

Angel Trains Group Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

Angel Trains Group Limited
Registered in England and Wales: Number 3086378
Registered Office: 123 Victoria Street, London, SW1E 6DE

Angel Trains Group Limited

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Angel Trains Group Limited

Officers and Professional Advisers

Directors:

M. Brown
K. Tribley
M. Hicks
A. Lowe
D. Jordan
T. Smith
J.B. Auger
L. Porter
S. Paterson
A. Mercado
A. Petrie
R. Vidanaarachchi
C. Lyngdal

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: Number 3086378

Angel Trains Group Limited
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Annual Report and the audited financial statements of Angel Trains Group Limited (the "Company") for the year ended 31 December 2018.

REVIEW OF THE BUSINESS.

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 "Group").

The Company's financial performance is presented in the Income Statement on page 9. The profit attributable to the owners for the year ended 31 December 2018 was £153,289,000 (2017: £72,780,000) and this was transferred to reserves. At the end of the year, the financial position showed total assets of £1,057,899,000 (2017: £1,049,128,000)

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

KEY PERFORMANCE INDICATORS

The directors provide the Company with direction and access to central resources it needs and determine policies in all key areas such as finance, risk, human resources and environment. Given the straightforward nature of the Company's activities, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

STRATEGY

The strategy of the Company is to ensure its Group's objectives are executed, which are primarily to manage its asset risk profile and maintain the long term profitability of the Group.

LOOKING FORWARD

The Company's role is to support the critical objective of the Group in the short to medium term of successfully re-leasing all the vehicles that are coming towards the end of their current lease and/or franchise at rates that meet the expectations of the shareholders.

PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolio of financial instruments principally comprise of loans, deposits and payables. Applying International Financial Reporting Standards ("IFRS"), 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 19.

From the perspective of the Company, except for the above, the principal risks and uncertainties are integrated with the principal risks of the Group, 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.

Angel Trains Group Limited
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS (continued)

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.

By order of the board

A handwritten signature in black ink, appearing to be 'N. Holas', with a long horizontal line extending to the right.

N. Holas
Company Secretary
27 March 2019

Angel Trains Group Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITIES

The principal activity of the Company is an intermediary holding company.

FUTURE DEVELOPMENTS

Please refer to the 'looking forward' section within the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 a 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. 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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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 Directors having made appropriate enquiries, have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future.

DIVIDENDS

An interim dividend of £147,000,000 was paid during the year (2017: £145,300,000). The directors do not propose the payment of a final dividend (2017: £nil).

Angel Trains Group Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS AND COMPANY SECRETARY

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

Directors	Appointed	Resigned
M. Brown		
K. Tribley		
M. Hicks		
A. Lowe		
C. Cornforth		31 July 2018
T. Smith		
D.R. Rees		31 July 2018
J.B. Auger		
L. Porter		
D. Jordan	1 August 2018	
S. Paterson	25 September 2018	
A. Petrie	11 March 2019	
C. Lyngdal	11 March 2019	27 March 2019
R. Vidanaarachchi	11 March 2019	
A. Mercado	11 March 2019	

Company Secretary

N. Holas

DIRECTORS INDEMNITY COVER

No director has been granted Qualifying Third Party indemnity Provisions.

FINANCIAL RISK MANAGEMENT

The main financial risk the Company faces is interest rate risk. However this risk is mitigated at group level through the use of hedging (see the Notes to the Financial Statements for further details of the Hedging Policy). The directors do not consider that the Company has any material exposure to price risk, credit risk, liquidity risk or cash flow risk. Risk management policies are detailed in note 19.

POST BALANCE SHEET EVENTS

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

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 TRAINS GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Angel Trains Group 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 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

ISAs (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 on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGEL TRAINS GROUP LIMITED (continued)

Reporting on other information (continued)

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.

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 Directors' Responsibilities Statement set out on page 4, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGEL TRAINS GROUP LIMITED (continued)

Other required reporting

Companies Act 2006 exception report

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 Trains Group Limited
Registered Number 3086378
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December 2018	Year ended 31 December 2017
	Note	£'000	£'000
Revenue	2	147,000	65,300
Administrative expenses	5	(274)	(228)
Operating profit		146,726	65,072
Finance income	3	10,827	12,244
Finance costs	4	(2,789)	(2,753)
Profit before income tax		154,764	74,563
Income tax expense	7	(1,475)	(1,783)
Profit attributable to the owners		<u>153,289</u>	<u>72,780</u>

There is no other comprehensive income for the year (2017: nil).

The notes on pages 13 to 26 form an integral part of these financial statements.

Angel Trains Group Limited
Registered Number 3086378
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Capital reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 January 2017	-	218,131	658,876	877,007
Profit for the financial year	-	-	72,780	72,780
Dividends paid	-	-	(145,300)	(145,300)
At 31 December 2017	-	218,131	586,356	804,487
Profit for the financial year	-	-	153,289	153,289
Dividends paid	-	-	(147,000)	(147,000)
At 31 December 2018	-	218,131	592,645	810,776

As disclosed in note 15, the called up share capital of the company is £12 (2017: £12).

The notes on pages 13 to 26 form an integral part of these financial statements.

Angel Trains Group Limited

Registered Number 3086378

BALANCE SHEET

AS AT 31 DECEMBER 2018

		31 December 2018	31 December 2017
	Note	£'000	£'000
Assets			
Non-current assets			
Investments	8	882,639	882,639
Loans receivable	10	175,246	166,484
		<u>1,057,885</u>	<u>1,049,123</u>
Current Assets			
Cash and cash equivalents		14	5
		<u>14</u>	<u>5</u>
Current Liabilities			
Trade and other payables	11	(15)	(14)
Current tax liabilities	12	(1,475)	(1,783)
Loans payable	13	(200,000)	(90,000)
		<u>(201,490)</u>	<u>(91,797)</u>
Net current liabilities		<u>(201,476)</u>	<u>(91,792)</u>
Total assets less current liabilities		<u>856,409</u>	<u>957,331</u>
Non-current liabilities			
Loans payable	13	45,633	152,844
Equity attributable to the owners			
Called up share capital	15	-	-
Capital reserve		218,131	218,131
Retained earnings		592,645	586,356
Total equity		<u>810,776</u>	<u>804,487</u>
Total equity and non-current liabilities		<u>856,409</u>	<u>957,331</u>

The notes on pages 13 to 26 form an integral part of these financial statements.

The financial statements on pages 9 to 26 were approved by the Board of Directors on 27 March 2019 and signed on its behalf.



A. Lowe
Director

Angel Trains Group Limited
Registered Number 3086378
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Cash flows from operating activities:		
Dividends received from subsidiary	147,000	65,300
Cash paid to suppliers or group companies	(273)	(228)
Income tax paid to group companies	(1,783)	(2,908)
Net cash flow generated from operating activities	144,944	62,164
 Cash flows from financing activities:		
Equity dividends paid	(147,000)	(95,300)
Loan repayments received from parent	2,065	33,133
Net cash used in financing activities	(144,935)	(62,167)
 Net cash increase/(decrease) in cash and cash equivalents	9	(3)
Cash and cash equivalents at beginning of year	5	8
 Cash and cash equivalents at end of year	14	5

The notes on pages 13 to 26 form an integral part of these financial statements.
Significant non-cash financing and investing activities are disclosed in note 20.

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

General

Angel Trains Group Limited is a limited company and is incorporated and domiciled in England and Wales. The address of the registered office is on page 1.

These financial statements have been prepared in accordance with European Union ("EU") endorsed International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee 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.

Where fair value is required for disclosure purposes, measurements are in accordance with IFRS 13 (IFRS 13 Fair Value Measurement). In accordance with IFRS 13, fair value measurements 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).

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The directors consider that the carrying amount of the Group's variable rate borrowings approximates to their fair value. In the context of the fair value hierarchy set out in IFRS 13, these instruments are included within Level 2.

Critical accounting estimates and judgements

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.

There have been no critical judgements or estimates made by the directors in the process of applying the Company's accounting policies.

Adoption of the new and revised Standards

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 on the Company's financial statements:

IFRS 15 - 'Revenue from contracts with customers'

IFRS 2 (amendment) - 'Shared-based payment'

IFRS 4 (amendment) - 'Insurance contracts'

IFRS 9 (amendment - 2014) - 'Financial instruments'

IAS 40 (amendment) - 'Investment property'

IFRIC 22 - 'Foreign currency transactions and advance consideration'

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

1. Significant accounting policies (continued)

Adoption of the new and revised Standards (continued)

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.

Dividend income

Dividend income received is recognised as revenue in the income statement when the right to receive payment is established.

Interest 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.

Taxation

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

The 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 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 substantively enacted at balance sheet date. 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.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

1. Significant accounting policies (continued)

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. From 1 January 2018, the Company classifies financial assets and liabilities in the following measurement categories: those to be subsequently measured at fair value (either through OCI or through profit or loss), and those to be measured at amortised cost.

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.

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.

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 borrowings

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 in accordance with the Company's accounting policy for borrowing costs.

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.

Investments in subsidiaries

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there is indication of potential impairment.

Consolidation exemption

The Company is exempt from the requirement to prepare consolidated financial statements, under Section 401 of Companies Act 2006 as the Company is a wholly-owned subsidiary of Willow Topco Limited (a Jersey incorporated entity) and the Company's results are consolidated within the financial statements of the parent entity, Willow Topco Limited. The Willow Topco Limited consolidated financial statements are available from the registered office, 27 Hill Street, St Helier, Jersey, JE2 4UA. The Company's financial statements therefore present information about the Company as an individual entity and not about the Group.

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.

Dividends paid

Dividends are payable when declared by the directors and rights to income are established.

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

2. Revenue

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Dividend income	147,000	65,300
	147,000	65,300

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	10,827	12,244
	10,827	12,244

4. Finance costs

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Interest payable to group undertakings	2,789	2,753
	2,789	2,753

5. Expenses by nature

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Management fees	261	216
Other expenses	13	12
Total administration expenses	274	228

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

5. Expenses by nature (continued)

Auditors' remuneration for audit services during the year for the audit of the Company's financial statements was £12,400 (2017: £12,030). The auditors did not provide any non-audit services during the year (2017: £nil).

6. Directors' and employees' emoluments

During the year the non-executive directors received £198,000 for their services to the Company, (2017: £190,000). This cost was borne by Angel Trains Limited. The Company itself has no employees (2017: nil).

7. Income tax expense

The charge for taxation based on the profit for the year 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	(1,475)	(1,783)
Total current tax charge	(1,475)	(1,783)

The tax on the Company's profit before tax 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	154,764	74,563
Expected tax expense at 19.00% (2017: 19.25%)	(29,405)	(14,353)
Dividend income - non-taxable	27,930	12,570
Total taxation charge for the year	(1,475)	(1,783)

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 the 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 changes in tax rate would be £nil to deferred tax as the Company holds no deferred tax liabilities or assets at the year end.

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

8. Investments

	Shares in group undertaking	Investment in group undertaking	Total
	£'000	£'000	£'000
Cost and net book value			
At 1 January 2017	682,639	200,000	882,639
At 1 January 2018	682,639	200,000	882,639
At 31 December 2018	682,639	200,000	882,639

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid. The directors believe that the carrying value of the investments is supported by their underlying net assets.

The registered office for the Company's subsidiaries and indirect subsidiaries is 123 Victoria Street, London, SW1E 6DE.

Details of the Company's subsidiaries at 31 December 2018, are as follows:

Entity	Year end	Business	Country of registration/place of business	Holding of investment	Percentage of interest %
Angel Trains Consulting Limited	31 December	Dormant	England & Wales	Direct holding of 1 ordinary share of £1	100%
Angel Trains Limited	31 December	Leasing	England & Wales	Direct holding of 172,342,966 ordinary shares of £1	100%
Angel Trains Capital Limited	31 December	Dormant	England & Wales	Direct holding of 1 ordinary share of £1	100%
The Great Rolling Stock Company Ltd	31 December	Financing	England & Wales	Direct holding of 140,000,001 ordinary shares of £1	100%

The details of the principal indirect subsidiary undertakings are as follows:

Entity	Year end	Business	Country of registration/place of business	Holding/ Investment	Percentage interest %
Angel Locomotive Leasing Limited	31 December	Dormant*	England & Wales	Ordinary shares	100
Angel Leasing Company Limited	31 December	Leasing	England & Wales	Ordinary shares	100

*Became dormant during the year.

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

9. Financial instruments by category

31 DECEMBER 2018

	Note	Financial assets at amortised cost*
		£'000
Assets as per balance sheet		
Loans receivable	10	175,246
Cash and cash equivalents	10	14
Total		175,260
		Other financial liabilities at amortised cost
		£'000
Liabilities as per balance sheet		
Loans payable	13	245,633
Trade and other payables	11	15
Total		245,648

31 December 2017

		Financial assets at amortised cost*
		£'000
Assets as per balance sheet		
Loans receivable	10	166,484
Cash and cash equivalents	10	5
Total		166,489
		Other financial liabilities at amortised cost
		£'000
Liabilities as per balance sheet		
Loans payable	13	242,844
Trade and other payables	11	14
Total		242,858

*(2017: Loans and receivables)

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

10. Loans and receivables

Loans receivable

	31 December 2018	31 December 2017
	£'000	£'000
Amounts falling due after more than one year		
Amount owed by immediate parent company	175,246	166,484
	175,246	166,484

As at 31 December 2018 the Company had a loan issued to Willow Rolling Stock UK Limited of £175,246,000 (2017: £166,484,000). 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 receivable approximates to their fair value.

The directors have given confirmation that the above loan will not be called for repayment within the next 12 months.

Cash and cash equivalent

Cash and cash equivalents comprise of cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

11. Trade and other payables

	31 December 2018	31 December 2017
	£'000	£'000
Accruals	15	14
	15	14

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

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

12. Current tax liabilities

	31 December 2018 £'000	31 December 2017 £'000
Amounts owed to other group companies	(1,475)	(1,783)
	<u>(1,475)</u>	<u>(1,783)</u>

At 31 December 2018, the Company had current tax liabilities of £1,475,000 (2017: £1,783,000) payable to other group companies. The amounts owed to other group companies are unsecured and will be settled within the next 12 months.

13. Loans payable

Loans from group companies

	31 December 2018 £'000	31 December 2017 £'000
Due within one year	200,000	90,000
Due after one year	45,633	152,844
	<u>245,633</u>	<u>242,844</u>

The effective interest rates paid on interest bearing loans were as follows:

	31 December 2018	31 December 2017
Loan from group undertaking	6.41%	6.75%

As at 31 December 2018, the Company had a loan from Angel Trains Limited of £45,633,000 (2017: £42,844,000). This loan is unsecured and accrues interest at the weighted average cost of debt of the Group's senior facilities plus a margin and has no fixed maturity date.

As at 31 December 2018, the Company had a loan from Willow Rolling Stock UK Limited £200,000,000 (2017: £200,000,000). Included in the loan is interest of £nil (2017: £nil). The loan is unsecured, interest free and is repayable on demand. The Company has received assurances that the loan will not be called within a period of one year from the date of signing the financial statements, if doing so would result in the Company no longer being a going concern. The directors consider the carrying value of the Company's interest free loan to approximate its fair value.

14. Contingent liabilities

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

The Great Rolling Stock Company Ltd, 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.

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

14. Contingent liabilities (continued)

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 Ltd:

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

15. Called up share capital

	31 December 2018	31 December 2017
	£	£
Authorised:		
500,000 (2017: 500,000) ordinary shares of £0.20 each	100,000	100,000
Issued and fully paid:		
60 (2017: 60) Ordinary shares of £0.20 each	12	12

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

16. Dividends

	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2017
	Pence per share	Pence per share	Total £'000	Total £'000
Dividends paid	245,000,000.00	242,166,666.67	147,000	145,300

17. Parent companies

The Company's immediate parent company is Willow Rolling Stock UK Limited. The registered office is Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN, UK.

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 Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

18. Related party transactions

In addition to the subsidiaries listed in note 8, the parent companies noted in note 17 and the directors, the Company has related party relationships with the following Group members:

Willow Holdco 1 Limited. The registered office is 27 Hill Street, St Helier, JE2 4UA, Jersey.

Willow Holdco 2 Limited. The registered office is 27 Hill Street, St Helier, JE2 4UA, Jersey.

Angel Infrastructure Limited. The registered office is 123 Victoria Street, London, SW1E 6DE.

Angel Trains Holdings Limited. The registered office is 27 Hill Street, St Helier, JE2 4UA, Jersey.

Angel Trains Rolling Stock Limited. The registered office is 27 Hill Street, St Helier, JE2 4UA, Jersey.

Trading transactions

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

31 December 2018

	Income	Purchases	Interest income	Interest cost	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000	£'000	£'000
Parent	-	-	10,827	-	175,246	200,000
Fellow subsidiaries	147,000	274	-	2,789	-	45,633
Total	147,000	274	10,827	2,789	175,246	245,633

31 December 2017

	Income	Purchases	Interest income	Interest cost	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000	£'000	£'000
Parent	-	-	12,244	-	166,484	200,000
Subsidiaries	65,300	228	-	2,753	-	42,844
Total	65,300	228	12,244	2,753	166,484	242,844

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

18. Related party transactions (continued)

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

Included above, the Company received certain administrative services from other members of the group, for which a management fee of £261,000 (2017: £216,000) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments. There were dividends of £147,000,000 (2017: £65,300,000) received from its subsidiaries during the year. Dividends paid are as per note 16.

19. Risk management

The major risks associated with the Company's business are market risk, credit risk and liquidity risk. The management of these risks is carried out at a group level by the ultimate parent company, Willow Topco Limited. The Group has established a comprehensive framework for managing these risks which are 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 and foreign exchange.

The Company is not exposed to currency risk as all its assets and liabilities are UK based.

The Company manages the market risk through its comprehensive risk framework, which is continually evolving as business activities change.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate asset/liabilities, the analysis is prepared assuming the amount of asset/liability outstanding at the balance sheet date was outstanding since the beginning of the financial year. A 1% increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant:

- Profit for the year ended 31 December 2018 would increase/decrease by £1,296,000 (2017: increase/decrease £1,236,000)

Credit risk

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

The Company's principal financial assets are cash and cash equivalents and loans receivable, owed by other members of the group. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk and its guarantees as disclosed in note 14. The Company does not hold collateral over these balances.

The credit risk on cash and cash equivalents 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 £175,246,000 (2017: £166,484,000) and are not past due.

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

19. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

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 undrawn commitments and other contingent obligations. For loans payable refer to note 13. For trade and other payables refer to note 11. 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 the 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.

	Within one year	Between one and two years	Total
2018	£'000	£'000	£'000
Trade and other payables	15	-	15
Interest payable	2,897	-	2,897
Loans from group undertakings	200,000	45,633	245,633
Total	202,912	45,633	248,545

	Within one year	Between one and two years	Total
2017	£'000	£'000	£'000
Trade and other payables	14	-	14
Interest payable	2,785	-	2,785
Loans from group undertaking	90,000	152,844	242,844
Total	92,799	152,844	245,643

Capital risk management

The Company manages its capital to ensure that it 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, which includes the borrowings disclosed in note 13. Cash and cash equivalents and equity attributable to equity holders of the Company.

Angel Trains Group Limited

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2018 (continued)

20. Non-cash transactions

During the year ending 31 December 2018, the Company entered into the following non-cash investing and financing activities which are not reflected in the Statement of Cash Flows:

- Incurred finance costs of £2,789,000 by way of increasing loans payable by £2,789,000.
- Received finance income of £10,827,000 by way of increasing loans receivable by £10,827,000.

21. Reconciliation of liabilities arising from financing activities

	Loans payable (note 13)
	£'000
At 1 January 2017	240,091
Non-cash changes	<u>2,753</u>
At 1 January 2018	242,844
Non-cash changes	<u>2,789</u>
At 31 December 2018	<u>245,633</u>

*Non-cash changes include interest accruals.

22. 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.