ATOC Limited

Annual Report and Financial Statements

Registered number 03069033

31 March 2019

Rail Delivery Group

National Rail

Contents

Strategic report

The directors present their Strategic report for the year ended 31 March 2019.

Business model and principal activities

ATOC Limited was formed in June 1995, incorporated in England, United Kingdom, under the Companies Act. 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 meet 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.

The majority of ATOC Limited's ("ATOC") sales are to the Association for administration fees. 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 preserve and enhance the benefits for passengers of Britain's national rail network. The Department for Transport (DfT) has provided written assurances that they have no plans at present to change this structure.

ATOC Limited has 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). The company also co-ordinates pooled marketing activity for London based TOCs on a voluntary basis.

The company is working with its business partners to help members to deliver the Railway Technical Strategy and is involved in running cross-industry planning activities. ATOC Limited is working on industry reform through its various workstreams relating to people, skills, stations and the Digital Railway Programme. This includes work to develop track access and electricity charging regimes. It is also influencing legislation in the UK and in Europe in relation to people, technology and operations. The company provides analysis of railway data to the industry including passenger demand forecasting and performance measurement data.

ATOC works to represent the rail industry, to maximise opportunities and mitigate damage from changes in legislation and standards through acting for, and on behalf of, the members at industry, government and European meetings. The company also works to strengthen the relationships with stakeholders such as the Office of Rail and Road (ORR), Rail Safety and Standards Board (RSSB), Rail Accident and Investigation Branch (RAIB) and the Department for Transport (DfT). The name of Rail Delivery Group has been adopted to describe the activities of ATOC Ltd, RDG Ltd and other companies (listed in note 19) which are related by a degree of common membership. Further information on the services provided by the company can be found on the Rail Delivery Group's website at www.raildeliverygroup.com.

ATOC has arrangements with Rail Delivery Group Limited (RDG Ltd) to provide resources for policy, communications, management and administration. These services have been charged directly to RDG Ltd, which by virtue of some degree of common ownership is a related party to ATOC Limited, as disclosed in note 19.

Financial and business performance

During the year, the company made a loss before tax of £604,000 *(2018: Loss £1,326,000)* and after taking into account the tax benefit this became a loss of £550,000 *(2018: Loss £1,118,000)*. The directors do not recommend the payment of a dividend in 2019 *(2018: £nil)*..

The costs of providing services rose in the year. Turnover rose from £33,380k in 2018 to £38,162k and operating costs rose from £34,696k in 2018 to £38,755k.

Strategic report *(continued)*

Key Performance Indicators

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:

- Operating expenditure per employee has increased by 1.8% from last year. Turnover has increased by 4.9% per employee from the previous year. This is calculated by dividing turnover / operating expenses by the average numbers of employees in the year. The average staff increased from 257 last year to 282 this year.
- Staff turnover has fallen in the year from 29.6% in 2018 to 23.0% 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.

Operational matters

During the financial year, ATOC Limited along with the related party companies (namely Rail Delivery Group Ltd, Train Information Services Ltd, NRES Ltd, Rail Settlement Plan Ltd and Rail Staff Travel Ltd) combined operational management and control procedures under one common governance structure. Schemes have delegated decision-making authorities to the appropriate RDG common boards – Customer, Reform and Planning & Production, along with their respective sub-committees.

Risk framework

As part of the governance model referred to in Operational matters above, ATOC operates within a structured, internal risk programme which involves regular management risk reviews by the respective governance body. The reviews include 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 ATOC'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 of Train Operating Companies 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 company's reputation could suffer and its ability to influence stakeholders could diminish if ATOC's lobbying, response to government consultations or ability to react to European issues is not adequate. This would then impact ATOC Limited. This is particularly pertinent given the government's Williams Rail Review white paper and Brexit.

    - Williams Rail Review - The Williams Rail Review was established in September 2018 to look at the structure of the whole rail industry and the way passenger rail services are delivered. The review will make recommendations for reform that prioritise passengers' and taxpayers' interests. The review findings and recommendations will be published in a government white paper in autumn 2019. ATOC is currently working with the TOCs and the Passenger Services Strategy Group to prepare a response to

Strategic report *(continued)*

Risk framework *(continued)*

the review which will include a proposed plan for reform, linked to the proposals and success criteria set out by the Williams Rail review.

- ***Brexit*** - The business has considered risk in relation to the UK's likely exit from Europe across a number of categories, including currency impacts, workforce and ability to travel freely, supply chain, impact on key systems, plus potential legal and compliance changes.

  It is considered possible that Brexit may lead to changes or disruptions to the supply chain, however, the business expects to still be able to procure the goods and services required. Where possible, management have taken proactive action to mitigate exposure, for example, the early identification of critical supplies to allow for increased buffer stock to be held. Management have been in communication with key suppliers to understand their risks and mitigation strategies and continue to monitor the situation.

  Staffing is considered to be low risk as the business does not have a high number of EU nationals within the permanent staff; management are offering all necessary support to these individuals. It is not considered likely that the business will have difficulty in filling roles in the future, however, this position will be kept under close review in relation to those roles with highly specialised skill requirements.

  In relation to legislative and compliance requirements, management assess the risk as relatively low, based on an expectation that the European Union (Withdrawal) Act 2018 will convert or preserve, as appropriate, the body of existing EU law to prevent any immediate regulatory disparity. Management have identified that, following Brexit, there will be workforce associated insurance impacts and has engaged with the business insurance brokers to ensure necessary updates to policies are completed.

  The business continues to review the changing environment to ensure it can react effectively as the Brexit process progresses.

Social responsibility

ATOC is committed to making a real and sustainable difference with regards to its corporate and social responsibility. Policies are in place to explain how the company engages with local communities and the wider environment. The policies cover how the company understands and reduces any potential for detrimental environmental impact. The policies include the recruitment and support of staff and how ATOC organises work in order to make a positive impact for staff and the business. The policy also covers how ATOC works with its suppliers and the wider stakeholders to ensure adherence to the company values and standards of behaviour as set out in the company's Code of Conduct – this encompasses all applicable legal requirements and provides a mechanism and process whereby illegal and/or unethical behaviour can be reported and addressed. The company advocates the sharing of best practice and embedding sustainability considerations into decision making processes. The code of conduct includes the company's policy on anti-bribery, anti-harassment and anti-bullying, all staff are made aware of these policies.

Future developments

The company continues to work with the Government to ensure we deliver a service that is efficient in terms of cost and time, without compromising the impressive safety record of our railways.

The company supports the rail industry in areas such as reliability, safety, addressing industry needs and providing a collaborative response where required by members or third parties. Following the establishment of the Planning and Production Board, the strategic business plan takes a longer term view of how the company can transform the railway to better fulfil customers' and funders' needs, generate economic growth, and connect people, businesses and communities. This will be achieved by transforming planning processes to deliver a partnership railway from the customer perspective; re-skilling people to work in a technically advanced, customer-focused railway; introducing innovative technologies to transform the operation and maintenance of the railway, (such as automatic

Strategic report *(continued)*

Future developments *(continued)*

train operation, modern scheduling technology, analysis and decision support tools and facilitating market entry for new suppliers to rail). The company will also work with the industry to refine legislation and standards to address the current deficiencies in today's railway, such as the step gap between the trains and the platforms and introduce new rolling stock.

The company's focus is to continue to work with the train operating companies to support industry reform and transform the customer experience of the railway.

We campaign in partnership with the TOCs and Network Rail to ensure Britain's rail industry today is increasingly relevant to the public, as evidenced with the success of the 'Britain Runs on Rail' campaign. The Williams Rail Review presents an opportunity for the industry to secure a new operating model and a new fares system which will enable us, as an industry, to better deliver for the country and the people in the long term. Considering this, and the disruption that affected the industry in May 2018 when the timetable changes were rolled out, we have reviewed our communications strategy to ensure it properly takes account of the different environment in which we find ourselves. We are moving towards a more stakeholder focused communications approach, which is encapsulated in the new strapline "Big Plan. Big Changes." The aim is to communicate how the railway is changing today and fixing for the future.

By order of the board

O Ogun
Director

200-202 Aldersgate Street
London
EC1A 4HD

Approved by the directors on 23 July 2019

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2019.

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.

Financial results

The results of the business and dividends are as reported in the Financial and business performance section of the Strategic report.

Going concern

The ATOC Limited Section of the Railway Pensions Scheme ("RPS") is a defined benefit scheme, it is vulnerable to variations in investment and mortality assumptions. The last published triennial valuation of the Scheme was as at 31 December 2016, this showed that the ATOC Limited Section of the RPS was underfunded. The deficit recovery plan has been agreed by the employer with the trustees with respect to the previous triennial valuation (2016) largely dealt with this underfunding, although in January 2018 a small increase in deficit recovery plan was agreed with the Trustees. Note 16 explains the pension position following the revaluation. The next triennial valuation of the scheme as at 31 December 2019 is expected to be published in June 2020.

Although the company has net assets before pension liabilities of £1,242,000 *(2018: £713,000)*, the impact of the net pension deficit results in net liabilities of £15,939,000 *(2018: liability of £13,646,000)*. 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 company has net current assets of £69,000, *(2018: net current liabilities of £723,000)*. The directors do not consider this to be a going concern issue as all costs incurred in the operation of the company are recoverable from the TOCs under the condition of the Ticketing and Settlement Scheme Council (TSSC) and ultimately the Department for Transport stands behind the structure of the rail industry.

The pension deficit this year has increased as a result of an increase in members in the pension scheme for all categories (active members, deferred members and pensioner members). The investment performance of the assets in the scheme fluctuate due to changing market conditions, and we have recognised a loss in the statement of other comprehensive income of £3,600,000 which is offset by the return on scheme assets, after accounting for the discount rate, of £1,500,000. Overall expected yields on assets held have fallen, the effect has been compounded by higher price inflation, in addition to pension and salary increases at a higher rate than in the previous year. A past service cost has been recognised in the section liabilities of the scheme, relating to the impact of GMP (Guaranteed Minimum Pensions) equalisation following the Lloyds case judgement, which upheld the ruling by the European Court of Justice (on 17 May 1990) that pensions were deferred pay and subject to the same equality requirement as other pay. This resulted in the equalisation of pension earned by men and women from that point onwards. This has been calculated as £100,000 for the ATOC pension scheme and has been charged to the profit and loss account as a past service cost.

Details of the pension scheme can be found in note 16.

In total the value of net pension liabilities has increased by £3,400,000 in the year (*2018: decrease in net liabilities £1,400,000*).

The director's statement on the impact of Brexit can be found in the Strategic report.

Directors' report *(continued)*

Directors and directors' interests

P J Plummer is the Chief Executive Officer.

The directors who held office during the year and up to the date of signing this report, except as stated:

D D G Booth
D A Brown
G Lynn (resigned on 28 September 2018)
O Ogun (appointed 15 August 2018)
P J Plummer (Chief Executive Officer)
P Whittingham

None of the directors who held office at the end of the financial period had any interests 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.

Directors' indemnities

The company has in place third party indemnity policies for the benefit of its directors which were made during the year and remain in force at the date of this report.

Standing committees

There is one standing committee, the Remuneration Committee, which is led by D A Brown and has all non-executive directors as members.

Employees

Details of the numbers of employees and related costs can be found in note 5 to the financial statements.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, knowledge bites, portfolio updates and through our Company newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Financial risk management objectives and policies

Credit risk

The Company's principal financial assets are bank balances and cash, finance debtors, trade debtors and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Directors' report *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses related party loans for short-term debt finance.

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.

The company has arrangements with the Rail Delivery Group Limited ("RDG") to provide resources for policy, communications, management and administration. These services have been charged directly to RDG, which by virtue of some degree of common ownership, is a related party to ATOC Limited, these related party transactions are disclosed in note 19.

Auditor

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 / herself aware of any relevant audit information and to establish that the auditor is aware of that information.

This information is given in accordance with section 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

O Ogun
Director

200-202 Aldersgate Street
London
EC1A 4HD

Approved by the directors on 23 July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 judgements and accounting 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATOC LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ATOC Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ATOC Limited which comprise:

- the Profit and loss account;
- the Statement of other comprehensive income;
- the Balance sheet;
- the Statement of changes in equity;
- the Cash flow statement;
- the statement of accounting policies; and
- the related notes 2 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATOC LIMITED *(continued)*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATOC LIMITED *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Jacqueline Holden

Jacqueline Holden FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
23 July 2019

Profit and loss account
for the year ended 31 March 2019

	Note	**2019 Total £000**	*2018 Total £000*
Turnover		**38,162**	*33,380*
Operating expenditure		**(38,755)**	*(34,696)*
Operating loss		**(593)**	*(1,316)*
Interest receivable and similar income	6	**7**	*6*
Interest payable and similar charges	6	**(18)**	*(16)*
Loss on ordinary activities before taxation	3	**(604)**	*(1,326)*
Taxation on loss on ordinary activities	7	**54**	*208*
Loss for the year		**(550)**	*(1,118)*

The results for the year ended 31 March 2019 are all from continuing activities.

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

The notes on pages 17 to 39 form part of these financial statements.

Statement of other comprehensive income
for the year ended 31 March 2019

	Note	**2019 Total £000**	*2018 Total £000*
Loss for the year		**(550)**	*(1,118)*
Actuarial (loss)/gain recognised in the pension scheme	16	**(2,100)**	*2,700*
Movement in deferred tax asset arising on the above	8	**357**	*(459)*
Total comprehensive (loss) / profit		**(2,293)**	*1,123*

The notes on pages 17 to 39 form part of these financial statements.

Balance sheet
as at 31 March 2019

	Note	**2019** **£000**	*2018* *£000*
Fixed assets			
Intangible assets	9	**665**	*774*
Tangible assets	10	**933**	*1,076*
Current assets			
Debtors amounts falling due in less than 1 year	11	**13,700**	*9,702*
Debtors amounts falling due in more than 1 year	11	**340**	*510*
Cash at bank and in hand	12	**13,232**	*14,718*
		27,272	*24,930*
Creditors: amounts falling due within one year	13	**(27,203)**	*(25,653)*
Net current assets / (liabilities)		**69**	*(723)*
Total assets less current liabilities		**1,667**	*1,127*
Provisions for liabilities	14	**(425)**	*(414)*
Net assets excluding pension liability		**1,242**	*713*
Net pension deficit	16	**(17,181)**	*(14,359)*
Net liabilities including pension liability		**(15,939)**	*(13,646)*
Capital and reserves			
Called up share capital	15	**-**	*-*
Profit and loss account		**(15,939)**	*(13,646)*
Equity shareholders' deficit		**(15,939)**	*(13,646)*

The notes on pages 17 to 39 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 23 July 2019 and are signed on its behalf by:

Director

Company Registration No. 03069033

Print name DAVID BROWN

Statement of changes in equity

For the year ended 31 March 2019

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 April 2017	-	(14,769)	(14,769)
Movement in defined benefit liability (see note 16)	-	2,700	2,700
Tax relating to items of other comprehensive income	-	(459)	(459)
Loss for the financial year	-	(1,118)	(1,118)
At 31 March 2018	-	(13,646)	(13,646)
Movement in defined benefit liability (see note 16)	-	(2,100)	(2,100)
Tax relating to items of other comprehensive income	-	357	357
Loss for the financial year	-	(550)	(550)
At 31 March 2019	-	(15,939)	(15,939)

The notes on pages 17 to 39 form part of these financial statements.

Cash flow statement
For the year ended 31 March 2019

	Note	2019 £000	2018 £000
Net cash flows generated from/ (used) in operating activities	18	**4,700**	*(5,615)*
Cash flows (used in) / generated from investing activities			
Purchase of tangible assets		**(272)**	*(267)*
Purchase of intangible assets		**(121)**	*(340)*
Interest received		**7**	*6*
Net cash flows used in investing activities		**(386)**	*(601)*
Cash (used in) / from financing activities			
(Repayment of loan) / loan from Rail Staff Travel Limited		**(2,800)**	*2,800*
Loan to Rail Settlement Plan Limited		**(3,000)**	-
Net cash (used in) / from financing activities		**(5,800)**	*2,800*
Net decrease in cash and cash equivalents		**(1,486)**	*(3,416)*
Cash and cash equivalents at beginning of year		**14,718**	*18,134*
Cash and cash equivalents at end of year		**13,232**	*14,718*
Relating to:			
Cash at bank and in hand	12	**13,232**	*14,718*

The notes on pages 17 to 39 form part of these financial statements.

Notes to the financial statements

(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.

General information and basis of accounting

ATOC Limited is a company limited by shares, incorporated in England, United Kingdom under the Companies Act. The address of the company's registered office and principal place of business is 200 - 202 Aldersgate Street, London EC1A 4HD. The nature of the company's operations and its principal activities are set out in the strategic report on pages 1 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Going concern

The company has net current assets of £69,000 *(2018: net current liabilities £723,000)* and net assets less current liabilities, excluding pension liability, of £1,242,000 *(2018: £713,000)*. The impact of the net pension liability results in net liabilities of £15,939,000 *(2018: net liabilities of £13,646,000)*. 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 Going concern section of the strategic report.

The director's statement on the impact of Brexit can be found in the Strategic report.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provision of the instrument.

Financial liabilities are classified according to the substance of the arrangements entered into.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value (which is normally transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance sheet when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debtors

Debtors are stated in the balance sheet at net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of a dispute or an inability to pay. An additional provision is made based on an analysis of balances by age.

Creditors

Creditors are disclosed in the balance sheet at fair value and are recognised when an obligation to transfer economic benefits has arisen as a result of a past transaction.

Notes to the financial statements *(continued)*

1. Statement of accounting policies *(continued)*

Intangible assets – Computer software

Computer software is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit. The lives used for the assets are:

Finance and HR systems – 5 years

All other software – 3 years

Provision is made for any impairment.

Amortisation is revised prospectively for any significant change in useful life or residual value.

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 date the asset is available for use. The lives used for the assets are:
Computer hardware 3 years
Fixtures and fittings 10 years
Leasehold improvements 10 years

Development projects

In certain circumstances where 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 debtor 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 debtor receivable. The receipts are apportioned between finance income, turnover and the reduction of the debtor 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. The benefits received and receivable as an incentive to sign an operating lease are spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used. Under FRS 102 future benefits given as lease incentives will be spread over the term of the lease.

Notes to the financial statements *(continued)*

1. Statement of accounting policies *(continued)*

Dilapidations

Dilapidations in respect of occupied property are recognised when an obligation to return the premises to its original condition exists and this obligation can be reliably measured. Where this relates to removing specific assets, this is capitalised in tangible fixed assets and depreciated over the expected life of the lease. The provision is inflated to the expected value at the date of payment and then discounted at an appropriate discount rate to present value.

Cash

ATOC Limited has a contract with the Department for Transport to help fund the provision of cycle stands and shelters at railway stations in accordance with the DfT's Cycle to Work Scheme. ATOC receives the cycle scheme grant in full and the Train Operating Companies apply for funding at different stages of when the work has been completed. The funds received by ATOC from the DfT are held in a separate bank account which is ring-fenced and not available for offset against any of the other ATOC bank accounts. The total amount of ring-fenced funds held under this scheme at 31 March 2019 is £8.3m *(2018: £11.5m).*

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Employee benefits

The costs of short term employee benefits are recognised as a liability and an expense.

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.

The amount of the deferred tax asset included in the balance sheet of the company is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In estimating the amount of the deferred tax asset that may be recognised the Directors make judgements, based on current budgets and forecasts, about the amount of future taxable profits and the timing of when these will be realised. The asset is unwinding as there are taxable profits against which the asset is utilised.

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.

Notes to the financial statements *(continued)*

1. Statement of accounting policies *(continued)*

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, Santander 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.

Interest income

Interest income is recognised as income in the Profit and loss account as it falls due.

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 actuarial valuations are obtained at least triennially and are updated at each balance sheet date.
The costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments are charged to operating profit. These are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the profit and loss account.
The pension scheme surplus (to the extent that it is recoverable) or deficit attributable to the employer is recognised in full. The movement in the scheme surplus/deficit is split between operating expenditure in the profit and loss account and in the re-measurement of net defined benefit liability in the statement of other comprehensive income.

Impairment and useful economic life of tangible and intangible assets

An element of uncertainty is inherent in determining the impairment and useful economic life of tangible and intangible assets. Tangible assets comprise of property, plant and equipment and intangible assets relate to computer software.

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes to the financial statements *(continued)*

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from 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. Revision 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.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Finance debtors
ATOC recognises a finance debtor where a transaction has occurred giving rise to the transfer of assets or services for consideration to be settled at a future date. The fair value of the consideration is the present value of all future receipts determined using an imputed rate of interest, the company's internal rate of return.

Where the company does not bear the risks and rewards associated with the development of an 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 debtor.

Where costs have been incurred, but it is considered that the expenditure does not create an asset, the expenditure is charged to the income statement as the income from the TOCs is received, reflecting the services provided to the TOCs by the company during the contractual arrangement.

In arriving at the constant rate of interest charged to the train operating companies, the directors use their judgement for the best estimate for the internal rate of return.

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the probable outflow of resources, and a reliable estimate can be made of the amount of the obligation.

As at 31 March 2019 the company has a provision for liabilities and charges which relate to dilapidation work as specified in the rent agreement for the building at 200 Aldersgate Street. The expenditure is expected to be incurred by 1st April 2023, which is the date of the break clause.

Notes to the financial statements *(continued)*

2. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Post-employment benefits
ATOC operates a defined benefit scheme. All post-employment benefits associated with the schemes have been accounted for in accordance with Section 28 of FRS 102 'Employee benefits'. As detailed within the accounting policies note, in accordance all actuarial gains and losses have been recognised immediately through the Statement of comprehensive income. The pension scheme valuations have been performed by a third party specialist qualified independent actuary. In performing these valuations, judgements, assumptions and estimates have been made. These assumptions have been disclosed within note 16.

3 Loss on ordinary activities before taxation

This is stated after charging:

	2019	2018
	£000	*£000*
Amortisation (per note 9)	**230**	*164*
Depreciation (per note 10)	**257**	*221*
Loss on disposal of fixed assets (per note 10)	**158**	-
Hire of plant and machinery rentals payable under operating leases	**51**	*58*
Fees payable to the auditor for the audit of the company's annual financial statements	**35**	*40*
Total audit fees	**35**	*40*
Taxation compliance services	**5**	*5*
Total non-audit fees	**5**	*5*

The audit fees above include £7k (2018: £8k) paid on behalf of the Association of Train Operating Companies.

The taxation compliance fees above include £1k (2018: £1k) paid on behalf of the Association of Train Operating Companies.

Notes to the financial statements *(continued)*

4 Remuneration of key management personnel

The directors do not receive remuneration from any related parties nor ATOC Limited in respect of their activities for the company *(2018: £nil).*

The total remuneration of the directors and managers, who are considered to be the key management personnel of the company, was £6,121,526 *(2018: £5,913,946)*, of which £4,285,305 (*2018: £3,940,329*) was recharged out to related parties as follows: Rail Settlement Plan Limited £786,981 (*2018: £812,380*), Train Information Services Limited £614,570 (*2018: £419,971*), NRES Limited £614,570 (*2018: £419,971*), Rail Staff Travel Limited £nil (*2018: £132,688*), and Rail Delivery Group Limited £2,269,184 (*2018: £2,155,319*).

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 282 (*2018: 257*).

Employee costs charged to ATOC Limited:

	2019	*2018*
Employees costs	**£000**	*£000*
Wages and salaries	**18,078**	*15,324*
Social security costs	**1,953**	*1,559*
Other pension costs	**3,030**	*2,793*
	23,061	*19,676*

The table above shows the gross employee costs included in the profit and loss account for ATOC Limited and its related parties excluding the TOCs. The employee costs for all related companies are: wages and salaries £8,955,000 (*2018: £5,963,000*); social security costs £947,000 (*2018: £588,000*) and other pension costs £874,000 (*2018: £561,000*). 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 £5,579,000 (*2018: £3,232,000*), Rail Staff Travel Limited £663,000 (*2018: £566,000*), and Train Information Services Limited £3,536,000 (*2018: £2,958,000*).

Staff costs include a charge for the accrued cost of staff holiday earned but not taken as at 31 March, referred to as short term compensated absences, as required to be reported under FRS 102. The cost of short term compensated absences accrued but not taken as at 31 March 2019 was £291,000 (2018: £221,000).

	2019	**2018**
Directors' remuneration	**£'000**	**£'000**
Emoluments	903	1,077
Company contributions to pension schemes	59	54
	962	1,131

Notes to the financial statements *(continued)*

5 Staff numbers and costs*(continued)*

Directors' remuneration *(continued)*	**2019 Number**	**2018 Number**
The number of directors who:		
Are members of defined benefit pension schemes	3	3

	2019 £'000	**2018 £'000**
Remuneration of the highest paid director:		
Emoluments	389	386
Company contributions to pension schemes	-	-

6 Net interest receivable and payable

	2019 £000	*2018 £000*
Interest receivable and similar income	**7**	*6*
Interest payable and similar charges	**(18)**	*(16)*
	(11)	*(10)*

Notes to the financial statements *(continued)*

7 Taxation

	2019	*2018*
	£000	*£000*
Current tax		
UK Corporation tax on profits for the period	239	-
Adjustments in respect of previous periods	-	*(-)*
Total current tax	239	*(-)*
Deferred tax		
Origination and reversal of timing differences	(328)	*(224)*
Amounts provided for in prior year	-	*(8)*
Effects of changes in tax rates	35	*24*
	(293)	*(208)*
Tax on profit on ordinary activities	(54)	*(208)*

Factors affecting the tax charge for the current period

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

	2019	*2018*
	£000	*£000*
Current tax reconciliation		
Loss on ordinary activities before tax	(604)	*(1,326)*
Current tax at 19% *(2018:19%)*	(115)	*(252)*
Effects of:		
Small companies relief	-	-
Expenses not deductible for tax purposes	26	*28*
Changes in tax rates	35	*24*
Prior year adjustment	-	*(8)*
Total current tax credit (see above)	(54)	*(208)*

The standard rate of tax applied to reported profit is 19% (2018: 19%). There has been no change to the applicable tax rate in the period. The Finance Act 2016 enacted a reduction in the UK corporation tax rate to 17% with effect from 1 April 2020. This change was substantively enacted on 6 September 2016. As the Finance Act 2016 was substantively enacted ahead of the balance sheet date, the effect of this rate reduction has been reflected in calculation of the deferred tax figures above.

A deferred tax asset has been recognised in respect of timing differences between profits computed for taxation and accounts purposes. Deferred tax has been recognised at a rate of 17% *(2018: 17%)* being the corporation tax rate expected to apply to the company's taxable profits in the periods the timing differences reverse. There is no expiry date on timing differences, unused tax losses or tax credits.

Notes to the financial statements *(continued)*

8 Deferred taxation

	Accelerated capital allowances £000	Tax Losses £000	Pensions £000	Total £000
Balance at 1 April 2018	24	4	2,941	2,969
Credited / (charged) to profit and loss account	76	(4)	221	293
Credited to other comprehensive income	-	-	357	357
Change in tax rate – other comprehensive income	-	-	-	-
Change in tax rate – profit and loss	-	-	-	-
Prior year adjustment	1	-	-	1
Balance at 31 March 2019	101	-	3,519	3,620
Amount included in debtors				101
Amounts included in net pension liability				3,519

Notes to the financial statements *(continued)*

9 Intangible Fixed Assets

	Computer software £000
Cost	
As at 1 April 2018	**992**
Additions	121
Disposals	(43)
As at 31 March 2019	**1,070**
Amortisation	
As at 1 April 2018	**(218)**
Charge for the year	(230)
Disposals	43
As at 31 March 2019	**(405)**
Net book value	
As at 31 March 2019	**665**
As at 31 March 2018	*774*

Notes to the financial statements *(continued)*

10 Tangible Fixed Assets

	Leasehold Improvements £000	Fixtures and Fittings £000	Computer hardware £000	Total £000
Cost				
As at 1 April 2018	**1,301**	**313**	**612**	**2,226**
Additions	-	40	232	272
Disposals	-	-	(319)	(319)
As at 31 March 2019	**1,301**	**353**	**525**	**2,179**
Depreciation				
As at 1 April 2018	**(634)**	**(145)**	**(371)**	**(1,150)**
Charge for the year	(127)	(47)	(83)	(257)
Disposals	-	-	161	161
As at 31 March 2019	**(761)**	**(192)**	**(293)**	**(1,246)**
Net book value				
As at 31 March 2019	**540**	**161**	**232**	**933**
As at 31 March 2018	*667*	*168*	*241*	*1,076*

During the year fixed assets were disposed of for £nil consideration, a loss of £158k has been recognised in the Profit and loss account.

Leasehold improvements relate to costs incurred in April 2013, prior to moving into the premises at 200-202 Aldersgate Street, London EC1A 4HD, which were required to bring the office space to a standard able to serve the organisational structure of the company.

Notes to the financial statements *(continued)*

11 Debtors

Amounts falling due within one year

	2019 **£000**	*2018* *£000*
Trade debtors	**1,562**	*4,265*
TOC Debtors	**193**	*123*
Other debtors	**86**	*51*
Non-TOC Related Parties	**5,719**	*2,032*
Loan to Rail Settlement Plan Limited (note 19)	**3,000**	*-*
Prepayments	**1,803**	*1,031*
Accrued income	**1,174**	*2,054*
Corporation tax	**-**	*-*
Deferred tax asset (note 8)	**101**	*28*
Finance debtor	**62**	*118*
	13,700	*9,702*

Amounts falling due greater than one year

	Finance debtors	**Accrued income**	**2019 £000**	Finance debtors	Accrued income	*2018 £000*
One to two years	-	**110**	**110**	*62*	*108*	*170*
Two to five years	-	**230**	**230**	-	*340*	*340*
Greater than 5 years	-	-	-	-	-	-
	-	**340**	**340**	*62*	*448*	*510*

Finance Debtor - 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 was 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 financial statements as a finance debtor. The debtor was fully recovered in the year.

As at 31 March 2019, the value of the remaining finance debtor recoverable is £62,000, with 6 months remaining. This has been discounted by 2% per annum over the life of the debtor.

This will be recovered as follows:

Finance Debtor	**2019** **£000**	*2018* *£000*
Within one year	**62**	*118*
One to two years	**-**	*62*
Two to five years	**-**	*-*
Greater than 5 years	**-**	*-*
	62	*180*

Notes to the financial statements *(continued)*

11 Debtors *(continued)*

Accrued Income

Accrued income includes the non-capitalised costs of the move to the new office premises at Aldersgate Street. It has been agreed with the TOCs that these costs will be recovered over a 10 year period commencing 1 April 2013.

As at 31 March 2019 there are 4 years remaining, of which 3 years have been included in amounts falling due after more than one year. The value of the remaining lease recoverable is £447,907, which is charged to the TOCs at a rate of £119,521 per annum. This has been discounted by 2.66% per annum over the 10 year period of the life of the lease.

This will be recovered as follows:

Aldersgate Building Lease	**2019**	*2018*
	£000	*£000*
Within one year	**108**	*105*
One to two years	**110**	*108*
Two to five years	**230**	*340*
Greater than 5 years	**-**	-
	448	*553*

12 Cash at bank and in hand

	2019	*2018*
	£000	*£000*
Restricted funds (DfT Cycle to Work scheme), included in Other creditors – see note 13	**8,332**	*11,521*
ATOC Funds	**4,900**	*3,197*
Cash at bank and in hand	**13,232**	*14,718*

ATOC receives funding from the DfT on behalf of the TOCs to facilitate the implementation of the DfT's Cycle to Work scheme. The TOCs apply to ATOC for funding at various stages of completion of building cycle stands and shelters at stations, in accordance with the DfT's Cycle to Work scheme rules. These funds are held in a separate bank account and are not available for ATOC's use.

Notes to the financial statements *(continued)*

13 Creditors: amounts falling due within one year

	2019	*2018*
	£000	*£000*
Trade creditors	**2,086**	*1,178*
Amounts owed to Train Operating Companies	**5,636**	*2,679*
Loan from Rail Staff Travel Ltd	**-**	*2,800*
Corporation tax	**239**	*-*
Other taxes and social security costs	**1,695**	*1,039*
Other creditors	**12,204**	*14,684*
Accruals and deferred income	**5,343**	*4,273*
	27,203	*25,653*

Other creditors include the DfT Cycle to Work scheme funds held on behalf of the TOCs. The amounts held as at 31 March 2019 was £8,332,000 *(2018: £11,521,000)*.

14 Provisions for liabilities

	2019	*2018*
	£000	*£000*
	Dilapidations	*Dilapidations*
Balance at 1 April 2018	**414**	*403*
Unwinding of discount	**11**	*11*
Balance at 31 March 2019	**425**	***414***

The provision for liabilities and charges as at 31 March 2019 relate to dilapidation work as specified in the Aldersgate Street rent agreement. The present value of the provision for the dilapidation expenditure was recognised in the year ended 31 March 2014, this was capitalised against the value of the lease. The lease is depreciating on a straight line basis over 10 years. The capitalised provision for dilapidations is unwinding over the 10 year period of the lease commitment at a discount rate of 2.66% per annum. The total expenditure expected to be charged is £471,697. The expenditure is expected to be incurred by 1st April 2023, which is the date of the break clause.

15 Called up share capital

	2019	*2018*
	£	*£*
Authorised Shares		
26 Ordinary shares of £0.04 each	1.04	*1.04*
Allotted, called up and fully-paid		
Equity – 21 Ordinary shares of £0.04 each *(2018: 21 Ordinary shares of £0.04 each)*	0.84	*0.84*

The £0.04 ordinary shares each carry one vote.

Notes to the financial statements *(continued)*

16 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 2016 and was undertaken by Towers Watson, independent qualified actuaries. This has been updated with reference to investment market conditions at 31 March 2019 by a qualified independent actuary.

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 £61.6 million 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 2.4% a year in future, and that salaries would increase at the rate of 2.15%.

The discount rate has been used to calculate the expected return on assets. The discount rate for the year ended 31 March 2019 is 2.4%, *(2018: 2.6%)*.

Employer contributions for the period ended 31 March 2019 were 19.97% of Section Pay for Category 1 members and 18.06% of Section Pay for Category 2 members and 15.90% 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 is generally split between the members and the employer in the ratio 40:60.

From 1 April 2016, pensionable salary growth has been capped at CPI for members earning over £50,000 p.a.

	2019	*2018*
	£000	*£000*
Fair value of plan assets	**61,600**	*57,800*
Present value of unfunded defined benefit obligations	**(96,200)**	*(86,700)*
Deficit in Scheme	**(34,600)**	*(28,900)*
ATOC Limited share of deficit (60%)	**(20,700)**	*(17,300)*
Related deferred tax asset	**3,519**	*2,941*
Net liability	**(17,181)**	*(14,359)*

Notes to the financial statements *(continued)*

16 Pension scheme *(continued)*

Movements in present value of defined benefit obligation

	2019	*2018*
	£000	*£000*
Opening section liabilities as at 1 April	86,700	*86,300*
Current service cost	3,700	*3,400*
Interest cost	2,200	*2,300*
Actuarial loss / (gain)	6,000	*(4,200)*
Past Service Cost	100	*-*
Benefits paid	(2,500)	*(1,100)*
Closing section liabilities at 31 March	96,200	*86,700*

Movements in fair value of plan assets

	2019	*2018*
	£000	*£000*
Fair value of plan assets as at 1 April	57,800	*55,200*
Interest income	1,500	*1,500*
Return on plan assets greater than discount rate	2,500	*200*
Contributions by employer	1,700	*1,500*
Contributions by employee	1,100	*1,000*
Benefits paid	(2,500)	*(1,100)*
Administration costs	(500)	*(500)*
Fair value of plan assets as at 31 March	61,600	*57,800*

Notes to the financial statements *(continued)*

16 Pension scheme *(continued)*

Reconciliation of pension scheme (liability)

	2019	*2018*
	£000	*£000*
Opening scheme liability at 1 April	(17,300)	*(18,700)*
Employer's share of pension cost recognised in profit & loss	(3,000)	*(2,800)*
Employer's contributions	1,700	*1,500*
(Loss) / gain recognised in the statement of comprehensive income	(2,100)	*2,700*
Closing scheme liability at 31 March	(20,700)	*(17,300)*

Expense recognised in the profit and loss account

	2019	*2018*
	£000	*£000*
Current service cost	2,200	*2,000*
Employers share of administration costs	300	*300*
Past service cost adjustment	100	*-*
Interest on defined benefit pension plan obligation	400	*500*
Total	3,000	*2,800*

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

	2019	*2018*
	£000	*£000*
Operating expenditure	3,000	*2,800*

The total amount recognised in other comprehensive income in respect of actuarial loss is £2,100,000 (*2018: gain £2,700,000*).

Cumulative actuarial gains/losses reported in the statement of comprehensive income are losses of £18,100,000 *(2018: Loss £16,000,000).*

The Company expects to contribute approximately £1,700,000 to its defined benefit plans in the next financial year.

Notes to the financial statements *(continued)*

16 Pension scheme *(continued)*

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

	2019	*2018*
	Fair value £000	*Fair value £000*
Growth assets	**45,300**	*43,300*
Government bonds	**12,000**	*12,600*
Non-Government bonds	**4,000**	*1,700*
Other	**300**	*200*
	61,600	*57,800*

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

Under FRS 102 the discount rate is used to calculate the expected return on assets (see table below).

Each class of assets is 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.

Principal actuarial assumptions (expressed as weighted averages) at Year end were as follows:

	2019	*2018*
	%	*%*
Discount rate	**2.40**	*2.60*
Future salary increases	**2.15**	*1.95*
Price inflation	**3.15**	*3.05*
Pension increases	**2.15**	*1.95*

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: 22.0 years (male), 23.1 years (female).

Future retiree upon reaching 65: 23.7 years (male), 25.0 years (female).

Notes to the financial statements *(continued)*

17 Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	**2019**	*2018*	*2018*
	Land and Buildings £000	**Other £000**	*Land and Buildings £000*	*Other £000*
Within one year	**1,232**	**18**	*953*	*9*
In the second to fifth years inclusive	**3,212**	**25**	*3,682*	*60*
After more than five years	**-**	**-**	-	-
	4,444	**43**	*4,635*	*69*

In May 2013, the company signed a 15 year lease, (with a break clause in year 10), for new accommodation at 200 Aldersgate Street, London. Following a rent review during the year, the rental agreement for this property is £1,070,500 per annum (2018: £909,000).

On 27 March 2015 ATOC Limited entered into a lease agreement for the use of the basement floor at 200 Aldersgate Street. The lease is for 10 years with a break clause in year 5. The annual commitment under this agreement is £43,750.

The schedule shows the company's commitment up to the date of the break clause.

Other non-cancellable commitments relate to the hire of photocopiers and a franking machine.

Notes to the financial statements *(continued)*

18 Cash flow statement

Reconciliation of operating profit to cash used in operations:

	2019	*2018*
	£000	*£000*
Operating loss	**(593)**	*(1,316)*
Adjustment for:		
Loss on disposal of tangible fixed assets	**158**	-
Depreciation	**257**	*221*
Amortisation	**230**	*164*
Operating cash flow before movement in working capital	**52**	*(931)*
Decrease/ (increase) in debtors	**(873)**	*(892)*
Increase / (decrease) in creditors	**4,110**	*(5,187)*
Increase in provisions	**11**	*11*
Decrease in finance debtor	**118**	*115*
Net pension adjustment	**1,300**	*1,300*
Cash generated by operations	**4,718**	*(5,584)*
Interest paid	**(18)**	*(16)*
Taxation	**-**	*(15)*
Net cash used in operating activities	**4,700**	*(5,615)*

Notes to the financial statements *(continued)*

19 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 administration fee.

At 31 March 2019, the company was owned by the 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.

In November 2013 the company entered into arrangements with Rail Delivery Group Limited (RDG Ltd) to provide resources for policy, communications, management and administration. With effect from 1st April 2014 these services have been charged directly to RDG, which by virtue of some degree of common ownership is a related party to ATOC Limited.

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. These amounts all relate to trading balances.

Loans are provided on a commercial basis and are shown separately. Interest is charged at a market rate of 0.6322% p.a. and the loans are repayable on demand. The loans, debtors and creditors between ATOC Limited and its related parties are provided on an unsecured basis. Settlement is required to be made in cash.

2019	**Turnover £000**	**Expenditure £000**	**Loans £000**	**Debtors £000**	**Creditors £000**
Association of Train Operating Companies	16,856	-	-	1,124	-
Rail Settlement Plan Limited	6,503	34	3,000	3,263	-
Rail Staff Travel Limited	670	1	-	138	-
Train Information Services Limited	3,378	270	-	486	-
Rail Delivery Group Limited	4,845	-	-	709	-
Total	32,252	305	3,000	5,720	-
Total TOCs	673	2,795	-	193	5,636

Notes to the financial statements *(continued)*

Ultimate parent undertaking and related parties *(continued)*

2018	*Turnover £000*	*Expenditure £000*	*Loans £000*	*Debtors £000*	*Creditors £000*
Association of Train Operating Companies	*14,402*	-	-	*1,342*	-
Rail Settlement Plan Limited	*3,948*	*171*	-	*137*	-
Rail Staff Travel Limited	*606*	-	*(2,800)*	*63*	-
Train Information Services Limited	*2,902*	*124*	-	*135*	-
Rail Delivery Group Limited	*4,106*	-	-	*355*	-
Total	*25,964*	*295*	*(2,800)*	*2,032*	-
Total TOCs	*874*	*1,228*	-	*123*	*1,679*

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 £156 *(2018: £47)*. The loan outstanding as at 31 March 2019 was £3,000,000 *(2018:£nil)*.

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 £7,000 *(2018: £5,000)*. The loan outstanding as at 31 March 2019 was £nil *(2018: £2,800,000)*.

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. Interest for this facility is on a commercial basis and amounted to £nil *(2018: £5)*. The loan outstanding as at 31 March 2019 was £nil *(2018: £nil)*.