c2c Rail Limited

Annual Report and Accounts

For the year ended 31 December 2015

Company number 2938993

Registered office:

National Express House
Birmingham Coach Station
Mill Lane, Digbeth
Birmingham B5 6DD

c2c Rail Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2015
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c2c Rail Limited
Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2015.

Principal activities and developments

The Company's train operating franchise was transferred as of 9 November 2014 and the Company did not trade during the year. The Company remains in operation whilst the remaining assets and liabilities are settled. The Directors intend to liquidate this company when these assets and liabilities are settled.
The Directors consider the result for the year and the future prospects of the Company to be in line with expectations.

Results and dividend

The profit for the year after taxation amounted to £570,000 (2014: £8,460,000)

No dividend was paid in the year (2014: £nil).

Going Concern

The Company's operation of the franchise ceased at the end of the contracted term. On 9 November 2014, the Company transferred its trade and relevant assets and liabilities to the new franchise operator. The Directors have prepared the financial statements on the basis that the Company is no longer a going concern. The financial statements do not include any provision for future cost of terminating the business of the Company except to the extent that such were committed at the Balance Sheet date. No material adjustments arose as a result of ceasing to apply the going concern basis.

Principal risks and uncertainties

As the Company is no longer trading the principal risks and uncertainties are integrated with those of the Group and are not managed separately.

Further information on the financial risk management objectives and policies of the Group as a whole, and by default the Company, can be found in the 2015 National Express Group PLC Annual Report and consolidated Financial Statements.

On behalf of the Board

R Bowley
Director

Date approved by Directors: 30 Septbr 2016

Registered Office:
National Express House
Birmingham Coach Station
Mill Lane
Digbeth
Birmingham B5 6DD

c2c Rail Limited
Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2015.

Directors

The Directors of the Company who served throughout the year and since the year end, unless otherwise stated, are listed below:

B. Ackroyd	Resigned 31 July 2015
R.Bowley	
A. Chivers	
J. Drury	
K. Frazer	

Directors' indemnity

Under the Companies Articles of Association, the Company provides an indemnity for its Directors and officers in accordance with the provisions of the Companies Act 2006.

Future development, Financial risk and Going concern

These are covered in the Strategic Report on page 1.

Auditor

In accordance with section 487 of the Companies Act 2006, Deloitte LLP shall be deemed to be reappointed as the Company's auditor 28 days after the financial statements are sent to members.

Directors' statement as to disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' Report confirm that:

- to the best of each Director's knowledge there is no information relevant to the preparation of their audit report of which the Company's auditor is unaware; and
- each Director has taken all steps that a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the Board
R Bowley
Director

Date: 30 September 2016

Registered Office:
National Express House
Birmingham Coach Station
Mill Lane
Digbeth
Birmingham B5 6DD

c2c Rail Limited
Directors' Responsibilities Statement

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Report Standard 101, 'Reduced Disclosure Framework'. 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 of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 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.

c2c Rail Limited
Independent Auditor's report to the shareholders of c2c Rail Limited

We have audited the financial statements of c2c Rail Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Changes in Equity and Statement of Comprehensive Income and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements,.which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matters 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kevin Thompson

Kevin Thompson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date: 30 September 2016

c2c Rail Limited
Profit and Loss Account
For the Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover			
Passenger income		-	125,010
Other operating income		**1,075**	4,018
		1,075	129,028
Operating costs		**(216)**	(120,589)
Operating profit	3	**859**	8,439
Interest receivable	7	**136**	220
Net pension scheme interest	15	-	1,085
Profit on ordinary activities before taxation		**995**	9,744
Tax on profit on ordinary activities	8	**(425)**	(1,284)
Profit on ordinary activities after taxation		**570**	8,460

All activities relate to discontinued operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

c2c Rail Limited
Statement of comprehensive income
For the Year ended 31 December 2015

	2015	2014
	£'000	£'000
Profit for the financial year	**570**	8,460
Actuarial gain / (loss) on defined benefit pension scheme (note 16)	-	491
Deferred tax on actuarial loss	-	(98)
Total recognised gains and losses relating to the year	**570**	8,853

c2c Rail Limited
Balance Sheet
For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Current assets			
Debtors	10	**345**	1,095
Deferred tax asset		-	-
Cash at bank and in hand	11	**25,540**	27,789
		25,885	28,884
Creditors: amounts falling due within one year	12	**(4,897)**	(8,948)
Net current assets		**20,988**	19,936
Total assets less current liabilities		**20,988**	19,936
Provisions	13	**(901)**	(419)
Net assets excluding net pension liability		**20,087**	19,517
Net pension liability	16	-	-
Net assets including net pension liability		**20,087**	19,517
Capital and reserves			
Called up share capital	15	**1,000**	1,000
Share premium account	15	**3,000**	3,000
Profit and loss account	15	**16,087**	15,517
Equity Shareholders' funds	15	**20,087**	19,517

These financial statements of c2c Rail Limited, registered number 2938993, were approved by the board of Directors and authorised for issue on 30 September 2016

On behalf of the Board

R Bowley

The notes on pages 10 to 26 form part of the accounts.

c2c Rail Limited
Statement of Change in Equity
For the Year Ended 31 December 2015

	Share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 1 January 2014	1000	3,000	6,399	9,399
Profit for the year	-	-	8,460	9,118
Actuarial Gain/(Loss) on Pension (Net of Tax)			393	
Credit to equity for Share based payments			265	
At 31 December 2014	1000	3,000	15,517	18,517
Profit for the year	-	-	570	570
As at 31 December 2015	1000	3,000	16,087	19,087

c2c Rail Limited
Notes to the Accounts
For the year ended 31 December 2015

1. General information

C2C Rail Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given in note 19.

The financial information is presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

This financial information comprises separate financial statements

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRIC 21 Levies	The Company has adopted IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.
Annual Improvements to IFRSs: 2011-2013	The Company has adopted the various amendments to a number of standards. IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property. The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements.

2. Accounting policies

The principal accounting policies are summarised below, which have all been applied consistently throughout the year and prior year.

a) Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of National Express Group PLC. The group accounts of National Express Group PLC are available to the public and can be obtained as set out in note 19.

The financial information has been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

b) Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014. As a result of adopting FRS 101, there were no material adjustments to comply with that standard.

c) Going concern

The Company's operation of the franchise ceased at the end of the contracted term. On 9 November 2014, the Company transferred its trade and relevant assets and liabilities to the new franchise operator. The Directors have prepared the financial statements on the basis that the Company is no longer a going concern. The financial statements do not include any provision for future cost of terminating the business of the Company except to the extent that such were committed at the Balance Sheet date. No material adjustments arose as a result of ceasing to apply the going concern basis.

2. Accounting policies (continued)

d) Share-based payments

The Company awards equity-settled share-based payments to certain employees, those shares are in National Express PLC. Equity-settled share-based payments are measured at fair value at the date of grant by an external valuer using a stochastic model. Non-market-based performance-related vesting conditions are not taken into account when estimating the fair value; instead those non-market conditions are taken into account in calculating the current best estimate of the number of shares that will eventually vest and at each balance sheet date before vesting. The cumulative expense is calculated based on that estimate. Market-based performance conditions are taken into account when determining the fair value and at each balance sheet date before vesting, the cumulative expense is calculated irrespective of whether or not the market conditions are satisfied, provided that all other performance conditions are met. For non market-based performance conditions at each balance sheet date before vesting, the cumulative expense is calculated based on the company's estimate of the number of shares that will eventually vest, and the movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

e) *Turnover*

(i) Passenger income represents amounts agreed as attributed to the Company by the income allocation systems of Rail Settlement Plan Limited, mainly in respect of passenger receipts. Income is attributed based principally on models of certain aspects of passengers' travel patterns and, to a lesser extent, from allocations agreed for specific revenue flows. The attributed share of season ticket income is deferred within creditors, and released to the profit and loss account over the period of the relevant season ticket.

(ii) Other income is derived from ticket commissions, station trading income, depot and station access receipts, performance regime receipts, and the provision of goods or services to other train operating companies and excludes VAT. It is recognised on an accruals basis.

f) Tangible fixed assets and depreciation

Fixed assets are stated in the balance sheet at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation and subsequent impairment losses are charged to the statement of profit and loss. Fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 20 years.

g) Leased assets

Assets held under finance leases are included as tangible fixed assets and depreciated over their expected useful lives. The corresponding obligations relating to finance leases, excluding finance charges allocated to future periods, are included in creditors. Finance costs are allocated to the profit and loss account over the period of the lease in accordance with the interest rate inherent in the lease.
Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

h) Financial asset and liabilities

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

2. Accounting policies (continued)

h) Financial asset and liabilities (continued)

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Trade and other and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.
For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. 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 financial asset, the estimated future cash flows of the investment have been affected.
For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.
For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

2. Accounting policies (continued)

h) Financial asset and liabilities (continued)

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.
When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including trade and other payables, are initially recognised at fair value and subsequently at amortised cost.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

i) Grants

Capital grants are capitalised to the carrying amount of the asset to reduce depreciation over time.

2. Accounting policies (continued)

j) 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 that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

k) Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in other comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

The Company's obligation in respect of the pension deficit in the RPS section has been calculated in accordance with IAS 19. These deficits are reduced by a 'franchise adjustment' which is that portion of the deficit projected to exist at the end of the franchise and which the Company will not be required to fund. The franchise adjustment, which has been calculated by the Company's actuaries, is offset against the present value of the RPS liabilities so as to fairly present the financial performance, position and cash flows of the Company's obligations.

2. Accounting policies (continued)

l) Taxation

The charge for taxation is based on the profit for the year and takes into consideration timing differences arising as a result of different treatments of certain items for taxation and accounting purposes.
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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 taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

m) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 2, 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. There are no critical judgements in these accounts.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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. There are no estimations in these accounts.

3. Turnover

All turnover originates in the United Kingdom. The Directors consider that the whole of the activities of the Company constitute a single class of business.

c2c Rail Limited
Notes to the Accounts
For the year ended 31 December 2015

4. Operating profit

	2015	2014
	£'000	£'000
Operating profit is stated after charging:		
Depreciation – owned assets	-	512
Train maintenance services and materials	-	18,408
Operating lease rentals		
- Fixed track access	-	6,475
- Rolling stock costs	-	25,665
- Variable track access	-	1,461
- Other	-	4,526
The analysis of auditor's remuneration is as follows:		
- Fees payable to the company's auditor for the audit of the company's annual accounts	-	66

Operating lease rentals (other than rolling stock costs) are primarily payable to Network Rail Infrastructure Limited.

Audit fees of £1000 for 2015 will be settled through the holding company National Express Trains Limited, with no right to reclaim these fees.
There were no staff costs in the year

5. Directors' emoluments

	2015	2014
	£'000	£'000
Aggregate emoluments in respect of qualifying services to the Company	-	681

The emoluments excluding pension contributions of the highest paid director were £nil (2014: £175,793). His accrued pension and accrued lump sum benefit, as at 31 December 2015, were £nil (2014: £16,891) and £nil (2014: £14,621) respectively. In previous years retirement benefits were accruing to five directors (none in current year) under defined benefit scheme in respect of services provided to the Company.

6. Staff costs and numbers

	2015	2014
	£'000	£'000
Wages and salaries (including share-based payment expense)	-	19,793
Social security costs	-	1,534
Pension costs (note 16)	-	2,241
	-	23,568

The average number of employees (including directors) during the year was as follows:

	2015	2014
	No.	No.
Managerial and administrative	-	115
Operational	-	477

-	592

7. Share based payments

The charge in respect of share-based payment transactions included in the profit and loss account for the year is as follows:

	2015 £'000	2014 £'000
Expense arising from share and share option plans	-	265

During the year ended 31 December 2014, c2c Rail Limited had three share-based payment arrangements consisting of the Long Term Incentive Plan, Share Matching Plan, Deferred Annual Share Bonus Plan, which are described in note 7(b) to the National Express Group PLC 2014 Annual Report and Accounts.

During 2014 the operations of c2c Limited were transferred to NXET Limited, the new holder of the Essex Thameside franchise. As part of this, employee contracts have also been transferred, therefore the share based payments costs and options have also been transferred to the new entity. The number of share options in existence during the year was as follows:

	2015		2014	
	Number of share options	**Weighted average exercise price (p)**	Number of share options	Weighted average exercise price (p)
Options with a nil exercise price:				
At 1 January	-	nil	56,883	nil
Granted during the year	-	nil	27,342	nil
Transfers during the year	-	nil	(78,123)	nil
Exercised during the year	-	nil	(6,102)	nil
Outstanding at 31 December	-	nil	-	nil
Exercisable at 31 December	-	nil	-	nil
Total outstanding at 31 December	-		-	
Total exercisable at 31 December	-		-	

7. Share based payments (continued)

The weighted average fair value of the remaining share options granted during the year was calculated using a stochastic model, with the following assumptions and inputs:

	Share options with nil exercise price	
	2015	2014
Risk free interest rate	-	1.13%
Expected volatility	-	30.0%
Peer group volatility	-	28.0-30.0%
Expected option life in years	-	3 years
Expected dividend yield	-	3.58%
Weighted average share price at grant date	-	280p
Weighted average fair value of options at grant date	-	nil

No share options were granted in 2015 (2014: none) without a nil exercise price.

8. Interest

	2015	2014
	£'000	£'000
Interest receivable		
Bank interest	-	2
Interest receivable from group undertakings	**136**	218
	136	220

9. Taxation

(a) The tax charge on the profit on ordinary activities before taxation is made up as follows:

	2015	2014
	£'000	£'000
Current taxation:		
UK corporation tax charge at 20.25% (2014: 21.5%)	**202**	991
Adjustments in respect of prior periods	**223**	(623)
	425	368
Deferred taxation:		
Origination and reversal of timing differences	-	985
Defined benefit pension	-	155
Adjustments in respect of prior periods	-	(221)
	-	916
Tax charge on profit on ordinary activities	**425**	1,284

9. Taxation (continued)

(b) Factors affecting the current tax charge for the year are:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	**995**	9,744
Notional charge at UK corporation tax rate of 20.25% (2014: 21.5%)	**201**	2,095
Expenses not deductible for tax purposes	-	118
Depreciation less than capital allowances	-	(1,029)
Effect of short-term timing differences	-	(26)
Pension scheme adjustments	-	(167)
Adjustments in respect of prior periods	**223**	(623)
Current tax charge for the year	**425**	368

On 8 July 2015, in the Chancellor's 2015 Budget Statement, a reduction in the corporation tax rate to 18% on 1 April 2020 was announced. Subsequently, on 16 March 2016, the Chancellor announced that the corporation tax rate will reduce to 17% instead of 18% on 1 April 2020.

At the Balance Sheet date, the 17% rate had not been substantively enacted. However, the rate of 18% (2014: 20%) was substantively enacted. The change in rate from 20% to 18% has been reflected in the calculation of deferred tax at the balance sheet date.

10. Debtors

	2015 £'000	2014 £'000
Trade debtors	**181**	347
Amounts due from group undertakings	**147**	351
Other debtors	**15**	294
Prepayments and accrued income	**2**	103
	345	1,095

11. Cash at bank and in hand

	2015 £'000	2014 £'000
Bank deposits	**25,540**	27,789

12. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	**4,020**	6,107
Amounts due to group undertakings	-	624
Other creditors	**572**	1,226
Corporation tax	**305**	991
	4,897	8,948

Other creditors includes deferred fixed asset grants of £nil (2014: £nil) and dilapidation provisions of £362,929 (2014: £712,700) which are due within one year. No creditors are due after one year.

13. Provisions

	1 January 2015 £'000	Provided in the year £'000	Utilised or transferred in the year £'000	**31 December 2015 £'000**
Insurance	**419**	844	(362)	**901**

The insurance provision arises from the estimated exposure at the year end on existing insurance claims which are open for up to six years. The provision is held until utilised - it is directors estimate that this will be utilised within 3 years from the date of issue of this financial statements.

14. Share capital

Allotted, called up and fully paid	**2015 £'000**	2014 £'000
4,000,000 Ordinary shares of 25p each	**1,000**	1,000

15. Reserves

	Share premium account £'000	**Profit and loss account £'000**	**Total £'000**
At 1 January 2015	3,000	15,517	**18,517**
Profit for the year	-	570	**570**
At 31 December 2015	**3,000**	**16,087**	**19,087**

16. Retirement benefits

Up to the 9th of November 2014, the majority of the Company's employees were members of the c2c Rail Shared Cost Section of the Railway Pension Scheme ('RPS'), a funded defined benefit scheme. After the 9th November these employees became members of the NXET Trains Limited Shared Cost Section of the RPS and all obligations under the scheme passed to the new company. The RPS is a shared cost scheme, which means that costs are formally shared 60% employer and 40% employee. Further details regarding the RPS is disclosed in the 2015 accounts of NXET Trains Limited.

	2015	2014	2013
Rate of increase in salaries	-	-	2.9%
Rate of increase of pensions	-	-	2.4%
Discount rate	-	-	4.6%
Inflation assumption (RPI)	-	-	3.4%
Inflation assumption (CPI)	-	-	2.4%
Expected rates of return on scheme assets			
Equities	-	-	7.7%
Government Bonds	-	-	3.6%
Non-Government Bonds	-	-	4.4%
Other	-	-	1.25%
Post retirement mortality in years:			
Current pensioners at 65 – male			
Current pensioners at 65 – male, pension under £9,300 pa or pensionable pay under £35,000 pa	-	-	20.7
Current pensioners at 65 – male – others	-	-	22.9
Current pensioners at 65 – female			
Current pensioners at 65 – female, pension under £3,300 pa or pensionable pay under £35,000 pa	-	-	22.6
Current pensioners – female – others	-	-	25.0
Future pensioners at 45 – male			
Future pensioners at 45 – male, pension under £9,300 pa or pensionable pay under £35,000 pa	-	-	23.1
Future pensioners at 45 – male – others	-	-	25.1
Future pensioners at 45 – female			
Future pensioners at 45 – female, pension under £3,300 pa or pensionable pay under £35,000 pa	-	-	25.1
Future pensioners at 45 – female – others	-	-	27.4

16. Retirement Benefits (Continued)

Analysis of the amount charged to operating profit:

	2015 **£'000**	2014 £'000
Current service cost	-	(2,241)
Total operating charge	-	(2,241)

Analysis of the amount credited to finance income:

	2015 **£'000**	2014 £'000
Expected return on pension scheme assets	-	2,827
Interest on pension scheme liabilities	-	(2,449)
Interest on franchise adjustment	-	707
Net credit to finance income	-	1,085

Analysis of the amount recognised in statement of other comprehensive income:

	2015 ***£'000***	*2014* *£'000*
Actual return less expected return on pension scheme assets	-	491
Other actuarial losses	-	-
Actuarial loss recognised in the statement of other comprehensive income	-	491

The actual return on plan assets is a gain of £nil (2014: £nil).

The amounts recognised in the balance sheet at 31 December are:

	2015 **£'000**	2014 £'000	2013 £'000
Equities	-	-	69,223
Bonds	-	-	3,558
Total fair value of scheme assets	-	-	72,781
Present value of scheme liabilities	-	-	(104,759)
Franchise adjustment	-	-	17,921
Defined benefit obligation	-	-	(86,838)
Members' share of deficit	-	-	12,791
Deficit in the scheme	-	-	(1,266)
Related deferred tax asset	-	-	253
Net pension liability	-	-	(1,013)

16. Retirement benefits (continued)

Movement in the fair value of the scheme assets are as follows:

	2015	2014	2013
	£'000	£'000	£'000
Fair value of scheme assets at 1 January	-	72,781	64,888
Expected return	-	2,827	2,936
Cash contributions – Employer	-	1,931	2,255
Cash contributions - Employee	-	1,295	1,445
Benefits paid	-	(2,255)	(1,792)
Members' share of return on assets	-	2,829	2,394
Actuarial gain recognised in statement other comprehensive income	-	491	655
Other movement	-	(79,899)	-
Fair value of scheme assets at 31 December	-	-	72,781

Movement in the present value of the defined benefit scheme liabilities, which is partly funded, is as stated below. The RPS is a shared cost scheme, which means that costs are formally shared 60% employer and 40% employee. The movement on the scheme liabilities below represents 100% of the scheme liabilities.

	2015	2014	2013
	£'000	£'000	£'000
Defined benefit obligation at 1 January	-	(86,838)	(77,579)
Current service cost (note 5)	-	(2,241)	(2,584)
Benefits paid	-	2,255	1,792
Cash contributions - Employees	-	(1,295)	(1,445)
Finance charge	-	(2,449)	(2,503)
Interest on franchise adjustment	-	707	797
Members' share of movement on liabilities	-	(4,621)	(2,867)
Actuarial loss recognised in statement of other comprehensive income	-	-	(2,449)
Other movement	-	94,482	
Defined benefit obligation at 31 December	-	-	(86,838)

In the above reconciliations, other movements reflect the franchise handover from c2c Rail Limited to NXET Trains Limited. Precise actuarial information was not available for the date of handover on 9 November 2014 and therefore these transfer values have been estimated on a pro-rata basis.

16. Retirement benefits (continued)

History of experience gains and losses:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Fair value of scheme assets	-	-	72,781	64,888
Present value of the defined benefit obligation	-	-	(86,838)	(77,579)
Members' share of deficit	-	-	12,791	12,318
Deficit in scheme	-	-	(1,266)	(373)
Experience adjustments arising on liabilities	-	-	(2,553)	(2,189)
Experience adjustments arising on assets	-	**491**	655	162

The Company's expected cash contribution to the scheme in 2016 is £nil. The cumulative amount of actuarial losses recognised in the statement of other comprehensive income since 1 January 2004 is £2,512,000 (2014: loss of £2,512,000). The Directors are unable to determine how much of the pension scheme deficit recognised on implementation of FRS 17, 'Retirement benefits' and taken to equity of £1,150,000 is attributable to actuarial gains and losses since inception of those pension schemes. Consequently the Directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the statement of other comprehensive income before 1 January 2004.

17. Capital commitments

There were no capital commitments at 31 December 2015 (2014: none).

18. Related party transactions

As the Company is a wholly owned subsidiary undertaking of National Express Group PLC, a company registered in England and Wales, which publishes consolidated financial statements, the Company has taken advantage of the exemption included in FRS 101:8 from the requirements in IAS 24 'Related Party Disclosure' to disclose related party transactions with other companies which are subsidiaries of the National Express Group. There were no other related party transactions in 2015.

19. Immediate and ultimate parent undertakings

The Company is a wholly owned subsidiary undertaking of, and is controlled by, National Express Trains South Limited, a Company registered in England and Wales.

The ultimate parent Company is National Express Group PLC.

The results of the Company are included in the consolidated accounts of National Express Group PLC for the year ended 31 December 2015.

Copies of these accounts are available from:

The Secretary
National Express Group PLC
National Express House
Birmingham Coach Station
Mill Lane
Digbeth
Birmingham
B5 6DD

20. Post Balance Sheet events

There are no post balance sheet events to report.