

Angel Leasing Company Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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:

M. Brown
M. Prosser
A. Lowe
D. Jordan

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 2020

The directors present their strategic report on Angel Leasing Company Limited (the 'Company') for the year ended 31 December 2020.

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. A comprehensive business review is carried out at a group level by the ultimate parent company, Willow Topco Limited ("the Group").

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.

During the year the Group sold a number of companies that had become dormant during the year to its ultimate controlling party, Willow Topco Limited.

The Company's financial performance is presented in the Income Statement on page 10. The profit after tax for the year was £57,765,000 (2019: £48,674,000) and this was transferred to reserves. The increase in profit after tax mainly relates to increased revenue as a result of increased capital expenditure. At the end of the year, the financial position showed total assets of £851,936,000 (2019: £799,033,000).

Refranchising & Re-leasing

As at 31 December 2020 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.

As a result of the Coronavirus (Covid-19) pandemic, patronage levels decreased significantly, resulting in a majority of franchise train operators requiring financial assistance from the Government. After an initial period of financial assistance under the original franchise terms, in September 2020, the Government announced that Emergency Recovery Measures Agreements ("ERMAs") would come into effect. As part of these ERMAs, franchise agreements were terminated and a revised termination date and subsequent National Rail Contracts (NRC), with optional extension dates, became effective.

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.

Angel Leasing Company Limited

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

SECTION 172 (1) STATEMENT

The Company sets out below our key stakeholders' groups, their material issues and how we engage with them. It has no direct employees.

Shareholders

The Company attaches considerable importance to communications with its direct shareholders as well as the shareholders of the ultimate parent company, Willow Topco Ltd ("the Group") and engages with them on a regular basis. Open and frequent dialogue with investors enables them to fully understand the Group's strategy, objectives and governance. The Company had a successful strategy day event in November 2020 where it had direct input from shareholders.

We have engaged with our shareholders to assess the impact of the Covid19 in both the short, medium and long term.

Customers

Our customers are fundamental to our business and the Company continually strives to exceed their expectations. The Board regularly reviews how to maintain positive relationships with our customers and monitors engagement through customer surveys, run by an external company to ensure the results are independent. The results of these surveys are reviewed by the Board and the findings are used to improve customer engagement. Our dedicated Customer Service team has regular engagement meetings with our key customers to anticipate trends and preferences.

Feedback and complaints from our key customers are discussed at our Senior Operational Asset meetings with senior level employees and critical issues are escalated to the Board for further guidance on effectively meeting our customers' needs.

Suppliers

We develop strong and collaborative longterm relationships with our suppliers comprising of manufacturers and maintainers of rolling stock. Our procurement team engages both formally and informally on a regular basis to secure effective performance from the supply chain and support has been provided to suppliers during Covid19.

Supplier issues are subject to discussion and approval at board level so that the Board is aware of their concerns. During 2020, a review of developing our supply base through collaborative and new practices that can support our business goals was undertaken. Further work is underway to develop engagement plans for suppliers.

We carry out externally facilitated supplier feedback surveys and the results are reviewed by the Board to continually improve supplier engagement.

Environment

The state of the environment is of great concern to us and we are always looking at ways to reduce our environmental impact.

We are committed to reducing carbon emissions for our fleets and a number of digital transformation and decarbonisation work streams are being progressed.

Industry Regulators

Reports and other forms of publication issued by the Company's principal industry regulators from time to time are discussed by the Board and the deliberations are appropriately minuted. The directors have direct dialogue with the industry regulators, giving them an understanding of their requirements and intentions, which will then be brought into the discussions of the Board.

Directors attend political, economic and regulatory forums to maintain effective working relationships with the government and industry regulatory authorities. The Company continues to maintain a transparent relationship with its industry regulators.

Angel Leasing Company Limited

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

LOOKING FORWARD

Looking ahead, the critical objective for the Company in the medium-term will be to re-lease successfully all the vehicles that are coming towards the end of their current lease.

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 Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006, 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.

Since the outbreak of (COVID-19), management has put procedures in place to ensure the health, safety and wellbeing of all staff and other stakeholders. Whilst the long term impact is inherently uncertain, management continue to actively monitor the situation and where necessary taking appropriate actions.

The announcement by the UK Government on the 23 March 2020 offering support to train operating companies and subsequently after in September, by providing them with the opportunity to transition into ERMAs and subsequent NRCs, is considered a strong indication of the importance the rail industry has to the economy. The agreements effectively push the risks of costs and revenue onto the government for an initial period.

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 on behalf of the board.



A. Lowe

Director

29 March 2021

Angel Leasing Company Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

DIVIDENDS

The directors recommended that no dividend be paid (2019: £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 2020 noted.

Directors

M. Brown	Appointed	13 July 2020
M. Prosser		
A. Lowe		
D. Jordan		
K. Tribley	Resigned	1 September 2020

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.

Companies Act 2006 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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

Under Companies Act 2006, 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 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.

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 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.

Angel Leasing Company Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

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.

DIRECTORS' CONFIRMATIONS

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.

LOOKING FORWARD

For information on future developments, refer to the 'Looking forward' section of the Strategic Report.

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 reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company continues to analyse the potential impact of (COVID-19) on forecasts and liquidity and has concluded there are no material impacts that would affect its conclusion on going concern. In particular:

- Strong liquidity position - Committed facilities are available that more than cover all debt repayments coming due within one year from the date of signing the accounts
- The Group has assessed projected debt covenant compliance under both a normal and stress situation without any breaches being identified.

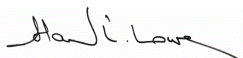
DIRECTORS INDEMNITY COVER

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.



A. Lowe
Director
29 March 2021

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 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020; 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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

Reporting on other information (continued)

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 2020 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, 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.

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

Based on our understanding of the group and industry, we considered the principal risks of non-compliance with laws and regulations, including those that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the extent to which non-compliance might have a material effect on the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

Our audit testing might include testing complete populations of certain transactions and balances. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 LEASING COMPANY LIMITED (continued)

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 obtained 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
31 March 2021

Angel Leasing Company Limited
Registered Number 3114476
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020	Year ended 31 December 2019
		£'000	£'000
	Note		
Revenue	2	128,857	109,174
Cost of Sales	7	(36,785)	(37,376)
Gross profit		92,072	71,798
Administrative expenses	7	(139)	(137)
Release of deferred profit	17	4,226	4,226
Operating Profit		96,159	75,887
Finance income	3	10,750	8,046
Finance costs	4	(23,143)	(24,064)
Profit before income tax		83,766	59,869
Income tax expense	6	(26,001)	(11,195)
Profit attributable to the owners		<u>57,765</u>	<u>48,674</u>

The notes on pages 15 to 36 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 2020

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Profit for the year	57,765	48,674
Total comprehensive income for the year attributable to the owners	<u>57,765</u>	<u>48,674</u>

The notes on pages 15 to 36 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 2020

	Called up share capital	Retained earnings	Total Equity
	£'000	£'000	£'000
At 1 January 2019	-	302,313	302,313
Profit for the year	-	48,674	48,674
Total comprehensive income	-	48,674	48,674
At 31 December 2019	-	350,987	350,987
Profit for the year	-	57,765	57,765
Total comprehensive income	-	57,765	57,765
At 31 December 2020	-	408,752	408,752

As disclosed in note 13, the called up share capital of the Company is £2 (2019: £2).

The notes on pages 15 to 36 form an integral part of these financial statements.

Angel Leasing Company Limited

Registered Number 3114476

BALANCE SHEET**AS AT 31 DECEMBER 2020**

	Note	31 December 2020 £'000	31 December 2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	215,537	223,422
Right-of-use assets	9	411,737	416,545
Loans receivable	12	223,415	157,359
		<u>850,689</u>	<u>797,326</u>
Current Assets			
Trade and other receivables	12	923	1,662
Cash and cash equivalents	12	324	45
		<u>1,247</u>	<u>1,707</u>
Current Liabilities			
Trade and other payables	15	(6,445)	(5,769)
Current tax liabilities	16	(19,431)	(15,144)
Lease Liabilities	9	(14,905)	(14,088)
Deferred profit	17	(4,226)	(4,227)
		<u>(45,007)</u>	<u>(39,228)</u>
Net current liabilities		<u>(43,760)</u>	<u>(37,521)</u>
Total assets less current liabilities		<u>806,929</u>	<u>759,805</u>
Non-current liabilities			
Deferred tax liabilities	14	92,295	85,725
Lease Liabilities	9	256,178	269,163
Deferred profit	17	49,704	53,930
		<u>398,177</u>	<u>408,818</u>
Equity attributable to the owners			
Called up share capital	13	-	-
Retained earnings		408,752	350,987
Total equity		<u>408,752</u>	<u>350,987</u>
Total equity and non-current liabilities		<u>806,929</u>	<u>759,805</u>

The notes on pages 15 to 36 form part of these financial statements.

The financial statements on pages 10 to 36 were approved by the Board of Directors and authorised for issue on 29 March 2021. They were signed on its behalf by:



A. Lowe
Director

Angel Leasing Company Limited
Registered number 3114476
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Operating activities		
Cash receipts from customers	130,969	109,720
Cash paid to suppliers	(542)	(1,693)
Cash generated from operations	<u>130,427</u>	<u>108,027</u>
Income tax paid	(15,144)	(13,796)
Interest paid	(23,229)	(24,144)
Net cash generated from operating activities	<u>92,054</u>	<u>70,087</u>
Investing activities		
Interest received	5	3
Purchase of property, plant and equipment	(24,387)	(3,724)
Net cash used in investing activities	<u>(24,382)</u>	<u>(3,721)</u>
Financing activities		
Repayment of lease liabilities	(12,082)	(11,343)
Issue of new loans to group companies	(97,700)	(90,900)
Repayment of loan by group company	42,389	35,910
Net cash used in financing activities	<u>(67,393)</u>	<u>(66,333)</u>
Net increase in cash and cash equivalents	279	33
Cash and cash equivalents at the beginning of the year	45	12
Cash and cash equivalents at the end of the year	<u>324</u>	<u>45</u>

The notes on pages 15 to 36 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 2020

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, the directors continue to review periodically.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (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

At the date of authorisation of these financial statements, the following amended standards were effective for accounting periods beginning on 1 January 2020 but did not have a material impact on the Company's financial statements:

IFRS 3 (amendment) - 'Business combinations'

IFRS 9 (amendment) - 'Financial instruments: recognition and measurement' - Interest rate benchmark reform

IFRS 7 (amendment) - 'Financial instruments: Disclosures' - Interest rate benchmark reform

IAS 1 (amendment) - 'Presentation of financial statements'

IAS 8 (amendment) - 'Accounting policies, changes in accounting estimates and errors'

Amendments to References to the Conceptual Framework in IFRS Standards'

The following standards, amendments and interpretations to existing standards have been issued but are effective for accounting periods beginning after 1 January 2020, and the Company has not early adopted them:

IFRS 17 - 'Insurance contracts'

IFRS 16 (amendment) - 'Covid-19-Related Rent Concessions'

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.

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.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. Significant accounting policies (continued)

Leasing

The Company as lessor

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

Payments received under operating leases (net of any incentives) are credited to the income statement on a straight-line basis over the period of the lease. Rent-free periods and payments made in advance are accounted for in a way such that the 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.

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed lease payments less any lease incentives receivable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers substantially all the risk and rewards but not necessarily legal ownership, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. Significant accounting policies (continued)

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 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 tax rates substantively enacted at the balance sheet date 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 and right-of-use assets

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 PLC. 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.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. Significant accounting policies (continued)

Property, plant and equipment and right-of-use assets (continued)

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.

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.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (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.

Financial assets

Financial assets at amortised cost

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 2020 (continued)

2. Revenue

Revenue includes operating lease rentals recognised in the year. Operating lease rentals receivable in the year were £128,857,000 (2019: £109,174,000). All revenue relates to United Kingdom operations.

3. Finance income

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Interest receivable from group undertakings	10,745	8,043
Interest income on bank balances	5	3
	<u>10,750</u>	<u>8,046</u>

4. Finance costs

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Interest payable for lease liabilities	23,143	24,064
	<u>23,143</u>	<u>24,064</u>

5. Directors' emoluments and employees

None of the directors received any emoluments for their services to the Company during the year (2019: £nil). The Company itself has no employees (2019: none).

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

6. Income tax expense

The charge for profit before income tax is based on United Kingdom corporation tax at 19.00% (2019: 19.00%) and comprises:

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Current tax		
Current tax charge on profits for the year	19,431	15,144
Total current tax	<u>19,431</u>	<u>15,144</u>
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	(3,516)	(3,769)
Effect of tax rate change	10,086	(180)
Total deferred tax charge/(credit)	<u>6,570</u>	<u>(3,949)</u>
Income tax charge	<u><u>26,001</u></u>	<u><u>11,195</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 2020	Year ended 31 December 2019
	£'000	£'000
Profit before income tax	83,766	59,869
Expected tax charge at 19.00% (2019: 19.00%)	15,915	11,375
Effect of change in tax rate	10,086	(180)
Income tax expense for the year	<u><u>26,001</u></u>	<u><u>11,195</u></u>

The Company's profits for this accounting period are taxed at the main corporation tax rate of 19.00% (2019: 19.00% effective rate).

At the 2016 Budget, the corporation tax main rate was set to remain at 19% from 1 April 2019, reducing to 17% from 1 April 2020. Subsequently in the 2020 Budget, it was announced that the corporation tax main rate would remain at 19% from 1 April 2020 and 2021. This was enacted in Finance Act 2020 which received Royal Assent on 22 July 2020. The effect of the future tax rate remaining at 19% 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 2020 (continued)

7. Expenses by nature

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Depreciation	36,785	35,728
Management fees	100	100
Other expenses	39	1,685
	<hr/>	<hr/>
Total cost of sales and administration expenses	36,924	37,513
	<hr/> <hr/>	<hr/> <hr/>

Auditors' remuneration for audit services during the year was £38,400 (2019: £37,280). The auditors did not provide any non-audit services during the year (2019: £nil).

8. Property, plant and equipment

	Rolling Stock
	£'000
Cost	
At 1 January 2019	316,158
Additions for the year	992
	<hr/>
At 31 December 2019	317,150
Additions for the year	4,448
	<hr/>
At 31 December 2020	321,598
	<hr/> <hr/>
Accumulated depreciation	
At 1 January 2019	81,627
Charge for the year	12,101
	<hr/>
At 31 December 2019	93,728
Charge for the year	12,333
	<hr/>
At 31 December 2020	106,061
	<hr/> <hr/>
Net book value	
At 31 December 2020	215,537
	<hr/> <hr/>
At 31 December 2019	223,422
	<hr/> <hr/>

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 2020 (continued)

9. Leases (Company as lessee)

This note provides information for leases where the Company is a lessee. For leases where the Company is a Lessor, see Note 19.

a. Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2020	31 December 2019
	£'000	£'000
Right-of-use assets		
Rolling Stock	411,737	416,545

During the year, additions to right-of-use assets were £19,644,000.

	31 December 2020	31 December 2019
	£'000	£'000
Lease liabilities		
Current	14,905	14,088
Non-Current	256,178	269,163
	271,083	283,251

b. Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	31 December 2020	31 December 2019
	£'000	£'000
Depreciation charge for right-of-use assets		
Rolling Stock	24,452	23,627

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

10. Residual value exposures

The residual value exposure is the net book value of rolling stock leased out by the Company under operating leases 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 2020	Rolling Stock 31 December 2019
	£'000	£'000
Expected net book value at lease expiry date		
More than five years	422,404	422,359

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

11. Financial instruments by category

31 December 2020	Note	Financial assets at amortised cost
		£'000
Assets as per balance sheet		
Loans receivable	12	223,415
Trade and other receivables	12	923
Cash and cash equivalents	12	324
		<u>224,662</u>
		<u>224,662</u>
		Other financial liabilities at amortised cost
		£'000
Liabilities as per balance sheet		
Lease liabilities	9	271,083
Trade and other payables	15	6,445
		<u>277,528</u>
		<u>277,528</u>
31 December 2019		
		Financial assets at amortised cost
		£'000
Assets as per balance sheet		
Loans receivable	12	157,359
Trade and other receivables	12	1,662
Cash and cash equivalents	12	45
		<u>159,066</u>
		<u>159,066</u>
		Other financial liabilities at amortised cost
		£'000
Liabilities as per balance sheet		
Lease Liabilities	9	283,251
Trade and other payables	15	5,769
		<u>289,020</u>
		<u>289,020</u>

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12. Loans and receivables

Loans receivable

	31 December 2020	31 December 2019
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	£'000	£'000
--	--------------	--------------

Amounts falling due after more than one year

Amounts owed by other group companies

	223,415	157,359
--	----------------	----------------

As at 31 December 2020 the company had loans issued to Willow Bidco Limited of £218,953,000 and The Great Rolling Stock Company PLC of £4,462,000 (2019: £157,359,000 issued to Willow Rolling Stock UK Limited). These loans are unsecured, and bear interest at the weighted average cost of debt of the Group's senior facilities plus a margin and have no fixed maturity date.

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

Trade and other receivables

	31 December 2020	31 December 2019
--	-----------------------------	-----------------------------

	£'000	£'000
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Amounts falling due within one year

Prepayments and accrued income

	923	1,662
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The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Cash and cash equivalents

	31 December 2020	31 December 2019
--	-----------------------------	-----------------------------

	£'000	£'000
--	--------------	--------------

Cash and cash equivalents

	324	45
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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 2020 (continued)

13. Called Up share capital

	31 December 2020	31 December 2019
	£	£
Authorised:		
1,000 (2019: 1,000) Ordinary shares of £1 each	1,000	1,000
Issued and fully paid:		
2 (2019: 2) Ordinary shares of £1	2	2

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

14. Deferred income tax

	31 December 2020	31 December 2019
	£'000	£'000
Deferred tax assets	10,247	9,887
Deferred tax liabilities	(102,542)	(95,612)
	(92,295)	(85,725)

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 2019	100,347
Credit to the income statement for the year	(4,571)
Effect of change in tax rate (Income Statement)	(164)
	95,612
Credit to the income statement for the year	(4,319)
Adjustments in respect of prior year	-
Effect of change in tax rate (Income Statement)	11,249
	102,542

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

14. Deferred income tax (continued)

Deferred tax assets	Deferred profit on sale and leaseback
	£'000
At 1 January 2019	10,673
Charge to the income statement for the year	(802)
Effect of change in tax rate (Income Statement)	16
	<hr/>
At 31 December 2019	9,887
Charge to the income statement for the year	(803)
Effect of change in tax rate (Income Statement)	1,163
	<hr/>
At 31 December 2020	<u>10,247</u>

The opening deferred tax balances are reflected at a rate of 17%, to reflect the projected average rate that deferred tax was expected to unwind at the 31 December 2019 balance sheet date. In the Finance Act 2016 which received Royal Assent on 15 September 2016, the main rate of corporation tax was due to reduce from 19.00% to 17.00% from 1 April 2020.

In the Finance Act 2020 which received Royal Assent on 22 July 2020, it was further announced that the main rate of corporation tax would remain at 19% 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 and liabilities are provided at 19%. This is based on the projected rate that deferred tax at the balance sheet date was expected to unwind.

In the 3 March 2021 Budget, it was announced that the main rate of corporation tax will increase to 25% from 1 April 2023. Had this been substantively enacted before the balance sheet date, the closing deferred tax assets and liabilities would have increased by £2,918,747 and £29,208,704 respectively.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

15. Trade and other payables

	31 December 2020	31 December 2019
	£'000	£'000
Other taxation	6,397	5,427
Other payables	10	305
Accrued costs	38	37
	6,445	5,769

Accrued costs comprise of amounts outstanding in relation to audit fees as at 31 December 2020 of £38,400 (2019: £37,280).

16. Current tax liabilities

	31 December 2020	31 December 2019
	£'000	£'000
Current tax liabilities	19,431	15,144

At 31 December 2020, the Company had current tax liabilities of £19,431,000 (2019: £15,144,000) of which £19,431,000 (2019: £15,118,000) is payable to other group companies and £Nil (2019: £26,000) 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 2020	31 December 2019
	£'000	£'000
Deferred profit		
Non-current	49,704	53,930
Current	4,226	4,227

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

18. Contingent liabilities

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

The Great Rolling Stock Company PLC, Willow Bidco Limited and Angel Trains Limited:
£2,140,983,000 (of which £1,557,055,000 (2019: £861,950,000) remains outstanding) Senior loan and revolving facilities agreements.

Willow Holdco 1 Limited:
£325,000,000 (of which £325,000,000 (2019: £200,000,000) has been drawn down) Junior facility agreements.

The Great Rolling Stock Company PLC:
£4,000,000,000 (of which 781,800,000 (2019: £1,117,700,000) remains outstanding) secured guaranteed notes programme.

19. Operating lease arrangements

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

	31 December 2020	31 December 2019
	£'000	£'000
Within one year	129,596	129,596
Between one and two years	129,596	129,596
Between two and three years	129,596	129,596
Between three and four years	129,596	129,596
Between four and five years	129,596	129,596
Later than five years	32,310	162,261
	<u>680,290</u>	<u>810,241</u>

20. Capital commitments

	31 December 2020	31 December 2019
	£'000	£'000
Commitments for the acquisition of property, plant and equipment	<u>100,851</u>	<u>135,292</u>

At 31 December 2020, the Company had capital commitments of £100,851,000 (2019: £135,292,000), being the capital expenditure authorised and contracted for but not provided for in the financial statements. This commitment is for a number of capital modification projects to the existing fleet.

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.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

21. Risk management (continued)

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 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 2020 would increase/decrease by £2,234,155 (2019: decrease/increase by £1,573,592).

The Company's sensitivity to interest rates has increased during the current year due to the increase in loans receivable from group companies.

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.

Liquidity risk is managed by the Group, and therefore limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns.

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.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (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 2020				
Trade and other payables	6,445	-	-	6,445
Lease liabilities	14,905	61,652	194,526	271,083
Interest payable on lease liabilities	20,194	76,446	74,369	171,009
	41,544	138,098	268,895	448,537
	Within one year	In the second to five years inclusive	Over five years	Total
	£'000	£'000	£'000	£'000
As at 31 December 2019				
Trade and other payables	5,769	-	-	5,769
Lease liabilities	14,088	57,614	211,549	283,251
Interest payable on lease liabilities	21,223	81,439	91,490	194,152
	41,080	139,053	303,039	483,172

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 13), 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 2020 (continued)

21. Risk management (continued)

Credit risk (continued)

The Company's principal financial assets are loans receivable and 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.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-ratings 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 £223,415,000 (2019: £157,359,000) and are not past due.

22. Related party transactions

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

Willow Holdco 1 Limited. *

Willow Holdco 2 Limited. *

Angel Trains Group Limited (formerly Willow Bidco 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. **

Willow Rolling Stock UK Limited. ***

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

** The registered office is 123 Victoria Street, London, SW1E 6DE.

*** The registered office is c/o CMS Cameron McKenna LLP, Saltire Court, 20 Castle Terrace, Edinburgh, Scotland, EH1 2EN.

Angel Leasing Company Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (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				
2020				
Parent	106	(23,143)	4,462	(271,083)
Fellow subsidiaries	10,639	-	218,953	(10)
Total	10,745	(23,143)	223,415	(271,093)
2019				
Parent	-	(24,064)	-	(283,251)
Fellow subsidiaries	8,043	-	157,359	(305)
Total	8,043	(24,064)	157,359	(283,556)

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 (2019: £100,000) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments. No Dividends were paid during the year (2019: £nil).

At 31 December 2020, the Company had current tax liabilities of £19,431,000 (2019: £15,144,000) which will be group relieved with related parties.

23. Parent companies

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

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.

Angel Trains Group Limited (formerly Willow Bidco Limited) is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Angel Trains Group Limited (formerly 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 2020 (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 £10,745,000 in settlement of interest receivable of £10,745,000
- The Company decreased lease liabilities by £86,000 in a net movement of interest payable of £86,000

25. Reconciliation of liabilities arising from financing activities

	Finance Leases
	£'000
1 January 2019	294,675
Lease liabilities	(11,343)
Non-cash changes	<u>(81)</u>
1 January 2020	283,251
Lease liabilities	(12,082)
Non-cash changes	<u>(86)</u>
31 December 2020	<u><u>271,083</u></u>

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 which would require a change or an additional disclosure in the financial statements.