

## **ATOC Limited**

Directors' report and  
financial statements

Registered number

3069033

31 March 2001



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

### 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 and its associated schemes, companies and structures and the discharge of the role of agent for the various contractual arrangements entered into on behalf of scheme participants.

### Business review

This year has been a terrible year for the Rail Industry, with Hatfield and Selby train crashes and the subsequent disruption to services. ATOC has played an important role, both in relation to the media, and in co-ordinating the response of the passenger rail industry.

In terms of activity, additional railcard marketing has now commenced along with a number of more general advertising initiatives, which will come to fruition in the summer 2001.

ATOC Limited, as the service provider to the Association, will therefore be called upon to lead these initiatives.

During the year, the company made a profit before tax of £48,000 after provisions for corporation tax this profit was reduced to a loss of £28,000 (2000: profit £29,000). The directors do not recommend the payment of a dividend.

### Directors and directors' interests

The directors who held office during the year were as follows:

GW Muir  
AD McTavish  
RH Brown  
TJ Clarke  
NAJ Patterson (appointed on 15 November 2000)  
GR Fearnley (resigned on 25 October 2000)

None of the directors had a beneficial interest in any shares of the company. No director had a material interest in any contract with the company.

### Charitable contributions

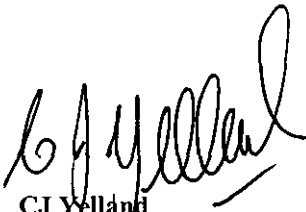
The company made no political or charitable donations during the year.

## **Directors' report** *(continued)*

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



CJ Yelland  
Secretary

40 Bernard Street  
London  
WC1N 1BY

6 June 2001

## Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695  
8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

## Report of the auditors to the members of ATOC Limited

We have audited the financial statements on pages 5 to 14.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### Basis of opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'R. D. G.', written over the KPMG logo.

Chartered Accountants  
Registered Auditors

A handwritten signature in dark ink, appearing to be 'B. L.', written over the date.

June 2001

**Profit and loss account**  
*for the year ended 31 March 2001*

	<i>Note</i>	<b>2001 £000</b>	<b>2000 £000</b>
Turnover		19,491	15,355
Operating expenditure		(19,396)	(15,275)
<b>Operating profit</b>		<b>95</b>	<b>80</b>
Interest payable and similar charges	5	(47)	(38)
<b>Profit on ordinary activities before taxation</b>	<b>2</b>	<b>48</b>	<b>42</b>
Taxation on profit on ordinary activities	6	(76)	(13)
<b>Profit/(loss) retained for the year</b>		<b>(28)</b>	<b>29</b>
Retained profit brought forward		64	35
Retained profit carried forward		36	64

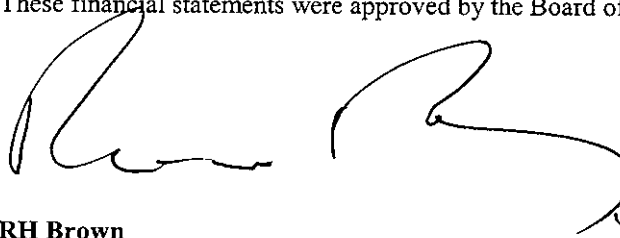
There are no other recognised gains and losses other than the loss for the year. All items relate to continuing activities.

## Balance sheet

as at 31 March 2001

	Note	2001 £000	2001 £000	2000 £000	2000 £000
<b>Fixed assets</b>					
Tangible fixed assets	7		953		1,237
<b>Current assets</b>					
Debtors	8	4,800		1,999	
Cash at bank and in hand		712		631	
		<u>5,512</u>		<u>2,630</u>	
Creditors: amounts falling due within one year	9	(6,088)		(3,293)	
		<u></u>		<u></u>	
Net current assets/(liabilities)			(576)		(663)
<b>Total assets less current liabilities</b>			<u>377</u>		<u>574</u>
<b>Creditors: amounts falling due after more than one year</b>	10		(341)		(510)
<b>Net assets</b>			<u>36</u>		<u>64</u>
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Profit and loss	12		36		64
			<u>36</u>		<u>64</u>
<b>Equity shareholders' funds</b>	12		<u>36</u>		<u>64</u>

These financial statements were approved by the Board of Directors on 6 June 2001 and are signed on its behalf by:

  
RH Brown  
Director

  
GW Muir  
Director



**Cash flow statement**  
*for the year ended 31 March 2001*

<i>Note</i>	<b>2001</b> <b>£000</b>	<b>2000</b> <b>£000</b>
<b>Net cash (outflow) / inflow from operating activities</b>	<b>329</b>	<b>(1,175)</b>
<b>Returns on investments and servicing of finance</b>		
Interest element of finance lease payments	(47)	(38)
<b>Taxation</b>	<b>(36)</b>	<b>(5)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(11)	(411)
<b>Financing</b>		
Capital element of finance lease payments	(154)	(104)
	<hr/>	<hr/>
<b>Increase / ( decrease) in cash during the year</b>	<b>81</b>	<b>(1,733)</b>
	<hr/>	<hr/>
<b>Reconciliation of operating profit to</b>		
<b>Operating cash flow</b>		
Operating profit	95	80
Depreciation	295	215
Decrease / (Increase) in debtors	(2,645)	(819)
(Decrease) / Increase in creditors	2,584	(1,474)
	<hr/>	<hr/>
<b>Net cash ( Outflow) /inflow from operating activities</b>	<b>329</b>	<b>(1,175)</b>
	<hr/>	<hr/>

**Reconciliation of net cash flow to movements in net debt**

Net debt consists of cash at bank and in hand hence no separate reconciliation of net debt is presented.

## Notes

*(forming part of the financial statements)*

### 1 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 accounting standards.

#### *Fixed assets and depreciation*

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

Plant and equipment - 3-20 years  
Fixtures and fittings - 3-20 years

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### *Taxation*

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

#### *Pensions*

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

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

#### *Turnover*

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

ATOC Limited in order to reduce the administration burden on the Train Operating Companies has assumed responsibility for invoicing and settlement between the Train Operating Companies in respect of a number of settlements, and particularly Corporate Police Travel, HSBC and MOD. ATOC Limited acts solely as an agent in these processes where income is equal to expenditure and as a consequence these transactions have been excluded from the Profit and Loss Account.

This is a change from previous years, where these balances have been included within both turnover and operating

## Notes (continued)

expenditure. Prior year turnover and operating expenditure have hence been restated to reflect this change, the impact of which has been to reduce turnover and operating expenditure by £2,583,000. There was no impact on operating profit.

### 2 Profit on ordinary activities before taxation

This is stated after charging:

	2001 £000	2000 £000
Depreciation		
Owned	118	114
Leased	177	101
Hire of plant and machinery - rentals payable under operating leases	89	78
Hire of other assets - operating leases	530	319
Auditors' remuneration:		
Audit	10	10
Other services – fees paid to the auditor and its associates	6	8
	<u>          </u>	<u>          </u>

### 3 Remuneration of directors

Two directors are accruing benefits under a defined benefit pension scheme. The directors do not receive any remuneration from any related parties nor ATOC Ltd in respect of their activities for the company

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 85 (2000: 74).

	2001 £000	2000 £000
<b>Employees costs</b>		
Wages and salaries	3,212	2,534
Social security costs	300	227
Other pension costs	181	148
	<u>3,693</u>	<u>2,909</u>

### 5 Interest payable and similar charges

	2001 £000	2000 £000
Finance charges payable in respect of finance leases and hire purchase contracts	<u>47</u>	<u>38</u>

### 6 Taxation

	2001 £000	2000 £000
UK corporation tax payable at 20%	57	30
Under ( over) provision in prior year	19	(17)
	<u>76</u>	<u>13</u>

## Notes (continued)

### 7 Tangible fixed assets

	Fixtures and fittings £000	Plant and Equipment £000	Total £000
<b>Cost</b>			
At 1 April 2000	1,257	256	1,513
Additions	-	11	11
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2001</b>	<b>1,257</b>	<b>267</b>	<b>1,524</b>
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2000	223	53	276
Charge for year	225	70	295
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2001</b>	<b>448</b>	<b>123</b>	<b>571</b>
	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>			
<b>At 31 March 2001</b>	<b>809</b>	<b>144</b>	<b>953</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2000	1,034	203	1,237
	<hr/>	<hr/>	<hr/>

Included in the total net book value of fixtures and fittings and plant and equipment is £528,000 (2000: £678,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £177,000 (2000: £101,000).

## Notes (continued)

### 8 Debtors

	2001 £000	2000 £000
Trade debtors	711	670
Other debtors	11	14
Association of Train Operating Companies	2,893	423
National Rail Enquiry Service Limited	10	-
Rail Settlement Plan Limited	461	527
Rail Staff Travel Limited	-	203
Prepayments and accrued income	714	162
	<u>4,800</u>	<u>1,999</u>

### 9 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Trade creditors	2,755	1,159
Rail Staff Travel Limited	156	-
National Rail Enquiry Service Limited	-	5
Corporation tax payable	57	18
Other taxes and social security costs	59	266
Other creditors	29	68
Accruals and deferred income	2,863	1,623
Obligations under finance leases and hire purchase contracts (see note 10)	169	154
	<u>6,088</u>	<u>3,293</u>

### 10 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Obligations under finance leases and hire purchase contracts	<u>341</u>	<u>510</u>

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2001 £000	2000 £000
Within one year	169	154
In the second to fifth years	341	510
Over five years	-	-
	<u>510</u>	<u>664</u>

## Notes (continued)

### 11 Called up share capital

	2001 £	2000 £
Authorised		
98 Ordinary shares of £1 each	98	98
50 Ordinary shares of £0.04 each	2	2
<i>Issued and fully paid</i>	£	£
26 Ordinary shares of £0.04 each	1.04	1.04
	<hr/> 1.04 <hr/>	<hr/> 1.04 <hr/>

Both the £1 ordinary shares and the £0.04 ordinary each carry one vote.

### 12 Reconciliation of movement in shareholders' funds

	2001 £000	2000 £000
Retained profit/(loss) for the year	(14)	29
Opening shareholders' funds	64	35
	<hr/>	<hr/>
Closing shareholders' funds	50	64
	<hr/>	<hr/>

### 13 Pension scheme

The majority of the Company's employees are members of the ATOC Limited Shared Cost Section of the Railways Pension Scheme (RPS), a funded defined benefit scheme. The ATOC Limited Shared Cost Section of the RPS was established with effect from 13 October 1996 when the Company separated from British Railways Board. The first actuarial valuation of the ATOC Limited Shared Cost Section of the RPS for the purposes of assessing the appropriate pension costs for ATOC Limited was as at 13 October 1996 and was undertaken by Watson Wyatt Partners, independent qualified actuaries. A second actuarial valuation was undertaken by Watson Wyatt Partners for the position at 31 December 1998.

The results of the valuation, based on the projected unit funding method, indicate that the market value of the scheme assets at the valuation date was £10.3 million (1996: £5.9 million) and the actuarial value of those assets represented 104% (1996: 115%) of the benefits that had accrued to members. The principal assumptions underlying the valuation were that the return on the schemes investments would average 6.75% (1996: 8.5%) a year in future, and that salaries would increase at the rate of 4.5% (1996: 6.5%)

The scheme Actuary has recommended that in view of uncertainties, a measure of surplus should be retained unutilised as a contingency reserve. In line with the 1996 valuation basis, it is recommended that a funding level of 105% should be maintained for an immature scheme.

The next valuation will take place on 31 December 2001.

The charge to the profit and loss account in the year was £181,000 (2000: £148,000).

## Notes (continued)

### 14 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2001		2000	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	165	72	-	51
In the second to fifth years inclusive	480	19	375	19
	<u>645</u>	<u>81</u>	<u>375</u>	<u>70</u>

### 15 Ultimate parent undertaking and related parties

At 31 March 2001, the Company was owned and controlled by the passenger Train Operating Companies (TOCs). The Company is related to the Association of Train Operating Companies, Rail Settlement Plan Limited, Rail Staff Travel Limited and National Rail Enquiry Services Limited since they are also owned and controlled by the TOCs.

See notes 8 and 9 for amounts related to related parties.