

NE No. 3 Limited

Annual Report and Financial Statements

For the year ended 31 December 2018

Company number: 02938993

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



NE No.3 Limited

Directors' Report

The Directors present the Strategic Report for the year ended 31 December 2018 for NE No.3 Limited (the "Company").

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities and developments

The Company is non-trading and the Directors intend for the Company to continue in operation as a non-trading entity for the foreseeable future.

The Directors consider the result for the year and the future prospects of the Company to be in line with expectations.

Results for the year

The loss for the year after taxation amounted to £129,000 (2017: loss of £6,000). An intergroup loan was waived during the year.

Key risks and uncertainties

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

The board of the ultimate parent undertaking reviews and agrees policies for all of the Company's subsidiaries managing each of these risks. These policies have remained unchanged throughout the year and since the year end.

Approved and authorised for issue by the board



T Stables
Director

Date: 27 September 2019

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

NE No.3 Limited

(formerly c2c Rail Limited) fd

The Directors present their annual report and audited financial statements for the year ended 31 December 2018.

Principal activities and future developments

Details of principal activities can be found in the Strategic Report on page 1. This company is expected to remain as a non-trading entity for the foreseeable future.

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 a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future, and for not less than 12 months from the approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividends

The Directors paid £nil dividends during the year (Prior year £23m).

Directors

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

T. Stables
C. Davies

Directors' indemnity

In line with market practice and the company's Articles, each Director has the benefit of a deed of indemnity from the company, which includes provisions in relation to duties as a Director of the company or an associated company, qualifying third party indemnity provisions and protection against derivative actions. Copies of these are available for shareholders' inspection at the AGM.

Auditor

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

NE No.3 Limited

Directors' Report

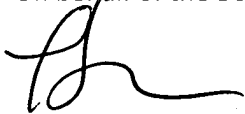
Directors' statement as to disclosure of information to auditor

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



T Stables
Director

Date: 27 September 2019

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

NE No.3 Limited

Directors Responsibilities Report

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 Reporting 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.

NE No.3 Limited

Independent Auditor's Report To The Shareholders Of NE No.3 Limited

Opinion

In our opinion the financial statements of NE No.3 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the company which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

NE No.3 Limited

Independent Auditor's Report To The Shareholders Of NE No.3 Limited

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

NE No.3 Limited

Independent Auditor's Report To The Shareholders Of NE No.3 Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

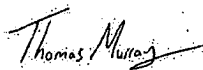
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Thomas Murray, ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading, UK
Date: 27 September 2019

NE No.3 Limited
Profit and Loss Account
For the year ended 31 December 2018

		2018	2017
	Notes	£'000	£'000
Other operating income	5	10	-
Other operating costs	6	(138)	(6)
Operating loss		<u>(128)</u>	<u>(6)</u>
Tax on loss	7	<u>(1)</u>	<u>-</u>
Loss for the financial year		<u><u>(129)</u></u>	<u><u>(6)</u></u>

All results relate to current activities.

There are no other comprehensive income or expenses for the current year or previous financial year other than the profit attributable to shareholders stated above. Accordingly a statement of comprehensive income has not been presented.

NE No.3 Limited

Balance Sheet

As at 31 December 2018

		2018	2017
		£'000	£'000
	Notes		
Current assets			
Debtors	8	2	223
Cash at bank and in hand		595	838
		<u>597</u>	<u>1,061</u>
Creditors: amounts falling due within one year	9	<u>(495)</u>	<u>(759)</u>
Net current assets		<u>102</u>	<u>302</u>
Total assets less current liabilities		102	302
Provisions: due within one year	10	<u>(111)</u>	<u>(182)</u>
Net assets		<u>(9)</u>	<u>120</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		<u>(9)</u>	<u>120</u>
Equity Shareholders' funds		<u>(9)</u>	<u>120</u>

These financial statements of NE No. 3 Limited (formerly c2c Rail Limited), registered number 02938993, were approved by the Board of Director and authorised for issue. Signed by:



T Stables
Director

Date: 27 September 2019

NE No.3 Limited
Statement of Changes in Equity
For the year ended 31 December 2018

	Note	Share capital	premium account	Profit and loss account	Total
		£'000	£'000	£'000	£'000
At 1 January 2017		1,000	3,000	19,126	23,126
Capital Reduction		(1,000)	(3,000)	4,000	-
Loss for the year		-	-	(6)	(6)
Dividends	12	-	-	(23,000)	(23,000)
At 31 December 2017		-	-	120	120
Loss for the year		-	-	(129)	(129)
At 31 December 2018		-	-	(9)	(9)

NE No.3 Limited

Notes to the Financial Statements

For the year ended 31 December 2018

1 General information

NE No. 3 Limited (formerly c2c Rail Limited) is a private company limited by shares incorporated in the UK and registered in England and Wales. The address of the registered office is National Express House, Birmingham Coach Station, Mill Lane, Digbeth, Birmingham, B5 6DD.

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

2. Significant Accounting policies

Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except for changes arising from new standards and amendments to existing standards that have been adopted in the current year.

IFRS 9 and IFRS 15 came into effect on 1 January 2018 and have had no effect on the Company's financial statements. Several other amendments and interpretations applied for the first time in 2018 and have also had no impact. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been 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 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. This financial information comprises separate financial statements.

The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of National Express Group PLC. Where required, equivalent disclosures are given in the group financial statements of National Express Group PLC. The group financial statements of National Express Group PLC are available to the public and can be obtained as set out in note 14.

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.

Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements or key sources of estimation uncertainty.

NE No.3 Limited

Notes to the Financial Statements

For the year ended 31 December 2018

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 a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future, and for not less than 12 months from the approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

NE No.3 Limited

Notes to the Financial Statements

For the year ended 31 December 2018

2. Significant Accounting policies (continued)

Trade and other 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.

Other financial liabilities

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

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.

NE No.3 Limited

Notes to the Financial Statements

For the year ended 31 December 2018

2. Significant Accounting policies (continued)

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.

3. Staff costs and directors' emoluments

No salaries or wages have been paid to employees, including the Directors, in either the current or prior year. There were no employees in year.

4. Audit Fees

Audit fees are borne by other Group companies. The amount attributable to National Express Intermediate Holdings Limited is £2,000 (2017: £2,000).

NE No.3 Limited

Notes to the Financial Statements

For the year ended 31 December 2018

5. Other Income

	2018 £'000	2017 £'000
Income from discontinued operations	10	-
	<u>10</u>	<u>-</u>

6. Operating Costs

	2018 £'000	2017 £'000
Write down of intergroup loan	138	-
Other Costs	-	6
	<u>138</u>	<u>6</u>

7. Taxation

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

	2018 £'000	2017 £'000
Current taxation:		
UK corporation tax charge at 19% (2017: 19.25%)	1	-
	<u>1</u>	<u>-</u>
Deferred taxation:		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax charge on profit on ordinary activities	<u>1</u>	<u>-</u>

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

	2018 £'000	2017 £'000
Loss on ordinary activities before taxation	128	6
Notional charge at UK corporation tax rate of 19% (2017: 19.25%)	<u>24</u>	<u>1</u>
Non-deductable write down of loan	(26)	
Losses carried forward	1	(1)
Current tax charge for the year	<u>(1)</u>	<u>-</u>

NE No.3 Limited

Notes to the Financial Statements

For the year ended 31 December 2018

The Finance Act 2016 which was substantively enacted on September 2016, included provisions to reduce the Corporation tax to 17% from April 2020.

The current rate is 19% and deferred tax has been recognised at 17%.

8. Debtors

	2018 £'000	2017 £'000
Amounts due from group undertakings	2	223
	2	223

9. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	25	112
Amounts due to group undertakings	-	190
Tax and Social Security	11	-
Accruals	458	457
Corporation tax	1	-
	495	759

No creditors are due after one year.

10. Provisions

	1 January 2018 £'000	Provided in the year £'000	Utilised or transferred in the year £'000	31 December 2018 £'000
Insurance	182	-	(71)	111

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 the Directors' estimate that this will be utilised within 1 year from the date of issue of these financial statements.

NE No.3 Limited

Notes to the Financial Statements

For the year ended 31 December 2018

11. Share capital

	2018 £'000	2017 £'000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of 25p each (2017: 1 Ordinary shares of 25p each)	-	-

The profit and loss reserve is the accumulation of all current and prior year retained profits, less any dividends distributed.

12. Dividends

	2018 £'000	2017 £'000
Dividends declared and paid during the year		
(None proposed at year end)	-	23,000

NE No.3 Limited

Notes to the Financial Statements

For the year ended 31 December 2018

13. Post balance sheet events

There have been no significant events affecting the company since the year end.

14. 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 Company's ultimate parent company and controlling party is National Express Group PLC. The smallest and largest Group in which the results of the Company are consolidated is that headed by National Express Group PLC, a company incorporated in England and Wales with its registered office at:

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

Copies of the consolidated financial statements of National Express Group PLC can be obtained from the Company Secretary at the address above.