

Willow Holdco 2 Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2023

Willow Holdco 2 Limited
Registered in Jersey: Number 100174
Registered Office: 2nd Floor Gaspe House, 66 - 72 Esplanade, St Helier, Jersey, JE1 1GH

Willow Holdco 2 Limited

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Willow Holdco 2 Limited

OFFICERS AND PROFESSIONAL ADVISERS

Directors:

S. Wu
C. Morgan
R. Py
L. Baldry
P. Walsh
F. Feghoul

Company secretary:

IQEQ Secretaries (Jersey) Limited

Registered office:

2nd Floor Gaspé House
66 - 72 Esplanade
St Helier
Jersey
JE1 1GH

Independent auditors:

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

Registered in Jersey: Number 100174.

Willow Holdco 2 Limited
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their strategic report on Willow Holdco 2 Limited (the 'Company') for the year ended 31 December 2023.

REVIEW OF THE BUSINESS

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

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

The Company's financial performance is presented in the Income Statement on page 11. The profit for the year was £120,177,000 (2022: £127,584,000) and this was transferred to reserves. £105,100,000 dividends were paid in 2023, as disclosed in the directors' report. At the end of the year, the financial position showed total assets of £751,107,000 (2022: £808,740,000).

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

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.

STRATEGY

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

LOOKING FORWARD

The Company's role is to support the critical objective of the Group in the short to medium term of re-leasing successfully all the vehicles that are coming towards the end of their current lease at rates that meet the expectations of the shareholders. Refer to Principal risk and uncertainties for further detail.

PRINCIPAL RISKS, UNCERTAINTIES AND USE OF FINANCIAL INSTRUMENTS

The Company's portfolio of financial instruments principally comprise of loans, deposits and payables. Applying International Financial Reporting Standards (IFRS), all portfolios are considered to be held for non-trading purposes. The directors are responsible for considering risk management issues that arise across the Company's financial instrument portfolio. Risk management policies are detailed in note 19.

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

Willow Holdco 2 Limited
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

OPERATIONAL RISK

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

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

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

Feriel Feghoul

Feriel Feghoul

Director

17 April 2024

Willow Holdco 2 Limited
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2023.

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 (IFRS's) 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 that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS's 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.

GOING CONCERN

These financial statements are prepared on a going concern basis.

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

Willow Holdco 2 Limited
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

DIVIDENDS

An interim dividend of £105,100,000 was paid during the year (2022: £124,800,000). The directors do not propose the payment of a final dividend (2022: £nil).

The directors do not anticipate a change in the ordinary course of business of the Company. A looking forward review of the Company is undertaken in the Strategic Report.

DIRECTORS AND COMPANY SECRETARY

The present directors and company secretary who have served during the year and up to the date of signing this report are listed on page 1.

DIRECTORS INDEMNITY COVER

No director has been granted Qualifying Third Party indemnity Provisions.

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. 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 19.

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

Feriel Feghoul

Feriel Feghoul
Director
17 April 2024

Independent auditors' report to the members of Willow Holdco 2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Willow Holdco 2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2023; the Income Statement, Statement of Changes in Equity, Statement of Cash Flows 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

Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. Our audit was performed by one team in the UK and all material balances were tested.

Key audit matters

- Intercompany transactions

Materiality

- Overall materiality: £7,511,000 (2022: £8,100,000) based on 1% of total assets.
- Performance materiality: £5,633,000 (2022: £6,100,000).

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.

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

Willow Holdco 2 Limited

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.

As a result of Willow Holdco 2 Limited being considered a public interest entity, key audit matters have been included for the first time this year.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Intercompany transactions</p> <p>The principal activity of the Company is to act as an intermediate holding company. The Company provides loans to wholly-owned subsidiaries as well as to other group companies using the funding from the ultimate parent. The only material balances in the financial statements are intercompany loans, related interest income and expense, investment in subsidiaries and dividend income from such investments.</p> <p>As a result, the testing of intercompany transactions represents an area of focus for our audit and is considered to be a key audit matter.</p> <p>Related disclosures in the financial statements: Note 1: Accounting Policies - Financial instruments Note 2: Revenue Note 3: Finance income Note 8: Investments Note 10: Financial assets and financial liabilities</p>	<p>In response to this key audit matter we performed the following procedures:</p> <ul style="list-style-type: none"> • We tested, on sample basis, cash and non-cash movements in the loans provided to and by the Company; • Tested the accuracy and occurrence of interest income and interest expense on the intercompany loans; • Tested the accuracy of balances by agreeing the corresponding intercompany loan receivables and payables in the group companies; • Assessed the recoverability of loans due from the group companies; • Tested the dividends received and paid by the Company; and • Assessed whether there are events or circumstances which suggest any impairment indicators for the investment in the subsidiary. <p>We have no material matters to note in relation to the above procedures.</p>

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. The Company operates one finance team based in London and our audit approach mirrored this with one UK based team auditing all balances. All material balances were recorded in the one component.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Willow Holdco 2 Limited

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:

<i>Overall company materiality</i>	7,511,000 (2022: 8,100,000).
<i>How we determined it</i>	1% of total assets
<i>Rationale for benchmark applied</i>	We consider that Total Assets is an appropriate measure to use given volatility in reported profits in recent years and given the importance of the rolling stock asset base to the ability of the Group to generate future cash flows. Additionally this aligns with the approach of the wider group of companies headed by Willow Topco Limited that the Group is part of. We used 1% of Total assets which is at the higher end of our typical range for this measure.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £5,633,000 (2022: £6,100,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £376,000 (2022: £404,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 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.

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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

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.

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

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 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.

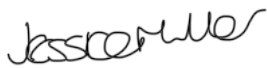
Other required reporting

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
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2024

Willow Holdco 2 Limited
Registered Number 100174
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	£'000	£'000
Revenue	2	105,000	124,600
Administrative expenses	6	(49)	(55)
Operating profit		104,951	124,545
Finance income	3	26,301	19,318
Other gains	4	15,100	2,900
Finance costs	5	(26,149)	(19,156)
Profit before income tax		120,203	127,607
Tax charge	7	(26)	(23)
Profit attributable to the owners		120,177	127,584

There is no other comprehensive income for the year (2022: £nil).

The notes on pages 15 to 30 form an integral part of these financial statements.

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Registered Number 100174

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital	Capital reserve	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000
At 1 January 2022	112	7,700	244	8,056
Profit for the year	-	-	127,584	127,584
Capital Contribution	-	2,900	(2,900)	-
Dividends paid	-	-	(124,800)	(124,800)
			<hr/>	<hr/>
At 31 December 2022	112	10,600	128	10,840
Profit for the year	-	-	120,177	120,177
Capital Contribution	-	15,100	(15,100)	-
Dividends paid	-	-	(105,100)	(105,100)
			<hr/>	<hr/>
At 31 December 2023	112	25,700	105	25,917

The notes on pages 15 to 30 form an integral part of these financial statements.

Willow Holdco 2 Limited

Registered Number 100174

BALANCE SHEET AS AT 31 DECEMBER 2023

		31 December 2023	31 December 2022
	Note	£'000	£'000
Assets			
Non-current assets			
Investments	8	25,712	10,612
Financial assets at amortised cost	10	721,367	795,104
		<u>747,079</u>	<u>805,716</u>
Current Assets			
Trade and other receivables	10	3,608	2,588
Cash and cash equivalents	10	419	436
		<u>4,027</u>	<u>3,024</u>
Current Liabilities			
Trade and other payables	13	(3,620)	(2,597)
Current tax liabilities	14	(26)	(23)
		<u>(3,646)</u>	<u>(2,620)</u>
Net current assets		<u>381</u>	<u>404</u>
Total assets less current liabilities		<u>747,460</u>	<u>806,120</u>
Non-current liabilities			
Loans payable	12	721,543	795,280
		<u>721,543</u>	<u>795,280</u>
Equity attributable to owners of the parent			
Called up share capital	11	112	112
Capital Reserve		25,700	10,600
Retained earnings		105	128
Total equity		<u>25,917</u>	<u>10,840</u>
Total equity and non-current liabilities		<u>747,460</u>	<u>806,120</u>

The notes on pages 15 to 30 form an integral part of these financial statements.

The financial statements on pages 11 to 30 were approved by the board of directors and authorised for issue on 17 April 2024. They were signed on its behalf by:

Feriel Feghoul

Feriel Feghoul
Director

Willow Holdco 2 Limited

Registered Number 100174

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Cash flows from operating activities:		
Dividends received	105,000	124,600
Net cash paid to suppliers or group companies	(37)	(41)
Donations	(9)	(13)
Cash generated from operations	104,954	124,546
Income tax payments	(23)	(23)
Interest paid to group companies	(14,166)	(10,072)
Net cash generated from operating activities	90,765	114,451
Cash flows from investing activities:		
Interest received from group companies	14,318	10,613
Net cash generated from investing activities	14,318	10,613
Cash flows from financing activities:		
Dividends paid	(105,100)	(124,800)
Repayment of loans to group Companies	(59,000)	-
Receipt of loans from group Companies	59,000	-
Net cash used in financing activities	(105,100)	(124,800)
Net (decrease)/increase in cash and cash equivalents	(17)	264
Cash and cash equivalents at beginning of year	436	172
Cash and cash equivalents at end of year	419	436

The notes on pages 15 to 30 form an integral part of these financial statements.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023

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

Willow Holdco 2 Limited is a limited Company and is incorporated and domiciled in Jersey. The address of the registered office is on page 1.

These financial statements have been prepared in accordance with European Union ("EU") endorsed International Financial Reporting Standards ("IFRS") and IFRIC interpretations and the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS.

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

Where fair value is required for disclosure purposes, measurements are in accordance with IFRS 13 (IFRS 13 Fair Value Measurement). In accordance with IFRS 13, fair value measurements are categorised according to the inputs used in valuation techniques into three levels within a fair value hierarchy. The different levels have been defined as follows:

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

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The directors consider that the carrying amount of the Group's variable rate borrowings approximates to their fair value.

Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (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 the accounting year beginning on 1 January 2023, but did not have a material impact on the Company's financial statements:

IFRS 17 - 'Insurance contracts'

IAS 1 (amendment) - 'Presentation of Financial Statements' - Disclosure of Accounting Policies

IAS 8 (amendment) - 'Accounting Policies, Changes in Accounting Estimates and Errors'

IAS 12 (amendment) - 'Income Taxes'

The following standards, amendments and interpretations to existing standards have been issued but are effective for accounting periods beginning after 1 January 2023, and the Company has not early adopted them:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S2 Climate-related Disclosures

IFRS 16 (amendment) Lease liability in a Sale and Leaseback

IAS 1 (amendment) Classification of Liabilities as Current or Non-Current

IAS 1 (amendment) Non-current Liabilities with Covenants

IAS 7 and IFRS 7 (amendment) Supplier Finance Arrangements

IAS 21 (amendment) Lack of Exchangeability

Amendments to the SASB standards to enhance their international applicability

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.

Finance income

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

Dividend distribution

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

Dividend income

Dividend income is recognised when the right to receive payment is established.

Taxation

The Company is resident in the United Kingdom for tax where the applicable tax rate is 23.50%.

Tax expense represents the sum of the tax currently payable.

The tax currently payable 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.

Borrowing costs

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

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

1. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company classifies financial assets and liabilities in the following measurement categories: those to be subsequently measured at fair value (either through OCI or through profit or loss), and those to be measured at amortised cost.

Financial assets

The Company recognises its financial assets in the following categories: Investments and loans and receivables. The classification is determined on initial recognition.

Investment in subsidiaries

Investments are initially measured at fair value, plus directly attributable transaction costs. At subsequent reporting dates, equity investments that do not have a quoted market price and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

The Company tests for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the carrying value would have been had the impairment not been recognised.

Financial assets at amortised cost

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

Cash and cash equivalents

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

Financial liabilities

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

Loan borrowings

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

Trade and other payables

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

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

1. Significant accounting policies (continued)

Consolidated financial statements

The Willow Topco Limited consolidated financial statements are available from the registered office, 2nd Floor Gaspe House, 66 - 72 Esplanade, St Helier, Jersey, JE1 1GH. The Company's financial statements therefore present information about the Company as an individual entity and not about the Group.

Share capital

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

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

2. Revenue

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Dividend income	105,000	124,600
All revenue relates to United Kingdom operations.		

3. Finance income

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Interest receivable from group undertakings	26,301	19,318

4. Other gains

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Other gains	15,100	2,900

Other Gains mainly relate to fair value adjustments made during the year on interest free borrowings from the parent company.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

5. Finance costs

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Interest payable to group undertakings	15,549	11,456
Effective interest on interest free loan from parent	10,600	7,700
	26,149	19,156
	26,149	19,156

6. Administrative expenses

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Management fees	25	28
Other expenses	24	27
Total administration expenses	49	55
	49	55

Auditors' remuneration for audit services to the Company during the year was £9,180 (2022: £9,030). The auditors did not provide any non-audit services during the year (2022: £nil).

7. Tax charge

The charge for taxation based on the profit for the year is based on United Kingdom corporation tax at 23.50% (2022: 19.00%) and comprises:

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Current tax		
Current tax charge on profits for the year	26	23
Total current tax charge	26	23
	26	23

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

7. Tax charge (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Profit before income tax	120,203	127,607
Expected tax charge at 23.50% (2022: 19.00%)	28,248	24,246
Other tax adjustments	(3,549)	(551)
Dividends received - non taxable	(24,675)	(23,674)
Donations disallowable	2	2
Total taxation charge for the year	<u>26</u>	<u>23</u>

The Company's profits for this accounting year are taxed at the main corporation tax rate of 23.50% (2022: 19.00% effective rate).

The standard rate of corporation tax in the UK changed from 19.00% to 25.00% with effect from 1 April 2023. Accordingly, the Company's profits for this accounting year are taxed at an effective corporation tax rate of 23.50% (year ended 31 December 2022: 19.00% effective rate).

8. Investments

	Shares in group undertaking
	£'000
Cost and net book value	
At 1 January 2022	7,712
Capital contribution	<u>2,900</u>
At 31 December 2022	10,612
Capital contribution	<u>15,100</u>
At 31 December 2023	<u><u>25,712</u></u>

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

8. Investments (continued)

Details of the Company's direct subsidiary at 31 December 2023 are as follows:

Entity	Business	Country of registration/place of business	Holding of investment	Percentage of interest %
Angel Trains Group Limited	Holding	Jersey	Direct holding of 12,360 ordinary shares of £1	100

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The details of the indirect subsidiary undertakings are as follows:

Entity	Principal Activity	Place of business	Percentage interest %
Angel Trains Limited	Leasing	England & Wales	100
The Great Rolling Stock Company PLC	Financing	England & Wales	100
Angel Locomotive Leasing Limited	Dormant	England & Wales	100
Angel Leasing Company Limited	Leasing	England & Wales	100
Angel Trains Consulting Limited	Dormant	England & Wales	100
Angel Infrastructure Limited	Dormant	England & Wales	100
Angel Trains Rolling Stock Limited	Leasing	Jersey	100
Readypower Group Limited	Rail infrastructure services	England & Wales	100
Readypower Terrawise Limited	Civil Engineering	England & Wales	100
Readypower Complete Drain Clearance Limited	Rail drain services & equipment	England & Wales	100
Force One Limited	Suction excavation services & equipment	England & Wales	100
Jamie-Lee Cooper Limited	Dormant	Scotland	100
Readypower Plant Limited	Dormant	England & Wales	100
Readypower Canada Limited	Rail infrastructure services & equipment	Canada	100
Total Rail Solutions Limited	Dormant	England & Wales	100

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

9. Financial instruments by category

31 December 2023	Note	Financial assets at amortised cost
		£'000
Financial assets as per balance sheet		
Loans receivable	10	721,367
Trade and other receivables	10	3,608
Cash and cash equivalents	10	419
Total		<u><u>725,394</u></u>
		Financial liabilities at amortised cost
		£'000
Financial liabilities as per balance sheet		
Loans payable	12	721,543
Trade and other payables	13	3,619
Total		<u><u>725,162</u></u>
31 December 2022		
		Financial assets at amortised cost
		£'000
Financial assets as per balance sheet		
Loans receivable	10	795,104
Trade and other receivables	10	2,588
Cash and cash equivalents	10	436
Total		<u><u>798,128</u></u>
		Financial liabilities at amortised cost
		£'000
Financial liabilities as per balance sheet		
Loans payable	12	795,280
Trade and other payables	13	2,597
Total		<u><u>797,877</u></u>

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

10. Financial assets

Other financial assets at amortised cost

	31 December 2023	31 December 2022
	£'000	£'000

Amounts falling due after more than one year

Loans to wholly-owned subsidiaries	721,367	795,104
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As at 31 December 2023, the Company has the following loans issued to Angel Trains Group Limited.

The subordinated shareholder loan amounts to £481,711,000 (2022: £481,711,000) and is unsecured, interest free and has no fixed maturity date. The directors have confirmed that there is currently no intention that the loan will be called for repayment within the next 12 months.

As at 31 December 2023, the Company had loans issued to Angel Trains Group Limited totalling £266,000,000 (2022: £325,000,000). This comprises of a loan amount of £116,000,000 which is unsecured and bears interest at the floating rate plus a margin and has no fixed maturity date; a further loan amount of £25,000,000 is unsecured and bears interest at the fixed coupon rate plus a margin and has no fixed maturity date; and a loan amount of £125,000,000 is unsecured and bears interest at the fixed coupon rate plus a margin and has no fixed maturity date.

For the year ending 31 December 2023, the directors estimate the fair value of the Company's fixed rate and interest free loans receivables to be as follows: £599,619,000 (2022: £649,927,000)

Trade and other receivables

	31 December 2023	31 December 2022
	£'000	£'000

Amounts falling due within one year

Amounts owed by group companies	3,608	2,588
	3,608	2,588

The directors consider that the carrying amount of trade and other receivables approximates to their fair value and is comprised mainly of interest accrued on the unsecured loans receivable.

The directors consider that the carrying amount of the Company's variable rate loans receivables approximates to their fair value.

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. The carrying amount of these assets approximates to their fair value.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

11. Called up share capital

	31 December 2023	31 December 2022
	£	£
Authorised:		
100,000,000 (2022: 100,000,000) Ordinary shares of £1 each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
112,360 (2022: 112,360) Ordinary shares of £1 each	112,360	112,360
	<u>112,360</u>	<u>112,360</u>

12. Loans payable

	31 December 2023	31 December 2022
	£'000	£'000
Amounts falling due after one year		
Loans from group undertakings	721,543	795,280
	<u>721,543</u>	<u>795,280</u>

All the Company's carrying amounts are denominated in Sterling.

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

	31 December 2023	31 December 2022
Loans from group undertakings	3.14%	2.58%
	<u>3.14%</u>	<u>2.58%</u>

The directors consider that the carrying amount of the Company's variable rate borrowings approximates to their fair value.

As at 31 December 2023 the Company has the following loans from Group company Willow Holdco 1 Limited.

The subordinated shareholder loan amounts to £481,888,000 (2022: £481,888,000) and is unsecured, interest free and has no fixed maturity date. The directors have received confirmation from the lender that there is currently no intention that the interest free loans will be called for repayment within the next 12 months.

During 2016, the Company entered into a £25,000,000 subordinated shareholder loan which bears interest at the fixed coupon rate plus a margin. The amount outstanding up to 31 December 2023 is £25,000,000 (2022: £25,000,000). The loan is unsecured and has no fixed maturity date.

During 2016, the Company entered into a £25,000,000 subordinated shareholder loan which bears interest at the fixed coupon rate plus a margin. During the year, this loan was repaid in full (2022: £25,000,000). The loan was unsecured and had no fixed maturity date.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

12. Loans payable (continued)

During 2017, the Company entered into a £100,000,000 subordinated shareholder loan which bears interest at the floating coupon rate plus a margin. The amount outstanding up to 31 December 2023 is £66,000,000 (2022: £100,000,000). The loan is unsecured and has no fixed maturity date.

During 2019, the Company entered into a £50,000,000 subordinated shareholder loan which bears interest at the floating coupon rate plus a margin. The amount outstanding up to 31 December 2023 is £50,000,000 (2022: £50,000,000). The loan is unsecured and has no fixed maturity date.

During 2020, the Company entered into a £125,000,000 subordinated shareholder loan which bears interest at the fixed coupon rate plus a margin. The amount outstanding up to 31 December 2023 is £125,000,000 (2022: £125,000,000). The loan is unsecured and has no fixed maturity date.

For the year ending 31 December 2023, the directors estimate the fair value of the Company's fixed rate and interest free loans payable to be as follows: £599,619,000 (2022: £649,927,000)

13. Trade and other payables

	31 December 2023	31 December 2022
	£'000	£'000
Interest accruals on loans from group undertakings	3,619	2,597
	3,619	2,597
	3,619	2,597

Trade payables and accruals comprise amounts outstanding for ongoing costs and accruals for intercompany expenses.

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

14. Current tax liabilities

	31 December 2023	31 December 2022
	£'000	£'000
Amounts owed to other group companies	26	23
	26	23
	26	23

At 31 December 2023, the Company had current tax liabilities of £26,000 (2022: £23,000) payable to other group companies. The amounts owed to other group companies are unsecured and will be settled within the next 12 months.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

15. 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 £2,447,558,000 (of which £1,742,558,000 (2022: £1,723,044,000) remains outstanding) Senior term and revolving credit facilities agreements.

Willow Holdco 1 Limited

£266,000,000 (of which £266,000,000 (2022: £325,000,000) has been drawn down) Junior facility agreements.

The Great Rolling Stock Company PLC, entered into a £4,000,000,000 (of which £607,200,000 (2022: £665,416,000) has been drawn down) Bond programme for the issuance of secured guaranteed notes.

16. Parent companies

The Company's immediate parent company is Willow Holdco 1 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 2nd Floor Gaspe House, 66 - 72 Esplanade, St Helier, JE1 1GH, Jersey.

Willow Holdco 1 Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Willow Holdco 1 Limited can be obtained from 2nd Floor Gaspe House, 66 - 72 Esplanade, St Helier, JE1 1GH, Jersey.

17. Related party transactions

In addition to the subsidiaries listed in note 8 and the parent companies noted in note 16 and the directors, the Company has related party relationships with the following Group members:

Angel Trains Holdings Limited. The registered office is 2nd Floor Gaspe House, 66 - 72 Esplanade, St Helier, JE1 1GH, Jersey.

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

Trading transactions

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

31 December 2023

	Income	Purchases	Interest received	Interest paid	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000	£'000	£'000
Parent	-	3	-	26,149	-	725,151
Subsidiaries	105,000	34	26,301	-	724,975	-
Total	105,000	37	26,301	26,149	724,975	725,151

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

17. Related party transactions (continued)

31 December 2022

	Income	Purchases	Interest received	Interest paid	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000	£'000	£'000
Parent	-	5	-	19,156	-	797,868
Subsidiaries	124,600	36	19,318	-	797,692	-
Total	124,600	41	19,318	19,156	797,692	797,868

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, in respect of the related party transactions. During the year ending 31 December 2023 there were dividends received of £105,000,000 (2022: £124,600,000) and dividends paid of £105,100,000 (2022: £124,800,000).

Compensation of key management personnel

None of the directors received any emoluments for their services to the Company during the year ended 31 December 2023 (2022: £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 (2022: none).

18. Dividends paid

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
	Pence per share	Pence per share	Total £'000	Total £'000
Dividends	93,539.00	111,072.00	105,100	124,800

Dividends of £105.1m (2022: £124.8m) were paid by the Company during the year to 31 December 2023.

19. Risk management

The major risks associated with the Company's business are market risk, credit risk and liquidity risk. The management of these risks are carried out on 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.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

19. Risk management (continued)

Market risk

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

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

The Company's activities expose it primarily to the financial risks of changes in interest rates. The Company manages the market risk through its risk framework, which is continually evolving as business activities change.

The Company's sensitivity to interest rates are neutral due to the financial assets variable rate debt instruments offsetting the financial liabilities variable rate debt.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate financial assets and liabilities, the analysis is prepared assuming the amount of financial asset/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.

As at balance sheet date, the company is in a net £nil floating rate asset/liabilities position and is therefore not impacted with change in interest rates.

		2023	2022
	Variability	£'000	£'000
Interest rates	+1%	-	-
Interest rates	-1%	-	-

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, 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. The Company does not hold collateral over these balances.

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

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns. The credit on group undertakings £724,975,000 (2022: £797,692,000) is not past due. Trade and other receivables are not past due.

Liquidity risk

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

Liquidity management within the Company focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations. For loans payable refer to note 12. For trade and other payables refer to note 13. The Company's policy is to negotiate and agree terms and conditions with its suppliers.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

19. Risk management (continued)

Liquidity risk (continued)

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.

	Within one year	Between two and five years	Over five years	Total
2023	£'000	£'000	£'000	£'000
Trade and other payables	3,619	-	-	3,619
Interest payable	15,004	-	-	15,004
Loans from group undertakings	-	721,543	-	721,543
Total	18,623	721,543	-	740,166

	Within one year	Between two and five years	Over five years	Total
2022	£'000	£'000	£'000	£'000
Trade and other payables	2,597	-	-	2,597
Interest payable	12,707	-	-	12,707
Loans from group undertaking	-	795,280	-	795,280
Total	15,304	795,280	-	810,584

For details of loans from group undertakings refer to note 12.

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 consist of debt, which includes the borrowings disclosed in note 12, cash and cash equivalents and equity attributable to equity holders of the Company.

Willow Holdco 2 Limited

NOTES TO FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2023 (continued)

20. Non-cash transactions

During the year ended 31 December 2023, the Company entered into the following non-cash financing and investing activities which are not reflected in the statement of cash flows:

- Loans receivable increased by £1,020,300 by way of interest receivable being capitalised to loans receivable.
- Loans payable increased by £1,020,300 by way of interest payable being capitalised to loans payable.

21. Reconciliation of liabilities arising from financing activities

	Loans payable (note 12)
	£'000
At 1 January 2022	797,799
Non-cash changes*	381
Capital contribution adjustment	<u>(2,900)</u>
At 31 December 2022	795,280
Financing cash flows	(59,000)
Non-cash changes*	363
Capital contribution adjustment	<u>(15,100)</u>
At 31 December 2023	<u>721,543</u>

*Non-cash changes include interest accruals.

22. Events after the balance sheet date

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