

The Great Rolling Stock Company Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The Great Rolling Stock Company Limited
Registered in England and Wales: Number 3086382
Registered Office: c/o Angel Trains Limited, 123 Victoria Street, London, SW1E 6DE

The Great Rolling Stock Company Limited

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The Great Rolling Stock Company Limited

Officers and Professional Advisers

Directors:

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

Company secretary:

N. Holas

Registered office:

c/o Angel Trains Limited
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 3086382

The Great Rolling Stock Company Limited
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

REVIEW OF THE BUSINESS

The principal activity of the Company is the provision of finance, including long-term finance leasing to other group companies, which involves the use of financial derivatives where appropriate to support the acquisition of train rolling stock.

The year end position of the Company was such that it held interest rate swaps that were not currently hedging floating rate debt due to the new Aventura trains for the Abellio East Anglia rail franchise awarded in 2016, now being funded by a different group company, Angel Trains Rolling Stock Limited ("ATRS"). These are held at fair value through profit and loss. The Company forecasts this to be a short to medium term position. During the year, the company continued to hold other interest rate swaps in designated and formerly designated relationships.

The directors are satisfied with the Company's performance during the year. In future, the Company will continue to provide finance to other group companies to support the investment in assets at economic returns that properly reward the capital investment and long-term residual value risk. The Company will be guided by its ultimate parent company, Willow Topco Limited, in seeking further opportunities for growth.

The Company's financial performance is presented in the Income Statement on page 11. The profit for the financial year was £10,644,000 (2017: loss £3,696,000) and this was transferred to reserves.

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

KEY PERFORMANCE INDICATORS

Other gains for the year were £1,836,000 (2017: £12,723,000 losses), primarily as a result of fair value gains recognised on interest rate swaps more than offsetting amounts recycled from cash flow hedge reserves in relation to interest rate swaps no longer held in hedge relationships. Revenue increased by 2.3% and cost of sales decreased by 0.2%. Administrative expenses increased by 11.1% mainly due to an increase in intercompany management fees.

At the end of the year, the financial position showed total assets of £2,227,883,000 (2017: £2,251,413,000) representing a decrease of 1.0%. This includes the carrying value of finance lease receivables due from other group companies of £939,391,000 compared to £995,026,000 at the previous year end. Other non-current assets include loans receivable of £665,615,000 (2017: £730,412,000) and deferred tax assets of £10,189,000 (2017: £14,770,000).

The key performance indicator that the directors consider is the ratio of loan and lease receivables to loans payable. The loan ratio in 2018 was 0.98 (2017: 0.97), with a target ratio below 1.20 being considered by the directors to be an efficient utilisation of group funding by the Company.

STRATEGY

The strategy of the Company is to ensure the 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 re-leasing successfully all the rolling stock vehicles that are coming towards the end of their current lease and/or franchise at rates that meet the expectations of the shareholders.

The Great Rolling Stock Company Limited
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolios of financial instruments principally comprise of loans, deposits, interest rate swaps and payables. Applying International Financial Reporting Standards (IFRS) as adopted by the European Union, 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 20.

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.

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



N. Holas

Company Secretary

27 March 2019

The Great Rolling Stock Company Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

FUTURE DEVELOPMENTS

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the 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 Company continues to comply with the requirements of the Group's debt covenants, with performance underpinned by positive cash flows from the Company's activities.

The Great Rolling Stock Company Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)

DIVIDENDS

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

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

DIRECTORS AND COMPANY SECRETARY

The present directors and company secretary are listed on page 1. Those who have served during the year and up to the date of signing this report are listed below. During the year, the following changes occurred:

	Appointed	Resigned
Directors		
M. Brown		30 July 2018
A. Lowe		
K. Tribley		
M. Hicks		
D. Jordan	1 August 2018	
Company Secretary		
N. Holas		

DIRECTORS INDEMNITY COVER

No director has been granted Qualifying Third Party indemnity Provisions during the year or as at the date of approval of the financial statements.

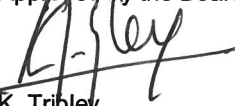
FINANCIAL RISK MANAGEMENT

The major risks associated with the Company's business are market risk, liquidity risk, capital risk and credit risk. The management of these risks is carried out at Group level by its ultimate parent company. Interest rate risk is mitigated through the use of hedging (see the Notes to the Financial Statements for further details of the Hedging Policy) and liquidity risk is managed by monitoring cash flow forecast and ensuring the Groups liquidity requirements to meet operational needs and ensuring it does not breach covenants on its external borrowing facilities. 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. Risk management policies are detailed in note 20.

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 THE GREAT ROLLING STOCK COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, The Great Rolling Stock Company Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit and cash flows for the year 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 ("Annual Report"), which comprise: the balance sheet as at 31 December 2018; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- Overall materiality: £1,188,000 (2017: £1,197,000) based on 1% of cost of sales.
- We scoped our audit to gain sufficient audit assurance over all material financial statement line items.
- The key audit matter was cash flow hedge accounting.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including but not limited to, UK Company Law and UK tax legislation. Our tests included, but were not limited to enquiries of management, review of the completeness of disclosures within the financial statements, assessment of the impact of changes in tax law, and considering the taxation implications of transactions and events in the year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GREAT ROLLING STOCK COMPANY LIMITED (continued)

The scope of our audit (continued)

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

How our audit addressed the key audit matter

Cash flow hedge accounting

The Company uses interest rate swaps to hedge floating rate debt and has adopted cash flow hedge accounting as permitted by IFRS 9. Details are provided in note 1, "Derivative financial instruments and hedging activities".

Hedge accounting is inherently complex and because the Company hedges a portfolio of debt which has a shorter term than the swap, the Directors must assess whether the forecast future debt is highly probable in order to continue hedge accounting. This is a matter of judgement and is dependent on expectations of the level and nature of future debt requirements amongst other factors. As a result of this level of judgment, and the focus we placed on this area, we consider it a key audit matter.

We tested the issuance of debt in 2018 by confirming key terms with external counterparties.

We obtained a schedule of the actual and forecast future debt and the related hedge positions. We independently assessed whether forecast debt was highly probable, by comparing it to the Corporate Model (used for business planning purposes) maintained at a Group level and confirming that the expected usage of the debt was consistent with the asset holdings across the group of entities the Company is part of.

For derivatives that are in hedging relationships, we reviewed and tested the hedge accounting documentation, effectiveness testing and assessment of future debt requirements. We also considered the requirements of IFRS 9 and how these differed from IAS 39. We involved our treasury specialists in our testing in this area.

We also used our valuation specialists to recalculate derivative fair values.

Our testing did not identify any exceptions and we concluded that the treatment adopted was supported by the evidence we obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GREAT ROLLING STOCK COMPANY LIMITED (continued)

How we tailored the audit scope (continued)

The principal activity of the company is the provision of finance to entities under the same ownership as the company to support the acquisition of train rolling stock. There is one single operating segment and all operations are within the UK, with a central accounting function. Our audit therefore scoped in this single operation and we did not require the involvement of any other audit teams.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1,188,000 (2017: £1,197,000)
How we determined it	1% of Cost of Sales.
Rationale for benchmark applied	As the company acts to raise financing for Willow Topco Limited and its subsidiaries a primary measure used by the shareholders in assessing the performance of the entity is Cost of Sales which is formed of interest expense. For the Company, cost of sales makes up the majority of total expenses, which is a generally accepted auditing benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £59,000 (2017: £60,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GREAT ROLLING STOCK COMPANY LIMITED (continued)

Reporting on other information (continued)

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 the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and have 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 the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements 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 THE GREAT ROLLING STOCK 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 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 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

The Great Rolling Stock Company Limited

Registered Number 3086382

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December 2018	Year ended 31 December 2017
		£'000	£'000
Revenue	Note		
	2	130,817	127,848
Cost of sales	4	<u>(118,888)</u>	<u>(119,182)</u>
Gross profit		11,929	8,666
Administrative expenses	5	<u>(640)</u>	<u>(576)</u>
Operating profit		11,289	8,090
Other gains/(losses)	6	<u>1,836</u>	<u>(12,723)</u>
Profit/(loss) before income tax		13,125	(4,633)
Income tax (expense)/credit	7	<u>(2,481)</u>	<u>937</u>
Profit/(loss) attributable to owners of the parent	18	<u><u>10,644</u></u>	<u><u>(3,696)</u></u>

The notes on pages 16 to 39 form an integral part of these financial statements.

The Great Rolling Stock Company Limited

Registered Number 3086382

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Profit/(loss) for the year	10,644	(3,696)
Other comprehensive income/(expense):		
<i>Items that may be subsequently reclassified to profit and loss</i>		
<i>Cash flow hedges</i>		
Gains/(losses) arising during the year	11,129	(3,055)
Recycling of amounts from cash flow hedge reserve to profit and loss	13,090	21,007
Tax on items taken directly to equity	(5,494)	(2,469)
Other comprehensive income for the year	18,725	15,483
Total comprehensive income for the year attributable to owners of the parent	29,369	11,787

The notes on pages 16 to 39 form an integral part of these financial statements.

The Great Rolling Stock Company Limited

Registered Number 3086382

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

		Called up share capital	Hedging reserve	Capital reserve	Accumulated losses	Total Equity
	Note	£'000	£'000	£'000	£'000	£'000
At 1 January 2017	18,19	140,000	(94,119)	200,000	(83,767)	162,114
Loss for the year		-	-	-	(3,696)	(3,696)
Other comprehensive (expense)/income						
Cash flow hedges						
Losses arising during the year		-	(3,055)	-	-	(3,055)
Recycling of amounts from cash flow hedge reserve to profit and loss		-	21,007	-	-	21,007
Tax on items taken directly to equity		-	(2,469)	-	-	(2,469)
Total comprehensive income		-	15,483	-	(3,696)	11,787
At 31 December 2017 (as previously reported)	18,19	140,000	(78,636)	200,000	(87,463)	173,901
Adjustment on adoption of IFRS 9 (see note 1)		-	-	-	(536)	(536)
At 1 January 2018		140,000	(78,636)	200,000	(87,999)	173,365
Profit for the year		-	-	-	10,644	10,644
Other comprehensive income						
Cash flow hedges						
Gains arising during the year		-	11,129	-	-	11,129
Recycling of amounts from cash flow hedge reserve to profit and loss		-	13,090	-	-	13,090
Tax on items taken directly to equity		-	(5,494)	-	-	(5,494)
Total comprehensive income		-	18,725	-	10,644	29,369
At 31 December 2018	18,19	140,000	(59,911)	200,000	(77,355)	202,734

The notes on pages 16 to 39 form an integral part of these financial statements.

The Great Rolling Stock Company Limited

Registered Number 3086382

BALANCE SHEET AS AT 31 DECEMBER 2018

		31 December 2018	31 December 2017
	Note	£'000	£'000
Assets			
<i>Non-current assets</i>			
Finance lease receivables	11	874,443	932,737
Deferred tax assets	8	10,189	14,770
Derivative financial instruments	17	49,071	57,053
Loans and receivables	10	665,615	730,412
Investments	12	363,564	363,564
		<u>1,962,882</u>	<u>2,098,536</u>
<i>Current Assets</i>			
Finance lease receivables	11	64,948	62,289
Trade and other receivables	10	17	63
Cash and cash equivalents	10	36	525
Loans and receivables	10	200,000	90,000
		<u>265,001</u>	<u>152,877</u>
<i>Current Liabilities</i>			
Trade and other payables	13	(28,463)	(29,208)
Loans payable	15	(66,675)	(42,775)
Current tax liabilities	14	(3,272)	(109)
Derivative financial instruments	17	-	(478)
		<u>(98,410)</u>	<u>(72,570)</u>
Net current assets		<u>166,591</u>	<u>80,307</u>
Total assets less current liabilities		<u>2,129,473</u>	<u>2,178,843</u>
<i>Non-current liabilities</i>			
Loans payable	15	1,780,743	1,825,386
Derivative financial instruments	17	145,996	179,556
		<u>1,926,739</u>	<u>2,004,942</u>
<i>Equity attributable to owners of the parent</i>			
Called up share capital	19	140,000	140,000
Capital reserve	18	200,000	200,000
Hedging reserve	18	(59,911)	(78,636)
Accumulated losses	18	(77,355)	(87,463)
Total equity		<u>202,734</u>	<u>173,901</u>
Total equity and non-current liabilities		<u>2,129,473</u>	<u>2,178,843</u>

The notes on pages 16 to 39 form an integral part of these financial statements.

The financial statements on pages 11 to 39 were approved by the Board of Directors on 27 March 2019 and signed on its behalf.

A. Lowe
Director



The Great Rolling Stock Company Limited

Registered Number 3086382

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		
Cash received from customers	80,876	85,405
Cash paid to suppliers and group companies	(1,658)	(1,816)
Cash generated from operations	79,218	83,589
Income taxed (paid)/received	(109)	22,073
Interest paid	(116,778)	(115,708)
Net cash used in operating activities	(37,669)	(10,046)
 Cash flows from investing activities		
Interest received	9,017	9,703
Capital repayment of finance lease	55,241	53,364
Net cash generated from investing activities	64,258	63,067
 Cash flow from financing activities		
Proceeds of new loans	127,100	296,100
Payment to dispose of derivative instruments	-	(5,572)
Payments for debt issue costs	(4,367)	(1,056)
Repayment of loans	(145,975)	(209,700)
Issue of new loans to group companies	(207,200)	(414,047)
Repayment of amounts borrowed by group companies	203,365	281,264
Net cash used in financing activities	(27,077)	(53,011)
 Net (decrease)/increase in cash and cash equivalents	(488)	10
Cash and cash equivalents at the beginning of the year	525	516
Effect of foreign exchange rate changes	(1)	(1)
Cash and cash equivalents at the end of the year		
Bank balances and cash	36	525

The notes on pages 16 to 39 form an integral part of these financial statements.

Non cash transactions are disclosed in note 23.

The Great Rolling Stock Company Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Significant Accounting Policies

General

The Great Rolling Stock Company Limited is a private company, limited by shares and is incorporated and domiciled in England and Wales. The address of the registered office is on page 1.

Basis of Preparation

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

The Company's financial statements have been prepared on the going concern basis. The directors consider the Company to be a going concern based on the underlying profitability and the ability to access liquidity, if required, from within the Group to enable it to meet its liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements.

The financial statements are prepared under the historical cost convention as modified by the revaluation of derivative instruments. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 relies as little as possible on entity specific estimates.

Critical accounting judgements and key sources of estimation uncertainty

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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying accounting policies

The critical judgements 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 the financial statements relate to the accounting treatment of interest rate swaps designated as hedging instruments. The Company seeks to apply cash flow hedge accounting where permissible under IFRS 9. Highly probable floating rate debt that is not already contained within a cash flow hedge is assessed for appropriateness to be included within a new designated hedge relationship.

The Great Rolling Stock Company Limited

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

1. Significant Accounting Policies (continued)

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

Keys sources of estimation uncertainty

The fair value of financial instruments that are not traded in an active market (such as over-the-counter interest rate swaps) is determined by using valuation techniques. Where level 1 inputs are not available, the Company engages with a third party provider to establish the appropriate valuation techniques and inputs into the corporate model such as observable yield curves. Forecast floating rate debt is used to estimate amounts to be recycled from the cash flow hedge reserve to the income statement, in line with the original hedged item cash flows.

The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting year. Information regarding valuation techniques and inputs used in determining the fair value of derivatives is disclosed in note 20.

Adoption of the new and revised Standards

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

Impact of initial application of IFRS9 Financial Instruments

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

The adoption of IFRS 9 Financial Instruments (as revised in July 2014) from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below in Note 1. In accordance with the transitional provisions of IFRS 9, the 2017 comparative results included in the 2018 financial statements have not been restated, with a cumulative adjustment of £536,000 to equity increasing 'Accumulated losses' net of deferred tax as at 1 January 2018, an increase to Loans payable £659,000 and increase to Deferred tax assets £123,000. The adoption has resulted in reclassification of financial assets and liabilities, but this has had no material impact to the Company. There was no material impact from the adoption of the impairment requirements of IFRS 9 given the nature of the Company's operations which result in limited credit risk exposure to customers.

The Company's qualifying hedging relationships in place as at 1 January 2018 continued to qualify for cash flow hedge relationships in accordance with IFRS 9. The Company's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges. No rebalancing of any of the hedging relationships was necessary on 1 January 2018, as the critical terms of the hedging instruments match those of their corresponding hedged items.

At the date of authorisation of these financial statements, the following standards, amendments and interpretations to existing standards were effective for the accounting year beginning on or after 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) - 'Share-based payment'

IFRS 4 (amendment) - 'Insurance contracts'

IAS 40 (amendment) - 'Investment property'

IFRIC 22 - 'Foreign currency transactions and advanced consideration'

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

The Great Rolling Stock Company Limited

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

1. Significant Accounting Policies (continued)

Adoption of the new and revised Standards (continued)

IFRS 16 - 'Leases'

IFRS 17 - 'Insurance contracts'

IFRS 9 (amendment - 2017) - 'Financial Instruments: recognition and measurement'

IFRS 16 – 'Leases' (effective for the year beginning 1 January 2019) introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to classify a lease either as an operating lease or finance lease.

Revenue recognition

Finance lease income is allocated to accounting years so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases held with other group companies.

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.

Finance leases

Contracts to lease assets to customers are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer.

Finance lease receivables are stated in the balance sheet at the amount of net investment in the lease, being the present value of the future minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

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

The Great Rolling Stock Company Limited

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

1. Significant Accounting Policies (continued)

Taxation (continued)

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.

Financial assets

From January 1 2018, the Company classifies financial assets 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. The classification is determined on initial recognition.

On transition to IFRS 9, the Company reclassified the following items out of loans and receivables to finance assets at amortised cost: loans receivable, finance lease receivable, trade and other receivables and cash and cash equivalents. Derivative financial instrument assets not held within cash flow hedge relationships were reclassified out of assets at fair value through the profit and loss (FVPL) to derivatives held for trading at FVPL.

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 at amortised cost (2017: Loans and receivables)

Financial assets at amortised cost (2017: Loans and 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.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption value of borrowings is recognised in the income statement over the term of the borrowings using the effective interest method.

The Great Rolling Stock Company Limited

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

1. Significant Accounting Policies (continued)

Loan payables (continued)

Where there is any substantial change in the terms of the loans payable, it is considered whether this is a modification or extinguishment of a financial liability in accordance with IFRS 9. If a non-substantial modification is deemed to have taken place, the carrying value of the loan is amended to include any modification gain or loss, new transaction costs and subsequently re-measured at amortised cost. The modification gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. Where it is considered an extinguishment has taken place, the carrying value is derecognised from the balance sheet, with any difference to the consideration paid recognised in the income statement within cost of sales.

Trade and other payables

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

Fair value

Fair values of financial instruments that are traded in active markets are determined by quoted market bid prices at the close of business on the balance sheet date. For financial instruments not traded in active markets, fair values are determined using valuation techniques. Such techniques may include using recent arm's length market transactions, current fair values of similar financial instruments, discounted cash flow analysis, option pricing models, or other commonly used valuation models.

Derivative financial instruments and hedging activities

The Company's activities expose it primarily to the financial risk of changes in interest rates. The Company uses derivative financial instruments (primarily interest rate swaps) to hedge its risks associated with significant interest rate risk arising from loans payable. The Company does not use derivative financial instruments for speculative purposes.

The significant interest rate risk arises from the variability of cash flows on floating rate loans. The Company's policy is to convert a proportion of its floating rate debt to fixed rates using interest rate swaps. The Company designates these as cash flow hedges of interest rate risk. For an interest rate swap to be treated as a hedge, the instrument must be related to actual assets or liabilities or a highly probable commitment and must change the nature of the interest rate by converting a variable rate to a fixed rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

Derivative financial instruments are recognised at fair value on inception and are subsequently remeasured to their fair value at the end of each reporting period. Derivative fair values are determined from quoted prices in active markets where available. Credit and debit valuation adjustments are not made given the impact is not currently considered material. The Company enters into one type of hedge relationship; hedges of the variability in cash flows from a recognised asset or liability or a forecast transaction (cash flow hedges).

Hedge relationships are formally documented at inception. The documentation includes the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. This includes details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. The Company documents its risk management objective and strategy for undertaking hedge transactions. If a hedge relationship no longer meets the documented risk management objective or other qualifying criteria such as existence of economic relationship, credit risk not dominating value changes or the hedge ratio no longer being consistent with the risk management strategy, hedge accounting must be discontinued.

The Great Rolling Stock Company Limited

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

1. Significant Accounting Policies (continued)

Derivative financial instruments and hedging activities (continued)

Cash flow hedges that qualify for hedge accounting

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument is recognised directly in the cash flow hedge reserve within equity. The gain or loss relating to ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Hedge accounting is discontinued entirely when the hedge relationship no longer meets the risk management objective or no longer complies with the qualifying criteria, when the hedging instrument is sold or terminated. Hedge accounting is discontinued for only part of the hedge relationship for the volume of the hedged item, where it is no longer part of the hedge relationship, or where part of the volume of a forecast transaction is no longer highly probable.

On the discontinuance of hedge accounting (except where a forecast transaction is no longer expected to occur), the cumulative unrealised gain or loss recognised in equity is reclassified to profit or loss when the hedged cash flow occurs or, if the forecast transaction results in the recognition of a financial asset or financial liability, in the same periods during which the asset or liability affects profit or loss. Where the forecast transaction is no longer expected to occur, the cumulative unrealised gain or loss that were reported in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit and loss and are included in other gains/(losses).

Investment in subsidiaries

Investments in subsidiaries are initially measured at fair value and subsequently measured at cost. An impairment loss is recognised in the income statement when there is objective evidence that the investment is impaired.

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.

Foreign currencies

The financial statements of the Company are presented in sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded using the exchange rates prevailing at dates of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary asset and liabilities, and on the retranslation of monetary items, are presented in the income statement within 'other gains/(losses)'.

The Great Rolling Stock Company Limited

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

2. Revenue

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Finance lease income from group undertakings	80,483	85,023
Interest received - group	50,332	42,820
Other interest receivable	2	5
	<u>130,817</u>	<u>127,848</u>

Finance lease income relates to amounts due from lessees.

All revenue relates to United Kingdom operations

3. Directors' and employees' emoluments

During the year, none of the directors received any remuneration for their services to the Company (2017: £nil). The directors are employed by a fellow group company and services to this company are considered incidental and no apportionment is made. The Company itself has no employees (2017: £nil).

4. Cost of sales

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Swap interest payable	24,372	26,663
Other interest payable	94,516	92,519
	<u>118,888</u>	<u>119,182</u>

Other interest payable includes interest due on external loans held by the Company, including an amount of £1,841,000 relating to the amortisation of loan fees during the year (2017: £2,279,000).

5. Administrative expenses

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Management fees	543	512
Other expenses	97	64
	<u>640</u>	<u>576</u>

Profit/(loss) before income tax for the year is stated after charging auditors' remuneration for audit services during the year of £17,800 (2017: £17,304). The auditors did not provide any non-audit services during the year (2017: £nil).

The Great Rolling Stock Company Limited

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

6. Other gains/(losses)

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Currency translation gains	(1)	(2)
Recycling of amounts from cash flow hedge reserve	(13,090)	(21,007)
Hedge ineffectiveness on cash flow hedges	(1,293)	347
Fair value gains on derivative instruments	16,220	7,939
	<u>1,836</u>	<u>(12,723)</u>

Recycling of amounts from cash flow hedge reserve includes cumulative losses previously recognised in cash flow hedge reserves in relation to hedge relationships that were discontinued during the year of £nil (2017: £5,998,000) and cumulative losses reclassified in line with the hedged item from previously terminated hedge relationships of £13,090,000 (2017: £15,009,000).

The Great Rolling Stock Company Limited

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

7. Income tax (expense)/credit

The charge for taxation based on the profit/(loss) 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 charge/(credit)		
Current tax charge/(credit) on profits for the year	2,347	(959)
Adjustments in respect of prior years	-	19
Current tax charge/(credit)	<u>2,347</u>	<u>(940)</u>
Deferred tax charge		
Origination and reversal of temporary differences	102	27
Effect of tax rate change	32	(24)
Deferred tax charge	<u>134</u>	<u>3</u>
Income tax charge/(credit)	<u>2,481</u>	<u>(937)</u>

The total charge/(credit) for the year can be reconciled to the accounting loss as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Profit/(loss) before income tax	13,125	(4,633)
Expected tax charge/(credit) at 19.00% (2017: 19.25%)	2,494	(892)
Other timing differences	(46)	(40)
Effect of change in tax rate	32	(24)
Non deductible expense	1	-
Adjustments in respect of prior years	-	19
Taxation charge/(credit) for the year	<u>2,481</u>	<u>(937)</u>

In addition to the above, a decrease in deferred tax assets of £4,570,000 (2017: £1,401,000) was recognised relating to hedging interest rate swaps that were credited through equity.

The standard rate of Corporation tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017. Accordingly, the Company's profits for this accounting period are taxed at the main corporation tax rate of 19.00% (2017: 19.25% effective rate)

In Finance Act 2016 which received Royal Assent on 15 September 2016, the main rate of corporation tax was reduced further to 17.00% from 1 April 2020. The effect of the future change in tax rate has been reflected in the charge to the income statement for the year.

The Great Rolling Stock Company Limited

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

8. Deferred tax assets

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

	Other	Deferred tax on derivative instruments	Total
	£'000	£'000	£'000
At 1 January 2017	-	16,174	16,174
Charge to equity	-	(2,428)	(2,428)
Effect of change in tax rate in equity	-	1,027	1,027
Charge to the income statement for the year	-	(27)	(27)
Effect of change in tax rate in income statement	-	24	24
At 31 December 2017 (as previously reported)	-	14,770	14,770
Adjustment on adoption of IFRS 9 (see note 1)	-	123	123
At 1 January 2018	-	14,893	14,893
Charge to equity	-	(3,724)	(3,724)
Effect of change in tax rate in equity	-	(846)	(846)
Debit to the income statement for the year	(13)	(89)	(102)
Effect of tax rate change in income statement	(9)	(23)	(32)
At 31 December 2018	(22)	10,211	10,189

The opening deferred tax balances are reflected at a hybrid rate of 18.60% to reflect the projected average rate that deferred tax was expected to unwind at the 31 December 2017 balance sheet date.

The opening hybrid rate reflected changes to the UK Corporation tax system announced in the July 2015 Summer Budget Statement. In the Finance Act 2016 which received Royal Assent on 15 September 2016, the main rate of Corporation Tax was reduced to 17.00% from April 2020.

The effect of change in tax rate has been reflected in the charge to the income statement for the year, and closing deferred tax assets or liabilities are provided for at a rate of 17.00%. This decrease in the rate is down to the deferred tax at the balance sheet date projected to unwind after 1 April 2020. The actual rates at which deferred tax will unwind are 19.00% during 2019, 17.25% during 2020 and 17.00% thereafter.

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

The Great Rolling Stock Company Limited

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

9. Financial assets and liabilities by category

31 December 2018

Note

		Derivatives held for trading at FVPL	Derivatives used for hedging	Financial assets at amortised cost	Total
		£'000	£'000	£'000	£'000
Assets as per balance sheet					
Derivative financial instruments	17	47,837	1,234	-	49,071
Loans receivable	10	-	-	865,615	865,615
Finance lease receivable	11	-	-	939,391	939,391
Trade and other receivables	10	-	-	17	17
Cash and cash equivalents	10	-	-	36	36
Total		47,837	1,234	1,805,059	1,854,130

		Derivatives held for trading at FVPL	Derivatives used for hedging	Other liabilities at amortised cost	Total
		£'000	£'000	£'000	£'000
Liabilities as per balance sheet					
Derivative financial instruments	17	112,091	33,905	-	145,996
Loans payable	15	-	-	1,847,418	1,847,418
Trade and other payables	13	-	-	28,463	28,463
Total		112,091	33,905	1,875,881	2,021,877

31 December 2017

		Derivatives held for trading at FVPL	Derivatives used for hedging	Financial assets at amortised cost	Total
		£'000	£'000	£'000	£'000
Assets as per balance sheet					
Derivative financial instruments	17	56,379	674	-	57,053
Loans receivable	10	-	-	820,412	820,412
Finance lease receivable	11	-	-	995,026	995,026
Trade and other receivables	10	-	-	63	63
Cash and cash equivalents	10	-	-	525	525
Total		56,379	674	1,816,026	1,873,079

		Derivatives held for trading at FVPL	Derivative used for hedging	Other liabilities at amortised cost	Total
		£'000	£'000	£'000	£'000
Liabilities as per balance sheet					
Derivative financial instruments	17	136,853	43,181	-	180,034
Loans payable	15	-	-	1,868,639	1,868,639
Trade and other payables	13	-	-	29,207	29,207
Total		136,853	43,181	1,897,846	2,077,880

Note: Financial assets categorised as 'Derivatives held for trading at FVPL' and 'Financial assets at amortised cost' were previously classified as 'Assets at fair value through the profit and loss' and 'Loans and receivables' respectively in 2017. Financial Liabilities categorised as 'Derivatives held for trading at FVPL' were previously classified as 'Liabilities at fair value through the profit and loss'.

The Great Rolling Stock Company Limited

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

10. Financial assets at amortised cost

Cash and cash equivalents

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 and as at 31 December 2018 was £36,000 (2017: £525,000). The carrying amount of these assets approximates to their fair value.

Loans receivable

	31 December 2018	31 December 2017
	£'000	£'000
Amounts falling due within one year		
Loans to intermediate parent company	200,000	90,000
Amounts falling due after more than one year		
Loans to intermediate parent company	665,615	730,412

As at 31 December 2018, the Company had loans issued to Willow Rolling Stock UK Limited of £665,615,000 (2017: £620,412,000). The loan is unsecured, bearing interest at the weighted average cost of debt of the senior facilities for the group plus a margin. There is no fixed maturity date. As the Company has confirmed to the other group companies that they will not be calling any loans for repayment within the next 12 months all amounts due are shown as being due after more than one year. The directors consider that the carrying amount of the Company's floating rate loans receivable approximates to their fair value.

The Company has also loaned 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 given assurances that the receivable 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 recipient Company no longer being a going concern. The directors consider the carrying value of the Company's interest free loan receivable to approximate its fair value.

Trade and other receivables

	31 December 2018	31 December 2017
	£'000	£'000
Amounts falling due within one year		
Trade and other receivables	17	63

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

The Great Rolling Stock Company Limited

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

11. Finance lease receivables

	Minimum lease payments 2018 £'000	Minimum lease payments 2017 £'000	Present value of minimum lease payments 2018 £'000	Present value of minimum lease payments 2017 £'000
Amounts receivable under finance leases				
Within one year	134,421	136,118	64,948	62,289
In the second to fifth years inclusive	476,828	501,192	219,576	225,236
After five years	973,874	1,083,932	654,867	707,501
	1,585,123	1,721,242	939,391	995,026
Less: unearned finance income	(645,732)	(726,216)		
Present value of minimum lease receivables	939,391	995,026	939,391	995,026

The finance leases are held with other group companies. The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates to 8.40% (2017: 8.40%) per annum.

The fair value of lease receivables is based on cash flows discounted using a weighted average cost of borrowings rate of 5.35% (2017: 5.50%) as at 31 December 2018 was £1,126,459,000 (2017: £1,191,293,000)

12. Investments

	Shares in group undertakings £'000
Cost and net book value	
At 1 January 2017	363,564
At 31 December 2017	363,564
At 31 December 2018	363,564

During the the year ended 31 December 2018, the directors did not deem it necessary to impair investments.

The Great Rolling Stock Company Limited

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

12. Investments (continued)

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

Entity	Year end	Business	Country of registration/ place of business	Holding of investment	Percentage interest %
Angel Leasing Company Limited	31 December	Leasing	England and Wales	Ordinary Shares	100%

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

13. Trade and other payables

	31 December 2018	31 December 2017
	£'000	£'000
Accruals	28,463	29,202
Other taxation and social security	-	1
Other payables	-	5
	<u>28,463</u>	<u>29,208</u>

Accruals principally comprise amounts outstanding for accrued interest on the bonds issued. The directors consider that the carrying amount of trade and other payables approximates their fair value.

14. Current tax liabilities

	31 December 2018	31 December 2017
	£'000	£'000
Current tax liabilities	<u>(3,272)</u>	<u>(109)</u>

At 31 December 2018, the Company had current tax liabilities of £3,272,000 payable to other group companies (2017: £109,000). The amounts payable to other group companies are unsecured and will be settled within the next 12 months.

The Great Rolling Stock Company Limited

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

15. Loans payable

	31 December 2018	31 December 2017
	£'000	£'000
Amounts falling due within one year		
External loans	66,675	42,775
	<u>66,675</u>	<u>42,775</u>
Amounts falling due after one year		
External loans	1,793,950	1,836,725
Less unamortised fees	(13,207)	(11,339)
	<u>1,780,743</u>	<u>1,825,386</u>

The external loans included above are repayable as follows:

	31 December 2018	31 December 2017
	£'000	£'000
Within one year	66,675	42,775
Between one and two years	342,775	42,775
Between two and five years	202,100	479,800
Over five years	1,249,075	1,314,150
	<u>1,860,625</u>	<u>1,879,500</u>

The effective interest rates paid were as follows:

	31 December 2018	31 December 2017
	5.05%	4.73%
External loans - fixed	<u>5.05%</u>	<u>4.73%</u>

The fair value of the Company's external loans is calculated using the weighted average cost of funding. Borrowings of £1,508,600,000 (2017: £1,544,500,000) are arranged at fixed interest rates and expose the Company to fair value interest rate risk.

For the year ending 31 December 2018, the directors estimate the fair value of the Company's fixed rate loans to be as follows:

	31 December 2018	31 December 2017
	£'000	£'000
External loans - fixed	<u>1,635,153</u>	<u>1,748,334</u>

The Great Rolling Stock Company Limited

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

15. Loans payable (continued)

The fair value of the secured bonds is based on quoted prices in active markets, and in accordance with the fair value hierarchy within IFRS 13, they have been categorised as Level 1. The fair value of the secured notes is based on referenced UK sterling gilt rates, and in accordance with the fair value hierarchy within IFRS 13, they have been categorised as Level 2. Further details of the various levels can be found within note 1.

Borrowings	Maturity	Notes	Nominal interest rate	31 December 2018	31 December 2017
				£'000	£'000
Bonds					
£500m Notes	2035	Amortising	6.875%	388,800	410,900
£300m Notes	2020	Bullet	6.250%	300,000	300,000
£400m Notes	2031	Amortising	6.500%	352,000	364,000
£60m Notes	2023	Amortising	LIBOR + margin	60,000	60,000
£60m Notes	2031	Amortising	6.500%	52,800	54,600
Bank Loans and Notes					
Senior £137.5m	2024	Bullet	LIBOR + margin	137,500	137,500
Senior £137.5m	2029	Amortising	LIBOR + margin	130,625	137,500
Senior RCF £350m**	2022	Bullet	LIBOR + margin	23,900	-
Senior Notes £30m	2031	Bullet	Fixed coupon	30,000	30,000
Senior Notes £200m	2034	Amortising	Fixed coupon	200,000	200,000
Senior Notes £100m	2037	Amortising	Fixed coupon	100,000	100,000
Senior Notes £85m	2032	Amortising	Fixed coupon	85,000	85,000
Senior Notes £300m ***	2033	Amortising	Fixed coupon	-	-

* Where amortising borrowings have not changed from prior years, amortisation is due to start in future years.

**During the year, the Revolving Credit Facility (RCF) was extended to 2023 with the option for two further extensions to 2025 whilst the amount was increased to £350,000,000

***During the year the Company entered into a new £300,000,000 term facility which was undrawn as at 31 December 2018.

The above debt facilities and bonds are secured on the fixed assets, which mainly comprise rolling stock, of companies under 100% direct, or indirect ownership, of the ultimate parent undertaking Willow Topco Limited.

16. Contingent liabilities

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

Willow Holdco 1 Limited:

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

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.

The Great Rolling Stock Company Limited

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

17. Derivative financial instruments

	31 December 2018	31 December 2018	31 December 2017	31 December 2017
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Current portion				
Interest rate swaps - held for trading	-	-	-	478
Non-current portion				
Interest rate swaps - used for hedging	1,234	33,905	674	43,181
Interest rate swaps - held for trading	47,837	112,091	56,379	136,375
Total non-current derivative financial instruments	49,071	145,996	57,053	179,556

Derivative financial instruments categorised as 'Interest rate swaps - held for trading' were previously classified as 'Interest rate swaps - at fair value through profit or loss' in 2017.

As at 31 December 2018, the Company had interest rate swap assets of £38,326,000 (2017: £47,728,000) that are subject to master netting arrangements that can be offset against interest rate swap liabilities on default.

During 2017, the Company terminated two designated cash flow hedge relationships that were entered into during 2015 and 2016. Gains and losses on these were recycled directly to the income statement. Interest rate swap instruments contained within formerly designated relationships are subsequently measured as fair value through profit or loss. The remaining cumulative losses previously recognised directly in other comprehensive income are reclassified to profit or loss over periods when profit or loss is impacted by the hedged item within Other gains/(losses). Amounts taken to profit or loss during the year are detailed in note 6.

The fair value of interest rate swaps held by the Company is calculated as the present value of the estimated future cash flows based on observable yield curves. As such, these instruments are measured using Level 2 valuations within the IFRS 13 fair value hierarchy, details of which can be found in note 1. Further details of derivative financial instruments are provided in note 20.

18. Reserves

	Capital reserve	Hedging reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000
At 1 January 2017	200,000	(94,119)	(83,767)	22,114
Gain recognised on cash flow hedges:				
Interest swaps (net of tax)	-	15,483	-	15,483
Loss for the year	-	-	(3,696)	(3,696)
At 31 December 2017 (as previously reported)	200,000	(78,636)	(87,463)	33,901
Adjustment on adoption of IFRS9 (see note 1)	-	-	(536)	(536)
At 1 January 2018	200,000	(78,636)	(87,999)	33,365
Gain recognised on cash flow hedges:				
Interest swaps (net of tax)	-	18,725	-	18,725
Profit for the year	-	-	10,644	10,644
At 31 December 2018	200,000	(59,911)	(77,355)	62,734

The Great Rolling Stock Company Limited

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

18. Reserves (continued)

As at 31 December 2018, the Company had included within 'Hedging reserves', £25,763,000 (2017: £34,325,000) relating to continuing cash flow hedges.

In 2010, a capital contribution of £200,000,000 was made to the Company from a group member. As at 31 December 2018, £nil of the capital reserve is non-distributable to the Company's shareholders (2017: £110,000,000). The hedging reserves are also considered to be non-distributable. Therefore, the total reserves distributable to the Company's shareholders are £122,522,000 (2017: £2,537,000).

19. Called up share capital

31 December 2018	31 December 2017
£	£

Authorised:

140,000,100 (2017: 140,000,100) Ordinary shares of £1	140,000,100	140,000,100
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Issued, called up and fully paid:

140,000,001 (2017: 140,000,001) Ordinary shares of £1	140,000,001	140,000,001
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The Company has one class of £1 ordinary shares which carry no right to fixed income.

20. Financial risk management

The major risks associated with the Company's business are market risk, liquidity risk, capital risk and credit risk. The management of these risks is carried out on a group level by the ultimate parent company, Willow Topco Limited (the Group). 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 materially exposed to currency risk as nearly all its assets and liabilities are UK based and denominated in pound sterling; there was an insignificant amount of foreign currency transactions during the current and prior years.

Cash flow interest rate risk management

The Company's activities expose it primarily to the financial risks of changes in interest rates. The Company enters into interest rate swaps to mitigate the risk of rising interest rates. The Group's policy is to maintain a minimum fixed rate profile of 75% of its committed senior debt. This is achieved by either issuing fixed rate debt or converting a proportion of its floating rate debt to fixed rate debt. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. Where permissible under IFRS 9, the Group designates these as cash flow hedges of interest rate risk. Swaps previously held within hedging relationships that have been discontinued are assessed on an ongoing basis to be included within new hedge relationships. The Company does not use derivative financial instruments for speculative purposes however due to the refinancing activity that took place during 2017, at Company level, there are periods within the short term where floating rate debt exposures are exceeded by derivative financial instruments held.

The Great Rolling Stock Company Limited

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

20. Financial risk management (continued)

Effects of hedge accounting on the financial position and performance

The cumulative effect of the interest rate swaps held in designated relationships on the Company's financial position and performance are as follows:

	31 December 2018	31 December 2017
	£'000	£'000
Derivative financial instruments - interest rate swaps		
Carrying amount (asset)	1,234	674
Carrying amount (liability)	(33,905)	(43,181)
Notional amounts	315,825	247,830
Maturity date	2026 - 2049	2026 - 2049
Hedge ratio *	1:1	1:1
Change in fair value of outstanding hedge instruments since 1 January	10,073	(3,965)
Change in value of hedge item used to determine hedge effectiveness	8,781	(3,618)
Weighted average hedged rate for the year	1.6%	1.6%

* the notional profile of the designated interest rate swaps and loans matched on inception, therefore the hedge ratio is 1:1

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Company enters into interest rate swaps that have similar critical terms as the hedged item, such as reference date, reset dates, payment dates, maturities and notional amounts. Prospective testing is carried out using the cumulative dollar offset method with the hypothetical derivative approach whereby the change in fair value of the hedging instrument is compared to the change in fair value of the hedge item attributable to the hedged risk. Hedge ineffectiveness may occur due to mismatches in critical terms between the hedging instrument and the hedged item such as notional amounts and interest reset frequencies. The lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item is recognised through other comprehensive income, if the effectiveness requirements of IFRS 9 are continued to be met.

The Company does not hedge 100% of its loans, therefore the hedged item is identified as a portion of the outstanding loans up to the notional amount of the swaps that have not been previously included in another hedge designation.

As most of the critical terms matched during the year, the Company's economic relationships were highly effective.

Interest rate swap contracts

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating interest rate amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the issued variable rate debt cash flow exposures. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The Great Rolling Stock Company Limited

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

20. Financial risk management (continued)

The following tables detail the notional principal amounts and the remaining terms of interest rate swap contracts outstanding as at the reporting date.

Interest rate swap contracts

Derivative Financial instruments - Liabilities

Outstanding receive floating pay fixed rate	Average contracted fixed interest rate 2018	Average contracted fixed interest rate 2017	Notional principal amount 2018 £'000	Notional principal amount 2017 £'000	Fair value liabilities 2018 £'000	Fair value liabilities 2017 £'000
Within 1 year	-	5.810%	-	18,377	-	(478)
Between 1 and 2 years	-	-	-	-	-	-
Between 2 and 5 years	5.643%	-	9,371	-	(1,784)	-
Over 5 years	2.877%	3.202%	1,260,488	1,134,222	(144,212)	(179,556)
			<u>1,269,859</u>	<u>1,152,599</u>	<u>(145,996)</u>	<u>(180,034)</u>

Derivative Financial instruments - Assets

Outstanding receive floating pay fixed rate	Average contracted fixed interest rate 2018	Average contracted fixed interest rate 2017	Notional principal amount 2018 £'000	Notional principal amount 2017 £'000	Fair value assets 2018 £'000	Fair value assets 2017 £'000
Over 5 years	2.970	3.058	397,932	406,696	49,071	57,053
			<u>397,932</u>	<u>406,696</u>	<u>49,071</u>	<u>57,053</u>

The interest rate swaps were settled on a 3 and 6 monthly basis using 3 and 6 month GBP LIBOR respectively. The Company settles the difference between the fixed and floating interest on a net basis.

Interest rate swaps that exchange fixed rate interest amounts for floating rate interest amounts reduce the Company's cash flow exposure resulting from variable interest rates on borrowings. During the year, the interest rate swap payments were settled every 3 and 6 months with loan interest payments settled monthly and quarterly as eligible under the Senior Facilities Agreement 2014 that was amended and restated in 2018. This is due to the Group taking advantage of short term basis mismatch that existed during the year between 1 month vs 6 month and 3 month vs 6 month GBP LIBOR.

Interest rate sensitivity analysis

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

The Great Rolling Stock Company Limited

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

20. Financial risk management (continued)

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

- Profit for the year ended 31 December 2018 would increase by £81,998,000 (2017: £75,080,000) and decrease by £81,998,000 (2017: £75,080,000) mainly as a result of the changes in fair value of fixed rate instruments no longer in hedge relationships.
- Cash flow hedge reserves current deficit would decrease by £151,582,000 (2017: £154,113,000) and increase by £151,582,000 (2017: £154,113,000) respectively mainly as a result of the changes in fair value of fixed rate instruments.

The increase/decrease in sensitivity for Company profit mostly relates to interest rate swap contracts that are no longer meeting the requirement for cash flow hedge accounting. This is expected to be short term in nature as they form part of the Company's medium to long term funding strategy.

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 equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses as disclosed in notes 18 and 19.

Credit risk

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

The Company's principal financial assets are finance lease receivables, derivative instruments, cash and cash equivalents, trade and other receivables 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 16.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are other group companies and banks with high credit ratings assigned by international credit-rating agencies. For derivative financial instruments refer to note 17.

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 credit on group undertakings is not past due.

Loan Ratio

The key performance indicator that the directors consider is the ratio of loan and lease receivables to loans payable. The loan ratio in 2018 was 0.98 (2017: 0.97). A target ratio of below 1.20 is considered by the directors to be an efficient utilisation of group funding by the Company.

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 mismatching of maturities across the balance sheet. For loans payable refer to note 15. For trade and other payables refer to note 13.

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, except for net settled derivative financial instruments, which are included at their fair value. As a result, these amounts do not reconcile to the amounts disclosed on the balance sheet except for trade and other payables where discounting is not applied.

The Great Rolling Stock Company Limited

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

20. Financial risk management (continued)

Liquidity risk (continued)

	Within one year	Between one and two years	Between two and five years	Over five years	Total
	£'000	£'000	£'000	£'000	£'000
2018					
Trade and other payables	28,463	-	-	-	28,463
Loans payable external	392,775	342,775	202,100	1,549,075	2,486,725
Interest payable	96,593	90,789	227,792	380,101	795,275
Derivative financial instruments	-	-	1,784	144,212	145,996
Total	517,831	433,564	431,676	2,073,388	3,456,459
2017					
Trade and other payables	29,207	-	-	-	29,207
Loans payables external	367,775	42,775	479,800	1,314,150	2,204,500
Interest Payable	94,717	93,141	217,906	390,462	796,226
Derivative financial instruments	478	-	-	179,556	180,034
Total	492,177	135,916	697,706	1,884,168	3,209,967

Included above within 'Loans payables external' within the time 'Within one year', the Group has upper drawn down limit of the Revolving Credit Facility of £350,000,000 (2017: £325,000,000), which could be called. The amount drawn down as at 31 December 2018 was £23,900,000 (31 December 2017: £nil).

21. Parent companies

The Company's immediate parent company is Angel Trains Group Limited. The registered office is 123 Victoria Street, London, SW1E 6DE.

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.

The Great Rolling Stock Company Limited

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

22. Related party transactions

In addition to the subsidiary listed in note 12 and parent companies listed in note 21, the Company had related party relationships with the directors and the following members of the Group:

Angel Trains Holding Limited *
 Angel Trains Rolling Stock Limited *
 Willow Holdco 1 Limited *
 Willow Holdco 2 Limited *
 Angel Infrastructure Limited **
 Willow Rolling Stock UK Limited ***
 Angel Trains Limited **
 Angel Trains Capital Limited **
 Angel Trains Consulting Limited **
 Angel Locomotive Leasing 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.

Trading transactions

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

	Income /Interest received	Purchases /Interest paid	Amounts owed from related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Accounts with				
2018				
Parent	50,332	22,611	902,708	141,513
Fellow Subsidiaries	80,483	560	939,391	-
Total	130,815	23,171	1,842,099	141,513
2017				
Parent	42,820	48,081	867,517	174,425
Fellow Subsidiaries	85,023	549	995,026	5
Total	127,843	48,630	1,862,543	174,430

23. 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 received interest of £41,368,000 by way of increasing loans receivable by £41,368,000.
- The Company paid interest of £1,163,000 by way of increasing loans payable by £1,163,000.

The Great Rolling Stock Company Limited

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

24. Reconciliation of liabilities arising from financing activities

	1 January 2018	Financing cash flows	Non-cash changes *	31 December 2018
	£'000	£'000	£'000	£'000
External loans	1,868,161	(23,242)	2,499	1,847,418
Interest rate swaps fair value hedging or economically hedging financing liabilities	180,034	-	(34,038)	145,996
	<u>2,048,195</u>	<u>(23,242)</u>	<u>(31,539)</u>	<u>1,993,414</u>

* Non- cash changes include amortisation of financing costs to profit and loss during the year.

25. 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.