Company registration number: 09978017

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

ROCK RAIL MOORGATE (HOLDINGS) LIMITED

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ROCK RAIL MOORGATE (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	D J Helmsley (Chairman) G K W Dunbar M Tarasiuk M R Swindell
Company secretary	N S English
Registered number	09978017
Registered office	Capital Tower 91 Waterloo Road London SE1 8RT
Independent auditors	KPMG LLP 15 Canada Square London E14 5GL
Bankers	Lloyds Bank plc 10 Gresham Street London EC2V 7AE
Solicitors	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH

ROCK RAIL MOORGATE (HOLDINGS) LIMITED

CONTENTS

ROCK RAIL MOORGATE (HOLDINGS) LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

Review of the business

The sole activity of Rock Rail Moorgate (Holdings) Limited (the "Company") is as a holding company for its subsidiary, Rock Rail Moorgate Plc (collectively the "Group") which is engaged in the funding, ownership and future leasing of a fleet of class 717 electric trains manufactured by Siemens plc.

On 17 February 2016, the Group entered into manufacturing and supply agreement and loan documentation to fund the construction and delivery of new trains and, when accepted into passenger service, to lease these trains to Govia Thameslink Railways (“GTR”) to run on the Great Northern Route from Moorgate Station. GTR is responsible for the maintenance of the trains.

Financial performance and position of the business

The group made a loss before tax of £505,745 for the year ended 31 December 2017, in line with its operating budget and as expected from the pre-delivery phase of the project when no lease revenue is generated.

The company’s position remains consistent in all material respects with the financial forecasts prepared at the time of financial close in February 2016.

Future developments

The group is currently focussed on meeting its obligations under its contracts and monitoring the performance of Siemens as it starts to manufacture the class 717 trains. This activity will continue to throughout 2018 with preliminary acceptance of the first unit due in August and full fleet accepted by the end of the year. During this period, lease rental income will start to become due.

Key performance indicators ("KPIs")

The main KPI is performance against operating budget. Currently the business is in its pre delivery phase as discussed above with costs incurred in line with the operating budget.

Principal risks and uncertainties

The principle current risk to the business is the potential loss of rental income arising from a delay in bringing the trains into service. The timely delivery of the trains is the responsibility of the manufacturer and contractual provisions are in place to protect the group in the event of late delivery. Rock Rail Moorgate Management Limited monitors the manufacturers’ performance on behalf of the group against agreed milestones and, with group approval, agrees any remedial action required to ensure that that the delivery of the trains is in line with contractual commitments.

Upon leasing of the trains, the main risk for the business during the initial franchise period will relate to the credit of the counterparty as lease rentals are fixed. On franchise renewal, the market rental rates prevailing at that time which will influence the rental that the business can charge.

Financial risk management

The obligations to fund the purchase of the trains has been fully met through fixed rate loans, some of which have been drawn down in line with the terms of these agreements, the balance of which are contractually committed by the lenders. Cashflow is carefully monitored against the operating budget and the available financing.

Going concern

The consolidated statement of comprehensive income shows a loss for the period of £429,701 (2016: £377,711) and the consolidated statement of financial position at 31 December 2017 reports net liabilities of £757,412 (2016: £327,711). The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and this is considered in more detail in note 1.3 of the accounts.

This report was approved by the board and signed on its behalf.

D J Helmsley (Chairman)
Director

Date:

ROCK RAIL MOORGATE (HOLDINGS) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors

The directors who served during the year were:

D J Helmsley (Chairman)
G K W Dunbar
M Tarasiuk
M R Swindell

Dividend

The Directors do not recommend the payment of a dividend (2016: no dividend).

Matters covered in the strategic report

A review of the business and principal risks and uncertainties are not shown in the directors' report as this information is included within the strategic report under s.414c(11) of the Companies Act 2006.

Political and charitable donations

The Group made no political or charitable donations during the period (2016: £nil).

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board and signed on its behalf.

D J Helmsley (Chairman)
Director

Date:

Capital Tower
91 Waterloo Road
London
SE1 8RT

ROCK RAIL MOORGATE (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, natters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company’s transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCK RAIL MOORGATE (HOLDINGS) LIMITED

1. Our opinion is unmodified

We have audited the financial statements of Rock Rail Moorgate (Holdings) Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at and of the Group's loss for the year then ended;
- The Group and parent company financial statements have been properly prepared in accordance with with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standards. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters. These matters were addressed in the context of, and solely for the purpose 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.

	The risk	Our response
Assets under construction (£92 million; 2016: £86 million) *Refer to page 16 (accounting policy) and page 21 (financial disclosures).*	**Accounting application** Although we do not consider assets under construction to be an area with a high risk of significant misstatement, or requiring a significant level of judgement, it is considered to be one of the key drivers of financial position and as such had the greatest effect on our audit and allocation of resources in the planning and completing our audit. Significant costs are capitalised in relation to the construction of rolling stock. The capitalisation of these costs require judgement from the directors as to what can be capitalised under FRS102.	Our procedures included: — **Tests of Details**; Selecting a sample of capitalised costs and agreeing these to supporting documentation, assessing whether they have been appropriately capitalised. Additionally, we selected a sample of costs which were not capitalised and agreed these to supporting documentation, assessing whether they should have been capitalised.
Loan facilities and loan notes (£101 million; 2016: £99 million) *Refer to page 17 (accounting policy) and page 23 (financial disclosures).*	**Accounting treatment** Although we do not consider loan facilities or loan notes to be an area with a high risk of significant misstatement, or requiring a significant level of judgement, it is considered to be one of the key drivers of financial position and as such had the greatest effect on our audit and allocation of resources in the planning and completing our audit. The directors must treat the loans and loan notes correctly as required under FRS102. **Calculation error** The measurement of the loan at amortised cost requires the directors to use the effective interest rate method which is a complex calculation.	Our procedures included: — **Accounting analysis:** We evaluated the directors' choice of accounting policy by comparing this with the requirements of FRS102. — **Reperformance:** We recalculated the effective interest rate calculation based on the interest rates and other terms included in loan agreements (which were agreed back to source documentation) for each of the loans to assess whether the directors calculation was materially misstated.

3. Our application of group materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £500k (*2016: £530k*) determined with reference to a benchmark of group total assets, of which it represents 0.5%. We consider total assets to be the most appropriate benchmark as the group is still in the construction phase of the project and has not yet started to generate revenue from leasing the rolling stock.

Materiality for the parent company financial statements as a whole was set at £210k (*2016: £210k*), determined with reference to a benchmark of company total assets, of which it represents 0.5%.

We agreed to report to the board any corrected or uncorrected identified misstatements exceeding £30k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

We subjected the group's only subsidiary to a full scope audit for group reporting purposes.

4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

May 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	*29 January to 31 December 2016* *£*
Operating expenses	4	**(520,211)**	*(483,034)*
Operating loss		**(520,211)**	*(483,034)*
Interest receivable and similar income		**26,523**	*44,375*
Interest payable and expenses		**(12,057)**	*(234)*
Loss before taxation		**(505,745)**	*(438,893)*
Tax on loss	5	**76,044**	*61,182*
Loss for the financial year		**(429,701)**	*(377,711)*
Total comprehensive income		**(429,701)**	*(377,711)*

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The result for the financial year has been derived from continuing activities.

The notes on pages 15 to 26 form part of these financial statements.

ROCK RAIL MOORGATE (HOLDINGS) LIMITED
REGISTERED NUMBER:09978017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note		2017 £		*2016 £*
Fixed assets					
Assets in the course of construction	6		**91,812,738**		*85,653,290*
			91,812,738		*85,653,290*
Current assets					
Debtors	9	**262,334**		*70,907*	
Cash at bank and in hand		**8,819,207**		*13,520,764*	
		9,081,541		*13,591,671*	
Creditors: amounts falling due within one year	10	**(214,749)**		*(91,807)*	
Net current assets			**8,866,792**		*13,499,864*
Total assets less current liabilities			**100,679,530**		*99,153,154*
Creditors: amounts falling due after more than one year	11		**(101,436,942)**		*(99,480,865)*
Net liabilities			**(757,412)**		*(327,711)*
Capital and reserves					
Called up share capital	14		**50,000**		*50,000*
Profit and loss account			**(807,412)**		*(377,711)*
Shareholders' deficit			**(757,412)**		*(327,711)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D J Helmsley (Chairman)
Director

Date:

The notes on pages 15 to 26 form part of these financial statements.

ROCK RAIL MOORGATE (HOLDINGS) LIMITED
REGISTERED NUMBER:09978017

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note		2017 £		*2016 £*
Fixed assets					
Investments	7		**50,000**		*50,000*
			50,000		*50,000*
Current assets					
Debtors: including £43,442,529 (2016: £42,238,459) due after more than one year	9	**43,462,139**		*42,258,069*	
Cash at bank and in hand		**11,420**		*7,250*	
		43,473,559		*42,265,319*	
Creditors: amounts falling due within one year	10	**(19,576)**		*(19,576)*	
Net current assets			**43,453,983**		*42,245,743*
Total assets less current liabilities			**43,503,983**		*42,295,743*
Creditors: amounts falling due after more than one year	11		**(43,530,612)**		*(42,308,819)*
Net assets assets			**(26,629)**		*(13,076)*
Capital and reserves					
Called up share capital	14		**50,000**		*50,000*
Profit and loss account			**(76,629)**		*(63,076)*
Shareholders' deficit			**(26,629)**		*(13,076)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D J Helmsley (Chairman)
Director

Date:

The notes on pages 15 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	**50,000**	**(377,711)**	**(327,711)**
Comprehensive income for the year			
Loss for the year	**-**	**(429,701)**	**(429,701)**
Total comprehensive income for the year	**-**	**(429,701)**	**(429,701)**
At 31 December 2017	**50,000**	**(807,412)**	**(757,412)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive income for the period			
Loss for the period	**-**	**(377,711)**	**(377,711)**
Total comprehensive income for the period	**-**	**(377,711)**	**(377,711)**
Shares issued during the period	**50,000**	**-**	**50,000**
At 31 December 2016	**50,000**	**(377,711)**	**(327,711)**

The notes on pages 15 to 26 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	**50,000**	**(63,076)**	**(13,076)**
Comprehensive income for the period			
Loss for the year	**-**	**(13,553)**	**(13,553)**
Total comprehensive income for the year	**-**	**(13,553)**	**(13,553)**
At 31 December 2017	**50,000**	**(76,629)**	**(26,629)**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive income for the period			
Loss for the period	**-**	**(63,076)**	**(63,076)**
Total comprehensive income for the period	**-**	**(63,076)**	**(63,076)**
Contributions by and distributions to owners			
Shares issued during the period	**50,000**	**-**	**50,000**
At 31 December 2016	**50,000**	**(63,076)**	**(13,076)**

The notes on pages 15 to 26 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	*2016* £
Cash flows from operating activities		
Loss for the financial year	**(429,701)**	*(377,711)*
Adjustments for:		
Interest paid	**12,057**	*234*
Interest received	**(26,523)**	*(44,375)*
Taxation charge	**(76,044)**	*-*
(Increase) in debtors	**(115,383)**	*(70,907)*
Increase in creditors	**122,942**	*91,807*
Net cash generated from operating activities	**(512,652)**	*(400,952)*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(6,159,448)**	*(89,007,481)*
Interest received	**26,523**	*44,375*
Net cash from investing activities	**(6,132,925)**	*(88,963,106)*
Cash flows from financing activities		
Proceeds from issue of share capital	**-**	*50,000*
Proceeds from issue of long term senior debt	**1,956,077**	*61,460,301*
Proceeds from loan from shareholders	**-**	*41,374,755*
Interest paid	**(12,057)**	*(234)*
Net cash used in financing activities	**1,944,020**	*102,884,822*
Net (decrease)/increase in cash and cash equivalents	**(4,701,557)**	*13,520,764*
Cash and cash equivalents at beginning of year	**13,520,764**	*-*
Cash and cash equivalents at the end of year	**8,819,207**	*13,520,764*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**8,819,207**	*13,520,764*
	8,819,207	*13,520,764*

The notes on pages 15 to 26 form part of these financial statements.

1. Accounting policies

1.1 General information and basis of preparation

Rock Rail Moorgate (Holdings) Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The address of the registered office is given in the company information page on page 1 of these financial statements and has the same principal place of trading.

These financial statements are the consolidated financial statements of Rock Rail Moorgate (Holdings) Limited (the "Company") and its subsidiary Rock Rail East Anglia Plc (collectively known as the "Group") for the year to 31 December 2017.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The principal activity of the company is that of a holding company for its subsidiary. The presentational and functional currency of these financial statements is sterling. The financial statements have been rounded to the nearest £1.

Rock Rail Moorgate (Holdings) Limited meets the definition of a qualifying entity under FRS 102, paragraph 1.8 - 1.12 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

The following exemptions have been applied:

• reconciliation of the number of shares outstanding from the beginning to end of the period;

• no separate parent company Cash Flow Statement with related notes is included; and

• Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31st December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries, are carried at cost less impairment.

1. Accounting policies (continued)

1.3 Going concern

The consolidated statement of comprehensive income shows a loss for the period of £429,701 (2016: £377,711) and the consolidated statement of financial position at 31 December 2017 reports net liabilities of £757,412 (2016: £327,711). The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors have reviewed the cash flow projections of the Group taking into account:

• the forecast revenue and operating cash flows from the underlying operations;

• the forecast level of capital expenditure; and

• the Group's funding structure and the facilities that are available.

As a result of the review, having made appropriate enquiries of management and allowing for headroom to accommodate a reasonable downside scenario, the Directors have a reasonable expectation that sufficient funds are available to meet the funding requirement over a period of at least 12 months from the date of the financial statements. Accordingly the Directors have a reasonable expectation that they will continue as a going concern and the financial statements have been prepared on that basis.

1.4 Interest receivable and interest payable

Interest payable relates to interest due on loans from group undertakings and on senior debt borrowed to finance the manufacturing of the trains. Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method.

1.5 Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, which take substantial time to become ready for their use or sale, are capitalised as part of those assets. All other borrowing costs are expensed.

1.6 Tangible fixed assets

Assets in the course of construction are carried at cost, less any recognised impairment loss. Costs capitalised include invoices from Siemens relating to construction of the assets, professional fees and borrowing costs capitalised in line with the accounting policy outlined above. Depreciation of these assets commences when the assets are ready for use.

1. Accounting policies (continued)

1.7 Impairment of property, plant and equipment and operating lease assets

At each balance sheet date, or more frequently when events or changes in circumstances dictate, property, plant and equipment are assessed for indicators of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's or the cash-generating unit's net selling price and its value in use. Net selling price, if available, is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre tax basis.

The carrying values of assets are written down by the amount of any impairment and the loss is recognised in the Statement of Comprehensive Income in the year in which it occurs. A previously recognised impairment loss relating to an asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the asset's recoverable amount.

The carrying amount of the asset will only be increased up to the amount that would have been had the original impairment not been recognised. For conducting impairment reviews, cash generating units are the lowest level at which management monitors the return on investment on assets.

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

1.8 Basic financial instruments

Trade and other debtors / creditors

Trade and other detbors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to intial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as component of cash and cash equivalents for the purpose only of the cash flow statement.

1. Accounting policies (continued)

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.
Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1. Accounting policies (continued)

1.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

2. Employees

During the period there were no employees other than the directors.

3. Directors remuneration

The remuneration received by the Directors during the year in relation to the services that the Directors provide was not material.

4. Auditors' remuneration

	2017 **£**	*2016* *£*
Audit of these financial statements	**12,875**	*17,500*
Audit of financial statements of subsidiaries of the company	**5,150**	*5,000*

5. Taxation

	2017 **£**	*2016* *£*
Total current tax	**-**	*-*
Deferred tax		
Origination and reversal of timing differences	**91,290**	*61,182*
Adjustment in respect of previous periods	**(4,590)**	*-*
Effect of changes in tax rates	**(10,656)**	*-*
Total deferred tax	**76,044**	*61,182*
Taxation on (loss) on ordinary activities	**76,044**	*61,182*

5. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 19.25% *(2016 - 20%)*. The differences are explained below:

	2017 £	*2016* *£*
Loss on ordinary activities before tax	**(505,745)**	*(438,894)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	**(97,355)**	*(87,778)*
Effects of:		
Expenses not deductible for tax purposes	**6,065**	*13,167*
Adjustment from previous periods	**4,590**	-
Effect of changes in tax rates	**10,656**	*10,797*
Current year losses for which no deferred tax was recognised	**-**	*2,632*
Total tax charge for the year/period	**(76,044)**	*(61,182)*

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

6. Tangible fixed assets

Group

	Assets under construction £
Cost or valuation	
At 1 January 2017	**85,653,290**
Additions	**6,159,448**
At 31 December 2017	**91,812,738**
Net book value	
At 31 December 2017	**91,812,738**
At 31 December 2016	*85,653,290*

Assets under construction consist of construction progress payments provided to manufacturers for trains which will be leased to Simens Plc on completion under an operating lease.

During the year, £6,159,448 (2016: £5,081,446) of interest on the senior debt and debt from shareholders was capitalised into the asset under construction.

7. Fixed asset investments

Company

	Shares in group undertaking £
Cost or valuation	
At 1 January 2017	**50,000**
At 31 December 2017	**50,000**
Net book value	
At 31 December 2017	**50,000**
At 31 December 2016	*50,000*

8. Subsidiary undertaking

The following company was a subsidiary undertaking of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Rock Rail Moorgate Plc	England and Wales	Ordinary	100 %	Rolling stock lessor

The registered office of Rock Rail Moorgate Plc is Capital Tower, 91 Waterloo Road, London, SE1 8RT.

9. Debtors

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Due after more than one year				
Amounts owed by group undertakings	**-**	*-*	**43,442,529**	*42,238,459*
	-	*-*	**43,442,529**	*42,238,459*
Due within one year				
Other debtors	**125,108**	*9,725*	**19,610**	*19,610*
Deferred tax asset (see note 13)	**137,226**	*61,182*	**-**	*-*
	262,334	*70,907*	**43,462,139**	*42,258,069*

	Nominal interest rate	Year of maturity	Repayment schedule	2017 £	2016 £
Loan notes in Rock Rail Moorgate plc	5.77% rising to 9.26%	2047	30 instalments commencing March 2019	43,442,529	42,238,459

10. Creditors: Amounts falling due within one year

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Trade creditors	**124,001**	*14,118*	**-**	*-*
Accruals and deferred income	**90,748**	*77,689*	**19,576**	*19,576*
	214,749	*91,807*	**19,576**	*19,576*

11. Creditors: Amounts falling due after more than one year

Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's and Company's interest bearing loans and borrowings which are measured at amortised cost.

Creditors falling due in more than one year

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Interest bearing loans and borrowings	**101,436,942**	*99,480,865*	**43,446,982**	*42,248,848*
Amounts owed to group undertakings	**-**	*-*	**83,630**	*59,971*
	101,436,942	*99,480,865*	**43,530,612**	*42,308,819*

Amounts owed to group undertakings are subject to a rate of interest at 6% per annum.

Group

	Nominal interest rate	**Year of maturity**	**Repayment schedule**	**2017 £**	**2016 £**
Senior debt loan - lender 1	4.29%	2047	57 instalments commencing March 2019	57,989,960	57,232,017
Shareholder loan notes	5.76% rising to 9.26%	2047	30 instalments commencing March 2019	43,446,982	42,248,848

The senior debt is secured by a fixed and floating charge over the assets of Rock Rail Moorgate Plc.

Company

	Nominal interest rate	**Year of maturity**	**Repayment schedule**	**2017 £**	**2016 £**
Shareholder loan notes	5.76% rising to 9.26%	2047	30 instalments commencing March 2019	43,446,982	42,248,848

12. Financial instruments

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Financial assets				
Assets measured at amortised cost	**-**	*-*	**43,442,529**	*42,238,459*
Assets measured at fair value	**125,108**	*9,725*	**19,610**	*19,610*
	125,108	*9,725*	**43,462,139**	*42,258,069*
Financial liabilities				
Liabilities measured at fair value	**214,749**	*91,807*	**103,205**	*79,547*
Other financial liabilities measured at fair value through profit or loss	**101,436,942**	*99,480,865*	**43,446,982**	*42,248,848*
	101,651,691	*99,572,672*	**43,550,187**	*42,328,395*

Liquidity risk

The Company manages its liquidity risk by monitoring detailed cash flow forecasts which highlight liquidity issues to ensure funds are available when required.

Inerest rate risk

The Company utilises a mixture of fixed senior debt and shareholder debt financing to mitigate its exposure to interest rate risk.

13. Deferred tax asset

Group

	2017 £
At beginning of year	**61,182**
Charged to profit or loss	**76,044**
At end of year	**137,226**

	Group 2017 £
Accelerated capital allowances	**(1,443,309)**
Tax losses carried forward	**1,580,535**
	137,226

As the group is currently in the pre delivery phase of the project when no lease revenue is generated, the group expects a £nil net reversal of deferred tax assets and deferred tax liabilities in the next 12 months. In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £13,027 (2016: £13,155).

14. Share capital

	2017 £	*2016* *£*
Shares classified as equity		
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	**50,000**	*50,000*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15. Reserves

Profit and loss account

The reserve represents cumulative profits and losses of the company.

16. Financial commitments

The group is commited to the purchase of new rolling stock to be leased to Govia Thameslink Railways Limited. Amounts contracted for but not yet provided for in the financial statements amounted to £172.2m (2016: £172.2m). This will be funded by commited but undrawn amounts of senior debt notes.

17. Related party transactions

The group has taken advantage of exemptions conferred by FRS 102 from the requirement to make disclosures concerning 100% owned group undertakings in connection with group transactions.

During the period from 1 January 2017 to 31 December 2017 Rock Rail Moorgate Plc incurred expenses for management services of £232,435 (2016: £198,998) payable to Rock Rail Moorgate Management Limited, a shareholder of the Company. The payments are made on arm's length terms under a contract between Rock Rail Moorgate Plc and Rock Rail Moorgate Management Limited. At the year end there were no amounts due to Rock Rail Moorgate Management Limited.

18. Subsequent events

There have been no material events or circumstances that have occured after the balance sheet date, but prior to the signing of the financial statements that require disclosure or adjustment to balances and transactions that existed at the balance sheet date.

19. Ultimate Controlling party

The company is a subsidiary of SL Capital Infrastructure I LP. The Limited Partnership does not perform a consolidation and therefore this is the highest level that consolidated accounts are produced. The ultimate controlling party at 31 December 2017 was Standard Life Aberdeen Plc (formerly Standard Life Plc), by virtue of its indirect shareholding in the general partner of SL Capital Infrastructure I LP.