

Angel Leasing Company Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Angel Leasing Company Limited
Registered in England and Wales: No. 3114476
Registered Office: 123 Victoria Street, London, SW1E 6DE

Angel Leasing Company Limited

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Angel Leasing Company Limited

OFFICERS AND PROFESSIONAL ADVISERS

Directors:

K. Tribley
D. Jordan
M. Hicks
A. Lowe

Company secretary:

N. Holas

Registered office:

123 Victoria Street
London
SW1E 6DE

Independent auditors:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Registered in England and Wales: No. 3114476

Angel Leasing Company Limited
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report on Angel Leasing Company Limited (the 'Company') for the year ended 31 December 2018.

REVIEW OF THE BUSINESS

The principal activity of the Company continues to be the provision of railway rolling stock to train operators under operating leases.

The directors are satisfied with the Company's performance in the year. The Company will be guided by its ultimate parent company in seeking further opportunities for growth. A comprehensive business review is carried out at a group level by the ultimate parent company, Willow Topco Limited.

The Company's financial performance is presented in the Income Statement on page 8. The profit after tax for the year was £46,828,000 (2017: £40,951,000) and this was transferred to reserves. The increase in profit after tax mainly relates to increased revenue driven by certain enhancements made to the vehicles. At the end of the year, the financial position showed total assets of £767,721,000 (2017: £737,322,000).

Refranchising & Re-leasing

As at 31 December 2018 the Company owned 574 rolling stock vehicles, with 100% fleet utilisation.

Currently, the Company's capital rent is protected by Railway Act Section 54 undertakings until 2022.

KEY PERFORMANCE INDICATORS

The key performance indicators that the directors consider are interest cover, leverage (Net Debt / Earnings Before Interest, Tax, Depreciation and Amortisation) and net present value of future rentals. Interest cover and leverage ratios can be derived from the financial statements. The net present value of estimated future lease rentals are currently in excess of the net book value of rolling stock. The directors are satisfied with the current level of the ratios. The directors do not anticipate any material change in either the type or level of activities of the Company.

STRATEGY

The strategy of the Company is to maintain 100% of all rolling stock on lease and to ensure the strategy of Willow Topco Limited and its subsidiaries (the 'Group') is executed, which is primarily to manage its asset risk profile and maintain the long-term profitability of the Group. The Company also continually seeks out suitable new investment opportunities to enable it to add to the portfolio.

LOOKING FORWARD

Looking ahead, the critical objective for the Company in the short to medium-term will be to re-lease successfully all the vehicles that are coming towards the end of their current lease in April 2020 at rates that meet the expectations of the shareholders.

Angel Leasing Company Limited
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolios of financial instruments principally comprise of trade and other payables, loans payable, finance lease obligations and derivatives. Applying International Financial Reporting Standards, all portfolios are considered to be held for non-trading purposes. The directors are responsible for considering risk management issues that arise across the Company's financial instrument portfolios. Risk management policies are detailed in note 21.

From the perspective of the Company, except for the above, the principal risks and uncertainties are integrated with the principal risks of the ultimate parent company, Willow Topco Limited, registered in Jersey, and are not managed separately. The Group has an Internal Control Framework that is designed to monitor its risks, including financial, operational, regulatory, credit and reputational risks. The Framework includes processes to review the effectiveness of the Group's system of internal control. The Group has an organisational structure with clearly defined lines of responsibility and delegation of authority.

Operational Risk

Operational risk is the risk of unexpected losses attributable to human error, systems failure, fraud or inadequate internal financial controls and procedures.

The Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review. The Company also maintains contingent facilities to support operations in the event of disaster.

Approved by the Board of Directors and signed by order of the board.



N. Holas

Company Secretary

27 March 2019

Angel Leasing Company Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

DIVIDENDS

The directors recommended that no dividend be paid (2017: £nil).

The directors do not anticipate any material change in either the type or level of activities of the Company.

DIRECTORS AND COMPANY SECRETARY

The present directors and company secretary are listed on page 1. Those who have served during the year and up to the date of signing this report are listed below with any changes from 1 January 2018 noted.

Directors

K. Tribley		
D. Jordan	Appointed	1 August 2018
M. Hicks		
A. Lowe		
M. Brown	Resigned	30 July 2018

Company Secretary

N. Holas

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Angel Leasing Company Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

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.

The directors 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the Directors' Report is approved:

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

GOING CONCERN

These financial statements are prepared on a going concern basis. The Company continues to comply with the requirements of the Group's debt covenants, with performance underpinned by positive cash flows from the Company's operations, despite a negative net current liabilities position. The Directors having made appropriate enquiries, have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future.

DIRECTORS INDEMNITY COVER

No director has been granted Qualifying Third Party indemnity provisions.

FINANCIAL RISK MANAGEMENT

The major risk associated with the Company's business is market risk, however, it is also subject to liquidity risk, capital risk and credit risk. The Company has established a framework for managing these risks which is continually evolving as business activities change in response to market, credit, product and other developments. Risk management policies are detailed in note 21.

Approved by the Board of Directors and signed on its behalf.


K. Tribley
Director
27 March 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGEL LEASING COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Angel Leasing Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISA (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGEL LEASING COMPANY LIMITED

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Luke Hanson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 March 2019

Angel Leasing Company Limited
Registered Number 3114476
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December 2018	Year ended 31 December 2017
		£'000	£'000
	Note		
Revenue	2	107,004	103,970
Cost of Sales	7	(32,928)	(32,914)
Gross profit		74,076	71,056
Administrative expenses	7	(136)	(135)
Release of deferred profit	17	4,226	4,227
Operating Profit		78,166	75,148
Finance income	3	4,710	1,464
Finance costs	4	(24,987)	(25,934)
Profit before income tax		57,889	50,678
Income tax expense	6	(11,061)	(9,727)
Profit attributable to the owners		46,828	40,951

The notes on pages 13 to 33 form an integral part of these financial statements.

Angel Leasing Company Limited
Registered Number 3114476
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Profit for the year	46,828	40,951
Total comprehensive income for the year attributable to the owners	<u>46,828</u>	<u>40,951</u>

The notes on pages 13 to 33 form an integral part of these financial statements.

Angel Leasing Company Limited
Registered Number 3114476
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Retained earnings	Total Equity
	£'000	£'000	£'000
At 1 January 2017	-	214,534	214,534
Profit for the year	-	40,951	40,951
Total comprehensive income	-	40,951	40,951
At 31 December 2017	-	255,485	255,485
Profit for the year	-	46,828	46,828
Total comprehensive income	-	46,828	46,828
At 31 December 2018	-	302,313	302,313

As disclosed in note 12, the called up share capital of the Company is £2 (2017: £2).

The notes on pages 13 to 33 form an integral part of these financial statements.

Angel Leasing Company Limited

Registered Number 3114476

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	671,667	696,485
Loans receivable	11	94,326	40,760
		<u>765,993</u>	<u>737,245</u>
Current Assets			
Trade and other receivables	11	1,716	-
Cash and cash equivalents	11	12	77
		<u>1,728</u>	<u>77</u>
Current Liabilities			
Trade and other payables	15	(4,880)	(4,926)
Current tax liabilities	16	(13,796)	(12,540)
Obligations under finance leases	14	(13,430)	(12,763)
Deferred profit	17	(4,226)	(4,227)
		<u>(36,332)</u>	<u>(34,456)</u>
Net current liabilities		<u>(34,604)</u>	<u>(34,379)</u>
Total assets less current liabilities		<u><u>731,389</u></u>	<u><u>702,866</u></u>
Non-current liabilities			
Deferred tax liabilities	13	89,674	92,410
Obligations under finance lease	14	281,245	292,588
Deferred profit	17	58,157	62,383
		<u>429,076</u>	<u>447,381</u>
Equity attributable to the owners			
Called up share capital	12	-	-
Retained earnings		302,313	255,485
Total equity		<u>302,313</u>	<u>255,485</u>
Total equity and non-current liabilities		<u><u>731,389</u></u>	<u><u>702,866</u></u>

The notes on pages 13 to 33 form part of these financial statements.

The financial statements on pages 8 to 33 were approved by the Board of Directors on 27 March 2019 and signed on its behalf.

A. Lowe
Director



Angel Leasing Company Limited
Registered number 3114476
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Operating activities		
Cash receipts from customers	105,314	104,023
Cash paid to suppliers	(224)	(480)
Cash generated from operations	<u>105,090</u>	<u>103,543</u>
Income tax paid	(12,541)	(11,506)
Interest paid	(25,063)	(25,922)
Net cash generated from operating activities	<u>67,486</u>	<u>66,115</u>
Investing activities		
Interest received	4	1
Purchase of property, plant and equipment	(8,095)	(2,691)
Net cash used in investing activities	<u>(8,091)</u>	<u>(2,690)</u>
Financing activities		
Repayment of loans	-	(19,347)
Receipt of new loans	-	5,200
Repayment of obligations under finance lease	(10,600)	(9,905)
Issue of new loans to group companies	(76,400)	(69,478)
Repayment of loan by group company	27,540	30,181
Net cash used in financing activities	<u>(59,460)</u>	<u>(63,349)</u>
Net (decrease)/increase in cash and cash equivalents	(65)	76
Cash and cash equivalents at the beginning of the year	77	1
Cash and cash equivalents at the end of the year	<u>12</u>	<u>77</u>

The notes on pages 13 to 33 form an integral part of these financial statements.
Non cash transactions are disclosed in note 24.

Angel Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Significant accounting policies

General

Angel Leasing Company Limited is a private limited company and is incorporated and domiciled in England and Wales. The address of the registered office is on page 1. The nature of Company's operations and its principal activities are set out in the Strategic report.

Basis of preparation

These financial statements have been prepared in accordance with European Union ("EU") endorsed International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee (IFRS IC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared under the historical cost convention and on the going concern basis. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In accordance with IFRS 13, fair value measurements and/or disclosures in these financial statements are categorised according to the inputs used in valuation techniques into three levels within a fair value hierarchy. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

Critical accounting judgements and key sources of estimated uncertainty

Critical judgements in applying accounting policies

In the application of the Company's accounting policies, which are described below, 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.

The critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements relate to the useful economic lives of fixed assets and impairment assessments of fixed assets as detailed in the relevant notes below.

Useful lives of property, plant and equipment

As described in the Property, plant and equipment accounting policy note below, the Company periodically reviews the useful economical lives. In recent years, the directors determined that the useful economical lives of certain rolling stock should be shortened or extended, due to either commercial or technical changes.

For the current year the directors have considered the current estimate of useful economic lives are supportable and reasonable and therefore no changes have been made during the year. Because of the long term nature of rolling stock there is inherent uncertainty, however directors continue to review periodically.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

1. Significant accounting policies (continued)

Adoption of the new and revised Standards

New and amended IFRS standards that are effective for the current year

Impact of initial application of IFRS9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments (as revised in July 2014) from 1 January 2018 resulted in changes in accounting policies and resulted in reclassification of financial assets and liabilities, but this has had no material impact to the Company. There was no material impact from the adoption of the impairment requirements of IFRS 9 given the nature of the Company operations which result in limited credit risk exposure to customers.

At the date of authorisation of these financial statements the following amended standards were effective for the accounting year beginning on 1 January 2018, but did not have a material impact to the Company's financial statements:

IFRS 15 - 'Revenue from contracts with customers'
IFRS 2 (amendment) - 'Share-based payment'
IFRS 4 (amendment) - 'Insurance contracts'
IAS 40 (amendment) - 'Investment property'
IFRIC 22 - 'Foreign currency transactions and advance consideration'
IFRS 9 (amendment - 2014) - 'Financial instruments'

The following standards, amendments and interpretations to existing standards have been issued but are effective for accounting periods beginning after 1 January 2018, and the Company has not early adopted them:

IFRS 9 (amendment - 2017) - 'Financial instruments'
IFRS 16 - 'Leases'
IFRS 17 - 'Insurance contracts'

The directors anticipate that the adoption of these standards, amendments and interpretations are either not applicable to the Company's operations or will have no material impact on the financial statements of the Company. The Company has not chosen to early adopt any other standards, amendments and interpretations to existing standards during the year.

Revenue recognition

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Rent-free periods and payments made in advance are accounted for in a way such that revenue income is consistent each year over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

1. Significant accounting policies (continued)

Dividend Distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Leasing

The Company as lessor has no leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Accordingly, all leases to lessees are classified as operating leases.

The Company as lessee of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property plant and equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in obligation under finance leases. The interest element of the finance costs is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Deferred Profit

For sale and leaseback transactions that result in a finance lease, the Company defers any excess of sale proceeds over the carrying amount of the assets. This deferred profit is released over the term of the lease. The amount of deferred profit recognised each year is such that it matches the excess depreciation (being the element of depreciation that is the difference between the current depreciation charge and the charge that would have applied had the sale and leaseback transaction not happened).

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Taxation

Tax expense represents the sum of the current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

1. Significant accounting policies (continued)

Taxation (continued)

that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are shown at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. On 12 June 2008, the Company entered into a sale and leaseback transaction with a fellow group company, The Great Rolling Stock Company Limited. The Company sold the rolling stock vehicles at market value and entered into a finance lease. Market value was determined as the present value of future lease payments. Deferred profit, being the difference between the carrying value and market value is recognised in the Income Statement over the finance lease term on a straight-line basis.

Depreciation for these assets is charged to cost of sales. Depreciation is charged so as to write off the cost of these assets over their estimated useful lives, using the straight-line method.

The following rates are used for the depreciation of property, plant and equipment:

	<u>Years</u>
Rolling Stock	25 - 40

Rolling stock in the course of construction for rental purposes is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other rolling stock, commences when the assets are ready for their intended use.

The useful economical lives and residual values are reviewed on a periodic basis. The residual value exposure is the net book value of leased assets at the end of the lease term. This exposure is monitored periodically with any corrections required being made through depreciation.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised as other income or losses in the income statement.

Impairment of tangible fixed assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

1. Significant accounting policies (continued)

Impairment of tangible fixed assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Financial instruments

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

Financial assets

On transition to IFRS 9, the Company reclassifies the following items out of 'loans and receivables' to 'finance assets at amortised cost': loans and receivable, trade and other receivables and cash and cash equivalents.

Financial assets at amortised cost (2017: Loan, trade and other receivables)

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The accounting policies adopted for specific financial liabilities are set out below.

Loan payables

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Share capital

Ordinary shares are classified as equity and have rights to receive all dividends and other distributions, made or paid on the ordinary share capital of the Company.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

2. Revenue

Revenue includes operating lease rentals recognised in the year. Operating lease rentals receivable in the year were £107,004,000 (2017: £103,970,000). All revenue relates to United Kingdom operations.

3. Finance income

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Interest receivable from group undertakings	4,706	1,463
Interest income on bank balances	4	1
	<u>4,710</u>	<u>1,464</u>

4. Finance costs

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Interest payable to group undertakings on loans	-	83
Interest on obligations under finance leases to group undertakings	24,987	25,851
	<u>24,987</u>	<u>25,934</u>

5. Directors' emoluments and employees

None of the directors received any emoluments for their services to the Company during the year (2017: £nil). The Company itself has no employees (2017: none).

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

6. Income tax expense

The charge for profit before income tax is based on United Kingdom corporation tax at 19.00% (2017: 19.25%) and comprises:

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Current tax		
Current tax charge on profits for the year	13,848	12,540
Adjustments in respect of prior years	(51)	-
Total current tax	<u>13,797</u>	<u>12,540</u>
Deferred tax credit		
Origination and reversal of temporary differences	(2,849)	(2,785)
Adjustments in respect of prior years	50	-
Effect of tax rate change	63	(28)
Total deferred tax credit	<u>(2,736)</u>	<u>(2,813)</u>
Income tax charge	<u><u>11,061</u></u>	<u><u>9,727</u></u>

The income tax expense differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Profit before income tax	<u>57,889</u>	<u>50,678</u>
Expected tax charge at 19.00% (2017: 19.25%)	10,999	9,755
Adjustments in respect of prior years	(1)	-
Effect of change in tax rate	63	(28)
Income tax expense for the year	<u><u>11,061</u></u>	<u><u>9,727</u></u>

The standard rate of Corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting period are taxed at the main corporation tax rate of 19.00% (2017: 19.25% effective rate).

In Finance Act 2016, which received Royal Assent on 15 September 2016, the main rate of corporation tax was reduced to 17% from 1 April 2020. The effect of the future change in tax rate has been reflected in the charge to the income statement for the year.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

7. Expenses by nature

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Depreciation	32,913	32,914
Management fees	100	100
Other expenses	51	35
	<u>33,064</u>	<u>33,049</u>
Total cost of sales and administration expenses	<u>33,064</u>	<u>33,049</u>

Auditors' remuneration for audit services during the year was £35,500 (2017: £34,505). The auditors did not provide any non-audit services during the year (2017: £nil).

8. Property, plant and equipment

	Rolling Stock
	£'000
Cost	
At 1 January 2017	1,022,139
Additions for the year	<u>2,692</u>
At 31 December 2017	<u>1,024,831</u>
Additions for the year	<u>8,095</u>
At 31 December 2018	<u>1,032,926</u>
Accumulated depreciation	
At 1 January 2017	295,432
Charge for the year	<u>32,914</u>
At 31 December 2017	<u>328,346</u>
Charge for the year	<u>32,913</u>
At 31 December 2018	<u>361,259</u>
Net book value	
At 31 December 2018	<u><u>671,667</u></u>
At 31 December 2017	<u><u>696,485</u></u>

All rolling stock is acquired and held for use in operating leases.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

8. Property, plant and equipment (continued)

Rolling Stock includes the following amounts where the Company is a lessee under a finance lease:

	31 December 2018	31 December 2017
	£'000	£'000
Net book value - capitalised finance leases		
Cost - capitalised finance leases	707,974	707,974
Accumulated depreciation	(279,632)	(258,298)
	<u>428,342</u>	<u>449,676</u>

The Company leases rolling stock under non-cancellable finance lease agreements. The lease terms are up to 26 years and the ownership of the assets lie within the Group.

9. Residual value exposures

The residual value exposure is the net book value of leased assets at the end of each expected lease term. Residual value exposure is monitored by lease on a periodic basis with any corrections being made prospectively through depreciation.

	Rolling Stock 31 December 2018	Rolling Stock 31 December 2017
	£'000	£'000
Expected net book value at lease expiry date		
Within one year	-	685,684
Between one and two years	<u>619,858</u>	<u>-</u>

After the balance sheet date, the Company signed an extension agreement, extending the lease for all vehicles to April 2020.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

10. Financial instruments by category
31 December 2018

Note
Financial assets
at amortised cost*

£'000

Assets as per balance sheet

Loans receivable	11	94,326
Trade and other receivables	11	1,716
Cash and cash equivalents	11	12
		<u>96,054</u>
		Other financial liabilities at amortised cost

£'000

Liabilities as per balance sheet

Obligations under finance leases	14	294,675
Trade and other payables	15	4,880
		<u>299,555</u>

31 December 2017

Financial assets
at amortised cost*

£'000

Assets as per balance sheet

Loans receivable	11	40,760
Cash and cash equivalents	11	77
		<u>40,837</u>
		Other financial liabilities at amortised cost

£'000

Liabilities as per balance sheet

Obligations under finance leases	14	305,351
Trade and other payables	15	4,926
		<u>310,277</u>

* (2017: Loans and receivables).

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

11. Loans and receivables

Loans receivable

	31 December 2018	31 December 2017
	£'000	£'000
Amounts falling due after more than one year		
Amounts owed by other group companies	<u><u>94,326</u></u>	<u><u>40,760</u></u>

As at 31 December 2018 the company had a loan issued to Willow Rolling Stock UK Limited of £94,326,000 (2017: £40,760,000). This loan is unsecured, and bears interest at the weighted average cost of debt of the Group's senior facilities plus a margin and has no fixed maturity date.

The directors consider that the carrying amount of the Company's loans and receivable approximates to their fair value.

Trade and other receivables

	31 December 2018	31 December 2017
	£'000	£'000
Amounts falling due within one year		
Prepayments and accrued income	<u><u>1,716</u></u>	<u><u>-</u></u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Cash and cash equivalents

	31 December 2018	31 December 2017
	£'000	£'000
Cash and cash equivalents	<u><u>12</u></u>	<u><u>77</u></u>

Cash and cash equivalents comprise cash held by the Company. The carrying amount of these assets approximates their fair value.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

12. Called Up share capital

	31 December 2018	31 December 2017
	£	£
Authorised:		
1,000 (2017: 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid:		
2 (2017: 2) Ordinary shares of £1	<u>2</u>	<u>2</u>

The Company has one class of ordinary shares which carries no right to fixed income.

13. Deferred income tax

	31 December 2018	31 December 2017
	£'000	£'000
Deferred tax assets	10,673	11,423
Deferred tax liabilities	<u>(100,347)</u>	<u>(103,833)</u>
	<u>(89,674)</u>	<u>(92,410)</u>

The following are the major deferred tax liabilities and assets recognised by the Company, and the movements thereon, during the current and prior year.

Deferred tax liabilities

	Accelerated capital allowances
	£'000
At 1 January 2017	107,413
Credit to the income statement for the year	(3,598)
Effect of change in tax rate (Income Statement)	<u>18</u>
At 31 December 2017	103,833
Credit to the income statement for the year	(3,652)
Adjustments in respect of prior year	50
Effect of change in tax rate (Income Statement)	<u>116</u>
At 31 December 2018	<u>100,347</u>

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

13. Deferred income tax (continued)

Deferred tax assets

	Deferred profit on sale and leaseback
	£'000
At 1 January 2017	12,191
Charge to the income statement for the year	(814)
Effect of change in tax rate (Income Statement)	<u>46</u>
At 31 December 2017	11,423
Charge to the income statement for the year	(803)
Effect of change in tax rate (Income Statement)	<u>53</u>
At 31 December 2018	<u>10,673</u>

The opening deferred tax balances are reflected at a hybrid rate of 17.15%, to reflect the projected average rate that deferred tax was expected to unwind at the 31 December 2017 balance sheet date.

The opening hybrid rate reflected changes to the UK Corporation tax system announced in the July 2015 Summer Budget Statement. The Finance (No. 2) Act 2015, which received Royal Assent on 18 November 2015, included legislation reducing the main rate of corporation tax from 20% to 19% from 1 April 2017.

In Finance Act 2016 which received Royal Assent on 15 September 2016, the main rate of corporation tax was reduced further to 17% from 1 April 2020.

The effect of change in tax rate has been reflected in the charge to the income statement for the year, and closing deferred tax assets or liabilities are provided for at a hybrid rate of 17.11%. This is based on the projected average rate that deferred tax at the balance sheet date is expected to unwind. The actual rates at which deferred tax will unwind are 19% during 2019, 17.25% during 2020 and 17% thereafter.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

14. Obligations under finance leases

	Minimum lease payments 31 December 2018	Minimum lease payments 31 December 2017	Present value of minimum lease payments 31 December 2018	Present value of minimum lease payments 31 December 2017
	£'000	£'000	£'000	£'000
Amounts payable under finance leases				
Within one year	35,487	35,663	13,430	12,763
In the second to fifth years inclusive	139,947	140,781	53,830	50,304
After five years	337,456	372,110	227,415	242,284
	512,890	548,554	294,675	305,351
Less: future finance charges	(218,215)	(243,203)		
Present value of minimum lease obligations	294,675	305,351		
Less: amounts due for settlement within 12 months (shown under current liabilities)			(13,430)	(12,763)
Amounts due for settlement after 12 months			281,245	292,588

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 8.4% per annum and was revised from 6.9% on 1st January 2011. The term of the finance lease is for approximately 26 years.

The fair value of leases payable based on cash flows discounted using a weighted average cost of borrowings rate of 5.35% (2017: 5.50%) as at 31 December 2018 was £357,738,000 (2017: £370,757,000)

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

15. Trade and other payables

	31 December 2018	31 December 2017
	£'000	£'000
Other taxation	4,844	4,891
Accrued costs	36	35
	<u>4,880</u>	<u>4,926</u>

Accrued costs comprise of amounts outstanding in relation to audit fees as at 31 December 2018 of £35,500 (2017: £34,505).

16. Current tax liabilities

	31 December 2018	31 December 2017
	£'000	£'000
Current tax liabilities	<u>13,796</u>	<u>12,540</u>

At 31 December 2018, the Company had current tax liabilities of £13,796,000 (2017: £12,540,000) of which £2,379,000 (2017: £5,916,000) is payable to other group companies and £11,417,000 (2017: £6,624,000) is payable to HM Revenue and Customs. The amounts owed to other group companies are unsecured and will be settled within the next 12 months.

17. Deferred profit

Profit deferred relating to the sale and leaseback transaction

	31 December 2018	31 December 2017
	£'000	£'000
Deferred profit		
Non-current	<u>58,157</u>	<u>62,383</u>
Current	<u>4,226</u>	<u>4,227</u>

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

18. Contingent liabilities

The Company is guarantor in respect of the following group undertakings:

The Great Rolling Stock Company Limited, Willow Bidco Limited and Angel Trains Limited:

£1,340,000,000 (of which £707,025,000 (2017: £690,000,000) remains outstanding) Senior loan and revolving facilities agreements.

Willow Holdco 1 Limited:

£275,000,000 (of which £275,000,000 (2017: £175,000,000) has been drawn down) Junior facility agreements.

The Great Rolling Stock Company Limited:

£4,000,000,000 (of which £1,153,600,000 (2017: £1,189,500,000) remains outstanding) secured guaranteed notes programme.

19. Operating lease arrangements

The Company as lessor

At balance sheet date, the Company has contracted the following future minimum lease rentals:

	31 December 2018	31 December 2017
	£'000	£'000
Within one year	105,288	25,961
In the second to fifth years inclusive	26,250	-
	<u>131,538</u>	<u>25,961</u>

After the balance sheet date, the Company signed an extension agreement, extending the lease for all vehicles to April 2020.

20. Capital commitments

	31 December 2018	31 December 2017
	£'000	£'000
Commitments for the acquisition of property, plant and equipment	<u>4,224</u>	<u>4,888</u>

21. Risk management

The major risk associated with the Company's business is market risk, however, it is also subject to liquidity risk, capital risk and credit risk. The Company has established a framework for managing these risks which is continually evolving as business activities change in response to market, credit, product and other developments.

Market risk

Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates.

The Company's activities expose it primarily to the financial risks of changes in interest rates. The significant

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

21. Risk management (continued)

Market risk (continued)

interest rate risk arises from loans. The Company's loans are loans with other companies within the Angel Trains Group of companies and are not hedged.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate net assets/liabilities. The analysis is prepared assuming the assets outstanding at the balance sheet date were outstanding for the whole year.

If the interest rates had been higher/lower by 1% and all other variables were held constant, the Company's:

- Profit for the year ended 31 December 2018 would increase/decrease by £943,258 (2017: decrease/increase by £407,596).

The Company's sensitivity to interest rates has increased during the current year due to the repayment of the loans payable outstanding balance and subsequent issue of loans to group companies in 2017.

Liquidity risk

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from the undrawn commitments and other contingent obligations.

For trade and other payables refer to note 15. The Company's policy is to negotiate and agree terms and conditions with its suppliers.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts included in the table are the contractual undiscounted cash flows. As a result, these amounts will not reconcile to the amounts disclosed on the balance sheet except for trade and other payables where discounting is not applied.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

21. Risk management (continued)

Liquidity risk (continued)

	Within one year	In the second to five years inclusive	Over five years	Total
	£'000	£'000	£'000	£'000
As at 31 December 2018				
Trade and other payables	4,880	-	-	4,880
Obligations under finance leases	13,430	53,830	227,415	294,675
Finance lease interest payable	22,057	86,117	110,041	218,215
	40,367	139,947	337,456	517,770

	Within one year	In the second to five years inclusive	Over five years	Total
	£'000	£'000	£'000	£'000
As at 31 December 2017				
Trade and other payables	4,926	-	-	4,926
Obligations under finance leases	12,763	50,304	242,284	305,351
Finance lease interest payable	22,900	90,477	129,826	243,203
	40,589	140,781	372,110	553,480

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, cash and cash equivalents, and equity attributable to owners of the parent, comprising issued capital (disclosed in note 12), reserves and retained earnings as disclosed in the Statement of Changes in Equity.

Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

21. Risk management (continued)

Credit risk (continued)

The Company's principal financial assets are cash and cash equivalents. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk and is a guarantor as disclosed in note 18. The Company does not hold collateral over these balances.

Credit risk arises from cash and cash equivalents although this is considered limited. Credit risk exposure on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns. The amounts due from group undertakings are £94,326,000 (2017:£40,760,000) and are not past due.

22. Related party transactions

In addition to Willow Topco Limited and The Great Rolling Stock Company Limited, the Company has related party relationships with the directors and the following fellow group companies:

Willow Holdco 1 Limited
Willow Holdco 2 Limited
Willow Bidco Limited
Willow Rolling Stock UK Limited
Angel Trains Group Limited
Angel Trains Limited
Angel Trains Consulting Limited
Angel Locomotive Leasing Limited
Angel Trains Capital Limited
Angel Trains Holdings Limited
Angel Trains Rolling Stock Limited
Angel Infrastructure Limited

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

22. Related party transactions (continued)

Trading transactions

During the year, the Company had the following transactions with related parties:

	Income/ Interest received/ other gains	Purchases /Interest paid/ other losses	Amounts owed from related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Transactions with				
2018				
Parent	-	(24,987)	-	(294,675)
Fellow subsidiaries	4,706	-	94,326	-
Total	4,706	(24,987)	94,326	(294,675)
2017				
Parent	-	(25,851)	-	(305,351)
Fellow subsidiaries	1,463	(83)	40,760	-
Total	1,463	(25,934)	40,760	(305,351)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received in respect of the related party transactions.

Other related party transactions

In addition to the above, the Company received certain administrative services from other members of the group, for which a management fee of £100,000 (2017: £100,000) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments. No Dividends were paid during the year (2017: £nil).

23. Parent companies

The Company's immediate parent company is The Great Rolling Stock Company Limited.

The Company's ultimate holding company, ultimate controlling party, and the parent of the largest group into which the Company is consolidated is Willow Topco Limited, which is incorporated and registered in Jersey.

The registered office is 27 Hill Street, St Helier, JE2 4UA, Jersey.

Willow Bidco Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Willow Bidco Limited can be obtained from 27 Hill Street, St Helier, JE2 4UA, Jersey.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

24. Non-cash transactions

During the year, the Company entered into the following non-cash investing and financing activities which are not reflected in the Statement of Cash Flows.

- The Company increased loans receivable by £4,706,000 in settlement of interest receivable of £4,706,000
- The Company increased obligations under finance lease by £76,000 in settlement of interest payable of £76,000

25. Reconciliation of liabilities arising from financing activities

	Finance Leases	Loans from related parties
	£'000	£'000
1 January 2017	315,327	14,064
Financing cash flows	(9,905)	(14,147)
Non-cash changes*	(71)	83
	<hr/>	<hr/>
1 January 2018	305,351	-
Financing cash flows	(10,600)	-
Non-cash changes*	(76)	-
	<hr/>	<hr/>
31 December 2018	294,675	-
	<hr/> <hr/>	<hr/> <hr/>

*Non-cash changes include interest accruals.

26. Events after the balance sheet date

There have been no significant events between the year end and the date of approval of the financial statements that would require a change or an additional disclosure in the financial statements.