

Midland Main Line Limited
Director's Report and Accounts
For the year ended 31 December 2011

Company No. 3007934



Registered Office

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

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Midland Main Line Limited

Director's Report

The Director presents his annual report, business review, the financial statements and auditor's report for the year ended 31 December 2011

Principal activities and developments

The Company's train operating franchise transferred as of 11 November 2007 and the company did not trade during the year. The company remains in operation whilst the remaining assets and liabilities are settled. The Director intends for this company to continue in operation as a dormant entity for the foreseeable future.

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

Results and dividend

The loss for the year after taxation but before dividends was £65,000 (2010: loss of £431,000).

During the year ordinary interim dividends of £3,750,000 were paid (2010: £nil). No final dividend was proposed or paid.

Key risks and uncertainties

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

Further information on the financial risk management objectives and policies of the Group as a whole, and by default the Company, can be found on pages 37 to 39 of the 2011 National Express Group PLC Annual Report and Accounts.

Going concern

The director believes the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for not less than 12 months from the approval of these financial statements. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Director

The Director of the Company who served throughout the year and since the year end is listed below -

A Chivers

Director's Indemnity

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

Midland Main Line Limited

Director's Report (continued)

Auditor

Deloitte LLP was appointed as auditor during the year in accordance with Section 487 of the Companies Act 2006. Deloitte LLP shall be deemed to be re-appointed as the Company's auditor in the absence of an Annual General Meeting.

Director's statement as to disclosure of information to auditor

The director who held office at the date of approval of the Director's Report confirms that

- to the best of his knowledge there is no information relevant to the preparation of their audit report of which the Company's auditor is unaware and
- he 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



A Chivers
Director

Date approved by Director 25 September 2012

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Midland Main Line Limited

Statement of Director's Responsibilities

The director is responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

Company law requires the director to prepare accounts for each financial year. Under that law the director has elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the accounts unless he is satisfied that they give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these accounts the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the accounts comply with the Companies Act 2006. He is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDLAND MAIN LINE LIMITED

We have audited the financial statements of Midland Main Line Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of the director and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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

Opinion on other matters prescribed by the Companies Act 2006

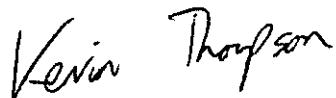
In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDLAND MAIN LINE LIMITED (continued)

Matters on which we are required to report by exception

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

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



Date 26 September 2012

Kevin Thompson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom

Midland Main Line Limited
Profit and Loss Account
For The Year Ended 31 December 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|---|-------|---------------|---------------|
| Turnover | | | |
| Other operating income | | - | 45 |
| Operating costs | | <u>(55)</u> | <u>-</u> |
| Operating (loss)/profit | 2 | (55) | 45 |
| Interest receivable | 4 | <u>21</u> | <u>24</u> |
| (Loss)/profit on ordinary activities before taxation | | (34) | 69 |
| Taxation on (loss)/profit on ordinary activities | 6 | (31) | (500) |
| Loss on ordinary activities after taxation | 12 | <u>(65)</u> | <u>(431)</u> |

All results relate to continuing activities

There are no recognised gains and losses other than as shown in the profit and loss account. Accordingly no Statement of Total Recognised Gains and Losses has been provided.

Midland Main Line Limited
Balance Sheet
As at 31 December 2011

Company Number 3007934

| | Notes | 2011 £'000 | 2010 £'000 |
|---|-------|---------------|---------------|
| Current Assets | | | |
| Debtors | 7 | 70 | 4,672 |
| Cash at bank and in hand | | <u>11</u> | <u>4</u> |
| | | 81 | 4,676 |
| Creditors amounts falling due within one year | 8 | (6) | (625) |
| Net current assets | | <u>75</u> | <u>4,051</u> |
| Provisions | 9 | - | (161) |
| Net Assets | | <u>75</u> | <u>3,890</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 100 | 100 |
| Profit and loss account | 12 | (25) | 3,790 |
| Shareholders' funds | 13 | <u>75</u> | <u>3,890</u> |

The financial statements of Midland Main Line Limited, registered number 3007934, were approved by the Director and authorised for release on *25 September 2012*



A Chivers
 Director

Date approved by the Director 25 September 2012

The notes on pages 10 – 13 form part of these accounts

Midland Main Line Limited

Notes to the Accounts

1. Accounting policies

a) Basis of preparation

The accounts are prepared on the going concern basis (see below) and under the historical cost convention in accordance with applicable United Kingdom accounting standards and the accounting policies below

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the Director's Report pages 3 and 4. The director believes the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for not less than 12 months from the approval of these financial statements. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Cash flow statement

As the Company is a wholly owned subsidiary undertaking of National Express Group PLC (a company registered in England & Wales) and is included in that company's consolidated financial statements, the Company has taken advantage of the exemption provided under FRS 1 (Revised) whereby it is not required to publish its own cash flow statement.

c) Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all material timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on non-discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

2. Operating (loss)/profit

| | 2011 | 2010 |
|--|-------|-------|
| | £'000 | £'000 |
| Operating (loss)/profit is stated after charging | | |
| Audit services | - | 1 |

Audit fees for 2011 will be settled through the holding company National Express Trains Limited, with no right to reclaim these fees.

3. Staff costs and director's emoluments

No salaries or wages have been paid to employees, including the directors, in either the current or prior period.

Midland Main Line Limited

Notes to the Accounts (continued)

4. Interest receivable

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Interest received from group undertakings | 21 | 24 |

5. Dividends paid

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Dividends paid at 0.577 pence per share (2010 – nil) | 3,750 | - |

6. Taxation

(a) Analysis of taxation charge in the year

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Current taxation | | |
| UK corporation tax charge at 26.5% (2010: 28%) | 6 | 10 |
| Adjustments in respect of prior periods | (5) | 479 |
| Total current taxation | 1 | 489 |
| Deferred taxation: | | |
| Origination and reversal of timing differences | - | 10 |
| Effects of changes in tax rate | 2 | - |
| Adjustments in respect of prior years | 28 | 1 |
| | 30 | 11 |
| Tax charge on profit on ordinary activities | 31 | 500 |

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

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| (Loss)/profit before tax on ordinary activities | (34) | 69 |
| Notional charge at an average annual UK corporation tax rate of 26.5% (2010: 28%) | (9) | 19 |
| Effect of short term timing differences | - | (9) |
| Adjustments in respect of prior years | (5) | 479 |
| Losses Carried forward | 15 | - |
| Current tax charge for the year | 1 | 489 |

In March 2011, the UK Government announced a reduction in the standard rate of UK corporation tax to 26% effective 1 April 2011. This rate reduction was substantively enacted in March 2011.

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively. The UK government also proposed to further reduce the standard rate of UK corporation tax to 22% effective 1 April 2014 but this change has not been substantively enacted.

Midland Main Line Limited

Notes to the Accounts (continued)

6. Taxation (continued)

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted

7. Debtors

| | 2011 | 2010 |
|------------------------------------|-------|-------|
| | £'000 | £'000 |
| Amounts owed by Group undertakings | 70 | 4,642 |
| Deferred tax asset (note 10) | - | 30 |
| | 70 | 4,672 |

8. Creditors: amounts falling due within one year

| | 2011 | 2010 |
|------------------------------|-------|-------|
| | £'000 | £'000 |
| Trade creditors | - | 2 |
| Accruals and deferred income | - | 134 |
| Corporation tax | 6 | 489 |
| | 6 | 625 |

9. Provisions for liabilities and charges

| | Insurance |
|----------------------------|-----------|
| | £'000 |
| At 1 January 2011 | 161 |
| Provided in the year | 55 |
| Transferred | (216) |
| At 31 December 2011 | - |

The Insurance provision arises from the estimated exposure at the year end of insurance and other claims made against the company

The insurance provision has been transferred to National Express Trains Limited

10. Deferred taxation

(a) The movement in the deferred tax asset is as follows

| | £'000 |
|--|----------|
| At 1 January 2011 | 30 |
| Charged to the Profit and Loss Account | (30) |
| At 31 December 2011 | - |

(b) The major components of the deferred tax asset are as follows

| | 2011 | 2010 |
|------------------------------|-------|-------|
| | £'000 | £'000 |
| Short-term timing difference | - | 30 |

Midland Main Line Limited

Notes to the Accounts (continued)

11. Share capital

| | 2011 | 2010 |
|---|--------------|--------------|
| <i>Issued</i> | £'000 | £'000 |
| Called up share capital paid: | | |
| 1 Ordinary shares of £1 each – fully paid | - | - |
| 6,499,999 Ordinary shares of £1 each – partly paid at £0.01538 each | <u>100</u> | <u>100</u> |
| | 100 | 100 |

12 Profit and loss account

| | £'000 |
|-------------------------------|--------------------|
| At January 2011 | 3,790 |
| Loss for the financial year | (65) |
| Dividends (note 5) | <u>(3,750)</u> |
| As at 31 December 2011 | <u>(25)</u> |

13. Reconciliation of movements in shareholders' funds

| | 2011 | 2010 |
|------------------------------------|------------------|---------------------|
| | £'000 | £'000 |
| Loss for the financial year | (65) | (431) |
| Dividends (note 5) | <u>(3,750)</u> | - |
| Net decrease in shareholders funds | (3,815) | (431) |
| Opening shareholders' funds | <u>3,890</u> | <u>4,321</u> |
| Closing shareholders' funds | <u>75</u> | <u>3,890</u> |

14. Related party transactions

As the Company is a wholly owned subsidiary undertaking of National Express Group plc, a company registered in England and Wales, which publishes consolidated accounts, the Company has pursuant to paragraph 17 of Financial Reporting Standard No 8 Related Party Disclosures (FRS 8) not included details of transactions with other companies which are subsidiaries of the National Express group. There were no other related party transactions in 2011.

15. Immediate and ultimate parent undertakings

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

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.

Copies of the consolidated accounts of National Express Group PLC can be obtained from -

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