

Angel Trains Rolling Stock Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Angel Trains Rolling Stock Limited
Registered in Jersey: Number 124852
Registered Office: 27 Hill Street, St Helier, Jersey, JE2 4UA

Angel Trains Rolling Stock Limited

CONTENTS	<u>Page</u>
Officers and Professional Advisers	1
Directors' Report	2
Independent Auditors' Report	6
Income Statement	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Balance Sheet	12
Statement of Cash Flows	13
Notes to Financial Statements	14

Angel Trains Rolling Stock Limited

OFFICERS AND PROFESSIONAL ADVISERS

Directors:

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

Company secretary:

Soditic Secretaries Limited

Registered office:

27 Hill Street
St Helier
Jersey
JE2 4UA

Independent auditors:

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

Registered in Jersey: Number 124852

Angel Trains Rolling Stock Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and the audited financial statements of Angel Trains Rolling Stock Limited (the 'Company') for the year ended 31 December 2022.

REVIEW OF BUSINESS

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

The Company's financial performance is presented in the Income Statement on page 9. The loss after tax for the year was £1,279,000 (2021: £2,070,000) and this was transferred to reserves. At the end of the year, the financial position showed total assets of £838,923,000 (2021: £761,449,000).

The directors are satisfied with the Company's performance in the year. A comprehensive business review is carried out at a group level by the ultimate parent company, Willow Topco Limited.

Focus on the project management delivery continues with the 133 x 5-car Class 720 electric multiple units (EMU), being manufactured by Bombardier Transportation for operation on the East Anglia national rail contract owned by Abellio East Anglia Ltd ("Abellio"). During the year, the Company took delivery of 45 Class 720 EMU's and began to receive lease rentals for the leasing of these units. The value of the contract is circa £880m

Other income represents the liquidated damages received for compensation of loss suffered as result of delivery delays to the Class 720's EMU's.

Leasing

The Company's pre-existing lease with Abellio continues in force.

The full and long-term impact of the current economic climate is still evolving. The Company will continue to work closely with the Department for Transport, customers and suppliers as the macro economic environment develops.

STRATEGY

The strategy of the Company is to ensure the strategy of Willow Topco Limited and its subsidiaries (the 'Group') are executed, which are primarily to manage its asset risk profile and maintain the long-term profitability of the Group.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the Company's activities, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Angel Trains Rolling Stock Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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

Directors

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

Company Secretary

Soditic Secretaries Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Companies (Jersey) Law 1991 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 Companies (Jersey) Law 1991, 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 the 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 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 also 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 (Jersey) Law 1991.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the directors' report is approved:

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

Angel Trains Rolling Stock Limited

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolios of financial instruments principally comprise of loans and trade 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.

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.

RISK MANAGEMENT

Financial risk management

The major risks associated with the Company's business are market risk, credit risk and liquidity risk. The management of these risks is carried out at a Group level by the ultimate parent company, Willow Topco Limited. Interest rate risk is mitigated through the use of hedging (see the Notes to the Financial Statements for further details on interest rate risk). Liquidity risk is managed by monitoring cash flow forecasts and ensuring the Group's liquidity requirements are sufficient 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 24.

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.

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

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

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

DIRECTORS INDEMNITY COVER

No directors have been granted Qualifying Third Party indemnity provisions.

Angel Trains Rolling Stock Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)


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.

LOOKING FORWARD

Looking ahead, the critical objective of the Company in the short to medium term will be to successfully project manage and deliver the remaining Bombardier Class 720 vehicles.

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



A. Lowe
Director
18 April 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGEL TRAINS ROLLING STOCK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Angel Trains Rolling Stock Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: Balance Sheet as at 31 December 2022; Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Reporting on other information

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

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

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

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, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies (Jersey) Law 1991 and UK taxation laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance, including review of minutes of meetings in so far as they related to the financial statements and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, including duplicate journal postings, and backdated journals;
- Challenging the assumptions and judgements made by management in their accounting estimates.

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

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

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

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 Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 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
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jessica Miller (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2023

Angel Trains Rolling Stock Limited

Registered Number 124852

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year ended 31 December 2022	Year ended 31 December 2021
		£'000	£'000
	Note		
Revenue	2	27,738	10,212
Cost of sales	3	(13,833)	(4,962)
Gross profit		13,905	5,250
Administrative expenses	3	(323)	(207)
Other income	5	21,421	28,471
Operating profit		35,003	33,514
Finance income	4	25	73
Finance costs	6	(25,538)	(17,077)
Profit before income tax		9,490	16,510
Income tax expense	10	(10,769)	(18,580)
Loss attributable to the owners		(1,279)	(2,070)

The notes on pages 14 to 33 form an integral part of these financial statements.

Angel Trains Rolling Stock Limited

Registered Number 124852

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Loss for the year	<u>(1,279)</u>	<u>(2,070)</u>
Total comprehensive expense for the year attributable to the owners	<u>(1,279)</u>	<u>(2,070)</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Angel Trains Rolling Stock Limited

Registered Number 124852

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Retained earnings	Total Equity
	£'000	£'000	£'000
At 1 January 2021	100	17,098	17,198
Loss for the year	-	(2,070)	(2,070)
Total comprehensive expense	-	(2,070)	(2,070)
At 31 December 2021	100	15,028	15,128
Loss for the year	-	(1,279)	(1,279)
Total comprehensive expense	-	(1,279)	(1,279)
At 31 December 2022	100	13,749	13,849

The notes on pages 14 to 33 form an integral part of these financial statements.

Angel Trains Rolling Stock Limited


Registered Number 124852

BALANCE SHEET AS AT 31 DECEMBER 2022

		31 December 2022	31 December 2021
	Note	£'000	£'000
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	7	807,193	667,354
		<u>807,193</u>	<u>667,354</u>
<i>Current Assets</i>			
Current tax assets	9	11,460	29,619
Trade and other receivables	12	8,825	6,129
Cash and cash equivalents	12	11,445	58,347
		<u>31,730</u>	<u>94,095</u>
<i>Current Liabilities</i>			
Trade and other payables	18	(2,947)	(5,551)
		<u>(2,947)</u>	<u>(5,551)</u>
Net current assets		<u>28,783</u>	<u>88,544</u>
Total assets less current liabilities		<u>835,976</u>	<u>755,898</u>
<i>Non-current liabilities</i>			
Loans payable	14	747,462	688,334
Deferred tax liabilities	13	74,665	52,436
		<u>822,127</u>	<u>740,770</u>
<i>Equity attributable to the owners</i>			
Share capital	16	100	100
Retained earnings	17	13,749	15,028
Total equity		<u>13,849</u>	<u>15,128</u>
Total equity and non-current liabilities		<u>835,976</u>	<u>755,898</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

The financial statements on pages 9 to 33 were approved by the Board of Directors and authorised for issue on 18 April 2023. They were signed on its behalf by:



A. Lowe
Director

Angel Trains Rolling Stock Limited

Registered Number 124852

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Cash flows from operating activities:		
Receipts	39,514	47,497
Cash received/(paid) to suppliers	4,016	(6,847)
Interest paid	(9)	-
Income taxes received	29,619	198
Net cash generated from operating activities	73,140	40,848
Cash flows from investing activities:		
Payments to acquire property, plant and equipment	(136,669)	(120,268)
Interest received	27	80
Net cash used in investing activities	(136,642)	(120,188)
Cash flows from financing activities:		
Receipt of new loans	74,950	126,900
Repayment of loans	(58,350)	(112,450)
Net cash generated from financing activities	16,600	14,450
Net cash movements in cash and cash equivalents	(46,902)	(64,890)
Cash and cash equivalents at the beginning of the year	58,347	123,237
Cash and cash equivalents at end of year	11,445	58,347

The notes on pages 14 to 33 form an integral part of these financial statements.

Non cash transactions are disclosed in note 25.

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Significant accounting policies

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

General

Angel Trains Rolling Stock Limited is a private limited company incorporated in Jersey and domiciled in the United Kingdom. The address of the registered office is on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee interpretations as adopted by the European Union ("EU"), and the Companies (Jersey) Law 1991 applicable to companies reporting under IFRSs.

The Company's financial statements are prepared on the going concern basis and under the historical cost convention as modified by the revaluation of derivative instruments. The principal accounting policies adopted are set out below.

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 following are the critical judgements, apart from those involving estimates (see below) that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue Recognition

To determine the correct revenue recognition of other operating income management takes into account all facts and circumstances when considering recognition. Where purchase contracts of rolling stock are in combination with operating lease contracts management considers the economic substance of the transaction. This is particularly relevant if there is a delay in the manufacture of rolling stock that causes loss of operating lease revenue.

Management have determined that damages received for the delay in receiving new rolling stock represents other income rather than a discount to the price of the assets purchased.

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

1. Significant accounting policies (continued)

Adoption of the new and revised Standards

At the date of authorisation of these financial statements the following amended standards were effective for accounting periods beginning on 1 January 2022, but did not have a material impact on the Company's financial statements:

IFRS 3 (amendment) - Reference to the Conceptual Framework
 IAS 16 (amendment) - 'Property, Plant and Equipment' — Proceeds before Intended Use
 IAS 37 (amendment) - Onerous Contracts — Cost of Fulfilling a Contract
 Annual Improvements to IFRS Standards 2018–2021

The following standards, amendments and interpretations to existing standards have been issued but are effective for accounting periods beginning after 1 January 2022, and the Company has not early adopted them.

IFRS 4 (amendment) - Extension of the Temporary Exemption from Applying IFRS 9
 IFRS 17 - 'Insurance contracts'
 IFRS16 (amendment) - Lease liability in a Sale and Leaseback
 IAS 1 (amendments) - Classification of Liabilities as Current or Non-Current, Disclosure of Accounting Policies & Non-current Liabilities with Covenants
 IAS 8 (amendment) - Definition of Accounting Estimates
 IAS 12 (amendment) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

Revenue

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Management have determined that damages received for the delay in receiving new rolling stock represents other income rather than a discount to the price of the assets purchased.

Interest Income

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

Taxation

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

Current tax is based on taxable profit for the year ended 31 December 2022. 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 asset 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

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

1. Significant accounting policies (continued)

Taxation (continued)

available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Leasing

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

Payments received under operating leases (net of any incentives) are credited to the income statement on a straight-line basis over the term of the lease. Rent-free periods and payments made in advance are accounted for in a way such that the revenue income is consistent each year over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Financial instruments

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

Financial Assets

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.

Cash and cash equivalents

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

Trade and other receivables

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

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

1. Significant accounting policies (continued)

Financial instruments (continued)

Loan borrowings

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

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.

Trade and other payables

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

Loans Payable

Interest-bearing loans are initially measured at fair value, net of transactions 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 rate method.

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 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, using the effective interest rate method. The modification gains or loss is calculated as the difference between the original carrying value and the modified carrying value, calculated using the modified cash flows discounted at the original effective interest rate. Where it is considered an extinguishment has taken place, the carrying value is removed from the balance sheet, with any difference to the consideration paid recognised in the income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of the asset, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The interest rate is capitalised at the average swap rate plus the weighted average margin of the Company's external debt. All other borrowing costs are recognised in the income statement in the year in which they are incurred.

Share capital

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

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

1. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are shown at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

	<u>Years</u>
Rolling Stock	35

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

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

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

Impairment of tangible fixed assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

2. Revenue

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Operating lease rentals	27,738	10,212
	<u>27,738</u>	<u>10,212</u>

All revenue relates to United Kingdom operations.

3. Expenses by Nature

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Depreciation	13,833	4,962
Other expenses	323	207
	<u>14,156</u>	<u>5,169</u>

Auditors' remuneration for audit services during the year was £22,890 (2021: £20,440). The auditors did not provide any non-audit services during the year (2021: £nil).

4. Finance income

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Other interest	25	73
	<u>25</u>	<u>73</u>

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

5. Other income

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Other income	21,421	28,471
	<u>21,421</u>	<u>28,471</u>

Other income represents liquidated damages received during the year for late delivery of rolling stock under the contract the Company has with its supplier.

6. Finance costs

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Interest payable to group undertakings	42,528	37,412
Other interest payable	9	-
Interest capitalised	(16,998)	(20,335)
	<u>25,539</u>	<u>17,077</u>

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

7. Property, plant and equipment

	Rolling Stock
	£'000
Cost	
At 1 January 2021	532,198
Additions	140,603
At 31 December 2021	672,801
Additions	153,673
At 31 December 2022	826,474
Accumulated depreciation	
At 1 January 2021	485
Charge for the year	4,962
At 31 December 2021	5,447
Charge for the year	13,833
At 31 December 2022	19,280
Net book value	
At 31 December 2022	807,194
At 31 December 2021	667,354

Included in rolling stock are assets under the course of construction of £197,492,000 (2021: £360,936,000). No depreciation has been charged on these assets (2021: £nil).

In the current year, there was no impairment (2021: £nil) based on management's forecast value in use ("VIU") of the fleet versus its carrying value. In determining the VIU, management discounted its forecast cash flows using a discount rate based on what it considers to be a market pre-tax weighted average cost of capital ("WACC") of 7.3%.

The cash flow projections considered current contracted rent and estimates of future re-lease rents. Forecast future rent was estimated taking into account current market conditions and past experience.

Whilst management considers the future cash flows to be highly subjective due to the longevity of the forecast period, it considers the VIU of assets to be most sensitive to changes in the discount rate assumption.

If all other variables remained constant and the discount rate had been 0.25% higher or lower there would have been no material impairment or impairment reversal recorded. If all other variables remained constant and the cash flows had been 5% lower, no material impairment would have been considered.

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

8. Directors' and employees' emoluments

None of the directors received any emoluments for their services to the Company during the year (2021: £nil). The remuneration of the directors is paid by another entity within the Group, Angel Trains Limited, which makes no recharge to the Company. The directors are directors of the Company as well as other subsidiaries within the Group, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the financial statements include no remuneration in respect of the directors. Their total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of Angel Trains Limited. The Company itself has no employees (2021: none).

9. Current tax assets

	31 December 2022 £'000	31 December 2021 £'000
Current tax assets	11,460	29,619

At 31 December 2022, the Company had current tax assets of £11,460,000 (2021: £29,619,000) receivable from other group companies. The amounts receivable from other group companies are unsecured and will be paid within the next 12 months.

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

10. Income tax expense

The charge for taxation based on the profit for the year is based on United Kingdom corporation tax at 19.00% (2021: 19.00%) and comprises:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Current tax credit		
Current tax credit on profits for the year	(11,460)	(29,619)
Adjustments in respect of prior years	-	35
Total current tax	(11,460)	(29,584)
Deferred tax charge		
Origination and reversal of temporary differences	16,894	35,615
Adjustments in respect of prior years	-	(35)
Effect of tax rate change	5,335	12,584
Total Deferred tax charge	22,229	48,164
Income tax charge	10,769	18,580

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

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Profit before income tax	9,489	16,510
Expected tax charge at 19.00% (2021:19.00%)	1,803	3,137
Transfer pricing adjustment	3,631	2,859
Effect of change in tax rate	5,335	12,584
Income tax charge for the period	10,769	18,580

The Company's profits for this accounting year are taxed at the main corporation tax rate of 19.00% (2021: 19.00% effective rate).

In the Finance Act 2021 which received Royal Assent on 10 June 2021, it was announced that the main rate of corporation tax would increase to 25% from 1 April 2023. The effect of the increase in the future tax rate has been reflected in the charge/credit to the income statement for this year (and in previous years).

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

11. Financial assets and liabilities by category

31 December 2022

Note

		Financial assets at amortised cost	Total
		£'000	£'000
Assets as per balance sheet			
Trade and other receivables	12	8,825	8,825
Cash and cash equivalents	12	11,445	11,445
Total		20,270	20,270
Other financial liabilities at amortised cost			
		£'000	£'000
Liabilities as per balance sheet			
Loans payable	14	747,462	747,462
Trade and other payables	18	2,948	2,948
Total		750,410	750,410

31 December 2021

		Financial assets at amortised cost	Total
		£'000	£'000
Assets as per balance sheet			
Trade and other receivables	12	6,129	6,129
Cash and cash equivalents	12	58,347	58,347
Total		64,476	64,476
Other financial liabilities at amortised cost			
		£'000	£'000
Liabilities as per balance sheet			
Loans payable	14	688,334	688,334
Trade and other payables	18	5,551	5,551
Total		693,885	693,885

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

12. Financial assets at amortised cost

Trade and other receivables

	31 December 2022	31 December 2021
	£'000	£'000
Amounts falling due within one year		
Trade receivables	7,487	6,129
Prepayments and accrued income	1,338	-
	<u>8,825</u>	<u>6,129</u>

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

Cash and cash equivalents

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

13. Deferred taxation

	31 December 2022	31 December 2021
	£'000	£'000
Deferred tax liabilities	(74,665)	(52,436)
	<u>(74,665)</u>	<u>(52,436)</u>

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

Deferred tax assets

	Tax losses	Total
	£'000	£'000
At 1 January 2021	16,894	16,894
Charge to income statement for the year	(17,777)	(17,777)
Adjustment to previous year	883	883
	<u>-</u>	<u>-</u>
At 31 December 2021	-	-
Charge to income statement for the year	-	-
Adjustment to previous year	-	-
	<u>-</u>	<u>-</u>
At 31 December 2022	-	-

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

13. Deferred taxation (continued)

Deferred tax liabilities

Accelerated capital allowances

£'000

At 1 January 2021

(21,166)

Charge to the income statement for the year

(17,838)

Adjustments in respect of prior years

(848)

Effect of change in tax rate

(12,584)

At 31 December 2021

(52,436)

Charge to the income statement for the year

(16,894)

Effect of change in tax rate

(5,335)

At 31 December 2022

(74,665)

The opening deferred tax balances are reflected at a rate of 19.00%, to reflect the projected average rate that deferred tax was expected to unwind at the 31 December 2021 balance sheet date.

In the Finance Act 2021 which received Royal Assent on 10 June 2021, it was announced that the main rate of corporation tax would increase to 25.00% from 1 April 2023.

The effect of change in tax rate has been reflected in the charge to the income statement for this year (and in previous years), and closing deferred tax assets or liabilities are provided for at a rate of 25.00%. This is based on the projected rate that deferred tax at the balance sheet date is expected to unwind.

14. Loans payable

31 December 2022 31 December 2021

£'000

£'000

Amounts falling due after one year

Loans from group undertakings

747,462

688,334

747,462

688,334

747,462

688,334

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

14. Loans payable (continued)

The effective interest rates paid were as follows:

	31 December 2022	31 December 2021
Loans from group undertakings	6.04%	6.21%

The directors consider that the carrying amount of the Company's variable rate borrowings approximates to their fair value. In the context of the fair value hierarchy set out in IFRS13, these variable rate borrowings are included within Level 2.

15. Residual value exposures

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

	Rolling Stock 31 December 2022	Rolling Stock 31 December 2021
Expected net book value at lease expiry date	£'000	£'000
Between two and five years	577,690	271,182

Residual value excludes assets under the course of construction of £197,492,000 (2021: £360,936,000).

16. Share capital

	31 December 2022	31 December 2021
	£	£
Issued and fully paid:		
100,000 (2021: 100,000) Ordinary shares of £1 each	100,000	100,000

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

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

17. Reserves

	Retained earnings	Total
	£'000	£'000
At 1 January 2021	17,098	17,098
Total recognised expense for the year	<u>(2,070)</u>	<u>(2,070)</u>
At 31 December 2021	<u>15,028</u>	<u>15,028</u>
Total recognised expense for the year	<u>(1,279)</u>	<u>(1,279)</u>
At 31 December 2022	<u>13,749</u>	<u>13,749</u>

18. Trade and other payables

	31 December 2022	31 December 2021
	£'000	£'000
Accruals and deferred income	<u>2,948</u>	<u>5,551</u>

Trade and other payables principally comprise amounts outstanding for trade purchases, ongoing costs and deferred income on operating lease rentals. The directors consider that the carrying amount of trade and other payables approximates their fair value.

19. Capital commitments

	31 December 2022	31 December 2021
	£'000	£'000
Commitments for the acquisition of property, plant and equipment	<u>162,695</u>	<u>320,474</u>

At 31 December 2022, the Company had capital commitments of £162,695,000 (2021: £320,474,000), being the capital expenditure authorised and contracted for but not provided for in the financial statements. This commitment is for the purchase of new rolling stock.

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

20. Contingent liabilities

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

The Great Rolling Stock Company PLC, Angel Trains Group Limited and Angel Trains Limited:
£2,073,044,000 (of which £1,723,044,000 (2021: £1,534,314,000) remains outstanding) Senior loan and revolving facilities agreements.

Willow Holdco 1 Limited:
£325,000,000 (of which £325,000,000 (2021: £325,000,000) has been drawn down) Junior facility agreements.

The Great Rolling Stock Company Limited:
£4,000,000,000 (of which £665,416,000 (2021: £723,608,000) remains outstanding) secured guaranteed notes programme.

21. Parent Companies

The Company's immediate parent company is Angel Trains Limited.

The Company's ultimate holding Company, ultimate controlling party, and the parent of the largest group into which the Company is consolidated is Willow Topco Limited which is incorporated and registered in Jersey. The registered office is 27 Hill Street, St Helier, JE2 4UA, Jersey.

22. Operating lease arrangements

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

	31 December 2022	31 December 2021
	£'000	£'000
Within one year	40,466	18,423
Between one and two years	40,577	18,423
Between two and three years	31,597	18,474
Between three and four years	-	14,386
	112,640	69,706

At 31 December 2022 the Company had taken delivery of 445 vehicles (2021: 220 vehicles).

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

23. Related party transactions

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

Angel Trains Holdings Limited*
 The Great Rolling Stock Company PLC**
 Angel Leasing Company Limited**
 Willow Holdco 1 Limited*
 Willow Holdco 2 Limited*
 Angel Trains Group Limited**
 Angel Trains Group Limited (Jersey)*
 Angel Trains Consulting Limited**
 Angel Trains Infrastructure Limited**
 Angel Locomotive Leasing Limited**
 Readypower Group Limited***
 Readypower Rail Services Finance Limited***
 Readypower Rail Services Group Limited***
 Readypower Rail Services Limited***
 Readypower Terrawise Limited***
 Readypower Complete Drain Clearance 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 Unit 620, Wharfedale Road, Winnersh, Wokingham, England, RG41 5TP

Trading transactions

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

31 December 2022

	Income/ Interest received	Purchases/ Interest paid	Amounts owed from related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Parent	-	314	-	-
Fellow Subsidiaries	-	42,534	-	747,462
Total	-	42,848	-	747,462

31 December 2021

	Income/ Interest received	Purchases/ Interest paid	Amounts owed from related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Parent	-	42	-	-
Fellow Subsidiaries	-	37,500	-	688,334
Total	-	37,542	-	688,334

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

24. Financial risk management

The major risks associated with the Company's business are market risk, credit risk and liquidity risk. The management of these risks is carried out at a group level by the ultimate parent company, Willow Topco Limited. The Group has established a comprehensive framework for managing these risks which are continually evolving as business activities change in response to market, credit, product and other developments.

Market risk

Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates and foreign currency. The Company is not exposed to currency risk as all its assets and liabilities are UK based and denominated in pound sterling.

The Company's activities expose it primarily to the financial risks of changes in interest rates. The significant interest rate risk arises from loans. The Company's loans are with other companies within the Group and are not hedged.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates 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.

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

- Profit for the year ended 31 December 2022 would increase/decrease by £7,475,000 (2021: £6,883,000)

Credit risk

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

The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The carrying amount of the financial asset recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company does not hold collateral over these balances.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

24. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. The Company has borrowing facilities with other members in the Group.

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

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts included in the table are the contractual undiscounted cash flows, 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 following table details the remaining maturity for financial liabilities.

	Within one year	Between one and two years	Between two and five years	Over five years	Total
	£'000	£'000	£'000	£'000	£'000
2022					
Trade and other payables	2,948	-	-	-	2,948
Loan notes	-	-	-	-	-
Interest payable	37,263	-	-	-	37,263
Loans from group undertakings	-	747,462	-	-	747,462
Total	40,211	747,462	-	-	787,673
	Within one year	Between one and two years	Between two and five years	Over five years	Total
	£'000	£'000	£'000	£'000	£'000
2021					
Trade and other payables	5,551	-	-	-	5,551
Interest payable	42,712	-	-	-	42,712
Loans from group undertakings	-	688,334	-	-	688,334
	48,263	688,334	-	-	736,597

Angel Trains Rolling Stock Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

24. Financial risk management (continued)

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses as disclosed in notes 16 and 17.

25. Non-cash transactions

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

- The Company increased loans payable by £42,528,000 in settlement of interest payable of £42,528,000.

26. Reconciliation of liabilities arising from financing activities

	Loans payable (note 14) £'000
At 1 January 2021	636,472
Financing cash flows - net	14,450
Non-cash changes*	<u>37,412</u>
At 31 December 2021	688,334
Financing cash flows - net	16,600
Non-cash changes**	42,528
At December 2022	<u>747,462</u>

*Non - cash changes includes amortisation of loan fees and settlement of interest payable to Group Company.

**Non - cash changes include interest payable to Group Company.

27. Events after the balance sheet date

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

Angel Trains Rolling Stock Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)