 but these changes have not yet been substantively enacted and therefore are not reflected in the figures above

Notes *(continued)*

7 Deferred taxation

	Accelerated capital allowances £000	Tax Losses £000	Provisions £000	Pensions £000	Total £000
Balance at 1 April 2012	4	5	-	1,280	1,289
(Charged) / credited to profit and loss account	43	(5)	51		89
Amounts recognised in the statement of total recognised gains and losses				1,100	1,100
Balance at 31 March 2013	**47**	**-**	**51**	**2,380**	**2,478**

Amount included in debtors	**98**
Amounts included in net pension liability	**2,380**

Notes *(continued)*

8 Tangible Fixed Assets

	Fixtures and Fittings £000	Computer software and hardware £000	Total £000
Cost			
As at 1 April 2012	**1,128**	**405**	**1,533**
As at 31 March 2013	**1,128**	**405**	**1,533**
Depreciation			
As at 1 April 2012	(490)	(365)	(855)
Charge for year	(299)	(30)	(329)
As at 31 March 2013	**(789)**	**(395)**	**(1,184)**
Net book value			
As at 31 March 2013	**339**	**10**	**349**
As at 31 March 2012	*638*	*40*	*678*

In December 2012, the company decided to activate a break clause in the property lease for its offices at 40 Bernard Street, London (actionable 30 September 2013) and signed a 15 year lease for new accommodation at 200 Aldersgate Street, London (April 2013) The company expects to make the physical move in mid-July

The depreciation charge for the year, for Fixtures and Fittings, includes £193,000 accelerated depreciation, based on the building at Bernard Street remaining ATOC's responsibility for maintenance until 30 September 2013

Notes *(continued)*

9 Debtors

Amounts falling due within one year

	2013 £000	*2012 £000*
Trade debtors	1,479	*667*
Other debtors	47	*521*
Loan to Rail Settlement Plan Limited	2,640	*920*
Non TOC Related Parties (see related parties note 18)	1,276	*1,015*
Prepayments and accrued income	1,412	*999*
Deferred tax asset (note 7)	98	*10*
Finance lease	120	*107*
	7,072	*4,239*

Finance lease

ATOC Limited jointly owns along with The Department for Transport and Network Rail, the intellectual property for "MOIRA" which is a tool for forecasting passenger demand This has been completed in the year ended 31 March 2012 Although ATOC Limited owns a share of the intellectual property, it is the TOCs who bear the risks and rewards for ownership and therefore the ATOC costs of the project have been reflected in the accounts as a finance lease

Amounts falling due greater than one year

	2013 £000	*2012 £000*
Finance lease		
One to two years	120	*107*
Two to five years	360	*321*
Greater than 5 years	122	*253*
	602	*681*

10 Creditors amounts falling due within one year

	2013 £000	*2012 £000*
Trade creditors	2,125	*559*
Amounts owed to Train Operating Companies	2,990	*2,230*
Amounts owed to Rail Staff Travel Ltd	25	*53*
Corporation tax payable	236	-
Other taxes and social security costs	731	*855*
Other creditors	5,331	*414*
Accruals and deferred income	1,926	*2,237*
Loan from Rail Staff Travel Limited	-	*120*
	13,364	*6,468*

Notes *(contınued)*

11 Provisions for liabılıtıes

	2013	*2012*
	£000	*£000*
	Dilapidatıons	*Dılapıdatıons*
Balance at 1 April 2012	-	-
Charged to profit and loss account	**251**	-
Balance at 31 March 2013	**251**	-

The provısıon for dılapıdatıons relate to remedıal work to be undertaken to satısfy the terms of the lease agreement followıng the decısıon to actıvate the break clause wıthın the lease for the premıses at 40 Bernard Street The provısıon ıs expected to unwınd ın the year ended 31 March 2014

12 Called up share capıtal

	2013	*2012*
	£	*£*
Authorised Shares		
26 Ordınary shares of £0 04 each	**1.04**	*1 04*
Allotted, called up and fully-paıd		
Equıty – 20 Ordınary shares of £0 04 each	**0.8**	*0 8*

The £0 04 ordınary shares each carry one vote

13 Statement of movement ın reserves

	2013	*2012*
	£000	*£000*
Openıng shareholders' deficıt	**(4,221)**	*(977)*
Total recognısed losses ın the year	**(4,252)**	*(3,244)*
Closing shareholders' deficit	**(8,473)**	*(4,221)*

Notes (continued)

14 Pension scheme

The majority of the company's employees are members of the ATOC Limited Shared Cost Section of the Railways Pensions Scheme ("the Section"), a funded defined benefit scheme The Section was established with effect from 13 October 1996 when the company separated from the British Railways Board and its assets and liabilities are separately identified from the remainder of the Railways Pension Scheme The last actuarial valuation of the Section for the purposes of assessing the appropriate pension costs for ATOC Limited was as at 31 December 2010 and was undertaken by Towers Watson, independent qualified actuaries This has been updated to 31 March 2013 by a qualified independent actuary The next valuation by Towers Watson is due 31 December 2013

The results of the year end valuation, based on the projected unit funding method, indicate that the market value of the scheme assets at the valuation date was £36 6million and the actuarial value of those assets represented 100% of the benefits that had accrued to members The principal assumptions underlying the valuation were that the return on the scheme's investments would average 6 1% a year in future, and that salaries would increase at the rate of 4 8%

Employer contributions were 16 20% of Section Pay for Protected Members and 15 42% for Non-Protected Members from 1 April 2012 to 30 June 2012 From 1 July 2012 to 31 March 2013 employer contributions were 18 48% of Section Pay for Protected Members, 17 70% for Non-Protected Members and 13 88% of Section Pay for Category 3 members The Section is open to new members

Under the Railways Pensions Scheme, the cost of providing the benefits are generally split between the members and the employer in the ratio 40 60

	2013	*2012*
	£000	*£000*
Fair value of plan assets	36,600	*33,000*
Present value of unfunded defined benefit obligations	(56,400)	*(43,600)*
Deficit in Scheme	(19,800)	*(10,600)*
ATOC Limited share of deficit (60%)	(11,900)	*(6,400)*
Related deferred tax asset	2,380	*1,280*
Net liability	(9,520)	*(5,120)*

Notes (continued)

14 Pension scheme (continued)

Movements in present value of defined benefit obligation

	2013	*2012*
	£000	*£000*
Opening section liabilities as at 1 April	43,600	*35,400*
Current service cost	2,000	*2,100*
Interest cost	2,300	*2,100*
Actuarial losses	9,700	*4,500*
Benefits paid	(1,200)	*(500)*
Closing section liabilities	56,400	*43,600*

Movements in fair value of plan assets

	2013	*2012*
	£000	*£000*
Fair value of plan assets as at 1 April	33,000	*31,200*
Expected return in plan assets	2,300	*2,400*
Actuarial gains / (losses)	600	*(1,800)*
Contributions by employer	1,200	*1,000*
Contributions by employee	700	*700*
Benefits paid	(1,200)	*(500)*
Fair value of plan assets as at 31 March	36,600	*33,000*

Notes *(continued)*

14 Pension scheme (continued)

Reconciliation of pension scheme (liability)

	2013	*2012*
	£000	*£000*
Opening scheme liability at 1 April	**(6,400)**	*(2,500)*
Employer's share of pension cost recognised in profit & loss	**(1,200)**	*(1,100)*
Employer's contributions	**1,200**	*1,000*
Losses per the statement of total recognised gains and losses	**(5,500)**	*(3,800)*
Closing scheme liability at 31 March	**(11,900)**	*(6,400)*

Expense recognised in the profit and loss account

	2013	*2012*
	£000	*£000*
Current service cost	**1,200**	*1,200*
Interest on defined benefit pension plan obligation	**1,400**	*1,300*
Expected return on defined benefit pension plan assets	**(1,400)**	*(1,400)*
Total	**1,200**	*1 100*

The expense is recognised in the following line items in the profit and loss account

	2013	*2012*
	£000	*£000*
Operating expenditure	**1,200**	*1,100*

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial losses is £5,500,000 *(2012 Loss £3,800,000)*

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses are losses of £12,900,000 *(2012 Loss £7,400,000)*

The Company expects to contribute approximately £1,250,000 to its defined benefit plans in the next financial year

Notes *(continued)*

14 Pension scheme (continued)

The fair value of the plan assets and the return on those assets were as follows

	2013 Fair value £000	*2012 Fair value £000*
Growth assets	34,500	*31,100*
Government bonds	900	*1,600*
Non-Government bonds	900	-
Other	300	*300*
	36,600	*33,000*
Actual return on plan assets	1,700	*300*

None of the Section s assets had been invested in the company's own financial instruments

The expected return on Section assets assumption was determined as the average of the expected returns on the assets held by the Section on the accounting date The rates of return for each class are set out in the table below and were determined as follows

Growth assets and property The rate adopted is consistent with the median assumption used in the Towers Watson Asset Liability Modelling work

Bonds The overall rate has been set to reflect the yields on the bond holdings

Other assets This class is mostly made up of cash holdings and the rate adopted reflects current short-term returns on such deposits

Expected rate of return

	2013 %	*2012 %*
Growth assets	6.3	*7 0*
Government bonds	2 8	*3 1*
Non-Government bonds	4 1	-
Other	2 2	*2 4*
Expected return on section assets	6 1	*6 8*

Notes *(continued)*

14 Pension scheme (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows

	2013	*2012*
	%	*%*
Discount rate	**4 30**	*5 10*
Expected rate of return on plan assets	**6 10**	*6 80*
Expected return on plan assets at beginning of the period	**6 80**	*7 50*
Future salary increases	**4 80**	*4 60*
Price inflation	**3.30**	*3 10*
Pension increases	**2.30**	*2 10*

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows

Current pensioner aged 65 22 8 years (male), 24 9 years (female)

Future retiree upon reaching 65 25 0 years (male), 27 3 years (female)

History of plans

The history of the plans for the current and prior periods is as follows

Balance sheet

	2013	*2012*	*2011*	*2010*	*2009*
	£000	*£000*	*£000*	*£000*	*£000*
Present value of scheme liabilities	**(48,500)**	*(39,400)*	*(33,700)*	*(34,400)*	*(24,000)*
Fair value of scheme assets	**36,600**	*33,000*	*31,200*	*28,200*	*20,500*
(Deficit)/surplus	**(11,900)**	*(6,400)*	*(2,500)*	*(6,200)*	*(3,500)*

Experience adjustments

	2013	*2012*	*2011*	*2010*	*2009*
	£000	*£000*	*£000*	*£000*	*£000*
Experience adjustments on scheme liabilities	**800**	*1,900*	*600*	*(400)*	*(1,000)*
Experience adjustments on scheme assets	**(400)**	*1,100*	*(200)*	*(3,400)*	*5,700*
Surplus/(deficit)	**400**	*3,000*	*400*	*(3,800)*	*4,700*

Notes *(continued)*

15 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2013 Land and Buildings £000	*2012 Land and Buildings £000*
Operating leases which expire		
Within one year	772	-
In the second to fifth years inclusive	-	*811*
After more than five years	909	-
	1,681	*811*

The operating lease due to expire within one year relates to ATOC's offices at 40 Bernard Street
This commitment is until 30 September 2013

In December 2012, the company signed a 15 year lease for new accommodation at 200 Aldersgate Street, London
The rental agreement for this property is £909,000 per annum

16 Analysis of cash flows

	2013 £000	*2012 £000*
Returns on Investment and servicing of finance		
Interest Received	28	*13*
Interest Paid	-	*(1)*
Net cash outflow	28	*12*
Capital Expenditure		
Purchase of Fixed Assets	-	-
Transfer of net liabilities to Train Information Services Limited	-	*(1,368)*
Financing		
Loan to Rail Settlement Plan Limited	(1,720)	*(20)*
Loan from Rail Staff Travel Limited	(120)	*120*
Net cash outflow	(1,840)	*100*

Notes *(continued)*

17 Analysis and reconciliation of net funds

	1 April 2012	*Cash flow*	*31 Mar 2013*
	£000	*£000*	*£000*
Cash at Bank	*1,769*	4,870	**6,639**
Loans to Rail Settlement Plan	*920*	1,720	**2,640**
Loans from Rail Staff Travel Limited	*(120)*	120	-
Net funds	*2,569*	**6,710**	**9,279**

18 Ultimate parent undertaking and related parties

ATOC Limited administers cash receipts and payments for and on behalf of the ATOC companies for which the company receives an admin fee

At 31 March 2013, the company was owned by the Passenger Train Operating Companies ("TOCs") - formerly the passenger business of the British Railways Board There is no ultimate controlling party The company is related to the Association of Train Operating Companies, NRES Limited, Rail Settlement Plan Limited, Rail Staff Travel Limited, Train Information Services Limited (TISL) and the TOCs, who own and control these companies

The table below shows the amounts of turnover during the year, and outstanding debtors and creditors at the year end attributed to related parties
Turnover includes the recharge of salary and administration costs which have been incurred by ATOC Limited on behalf of the related parties The turnover within ATOC relating to the Association of Train Operating Companies relates to the recharge of costs from ATOC schemes

Expenditure costs from Rail Settlement Plan Limited relate to international reservation costs and travel agents' refund service

The loan in the table below refers to a short term funding facility which ATOC Limited has provided to Rail Settlement Plan Limited to help RSP's project development activities

During the year, ATOC Limited and its related parties provided services to each other as part of the normal course of business. Amounts owed by and to each related party is shown in debtors and creditors The amounts all relate to trading balances

Loans are provided on a commercial basis and are shown separately

Notes *(continued)*

2013	**Turnover £000**	**Expenditure £000**	**Loans £000**	**Debtors £000**	**Creditors £000**
Association of Train Operating Companies	**12,918**	**-**	**-**	**1,020**	**-**
Rail Settlement Plan Ltd	**2,657**	**375**	**2,640**	**172**	**-**
Rail Staff Travel Ltd	**1,108**	**-**	**-**	**-**	**25**
Train Information Services Ltd	**1,813**	**-**	**-**	**84**	**-**
NRES Ltd	**-**	**-**	**-**	**-**	**-**
Total	**18,496**	**375**	**2,640**	**1,276**	**25**
Total TOCs	**572**	**112**	**-**	**194**	**2,990**

2012	*Turnover £000*	*Expenditure £000*	*Loans £000*	*Debtors £000*	*Creditors £000*
Association of Train Operating Companies	*13,108*	*-*	*-*	*332*	*-*
Rail Settlement Plan Ltd	*2,798*	*357*	*920*	*140*	*-*
Rail Staff Travel Ltd	*977*	*-*	*(120)*	*-*	*53*
Train Information Services Ltd	*1,829*	*89*	*-*	*543*	*-*
NRES Ltd	*-*	*-*	*-*	*-*	*-*
Total	*18,712*	*446*	*800*	*1 015*	*53*
Total TOCs	*864*	*160*	*-*	*258*	*2,230*

Notes *(continued)*

On the 23 February 2007 an agreement was entered into with Rail Settlement Plan Limited to provide a short term funding facility for a maximum of £10,000,000 intended to help to fund RSP's project development activities Interest for this facility is on a commercial basis and amounted to £9,200 *(2012 £7,700)* The loan outstanding as at 31 March 2013 was £2,640,000 *(2012 £920,000)*

On the 19 September 2008 an agreement was entered into with Rail Staff Travel Limited to provide a short term loan facility for a maximum of £10,000,000, intended for corporate financing purposes Interest for this facility is on a commercial basis and amounted to £Nil *(2012 £1,000)* The loan outstanding as at 31 March 2013 was £Nil *(2012 £120,000)*

On the 20 April 2011 an agreement was entered into with Train Information Services Limited to provide a short term loan facility for a maximum of £10,000,000 intended for corporate financing purposes