

HSBC RAIL (UK) LIMITED
Registered No: 2912638

Financial Statements for the year ended 31 December 2015

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HSBC RAIL (UK) LIMITED

Financial Statements for the year ended 31 December 2015

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HSBC RAIL (UK) LIMITED

Strategic Report for the year ended 31 December 2015

Review of the Company's business

In prior years, the principal activity of HSBC Rail (UK) Limited (the "Company") was the provision of rolling stock to operating companies under operating leases. In 2012, the Company ceased to trade and the Directors do not intend to enter into a replacement trade.

The business is funded principally by a parent undertaking through equity and retained earnings. The Company has no employees. A number of services are provided by fellow HSBC Group companies. The Company's principal stakeholder is its parent company.

Financial performance

The Company's results for the year under review are as detailed in the income statement shown in these financial statements.

Key performance indicators

As the Company is managed as part of a global bank, there are no key performance indicators that are specific to the Company. The key performance indicators are included in the annual report of HSBC Bank plc. Ongoing review of performance of the Company is carried out by comparing actual performance against annually set budgets.

Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks, are set out in Note 9 of the financial statements.

Signed on behalf of the Board



M C Anderson
Director

Dated: 22 September 2016

Registered Office
8 Canada Square
London
E14 5HQ

HSBC RAIL (UK) LIMITED

Directors' Report for the year ended 31 December 2015

Directors

The Directors who served during the year were as follows:

Name	Appointed	Resigned
R L H Bencard		
K J Godfrey		
G Owen-Conway		
J R Kent		
D J Cavanna		31 December 2015
J Subramaniyan		
M C Anderson	16 December 2015	

On 15 March 2016, S E Long was appointed as a Director of the Company. On 1 August 2016, R L H Bencard resigned as a Director of the Company.

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors. All Directors have the benefit of directors' and officers' liability insurance.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: Nil). Dividend payments are reflected in the financial statements in the period in which they are paid.

Significant events since the end of the financial year

No important events affecting the Company have occurred since the end of the financial year.

Future developments

No change in the Company's activities is expected.

Going Concern basis

The Company's trade ceased during 2012 and the Directors do not intend for the Company to enter into a replacement trade. Accordingly, these financial statements are prepared on a non going concern basis. The effect is explained in Note 1(c).

Disclosure of information to the Auditor

Each person 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 auditor is unaware and the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 418 of the UK Companies Act 2006 and should be interpreted in accordance therewith.

Auditor

Following a tender process for the audit of HSBC Holdings plc and its subsidiaries in 2013, PricewaterhouseCoopers LLP was appointed as auditors of the HSBC group entities effective for periods ending on or after 1 January 2015.

Statement of Directors' responsibilities

The following statement, which should be read in conjunction with the Auditor's statement of their responsibilities set out in their report on the next page, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditor in relation to the financial statements.

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

The Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and have elected to prepare the Company's financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether they have been prepared in accordance with IFRSs as adopted by the EU.

The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in Note 1(c) the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The Directors have responsibility for ensuring that sufficient accounting records are kept that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

The Directors 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.

By order of the Board



M C Anderson
Director

Dated: 22 September 2016

Registered Office
8 Canada Square
London
E14 5HQ

Report on the financial statements

Our opinion

In our opinion, HSBC Rail (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. The Company's trade ceased during 2012 and the Directors do not intend for the Company to enter into a replacement trade. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. No adjustments were necessary in these financial statements in the current year to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 December 2015;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

HSBC RAIL (UK) LIMITED

Independent Auditors' Report to the Members of HSBC Rail (UK) Limited (continued)

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

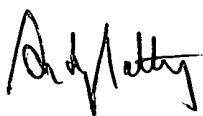
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Andrew Batty (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 22 September 2016

HSBC RAIL (UK) LIMITED

Financial Statements

Income statement for the year ended 31 December 2015

	Notes	2015 £	2014 £
Administrative income	3	-	19,536
Result/(profit) before tax		-	19,536
Tax expense	4	-	(4,199)
Result/(profit) for the year		-	15,337

The accounting policies and notes on pages 11 to 16 form an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 December 2015

There has been no comprehensive income or expense other than the result for the year as shown above (2014: £Nil).

HSBC RAIL (UK) LIMITED**Financial Statements (continued)****Statement of financial position as at 31 December 2015**

	<i>Notes</i>	2015 £	2014 £
ASSETS			
Current assets			
Amounts owed by parent undertakings	5	<u>419,379,645</u>	<u>419,383,844</u>
Total assets		<u>419,379,645</u>	<u>419,383,844</u>
LIABILITIES AND EQUITY			
Current liabilities			
Current tax liabilities		-	4,199
Total Liabilities		<u>-</u>	<u>4,199</u>
Equity			
Called up share capital	6	100	100
Retained earnings		<u>419,379,545</u>	<u>419,379,545</u>
Total equity		<u>419,379,645</u>	<u>419,379,645</u>
Total equity and liabilities		<u>419,379,645</u>	<u>419,383,844</u>

The accounting policies and notes on pages 11 to 16 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 22 September 2016 and were signed on its behalf by:



M C Anderson
Director
Company Registration No: 2912638

HSBC RAIL (UK) LIMITED**Financial Statements (continued)****Statement of cash flows for the year ended 31 December 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit before tax	-	19,536
Adjustments for:		
Change in trade and other payables	-	(19,536)
Tax paid	(4,199)	-
Net cash used in operating activities	(4,199)	-
Cash flows from financing activities		
Received from parent undertakings in respect of other financing activities	4,199	-
Net cash generated from financing activities	4,199	-
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents brought forward	-	-
Cash and cash equivalents carried forward	-	-

The accounting policies and notes on pages 11 to 16 form an integral part of these financial statements.

HSBC RAIL (UK) LIMITED**Financial Statements (continued)****Statement of changes in equity for the year ended 31 December 2015**

	Called up share capital £	Retained earnings £	Total equity £
2015			
At 1 January 2015	100	419,379,545	419,379,645
Result and total comprehensive income for the year	-	-	-
At 31 December 2015	100	419,379,545	419,379,645

	Called up share capital £	Retained earnings £	Total equity £
2014			
At 1 January 2014	100	419,364,208	419,364,308
Profit and total comprehensive income for the year	-	15,337	15,337
At 31 December 2014	100	419,379,545	419,379,645

The accounting policies and notes on pages 11 to 16 form an integral part of these financial statements.

Equity is wholly attributable to equity shareholders.

1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The financial statements are presented in sterling being the functional currency of the Company and have been prepared on the historical cost basis.

International Financial Reporting Standards ('IFRSs') comprise accounting standards issued or adopted by the International Accounting Standards Board ('IASB') as well as interpretations issued or adopted by the IFRS Interpretations Committee ('IFRS IC').

The financial statements of the Company have been prepared in accordance with IFRSs as issued by the IASB and as endorsed by the EU. EU-endorsed IFRSs could differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs were not to be endorsed by the EU.

At 31 December 2015, there were no unendorsed standards effective for the year ended 31 December 2015 affecting these financial statements and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company. Accordingly, the Company's financial statements for the year ended 31 December 2015 are prepared in accordance with IFRSs as issued by the IASB.

Standards adopted during the year ended 31 December 2015

During 2015, the Company adopted a number of standards, interpretations and amendments thereto which had an insignificant effect on the financial statements.

(b) Future accounting developments

At 31 December 2015, a number of standards and amendments to standards had been issued by the IASB, which are not effective for the financial statements as at 31 December 2015. None of these is expected to have a significant effect on the results or net assets of the Company when adopted.

(c) Going concern basis

The Company's trade ceased during 2012 and the Directors do not intend for the Company to enter into a replacement trade. Accordingly, these financial statements are not prepared on a going concern basis. The accounts are prepared on a basis other than going concern whereby all assets and liabilities are recognised as current. The adoption of non-going concern basis has not resulted in any difference to the carrying amounts/presentation of assets and liabilities.

(d) General information

HSBC Rail (UK) Limited is a company domiciled and incorporated in England and Wales.

2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except where stated otherwise.

(a) Income tax

Income tax comprises current and deferred tax and is recognised in the income statement.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the end of the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period.

(b) Financial assets and liabilities

(i) Loans and receivables

Loans and receivables include loans and receivables originated by the Company which are not classified either as held for trading or designated at fair value. Loans and receivables are recognised when cash is advanced to a borrower. They are derecognised when either the borrower repays its obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment losses.

(c) Impairment of financial assets

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

HSBC RAIL (UK) LIMITED

Notes on the Financial Statements (continued)

(d) Statement of cash flows

The statement of cash flows has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter-company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

(e) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are paid.

(f) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied or which involve a high degree of judgement and estimation.

3 Administrative income

Certain expenses including auditors' remuneration have been borne by a fellow group undertaking and are therefore not charged in arriving at the result for the year. The auditors' remuneration borne on behalf of the Company amounted to £1,000. There were no non-audit fees incurred during the year (2014: £Nil).

The Company has no employees and hence no staff costs (2014: £Nil). The Directors made no charge for their services (2014: £Nil) and their services to the Company are deemed to be provided as part of their services to HSBC Bank plc.

In the prior year an amount of £19,536, in respect of provisions for legal services, was released to the Income statement as no longer required.

4 Tax expense

	2015 £	2014 £
Current taxation		
UK corporation tax charge- on current year profit	-	4,199
Total tax charged to income statement	-	4,199

The UK corporation tax rate applying to the Company was 20.25 per cent (2014: 21.5 per cent).

HSBC RAIL (UK) LIMITED

Notes on the Financial Statements (continued)

The following table reconciles the tax expense which would apply if all profits had been taxed at the UK corporation tax rate:

	2015	Percentage of overall profit before tax	2014	Percentage of overall profit before tax
	£	%	£	%
Profit before tax	-		19,536	
Taxation at UK corporation tax rate of 20.25% (2014: 21.5%)	-	-	4,199	21.5
Total tax charged to income statement	-	-	4,199	21.5%

The UK Government announced that the main rate of corporation tax rate for the year beginning 1 April 2017 will reduce from 20% to 19% to be followed by a further reduction to 18% for the year beginning 1 April 2020. These reductions in the corporation tax rate were enacted in the Finance (No 2) Act 2015.

The UK Government then announced in the 2016 Budget that the main rate of corporation tax will reduce to 17% for the year beginning 1 April 2020. As this change has not been substantively enacted at the reporting date its effect has not been included in these financial statements.

5 Amounts owed by parent undertakings

	2015 £	2014 £
Amounts owed by parent undertakings	419,379,645	419,383,844
	419,379,645	419,383,844

Amounts owed by parent undertakings have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as loans and receivables, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value. Amounts owed by parent undertakings represent an inter-company current account.

6 Called up share capital

	2015 £	2014 £
Allotted, called up and fully paid		
100 (2014: 100) Ordinary shares of £1 each	100	100
	100	100

7 Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: £Nil). Dividend payments are reflected in the financial statements in the period in which they are paid.

8 Fair value of financial assets and liabilities

Except where disclosed elsewhere, there are no material differences between the carrying value and the fair value of financial assets and liabilities as at 31 December 2015 and 31 December 2014.

9 Risk Management

The Company has exposure to the following types of risk arising from its use of financial instruments: credit risk, liquidity risk and market risk. Market risk includes interest rate risk and foreign exchange risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

Exposure to credit risk, liquidity risk and market risk arises in the normal course of the Company's business. The Company's risk management policies are consistent with the HSBC Group's risk management policies.

The Company participates in transactions to which other HSBC group companies are also party. The HSBC business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company.

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its obligations under a contract. It arises principally through amounts owed by group undertakings.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The credit risk of amounts due from parent undertakings is minimised because such parent undertakings are wholly owned subsidiaries of HSBC Holdings plc, and are part of the Business described above. Such counterparties have no history of default and have been able to meet their liabilities as they fall due. On this basis the Company considers the amounts due to be fully recoverable.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from group undertakings.

The Business manages liquidity risk for this entity as described above for risks generally.

As at 31 December 2015, the Company had no exposure to liquidity risk.

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The company is not exposed to foreign exchange risk or interest rate risk on its financial assets or liabilities.

10 Capital management

The Company is not subject to externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis.

The Company defines capital as total equity. It is HSBC's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. There were no changes to the Company's approach to capital management during 2015.

11 Related-party transactions

The Company has a related party relationship with its parent, with other group undertakings and with its Directors.

Particulars of transactions, arrangements and agreements involving third parties are disclosed elsewhere within the financial statements.

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is Forward Trust Rail Services Limited. The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

12 Contingent liabilities

There were no contingent liabilities at 31 December 2015 (2014: £Nil).

13 Subsequent events

There are no subsequent events requiring disclosure in the financial statements.