ATOC Limited

Annual Report and Financial Statements

Registered number 03069033

31 March 2022

Rail Delivery Group

National Rail

Contents

Strategic report

The directors present their Strategic report for the year ended 31 March 2022.

Business model and principal activities

ATOC Limited was formed in June 1995, incorporated in England, United Kingdom, under the Companies Act. The principal activities of the Company during the year were the continued provision of a secretariat for the Association of Train Operating Companies ("Association") and its associated schemes (governance bodies which control its formal areas of activity), other related companies and structures and the discharge of the role of agent for the various contractual arrangements entered into on behalf of scheme participants. The members of the Association are the train operating companies ("TOCs").

As a supply Company to the Association, the business objective is to provide cost-efficient, effective services to allow the Association to meet its member objectives:

- Maximise value to members of the business services it provides;
- Improve the business environment for TOCs;
- Act as a more powerful advocate for rail; and
- Make the Association more effective and cost-efficient.

The majority of ATOC Limited's ("ATOC") sales are to the Association for administration fees. In the current passenger rail industry structure, the Association has a pivotal role in providing both business services and a trade association role to the TOCs, particularly where TOCs need to act collectively in order to preserve and enhance the benefits for passengers of Britain's national rail network.

ATOC Limited has a participative role on behalf of the TOCs in major projects led and funded by Network Rail such as the European Rail Traffic Management System (ERTMS). The Company also co-ordinates pooled marketing activity for TOCs on a voluntary basis.

ATOC Limited works with its partners across the rail industry to develop and advocate policies which support and enable Britain's railway to change today and advocate policies to fix the railway for the future.

ATOC's priorities for the year ahead will focus on; working with our partners to attract customers back to the railway in the wake of the pandemic; helping to maintain performance by working with the industry to improve the railway infrastructure; supporting our members to ensure the health and safety of our customers and our workforce; promoting rail freight growth; improving industry efficiency and reducing costs. We will work with our partners to promote railway reform around the customer and to facilitate an environmentally sustainable railway. ATOC is working on supporting long term planning including the development of the Whole Industry Strategic Plan (WISP) in addition to working to improve accessibility on the railway and sharing engineering expertise across the industry.

The Company is working with its business partners to help members to deliver the Railway Technical Strategy and is involved in running cross-industry planning activities. ATOC Limited is working on industry reform through its various workstreams relating to people, skills, stations and the Digital Railway Programme. This includes work to develop track access and electricity charging regimes. It is also influencing legislation in the UK and in Europe in relation to people, technology and operations. The Company provides analysis of railway data to the industry including passenger demand forecasting and performance measurement data.

ATOC works to represent the rail industry, to maximise opportunities and mitigate damage from changes in legislation and standards through acting for, and on behalf of, the members at industry, government and European meetings. The Company also works to strengthen the relationships with stakeholders such as the Office of Rail and Road (ORR), Rail Safety and Standards Board (RSSB), Rail Accident and Investigation Branch (RAIB) and the Department for Transport (DfT). The name of Rail Delivery Group has been adopted to describe the activities of ATOC Limited, Rail Delivery Group Limited (RDG Limited) and other companies (listed in note 19) which are related by a degree of common membership. Further information on the services provided by the Company can be found on the Rail Delivery Group's website at www.raildeliverygroup.com.

ATOC has arrangements with Rail Delivery Group Limited to provide resources for policy, communications, management and administration. These services have been charged directly to RDG Limited, which by virtue of some degree of common ownership is a related party to ATOC Limited, as disclosed in note 19.

Strategic report *(continued)*

Business model and principal activities *(continued)*

The Company is continuing to support the rail industry in managing issues that are arising due to Covid-19 with the focus now on core operations, recovery, reform and transformation. The Company aim is to support RDG members to put the railway on the right track after the Covid-19 disruption, whilst adjusting positively to the new post Covid-19 environment.

Financial and business performance

During the year, the Company incurred a loss before tax of £2,076,000 *(2021: loss £754,000)* and after taking into account the tax benefit this became a loss of £363,000 *(2021: loss £619,000).*

The costs of providing services increased in the financial year. Turnover increased to £55,282,000 in 2022, from £40,314,000 in 2021, and operating costs increased to £57,350,000 in 2022 from £41,059,000 in 2021.

The directors do not recommend the payment of a dividend in 2022 *(2021: £nil).*

Key performance indicators

The company does not use a large number of key performance indicators to monitor its business as each scheme, or activity, is closely monitored by the members involved. There are three main indicators:

- Operating expenditure per employee has increased by 35.47% from last year, largely due to business activities getting back to normal after Covid-19 restrictions were lifted. Turnover is mainly derived from recharged costs and has increased in line with costs. Turnover per employee has increased by 32.99% from the previous year. This is calculated by dividing turnover / the average number of employees in the year. The average staff has risen by 3.11% from 302 last year to 311 this year.
- Staff turnover has risen in the year from 15.30% in 2021 to 17.80% this year. The calculation is the number of leavers divided by the average number of employees in the year. In line with Government guidelines, staff were asked to work from home where possible during the previous year, with a focus on keeping the business running as usual, with less opportunities for staff changes. The rules were relaxed during the current year, resulting in greater opportunities for staff changes within the business and outside.
- Scheme-specific expenditure is monitored against budgets formally set within the ATOC Scheme structures. All schemes were within acceptable budget parameters.

Operational matters

ATOC Limited along with the related party companies (namely Rail Delivery Group Limited, Train Information Services Limited, NRES Limited, Rail Settlement Plan Limited and Rail Staff Travel Limited) combined operational management and control procedures under one common governance structure. Schemes have delegated decision-making authorities to the appropriate RDG common boards – Customer, Reform and Planning & Production, along with their respective sub-committees.

Principal risks and uncertainties

As part of the governance model referred to in Operational matters above, ATOC operates within a structured, internal risk programme which involves regular management risk reviews by the respective governance body. The reviews include more general passenger industry risks as well as those specific to ATOC Limited. The current main areas of risk identified to ATOC Limited include:

- ***Consumer and competition law issues*** - The framework for the post privatisation passenger rail industry includes the approach that network benefits, especially inter-operable ticketing, is a benefit for the country. Consequently, one of ATOC's key roles is to manage this framework and to ensure that members, i.e. the TOCs, comply with and use the framework in an acceptable manner. Many pressure groups now promote potential problems with consumer issues and railways, particularly punctuality, fares, ticketing and information provision. The threat of a challenge for breach of competition or consumer law has therefore increased, although the company and the Association of Train Operating Companies take every precaution to ensure that this is avoided.

Strategic report *(continued)*

Risk framework *(continued)*

- ***Failure of a major contractor and general contract risks*** – A number of ATOC Limited's processes are outsourced. Consequently, there is the risk of a major contractor failing, but to mitigate this, contract procurement follows European Union best practice guidelines and processes and every major contractor is assessed and regularly monitored. To avoid contractual arrangements that do not adequately protect the Company, the in-house legal team also ensures that all contracts are properly vetted and reviewed.
- ***Policy work and stakeholder management*** – The Company's reputation could suffer and its ability to influence stakeholders could diminish if ATOC's lobbying, response to government consultations or ability to react to European issues is not adequate. This would then impact ATOC Limited. This is particularly pertinent in the context of the Government's Williams-Shapps Plan for Rail white paper.

Williams-Shapps Plan for Rail

The Williams-Shapps Plan for Rail white paper, published in May 2021, has presented an opportunity for the industry to develop a new operating model and modernise retail and fares, enabling the industry to better deliver for the country and the people in the long term. There is a significant amount of effort required to work through the detailed implementation and influence the proposed legislation to formally establish the new arm's length body for the industry, Great British Railways. This will involve change for the Rail Delivery Group, including ATOC Ltd, as some of its functions are expected to be transferred to the new body, and the RDG member companies are expected to play an important role in facilitating implementation of change across the industry. The direct impact on ATOC Ltd is uncertain, change is expected within the next year.

Social responsibility

ATOC is committed to making a real and sustainable difference with regard to its corporate and social responsibility. Policies are in place to explain how the Company engages with local communities and the wider environment. The policies cover how the Company understands and reduces any potential for detrimental environmental impact. The policies include the recruitment and support of staff and how ATOC organises work in order to make a positive impact for staff and the business. The policy also covers how ATOC works with its suppliers and the wider stakeholders to ensure adherence to the Company values and standards of behaviour as set out in the Company's Code of Conduct – this encompasses all applicable legal requirements and provides a mechanism and process whereby illegal and/or unethical behaviour can be reported and addressed. The Company advocates the sharing of best practice and embedding sustainability considerations into decision-making processes. The code of conduct includes the Company's policy on anti-slavery, anti-bribery, anti-harassment and anti-bullying; all staff are made aware of these policies.

Section 172(1) statement

As part of the Board's decision-making process, the board and its committees consider the potential impact of decisions on relevant stakeholders, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term. The key stakeholders of the Company are the Train Operating Companies, the Government Department for Transport, our customers, suppliers, employees and related parties.

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole.

In doing this s.172 requires a director to have regard, amongst other matters, to the;

Strategic report *(continued)*

Section 172(1) statement *(continued)*

- likely consequences of any decision in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company.

Our Directors ensure that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct. Similarly, our Directors acknowledge that the business can only serve and prosper over the long-term if it understands and respects the views and needs of members, employees, suppliers and other stakeholders to whom we are accountable, as well as the environment we operate within.

Our Directors set the agenda for each Board meeting to ensure that the requirements of section 172 are always met and considered through a combination of the following:

- Regularly scheduled Board presentations and reports, risk register reports, health & safety reports, whistle blowing reports (if relevant), culture & engagement group updates;
- Standing agenda points and papers presented at each board meeting: for example, the CFO presents updates on the financial overview, strategic progress, and relevant corporate governance and compliance matters;
- Consistent approach to minute taking with details as to when section 172 factors are being considered.

We set out below an example of how the directors have had regard to the matters set out in section 172(1)a to (f) when discharging their section 172 duty and the effect of that on certain of the decisions taken by them.
Annual Business Plan

The Directors carry out a review of the Company's strategy on an annual basis. This includes approving the business plan for the following year and considering future years. The Directors received presentations from senior leaders across the business outlining their activities for the coming year and how they fit into the overall strategy of the Company. These are then in turn shared with multiple sets of stakeholders through regular committee and board meetings.

During the process the Directors consider how the Company's strategy and annual business plan affect and provide benefit to each of the key stakeholders.

For employees the annual business plan provides clarity as to the direction the company is headed and the Directors view for the future. The planning process includes focus sessions with the different employee engagement groups throughout the Company.

For TOCs the annual business plan ensures the Company's plan for the future is reflective and in line with their plans for the future, ensuring we are delivering the services as needed to the industry.

The annual business plan and the future strategy are focussed to ensure that they aligned with the issues that are most relevant to our key stakeholders and to ensure these did not impact the long-term success of the Company or its ability to deliver.

Strategic report (continued)

Reducing our carbon footprint

The industry is decarbonising as part of sustainable development; decarbonisation means reducing, and ultimately eliminating, carbon dioxide emissions. The train operating companies and their industry partners, including ATOC Ltd, are committed to the pursuit of a net zero-carbon railway. ATOC's disclosure on climate change adaptation is found in the Directors' report in the 'Energy and carbon reporting' section.

In accordance with the industry's work towards reducing carbon emissions, where travel by airplane is the only option available to employees, flights are booked in accordance with the Company's Travel and Expense policy. The Company policy is to offset the impact each flight has on the environment by making a payment to Carbon Footprint, www.carbonfootprint.com . The carbon emissions caused by flying are offset by funding the different environmental projects such as reforestation or investing in renewable energy sources that save carbon dioxide.

Future developments

The Company continues to work with the Government to ensure we deliver a service that is efficient in terms of cost and time, without compromising the impressive safety record of our railways.

The Company supports the rail industry in areas such as reliability, safety, addressing industry needs and providing a collaborative response or collective voice where required by members or third parties. The strategic business plan takes a longer-term view of how the company can transform the railway to better fulfil customers' and funders' needs, generate economic growth and connect people, businesses and communities. This will be achieved by transforming planning processes to deliver a partnership railway from the customer perspective; re-skilling people to work in a technically advanced, customer-focused railway; and introducing innovative technologies to transform the operation and maintenance of the railway, (such as automatic train operation, modern scheduling technology, analysis and decision support tools and facilitating market entry for new suppliers to rail). The Company will also work with the industry to refine legislation and standards to address key current issues in today's railway, including improving punctuality and reliability; modernising retailing, ticketing and fares; improving and expanding the Train Driver Academy to train a new, diverse driver workforce; publishing a refreshed Rail Technical Strategy setting out industry priorities where innovation and technology are required; and taking forward the decarbonisation agenda through work to promote electrification.

Great British Railways: Williams-Shapps Plan for Rail

The Department for Transport (DfT) published the 'Great British Railways: Williams-Shapps Plan for Rail' on 20 May 2021. This white paper sets out the government's plan for a revolution on the railways in Great Britain. As part of the implementation of the plan, it is anticipated that that the shares of ATOC Limited (ATOC) will be transferred to the Great British Railways (GBR), a new government body that will act as the 'Guiding Mind' of the rail industry. The proposed change of ownership is not expected to impact the services delivered by ATOC or the funding mechanisms. The specific date of the proposed transfer has not been set but it is anticipated that it will be during the year ending 31 March 2024.

By order of the board

DocuSigned by:
Ola Ogun
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O Ogun
Director

200-202 Aldersgate Street
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Approved by the directors on 15 September 2022

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2022.

Governance

The members of the ATOC Limited board are appointed by the Association of Train Operating Companies' Council. Each member of the council is obliged to take a share in ATOC Limited. The articles of ATOC Limited restrict the shareholding of the company to the full membership of the Association only.

Financial results

The results of the business and dividends are as reported in the Financial and business performance section of the Strategic report.

Going concern

The company has net assets before pension obligations of £364,000 *(2021: net assets before pension obligations of £86,000)*, the impact of the net pension deficit results in net liabilities of £17,909,000 *(2021: liability of £24,465,000)*. Through the mechanism of the Association Schemes, the members are obliged to fund all liabilities in the Association and its companies and if a pension deficit arises, it will be covered by increased employer and employee contributions, through a plan agreed with the Pension Trustees. The Department for Transport (DfT) has provided assurance that the ATOC Limited section of the RPS will continue to have an employer to support it in the future. To ensure that the Company has the ability to settle liabilities as they become due, the Company conducts a regular cashflow assessment that is reviewed by management. Accordingly, the financial statements are prepared on a going concern basis as the company's management believes that it will be able to meet all its liabilities as they fall due for payment.

As the ATOC Limited Section of the Railway Pensions Scheme ("RPS") is a defined benefit scheme, it is vulnerable to variations in investment and mortality assumptions. The last published triennial valuation of the Scheme was as at 31 December 2019, this showed that the ATOC Limited Section of the RPS was underfunded. The deficit recovery plan has been agreed by the employer with the trustees with respect to the previous triennial valuation (2016) largely dealt with this underfunding, although in January 2018 a small increase in the deficit recovery plan was agreed with the Trustees. Note 16 explains the pension position following the revaluation. The next triennial valuation of the scheme as at 31 December 2022 is expected to be published in June 2023.

The pension deficit has decreased since the prior year, largely due to an increase in the net discount rate over the year and asset outperformance over the period. The investment performance of the assets in the scheme fluctuate due to changing market conditions and ATOC has recognised a gain in the statement of other comprehensive income of £8,200,000, (2021: loss of £8,500,000). The company's share of the pension scheme deficit before deferred taxation has decreased by £5,600,000. The benefits provided under the ATOC Limited Section of the RPS are uncertain to the extent that the impact of GMP (Guaranteed Minimum Pensions) equalisation has not yet been fully reflected in Section benefits. An allowance has been included in the liabilities to reflect the expected value of these additional benefits. GMP equalisation: following the Lloyds case judgement, which upheld the ruling by the European Court of Justice (on 17 May 1990) that pensions were deferred pay and subject to the same equality requirement as other pay. This resulted in the equalisation of pension earned by men and women from that point onwards. All realised (past service) costs as a result of GMB have been recognised in the profit and loss account of prior years, no additional cost relating to the impact of GMP has been recognised in the current year.

Details of the pension scheme can be found in note 16.

Directors' report *(continued)*

Going concern *(continued)*

The directors' statement on the impact on ATOC of the Williams-Shapps Plan for Rail white paper can be found in the Strategic report. The directors anticipate that transition to the proposed new arm's length body for the industry, Great British Railways, will be completed within the next 2-3 years. During the transition, the Secretary of State for Transport continues to take on the obligation of running the GB Railways as set down in the 1993 Railway Act (as amended by Transport Act 2000). The obligation is currently supported by the Emergency Recovery Measures Agreements (ERMAs) that are designed to ensure that the passenger services continue to run during the transition period. As such, the directors believe that the going concern basis for the financial statements is appropriate.

Directors and directors' interests

J Starr is the Chief Executive Officer.

The directors who held office during the year and up to the date of signing this report, except as stated, were:

D D G Booth
D A Brown (resigned 31 December 2021)
S Montgomery
O Ogun
J Starr (Chief Executive Officer)

None of the directors who held office at the end of the financial period had any interests in the shares of the Company. No director had a material interest in any contract with the Company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Directors' indemnities

The Company has in place third party indemnity policies for the benefit of its directors which were made during the year and remain in force at the date of this report.

Standing committees

There is one standing committee, the Remuneration Committee, which is led by D Booth and has all non-executive directors as members.

Employees

Details of the numbers of employees and related costs can be found in note 5 to the financial statements.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, knowledge bites, portfolio updates and through our Company newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Directors' report *(continued)*

Energy and carbon reporting

ATOC is committed to continually improving our environmental and energy performance whilst minimising pollution. We recognise our role in supporting the delivery of the government's emission reduction targets to meet a reduction in greenhouse gas emissions of at least 68% by 2030 compared to 1990 levels.
The calculations we have used to convert kWh to kg of carbon released are based on Greenhouse gas reporting conversion factors, published by the Department for Business, Energy and Industrial Strategy.
Energy efficiency will be achieved by:

- Encouraging the modal shift to rail from less sustainable forms of transport through engagement with our stakeholders and in collaboration with the rail industry.
- Working with the Government and the Train Operating Companies to encourage walking or cycling to train stations. ATOC manages the Cycle scheme funding for the industry, allocating funds provided by the government for stations to build bike shelters and provide secure lock points for bikes.
- Supporting the creation of a lower carbon railway through electrification and fuel changes.
- Promoting the importance of managing biodiversity and eco systems to our staff and stakeholders.
- Engaging with our suppliers to ensure the sustainability of our supply chain economically, socially and environmentally.

We have already taken the following steps to reduce energy consumption during the year, including:

- Introducing light sensors which activate when movement is detected, reducing the length of time lights are continuously switched on.
- The heating / cooling system being active only during core office hours, and not used during the days when the office is not in use.
- Moved IT equipment to virtual / cloud- based environment wherever possible, thus reducing the energy consumption in the office.
- Reduced the number of printers in the office.
- Dismantled most of the information video screens on walls around the office, resulting in the computers used to support the screens being deactivated, as they are no longer required.

The data below shows the Company's greenhouse gas emissions from its operations, expressed in tonnes of CO2 emissions (tCO2e), for the financial years ended 31 March 2021 and 31 March 2020:

	2022	2021
UK energy use kWh	216,300	175,089
Associated Greenhouse gas emissions Tonnes CO2 equivalent	50,428.1 kg	40,820.3 kg
Intensity ratio emissions per employee (using average headcount – 2022: 311, 2021: 302) - Tonnes CO2 equivalent	162.1 kg	135.2 kg

UK energy use covers all activities based at 200 Aldersgate Street, London EC1A 4HD.

Financial risk management objectives and policies

Credit risk

The Company's principal financial assets are bank balances and cash, finance debtors, trade debtors and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Directors' report *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses related party loans for short-term debt finance.

Related parties

As well as providing support activities for the Association, ATOC Limited also provides administration and personnel support to a number of related parties, including Rail Settlement Plan Limited ("RSP"), Rail Staff Travel Limited ("RST"), NRES Limited and Train Information Services Limited ("TISL"). These companies all have similar shareholders, the franchised TOCs, and all support different activities of the Association.

The Company has arrangements with the Rail Delivery Group Limited ("RDG") to provide resources for policy, communications, management and administration. These services have been charged directly to RDG, which by virtue of some degree of common ownership, is a related party to ATOC Limited; these related party transactions are disclosed in note 19.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all reasonable steps that he / she ought to have taken to make himself / herself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given in accordance with section 418 of the Companies Act 2006.

By order of the board

DocuSigned by:
Ola Ogun
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O Ogun
Director

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Approved by the directors on 15 September 2022

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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATOC LIMITED

Opinion on the 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 March 2022 and of its loss 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.

We have audited the financial statements of ATOC Limited ("the Company") for the year ended 31 March 2022 which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remain 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATOC LIMITED (CONTINUED)

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has 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 material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates. We considered the significant laws and regulations to be Companies Act 2006 and the applicable accounting standards.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and the risk of fraud in revenue recognition.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATOC LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (Continued)

Our testing included but was not limited to:

- We considered the processes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls;
- We challenged assumptions and judgements made by management in areas involving significant estimates, with the key sources of estimation identified as valuation of the defined benefit scheme.
- We performed substantive testing on account balances and transactions, which were considered to be a greater risk of susceptibility to fraud. This included revenue, where we checked a sample transactions to supporting documentation and checked that revenue recognised was in line with contractual terms;
- We targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, as well as a focus on large and unusual transactions based upon our knowledge of the business;
- We made enquiries of Management, those charged with governance and those responsible for legal and compliance procedures as to whether there was any correspondence from regulators in so far as the correspondence related to financial statements; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.

DocuSigned by:
Gareth M Jones
AF9E71C5233D451...
Gareth M Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

20 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and loss account
for the year ended 31 March 2022

	Note	2022 Total	2021 Total
		£000	*£000*
Turnover		**55,282**	*40,314*
Operating expenditure		**(57,350)**	*(41,059)*
Operating loss		**(2,068)**	*(745)*
Interest receivable and similar income	6	**4**	*3*
Interest payable and similar charges	6	**(12)**	*(12)*
Loss on ordinary activities before taxation	3	**(2,076)**	*(754)*
Taxation on loss	7	**1,713**	*135*
Loss for the year		**(363)**	*(619)*

The results for the year ended 31 March 2022 are all from continuing activities.

There are no differences between the amounts reported in the profit and loss account and their historical cost equivalents.

The notes on pages 19 to 41 form part of these financial statements.

Statement of other comprehensive income
for the year ended 31 March 2022

	Note	**2022 Total £000**	*2021 Total £000*
Loss for the year		**(363)**	*(619)*
Actuarial gain / (loss) recognised in the pension scheme	16	**8,200**	*(8,500)*
Movement in deferred tax asset arising on the above	8	**(1,281)**	*1,615*
Total comprehensive gain / (loss)		**6,556**	*(7,504)*

The notes on pages 19 to 41 form part of these financial statements.

Balance sheet
as at 31 March 2022

	Note	2022 £000	*2021 £000*
Fixed assets			
Intangible assets	9	**250**	*763*
Tangible assets	10	**210**	*462*
		460	*1,225*
Current assets			
Debtors amounts falling due in less than one year	11	**5,710**	*5,832*
Debtors amounts falling due in more than one year	11	**-**	*116*
Cash at bank and in hand	12	**33,426**	*22,876*
		39,136	*28,824*
Creditors: amounts falling due within one year	13	**(38,772)**	*(29,515)*
Provisions for liabilities	14	**(460)**	*(448)*
Total current liabilities		**(39,232)**	*(29,963)*
Total current assets less current liabilities		**(96)**	*(1,139)*
Net assets excluding pension liability		**364**	*86*
Net pension deficit	16	**(18,273)**	*(24,551)*
Net liabilities		**(17,909)**	*(24,465)*
Called-up share capital	15	**-**	*-*
Profit and loss account		**(17,909)**	*(24,465)*
Equity shareholders' deficit		**(17,909)**	*(24,465)*

The notes on pages 19 to 41 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 15 September 2022 and are signed on its behalf by:

DocuSigned by:
Steve Montgomery
46F523A1439E422...
Director

Steve Montgomery
Print name

Company Registration No. 03069033

Statement of changes in equity
for the year ended 31 March 2022

	Called-up share capital £000	Profit and loss account £000	Total £000
At 1 April 2020	-	(16,961)	(16,961)
Movement in defined benefit liability (see note 16)	-	(8,500)	(8,500)
Tax relating to items of other comprehensive income	-	1,615	1,615
Loss for the financial year	-	(619)	(619)
At 31 March 2021	-	(24,465)	(24,465)
Movement in defined benefit liability (see note 16)	-	8,200	8,200
Tax relating to items of other comprehensive income (see note 8)	-	(1,281)	(1,281)
Loss for the financial year	-	(363)	(363)
At 31 March 2022	-	(17,909)	(17,909)

The notes on pages 19 to 41 form part of these financial statements.

Cash flow statement
for the year ended 31 March 2022

	Note	**2022** **£000**	*2021* *£000*
Net cash flows generated from operating activities	18	**10,565**	*2,170*
Cash flows used in investing activities			
Purchase of tangible assets		**(19)**	*(90)*
Interest received		**4**	*3*
Net cash flows used in investing activities		**(15)**	*(87)*
Net cash from financing activities		**-**	*-*
Net increase in cash and cash equivalents		**10,550**	*2,083*
Cash and cash equivalents at beginning of year		**22,876**	*20,793*
Cash and cash equivalents at end of year		**33,426**	*22,876*
Relating to:			
Cash at bank and in hand	12	**33,426**	*22,876*

The notes on pages 19 to 41 form part of these financial statements.

Notes to the financial statements

(forming part of the financial statements)

1 Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

General information and basis of accounting

ATOC Limited is a private Company limited by shares, incorporated in England, United Kingdom under the Companies Act 2006. The address of the company's registered office and principal place of business is 200-202 Aldersgate Street, London EC1A 4HD. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 6.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council (FRC). The Company has applied the amendments to FRS 102 issued by the FRC in December 2017 with effect from January 2019. The transitional provisions relating to the triennial review amendments have not resulted in any restatement of comparative information by the Company.

Going concern

The company has net assets before pension obligations of £364,000 *(2021: net assets before pension obligations of £86,000)*, the impact of the net pension deficit results in net liabilities of £17,909,000 *(2021: liability of £24,465,000)*. Through the mechanism of the Association Schemes, the members are obliged to fund all liabilities in the Association and its companies and if a pension deficit arises, it will be covered by increased employer and employee contributions, through a plan agreed with the Pension Trustees. The Department for Transport (DfT) has provided assurance that the ATOC Limited section of the RPS will continue to have an employer to support it in the future. To ensure that the Company has the ability to settle liabilities as they become due, the Company conducts a regular cashflow assessment that is reviewed by management. Accordingly, the financial statements are prepared on a going concern basis as the company's management believes that it will be able to meet all its liabilities as they fall due for payment.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instrument.

Financial liabilities are classified according to the substance of the arrangements entered into.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value (which is normally transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance sheet when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debtors

Debtors are stated in the balance sheet at net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of a dispute or an inability to pay. An additional provision is made based on an analysis of balances by age.

Notes to the financial statements *(continued)*

1. Statement of accounting policies *(continued)*

Creditors

Creditors are disclosed in the balance sheet at fair value and are recognised when an obligation to transfer economic benefits has arisen as a result of a past transaction.

Intangible assets – Computer software

Computer software is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. The useful lives for the assets are:

Finance and HR systems – 5 years
All other software – 3 years

Provision is made for any impairment.

Amortisation is revised prospectively for any significant change in useful life or residual value.

Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. The cost of fixed assets comprises purchase price and directly attributable costs.

Depreciation is provided on a straight-line basis over periods related to the estimated useful economic lives of assets and commences from the date the asset is available for use. The useful lives for the assets are:

Computer hardware 3 years
Fixtures and fittings 10 years
Leasehold improvements 10 years

Development projects

In certain circumstances where ATOC Limited incurs development costs it considers that the contracted arrangements result in the creation of an asset.

The determination of whether such projects result in a fixed asset or a finance debtor is assessed on a project-by-project basis. Where ATOC Limited does not bear the risks and rewards associated with the asset as the expenditure will be recovered over a period of time from the TOCs, but retains the intellectual property associated with the asset, the arrangement is treated as a finance debtor receivable. The receipts are apportioned between finance income, turnover and the reduction of the debtor so as to achieve a constant rate of interest on the remaining balance of the asset. Finance income is recognised in the profit and loss account. Where ATOC Limited retains the risks and rewards of the asset, then the item is treated as a fixed asset (see policy above).

If it is considered that the development expenditure does not create an asset for ATOC Limited, then the expenditure is charged through the profit and loss account as income from the TOCs is received reflecting the services provided by ATOC Limited during the contractual arrangement.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease. The benefits received and receivable as an incentive to sign an operating lease are spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used. Under FRS 102 future benefits given as lease incentives will be spread over the term of the lease.

Notes to the financial statements *(continued)*

1. Statement of accounting policies *(continued)*

Dilapidations

Dilapidations in respect of occupied property are recognised when an obligation to return the premises to its original condition exists and this obligation can be reliably measured. Where this relates to removing specific assets, this is capitalised in tangible fixed assets and depreciated over the expected life of the lease. The provision is inflated to the expected value at the date of payment and then discounted at an appropriate discount rate to present value.

Cash

ATOC Limited has a contract with the Department for Transport to help fund the provision of cycle stands and shelters at railway stations in accordance with the DfT's Cycle to Work Scheme. ATOC receives the cycle scheme grant in full and the Train Operating Companies apply for funding at different stages of when the work has been completed. The funds received by ATOC from the DfT are held in a separate bank account which is ring-fenced and not available for offset against any of the other ATOC bank accounts. The total amount of ring-fenced funds held under this scheme as at 31 March 2022 is £2,582,000 *(2021: £6,997,000)*.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

In March 2020 ATOC received a grant from the DfT for £1,320,000 to fund the development of the Veterans Railcard, a railcard enabling veterans and their families to benefit from discounted fares. The grant is recognised as an asset in the Balance sheet and is used to offset the cost of the work on the Veterans Railcard project. ATOC has incurred costs of £876,000. The remaining funds of £444,000 are held in the Balance sheet within Amounts falling due within one year: Other creditors.

ATOC is currently the custodian of grant funding from the DfT for the Cycle Scheme initiative, as mentioned above in the accounting policy for Cash. ATOC acts as an agent to the TOCs in this instance and as the TOCs incur the expenditure to develop secure cycle parking and storage facilities at their stations, the funds are released to the TOCs, once evidence has been received that the particular stage in the works for which they have invoiced ATOC has been completed. The total payments from the DfT Cycle Rail fund made to TOCs in the current year was £3,307,000 (2021: £487,000). The company did not receive any additional grant funding for this purpose during the year. The scheme is being wound down, in recognition of this the company returned unclaimed funds of £1,136,000 to the DfT. The total amount held as ringfenced funds in ATOC's DfT Cycle Rail account is £2,582,000 (2021: £6,997,000).

Taxation

Current tax, including UK and corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes to the financial statements *(continued)*

1. Statement of accounting policies *(continued)*

Taxation *(continued)*

The amount of the deferred tax asset included in the balance sheet of the Company is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In estimating the amount of the deferred tax asset that may be recognised the directors make judgements, based on current budgets and forecasts, about the amount of future taxable profits and the timing of when these will be realised. The asset is unwinding as there are taxable profits against which the asset is utilised.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover is stated net of VAT. Turnover originates in the United Kingdom and all relates to continuing activities. The directors consider that the whole of the activities of the Company constitute a single class of business.

In order to reduce the administration burden on the Train Operating Companies, ATOC Limited has assumed responsibility for invoicing and settlement between the Train Operating Companies in respect of a number of settlements, particularly the Corporate Police Travel, Santander Railcards and MoD HM Forces Railcard income. ATOC Limited acts solely as an agent in these processes. In these circumstances, ATOC Limited does not bear any of the benefits or risks associated with these transactions.

Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Turnover includes the recharge of salary and administration costs incurred by ATOC Limited on behalf of its related parties.

Interest income

Interest income is recognised as income in the Profit and loss account as it falls due.

Pensions Scheme

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.
Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments are charged to operating profit or loss. These are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to the profit and loss account.

Notes to the financial statements *(continued)*

1. Statement of accounting policies *(continued)*

Pensions Scheme *(continued)*

The pension scheme surplus (to the extent that it is recoverable) or deficit attributable to the employer is recognised in full. The movement in the scheme surplus/deficit is split between operating expenditure in the profit and loss account and in the re-measurement of net defined benefit liability in the statement of other comprehensive income.

Impairment and useful economic life of tangible and intangible assets

An element of uncertainty is inherent in determining the impairment and useful economic life of tangible and intangible assets. Tangible assets comprise property, plant and equipment and intangible assets relate to computer software.

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, 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.

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.

Critical judgements in applying the Company's accounting policies

The directors have not made any critical judgements in the process of applying the Company's accounting policies, that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 the probable outflow of resources, and a reliable estimate can be made of the amount of the obligation.

As at 31 March 2022 the Company has a provision for liabilities and charges which relates to dilapidation work as specified in the rent agreement for the building at 200 Aldersgate Street. The expenditure is expected to be incurred by 1 April 2023, which is the date of the break clause.

Notes to the financial statements *(continued)*

2 Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Post-employment benefits
ATOC operates a defined benefit scheme. All post-employment benefits associated with the schemes have been accounted for in accordance with Section 28 of FRS 102 'Employee benefits'. As detailed within the accounting policies note, in accordance all actuarial gains and losses have been recognised immediately through the Statement of comprehensive income. The pension scheme valuations have been performed by a third-party specialist qualified independent actuary. In performing these valuations, judgements, assumptions and estimates have been made. These assumptions have been disclosed within note 16.

3 Loss on ordinary activities before taxation

This is stated after charging:

	2022	*2021*
	£000	*£000*
Loss of disposal of tangible fixed asset	**8**	-
Amortisation (per note 9)	**513**	*523*
Depreciation (per note 10)	**263**	*275*
Operating lease rentals - building	**1,114**	*1,114*
Operating lease rentals - hire of plant and machinery	**7**	*8*
Fees payable to the auditor for the audit of the company's annual financial statements	**36**	*35*
Total audit fees	**36**	*35*
Taxation compliance services	**-**	-
Total non-audit fees	**-**	-

The taxation compliance fees in 2022 include £1,594 paid on behalf of the Association of Train Operating Companies.

Notes to the financial statements *(continued)*

4 Remuneration of key management personnel

The total remuneration of the directors and managers, who are considered to be the key management personnel of the Company, was £5,130,698 *(2021: £6,995,843)*, of which £3,853,205 (*2021: £5,167,733*) was recharged out to related parties as follows: Rail Settlement Plan Limited £672,575 (*2021: £967,774*), Train Information Services Limited £487,798 (*2021: £687,565*), NRES Limited £487,798 (*2021: £687,565*), Rail Staff Travel Limited £74,670 (*2021: £87,401*), and Rail Delivery Group Limited £2,130,364 (*2021: £2,737,428*).

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was 311 (*2021: 302*).

Employee costs charged to ATOC Limited:

	2022	*2021*
Employees costs	**£000**	*£000*
Wages and salaries	**19,331**	*19,258*
Social security costs	**1,946**	*2,014*
Other pension costs	**4,569**	*3,108*
	25,846	*24,380*

The table above shows the gross employee costs included in the profit and loss account for ATOC Limited and its related parties excluding the TOCs. The employee costs for all related companies are: wages and salaries £9,432,000 (*2021: £9,471,000*); social security costs £1,009,000 (*2021: £987,000*) and other pension costs £1,017,000 (*2021: £996,000*). ATOC Limited pays for its staff costs and those of its related companies. The related companies reimburse ATOC Limited by way of a recharge, which is recorded in turnover. The recharge to ATOC Limited for staff costs is the same as the costs incurred.

The employee costs include staff that have been recharged to Rail Settlement Plan Limited of £5,240,000 (*2021: £5,453,000*), Rail Delivery Group Limited £1,494,000 (2021: £1,357,000), Rail Staff Travel Limited £638,000 (*2021: £691,000*), and Train Information Services Limited £2,060,000 (*2021: £1,970,000*).

Staff costs include a charge for the accrued cost of staff holiday earned but not taken as at 31 March, referred to as short-term compensated absences, as required to be reported under FRS 102. The cost of short-term compensated absences accrued but not taken as at 31 March 2022 was £400,065 (*2021: £741,000*). In the prior year, the accrued cost of staff holiday was exceptionally high due to the direct impact of COVID 19. Staff are usually restricted to a limited amount of unused holiday they are entitled to carry forward. Last year, it was determined by management that the restriction on carried forward holiday would not apply due to the Government's ban on holidays abroad, and advice to 'stay at home' for most of the year. The restrictions have been lifted in the current year, and the cap on carry forward holiday days has been re-instated, resulting in the reduction in the holiday pay accrual compared to the prior year.

	2022	*2021*
Directors' remuneration	**£'000**	*£'000*
Emoluments	750	*1,116*
Company contributions to pension schemes	71	*70*
	821	*1,186*

Notes to the financial statements *(continued)*

5 Staff numbers and costs *(continued)*

Directors' remuneration *(continued)*

	2022 Number	*2021 Number*
The number of directors who:		
Are members of defined benefit pension schemes	3	3

	2022 £'000	*2021 £'000*
Remuneration of the highest paid director:		
Emoluments	215	270
Company contributions to pension schemes	27	-

6 Net interest receivable and payable

	2022 £000	*2021 £000*
Interest receivable and similar income	**4**	*3*
Interest payable and similar charges	**(12)**	*(12)*
	(8)	*(9)*

Notes to the financial statements *(continued)*

7 Taxation

	2022	*2021*
	£000	*£000*
Current tax		
UK Corporation tax on profits for the period [(1)]	**386**	-
Adjustments in respect of previous periods	**-**	-
Total current tax	**386**	-
Deferred tax		
Origination and reversal of timing differences	**(771)**	*(130)*
Adjustments in respect of previous periods	**-**	*(5)*
Effects of changes in tax rates	**(1,328)**	-
	(2,099)	*(135)*
Tax on loss on ordinary activities	**(1,713)**	*(135)*

Factors affecting the tax charge for the current period

The difference between the total tax (credit)/ charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss) / profit before tax is as follows:

	2022	*2021*
	£000	*£000*
Current tax reconciliation		
Loss on ordinary activities before tax	**(2,076)**	*(754)*
Current tax at 19% *(2021:19%)*	**(394)**	*(143)*
Effects of:		
Expenses not deductible for tax purposes	**17**	*13*
Income not taxable	**(8)**	-
Changes in tax rates	**(1,328)**	-
Prior year adjustment	**-**	*(5)*
Total current tax (credit) (see above)	**(1,713)**	*(135)*

The standard rate of tax applied to the reported loss is 19% (2021: 19%). There has been no change to the applicable tax rate in the period. In the March 2021 Budget, it was announced that legislation will be introduced in the Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25% effective 1 April 2023. This was substantively enacted on 24 May 2021 and deferred tax balances as at 31 March 2022 have been calculated at 25%. There is no expiry date in respect of the timing differences or unused tax losses.

Notes to the financial statements *(continued)*

8 Deferred taxation

	Accelerated capital allowances £000	Tax losses £000	Pensions £000	Total £000
Balance at 1 April 2021	63	53	5,749	5,865
Credited / (charged) to profit and loss account	150	(2)	1,951	2,099
Credited to other comprehensive income	-	-	(1,281)	(1,281)
Prior year adjustment	43	(51)	8	-
Balance at 31 March 2022	256	-	6,427	6,683

Amounts included in debtors (note 11)	256
Amounts included in net pension liability (note 16)	6,427

Notes to the financial statements *(continued)*

9 Intangible fixed assets

	Computer software £000
Cost	
As at 1 April 2021	**2,031**
Additions	-
As at 31 March 2022	**2,031**
Amortisation	
As at 1 April 2021	**(1,268)**
Charge for the year	(513)
As at 31 March 2022	**(1,781)**
Net book value	
As at 31 March 2022	**250**
As at 31 March 2021	*763*

Computer software development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Notes to the financial statements *(continued)*

10 Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Computer hardware £000	Total £000
Cost				
As at 1 April 2021	**1,301**	**441**	**562**	**2,304**
Additions	-	-	19	19
Disposals	-	-	(14)	(14)
As at 31 March 2022	**1,301**	**441**	**567**	**2,309**
Depreciation				
As at 1 April 2021	**(1,032)**	**(297)**	**(513)**	**(1,842)**
Charge for the year	(136)	(92)	(35)	(263)
Disposals			6	6
As at 31 March 2022	**(1,168)**	**(389)**	**(542)**	**(2,099)**
Net book value				
As at 31 March 2022	**133**	**52**	**25**	**210**
As at 31 March 2021	*269*	*144*	*49*	*462*

Following a review of the fixed asset register, the company disposed of obsolete laptops which were held at a cost of £14,000 and were carried at a net book value of £8,000, resulting in a loss on disposal of £8,000 for the year.

Leasehold improvements relate to costs incurred in April 2013, prior to moving into the premises at 200-202 Aldersgate Street, London EC1A 4HD, which were required to bring the office space to a standard able to serve the organisational structure of the Company.

Notes to the financial statements *(continued)*

11 Debtors

Amounts falling due within one year

	2022 **£000**	*2021* *£000*
Trade debtors	**237**	*688*
TOC debtors (note 19)	**166**	*151*
Other debtors	**92**	*5*
Non-TOC related parties (note 19)	**2,495**	*2,307*
Prepayments	**1,840**	*1,496*
Accrued income	**624**	*873*
Corporation tax	**-**	*196*
Deferred tax asset (note 8)	**256**	*116*
	5,710	*5,832*

Amounts falling due greater than one year

	Accrued income	**2022** **£000**	Accrued income	*2021* *£000*
One to two years	**-**	**-**	*116*	*116*
	-	**-**	*116*	*116*

Notes to the financial statements *(continued)*

11 Debtors *(continued)*

Accrued income

Accrued income includes the non-capitalised costs of the move to the new office premises at Aldersgate Street. It has been agreed with the TOCs that these costs will be recovered over a ten-year period commencing 1 April 2013.

As at 31 March 2022 there is one year remaining. The value of the remaining lease recoverable is £116,424 (2021: £229,831) which is charged to the TOCs at a rate of £119,521 per annum. This has been discounted by 2.66% per annum over the 10-year period of the life of the lease.

12 Cash at bank and in hand

	2022 **£000**	*2021* *£000*
Restricted funds (DfT Cycle to Work scheme), included in Other creditors – see note 13	**2,582**	*6,997*
ATOC funds	**30,844**	*15,879*
Cash at bank and in hand	**33,426**	*22,876*

ATOC receives funding from the DfT on behalf of the TOCs to facilitate the implementation of the DfT's Cycle to Work scheme. The TOCs apply to ATOC for funding at various stages of completion of building cycle stands and shelters at stations, in accordance with the DfT's Cycle to Work scheme rules. These funds are held in a separate bank account and are not available for ATOC's use.

The difference between the prior year funds held in cash of £6,997,000 and the amount reported in Creditors: amounts falling due within one year £7,024,000 (note 13) is attributable to an overpayment for VAT which was settled by ATOC in April 2021.

Notes to the financial statements *(continued)*

13 Creditors: amounts falling due within one year

	2022 £000	*2021* *£000*
Trade creditors	**1,466**	*1,457*
Amounts owed to related parties (note 19)	**9,037**	*4,521*
Amounts owed to Train Operating Companies (note 19)	**9,054**	*2,226*
Corporation tax	**386**	-
Other taxes and social security costs	**905**	*2,341*
Other creditors	**13,307**	*15,277*
Accruals and deferred income	**4,617**	*3,693*
	38,772	*29,515*

Other creditors include the DfT Cycle to Work scheme funds held on behalf of the TOCs. The amount held as at 31 March 2022 was £2,582,000 (*2021: £7,024,000*).

14 Provisions for liabilities

	2022 £000	*2021* *£000*
	Dilapidations	*Dilapidations*
Balance at 1 April 2021	**448**	*436*
Unwinding of discount	**12**	*12*
Balance at 31 March 2022	**460**	*448*

The provision for liabilities and charges as at 31 March 2022 relate to dilapidation work as specified in the Aldersgate Street rent agreement. The present value of the provision for the dilapidation expenditure was recognised in the year ended 31 March 2014; this was capitalised against the value of the lease. The lease is depreciating on a straight-line basis over 10 years. The capitalised provision for dilapidations is unwinding over the 10-year period of the lease commitment at a discount rate of 2.66% per annum. The total expenditure expected to be charged is £471,697. The expenditure is expected to be incurred by 1 April 2023, which is the date of the break clause.

15 Called-up share capital

	2022 £	*2021* *£*
Authorised shares		
26 Ordinary shares of £0.04 each	1.04	*1.04*
Allotted, called-up and fully paid		
Equity – 21 Ordinary shares of £0.04 each *(2019: 21 Ordinary shares of £0.04 each)*	0.84	*0.84*

The £0.04 ordinary shares each carry one vote.

Notes to the financial statements *(continued)*

16 Pension scheme

The majority of the Company's employees are members of the ATOC Limited Shared Cost Section of the Railways Pensions Scheme ("the Section"), a funded defined benefit scheme. The Section was established with effect from 13 October 1996 when the Company separated from the British Railways Board and its assets and liabilities are separately identified from the remainder of the Railways Pension Scheme. The last actuarial valuation of the Section for the purposes of assessing the appropriate pension costs for ATOC Limited was as at 31 December 2016 and was undertaken by Towers Watson, independent qualified actuaries. This has been updated with reference to investment market conditions at 31 March 2022 by a qualified independent actuary.

The results of the year-end valuation, based on the projected unit funding method, indicate that the market value of the scheme assets at the valuation date was £82.7 million and the actuarial value of those assets represented 100% of the benefits that had accrued to members. The principal assumptions underlying the valuation were that the return on the scheme's investments would average 2.70% a year in future, and that salaries would increase at the rate of 3.20%.

The discount rate has been used to calculate the expected return on assets. The discount rate for the year ended 31 March 2022 is 2.7%, *(2021: 2.1%)*.

Employer contributions for the period ended 31 March 2022 were 19.97% of Section Pay for Category 1 members, 18.06% of Section Pay for Category 2 members and 15.90% of Section Pay for Category 3 members. The section is open to new members.

Under the Railways Pensions Scheme, the cost of providing the benefits is generally split between the members and the employer in the ratio 40:60.

From 1 April 2016, pensionable salary growth has been capped at CPI for members earning over £50,000 p.a.

	2022	*2021*
	£000	*£000*
Fair value of plan assets	**82,700**	*74,500*
Present value of unfunded defined benefit obligations	**(123,900)**	*(125,000)*
Deficit in scheme	**(41,200)**	*(50,500)*
ATOC Limited share of deficit (60%)	**(24,700)**	*(30,300)*
Related deferred tax asset	**6,427**	*5,749*
Net liability	**(18,273)**	*(24,551)*

Notes to the financial statements *(continued)*

16 Pension scheme *(continued)*

Movements in present value of defined benefit obligation

	2022	*2021*
	£000	*£000*
Opening section liabilities as at 1 April	**125,000**	*95,500*
Current service cost	**6,100**	*3,900*
Interest cost	**2,600**	*2,300*
Actuarial (gain) / loss	**(6,900)**	*25,700*
Benefits paid	**(2,900)**	*(2,400)*
Closing section liabilities at 31 March	**123,900**	*125,000*

Movements in fair value of plan assets

	2022	*2022*
	£000	*£000*
Fair value of plan assets as at 1 April	**74,500**	*61,000*
Interest income	**1,600**	*1,500*
Return on plan assets (lower) / greater than discount rate	**6,600**	*11,800*
Contributions by employer	**2,000**	*2,000*
Contributions by employee	**1,300**	*1,200*
Benefits paid	**(2,900)**	*(2,400)*
Administration costs	**(400)**	*(600)*
Fair value of plan assets as at 31 March	**82,700**	*74,500*

Notes to the financial statements *(continued)*

16 Pension scheme *(continued)*

Reconciliation of pension scheme (liability)

	2022	*2021*
	£000	*£000*
Opening scheme liability at 1 April	**(30,300)**	*(20,700)*
Employer's share of pension cost recognised in profit and loss	**(4,600)**	*(3,100)*
Employer's contributions	**2,000**	*2,000*
Gain/(Loss) recognised in the statement of comprehensive income	**8,200**	*(8,500)*
Closing scheme (liability) at 31 March	**(24,700)**	*(30,300)*

Expense recognised in the profit and loss account

	2022	*2021*
	£000	*£000*
Current service cost	**3,700**	*2,300*
Employer's share of administration costs	**300**	*400*
Interest on defined benefit pension plan obligation	**600**	*400*
Total	**4,600**	*3,100*

The expense is recognised in the following line items in the profit and loss account:

	2022	*2021*
	£000	*£000*
Operating expenditure	**4,600**	*3,100*

The total amount recognised in other comprehensive income in respect of actuarial gain is £8,200,000 (*2021: loss £8,500,000*).

Cumulative actuarial gains/(losses) reported in the statement of comprehensive income are losses of £16,900,000 *(2021: loss £25,100,000)*.

The Company expects to contribute approximately £2,000,000 to its defined benefit plans in the next financial year.

Notes to the financial statements *(continued)*

16 Pension scheme *(continued)*

The fair value of the plan assets and the return on those assets were as follows:

	2022	*2021*
	Fair value £000	*Fair value £000*
Growth assets	**54,500**	*51,800*
Government bonds	**12,200**	*10,300*
Non-Government bonds	**15,700**	*11,800*
Other	**300**	*600*
	82,700	*74,500*

None of the Section's assets have been invested in the Company's own financial instruments.

Under FRS 102 the discount rate is used to calculate the expected return on assets (see table below).

Principal actuarial assumptions (expressed as weighted averages) at Year-end were as follows:

	2022 %	*2021 %*
Discount rate	**2.70**	*2.10*
Future salary increases	**3.20**	*2.75*
Price inflation	**3.55**	*3.15*
Pension increases	**3.20**	*2.75*

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 22.0 years (male), 23 years (female).

Future retiree upon reaching 65: 23.6 years (male), 24.8 years (female).

Notes to the financial statements *(continued)*

16 Pension scheme *(continued)*

Sensitivity analysis - changes in actuarial assumptions will affect the Company's direct benefit obligation as follows:

	Sensitivity	Approximate change
		£m
Discount rate	-0.25% p.a.	6.6
	+0.25% p.a.	(6.1)
Future salary increases	-0.25% p.a.	(0.9)
	+0.25% p.a.	0.9
Price inflation	-0.25% p.a.	(6.0)
	+0.25% p.a.	6.4
Life expectancy	-1 year	(4.5)
	+ 1 year	4.7

17 Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2022	*2021*	*2021*
	Land and buildings £000	Other £000	*Land and buildings £000*	*Other £000*
Within one year	1,114	-	*1,114*	*8*
In the second to fifth years inclusive	-	-	*1,114*	-
	1,114	-	*2,228*	*8*

In May 2013, the Company signed a 15-year lease (with a break clause in year 10) for new accommodation at 200 Aldersgate Street, London. Following a rent review last year, the rental agreement for this property is £1,070,500 per annum (2018 and prior: £909,000).

On 27 March 2015 ATOC Limited entered into a lease agreement for the use of the basement floor at 200 Aldersgate Street. The lease is for 10 years with a break clause in year 5. The Company did not exercise the break clause. The annual commitment under this agreement is £43,750.

The schedule shows the Company's commitment up to the date of the break clause.

Other non-cancellable commitments relate to the hire of photocopiers and a franking machine.

Notes to the financial statements *(continued)*

18 Cash flow statement

Reconciliation of operating loss to cash used in operations:

	2022	*2021*
	£000	*£000*
Operating loss	**(2,068)**	*(745)*
Adjustment for:		
Depreciation	**263**	*275*
Amortisation	**513**	*523*
Loss on disposal tangible fixed assets	**8**	*-*
Operating cash flow before movement in working capital	**(1,284)**	*53*
Decrease in debtors	**377**	*2,343*
Decrease / increase in creditors	**8,872**	*(1,326)*
Increase in provisions	**12**	*12*
Net pension adjustment for employer's share of pension and employer's contribution (note 16)	**2,600**	*1,100*
Cash generated by operations	**11,861**	*2,129*
Interest paid	**(12)**	*(12)*
Taxation	**-**	*-*
Net cash generated by operating activities	**10,565**	*2,170*

Notes to the financial statements *(continued)*

19 Ultimate parent undertaking and related parties

ATOC Limited administers cash receipts and payments for and on behalf of the ATOC companies for which the Company receives an administration fee.

At 31 March 2022, the Company was owned by the train operating companies ("TOCs") - formerly the passenger business of the British Railways Board. There is no ultimate controlling party. The Company is related to the Association of Train Operating Companies, NRES Limited, Rail Settlement Plan Limited, Rail Staff Travel Limited, Train Information Services Limited (TISL) and the TOCs, who own and control these companies.

The table below shows the amounts of turnover during the year, and outstanding debtors and creditors at the year-end attributed to related parties.

Turnover includes the recharge of salary and administration costs which have been incurred by ATOC Limited on behalf of the related parties. The turnover within ATOC relating to the Association of Train Operating Companies relates to the recharge of costs from ATOC schemes.

In November 2013 the Company entered into arrangements with Rail Delivery Group Limited (RDG Limited) to provide resources for policy, communications, management and administration. With effect from 1 April 2014 these services have been charged directly to RDG, which by virtue of some degree of common ownership is a related party to ATOC Limited.

During the year, ATOC Limited and its related parties provided services to each other as part of the normal course of business; amounts owed by and to each related party is shown in debtors and creditors. These amounts all relate to current trading balances, interest is not charged.

Loans are provided on a commercial basis and are shown separately. Interest is charged at a market rate of 0.6322% p.a. and the loans are repayable on demand. The loans, debtors and creditors between ATOC Limited and its related parties are provided on an unsecured basis. Settlement is required to be made in cash.

2022	**Turnover £000**	**Expenditure £000**	**Loans £000**	**Debtors £000**	**Creditors £000**
Association of Train Operating Companies	16,987	-	-	-	9,015
Rail Settlement Plan Limited	6,603	-	-	1,282	-
Rail Staff Travel Limited	859	2	-	146	-
Train Information Services Limited	2,461	18	-	319	22
Rail Delivery Group Limited	5,182	-	-	748	-
Total	32,092	20	-	2,495	9,037
Total TOCs	888	3,315	-	166	9,054

Notes to the financial statements *(continued)*

19 Ultimate parent undertaking and related parties *(continued)*

2021

	Turnover £000	*Expenditure £000*	*Loans £000*	*Debtors £000*	*Creditors £000*
Association of Train Operating Companies	*18,574*	-	-	-	*4,521*
Rail Settlement Plan Limited	*6,912*	*10*	-	*1,254*	-
Rail Staff Travel Limited	*845*	-	-	*152*	-
Train Information Services Limited	*2,665*	*133*	-	*358*	-
Rail Delivery Group Limited	*5,270*	-	-	*543*	-
Total	*34,266*	*143*	-	*2,307*	*4,521*
Total TOCs	*742*	*606*	-	*151*	*2,226*

On the 23 February 2007 an agreement was entered into with Rail Settlement Plan Limited to provide a short-term funding facility for a maximum of £10,000,000 intended to help to fund RSP's project development activities. Interest for this facility is on a commercial basis and amounted to £nil *(2021: £nil)*. The loan outstanding as at 31 March 2021 was £nil *(2021: £nil)*.

On 19 September 2008 an agreement was entered into with Rail Staff Travel Limited to provide a short-term loan facility for a maximum of £10,000,000, intended for corporate financing purposes. Interest for this facility is on a commercial basis and amounted to £nil *(2021: £nil)*. The loan outstanding as at 31 March 2021 was £nil *(2021: £nil)*.

On 20 April 2011 an agreement was entered into with Train Information Services Limited to provide a short-term loan facility for a maximum of £10,000,000 intended for corporate financing purposes. Interest for this facility is on a commercial basis and amounted to £nil *(2021: £nil)*. The loan outstanding as at 31 March 2021 was £nil *(2021: £nil)*.