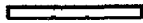
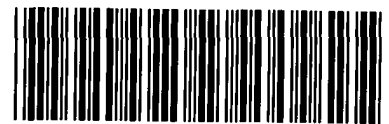


HSBC RAIL (UK) LIMITED
Registered No: 2912638

Financial Statements for the year ended 31 December 2016



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HSBC RAIL (UK) LIMITED

Financial Statements for the year ended 31 December 2016

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HSBC RAIL (UK) LIMITED

Strategic Report for the year ended 31 December 2016

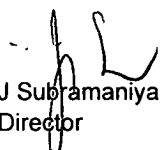
Review of the Company's business

HSBC Rail (UK) Limited (the "Company") was dormant during 2016 and is expected to remain dormant for the foreseeable future.

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 8 of the financial statements.

Signed on behalf of the Board



J Subramaniyan
Director

Dated: 19 July 2017

Registered Office
8 Canada Square
London
E14 5HQ

HSBC RAIL (UK) LIMITED

Directors' Report for the year ended 31 December 2016

Directors

The Directors who served during the year were as follows:

Name	Appointed	Resigned
R L H Bencard		1 August 2016
K J Godfrey		
G Owen-Conway		
J R Kent		31 May 2017
J Subramaniyan		
M C Anderson		22 March 2017
S E Long	15 March 2016	

On 22 March 2017 C R J Irvin was appointed as 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 2016 (2015: 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).

Signed on behalf of the Board


J Subramaniyan
Director

Dated: 19 July 2017

Registered Office
8 Canada Square
London
E14 5HQ

HSBC RAIL (UK) LIMITED

Financial Statements

Income statement for the year ended 31 December 2016

During the financial year and the preceding financial year, the Company did not trade, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss.

Statement of comprehensive income for the year ended 31 December 2016

There has been no comprehensive income or expense for the year ended 31 December 2016 or the preceding financial year.

The accounting policies and notes on pages 8 to 11 form an integral part of these financial statements.

HSBC RAIL (UK) LIMITED
Financial Statements (continued)

Statement of financial position as at 31 December 2016


	Notes	2016 £	2015 £
ASSETS			
Current assets			
Amounts owed by parent undertakings	5	419,379,645	419,379,645
Total assets		419,379,645	419,379,645
Equity			
Called up share capital	6	100	100
Retained earnings		419,379,545	419,379,545
Total equity		419,379,645	419,379,645
Total equity and liabilities		419,379,645	419,379,645

The accounting policies and notes on pages 8 to 11 form an integral part of these financial statements.

Statements

- a) For the year ended 31 December 2016 the Company was entitled to exemption under section 480 of the Companies Act 2006.
- b) Members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- c) The Directors acknowledge their responsibility for:
 - i. ensuring the Company keeps accounting records which comply with section 386 of the Companies Act 2006; and
 - ii. preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 396, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the Board of Directors on 19 July 2017 and were signed on its behalf by:


 J Subramaniyan
 Director
 Company Registration No: 2912638

HSBC RAIL (UK) LIMITED**Financial Statements (continued)****Statement of cash flows for the year ended 31 December 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit before tax	-	-
Adjustments for:		
Change in trade and other payables	-	-
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 8 to 11 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 2016**

	Called up share capital £	Retained earnings £	Total equity £
2016			
At 1 January 2016 and 31 December 2016	<u>100</u>	<u>419,379,545</u>	<u>419,379,645</u>
	Called up share capital £	Retained earnings £	Total equity £
2015			
At 1 January 2015 and 31 December 2015	<u>100</u>	<u>419,379,545</u>	<u>419,379,645</u>

The accounting policies and notes on pages 8 to 11 form an integral part of these financial statements.

Equity is wholly attributable to equity shareholders.

HSBC RAIL (UK) LIMITED

Notes on the financial statements

1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee, and as endorsed by the European Union ('EU').

At 31 December 2016, there were no unendorsed standards effective for the year ended 31 December 2016 affecting these financial statements and Company's application of IFRSs results in no differences between IFRSs as issued by the IASB and IFRSs as endorsed by the EU.

Standards adopted during the year ended 31 December 2016

There were no new standards applied during the year ended 31 December 2016. During 2016, the Company adopted a number of interpretations and amendments to standards which had an insignificant effect on the financial statements of the Company.

(b) Future accounting developments

At 31 December 2016, 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 2016. 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. The functional currency of the Company is sterling which is also the presentational currency of the financial statements of the Company. The financial statements have been prepared on the historical cost basis.

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.

(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.

HSBC RAIL (UK) LIMITED

Notes on the Financial Statements (continued)

3 Employee compensation and benefits

The Company has no employees and hence no staff costs (2015: £Nil).

4 Remuneration of Directors

The Directors made no charge for their services (2015: £Nil). The Directors are employed by other companies within the HSBC Group and consider that their services to the Company are incidental to their other responsibilities within the HSBC Group.

5 Amounts owed by parent undertakings

	2016 £	2015 £
Amounts owed by parent undertakings	419,379,645	419,379,645
	<u>419,379,645</u>	<u>419,379,645</u>

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

	2016 £	2015 £
Allotted, called up and fully paid		
100 (2015: 100) Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

7 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 2016 and 31 December 2015.

8 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.

HSBC RAIL (UK) LIMITED

Notes on the Financial Statements (continued)

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 Company as described above for risks generally.

As at 31 December 2016, 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.

9 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 the year.

10 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

11 Contingent liabilities

There were no contingent liabilities at 31 December 2016 (2015: £Nil).

12 Subsequent events

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

DIRECTORS' DISCLOSURE CHECKLIST

This checklist is to be attached to the final draft statutory accounts provide to all persons who are Directors of the Company as at the date of signing.

In accordance with the Companies Act 2006, a Disclosure Statement must be included in the Directors Report stating that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This checklist is intended to give assurance to the Directors that the procedures listed below have been performed to assist with their sign-off on the Letter of Representation and the above Disclosure Statement in the Directors' Report and that the content of the Strategic Report and Directors Report is accurate.

Company Name:	HSBC Rail (UK) Limited
Company's Registration No:	2912638
Year End Date:	31 December 2016
Filing Deadline:	30 September 2017
Proposed Signing Date:	19 July 2017
Prepared by (Finance contact)	Helena Smith

Criterion	Y/N (If No, provide explanation)
Has Audit clearance been obtained?	N/A as Company dormant in 2016 Name: Date:
Has an internal review of accounts been completed by Finance?	Yes- Name: H Smith Date: 19 June 2017
All necessary accounting records, including GSMs, minute books and statutory records in the Finance Team's possession have been provided to the auditors and auditor queries responded to.	N/A
Legal / tax correspondence provided to auditors (if any)	N/A
Any information pertaining to perpetrated or alleged fraud and/or non-compliance with laws and regulations has been communicated to auditors	N/A

Related party transactions have been provided to the auditors	N/A
Have the tax computations been cleared by Group Tax?	Name: Deloitte Date: 22 June 2017
Has HBEU SCY clearance been obtained? (to include confirmation that Board minutes provided to auditors)	Yes Name: Romana Lewis Date: 12 July 2017
Confirm that there are no unadjusted exceptions on the Reconciliations certificate for this company	None A Toll 6 July 2017
Is a summary of operational losses as they affected the company attached?	None
Where relevant, confirm if the company holds current licences/registrations as follows and provide detail thereof:- 1. Consumer Credit Activities 2. Data Protection 3. Anti-Money Laundering 4. FCA/PRA authorisations 5. Overseas registrations	1. No 2. No 3. No 4. N/A

Comments to Aid Further Understanding of the Accounts:

The Company ceased to trade on 31 May 2012 and the Directors do not intend to enter into a replacement trade. The accounts have been prepared on a non going concern basis.
Tax position to be agreed with HMRC before final dividend payment and wind up of Company.