Company Registration No. 08111482 (England and Wales)

CROSS LONDON TRAINS FINANCE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

CROSS LONDON TRAINS FINANCE COMPANY LIMITED

COMPANY INFORMATION

Directors	Dr K Moeller	
	Mr A Pitt (Chairman)	
	Mr B Wetters	
	Mr G Beazley-Long	
	Ms A Leness	(Appointed 13 March 2019)
	Mr A Watson	(Appointed 1 February 2019)
	Mr J Pritchard	(Appointed 7 June 2019)
Secretary	HCP Social Infrastructure (UK) Ltd	
Company number	08111482	
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG	
Independent auditor	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX	

CROSS LONDON TRAINS FINANCE COMPANY LIMITED

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CROSS LONDON TRAINS FINANCE COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Principal activities
Cross London Trains Finance Company Limited (the "Company") is the principal financing company of a group of companies formed to deliver the Thameslink Rolling Stock Project, comprising the purchase, from Siemens, of 115 new Class 700 trains for leasing to the Train Operating Company responsible for the Thameslink passenger rail franchise ("the Project").

The loan notes of the Company are listed on The International Stock Exchange (TISE) in the Channel Islands.

Business review
The Company is incorporated in England and Wales under the Companies Act 2006.

A result before tax of £63,000 (2018: £Nil) has been made, in line with expectations. During the year there was finance income and expense of £20,314,000 (2018: £10,627,000) reflecting the interest on both the loan payable and receivable under the amortised cost method. As at the year end the company held total liabilities of £162,514,000 (2018: £112,677,000) and consequently total assets of £162,514,000 (2018: £112,677,000) in respect of the loan notes held by the company, which are on lent with the same terms to Cross London Trains Limited. The movement in the balance is due to the unwinding of the capitalised loan issue costs.

Principal risks and uncertainties
The Company is required to repay its loan notes when they mature. Proceeds of these loan notes were in turn loaned to a group company, Cross London Trains Limited. The Company faces the risk that Cross London Trains Limited will not generate sufficient cash flows to enable it to repay the loans and interest thereon, and hence the Company will not be able to repay the loan notes and interest thereon. As described in the financial statements of the parent company, Cross London Trains HoldCo 2 Limited, the risks associated with the Thameslink Rolling Stock Project, including revenue risk and interest rate risk, are mitigated at group level and hence the risk of default on this loan are considered minimal.

On behalf of the board

A C Pitt

Mr A Pitt (Chairman)
Director

3 December 2019

CROSS LONDON TRAINS FINANCE COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Cavill	(Resigned 13 March 2019)
Mr T Kashem	(Resigned 1 February 2019)
Dr K Moeller	
Mr S Moseley	(Resigned 13 March 2019)
Mr A Pitt (Chairman)	
Ms P Regge	(Resigned 15 May 2019)
Mr B Wetters	
Mr G Beazley-Long	
Ms A Leness	(Appointed 13 March 2019)
Mr A Watson	(Appointed 1 February 2019)
Mr J Pritchard	(Appointed 7 June 2019)
Mr A Ray	(Appointed 13 March 2019 and resigned 15 May 2019)

Results and dividends
The results for the year are set out on page 8.

The Directors do not recommend the payment of a dividend (2018: £nil)

Auditor
PricewaterhouseCoopers LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Registered office
The Company's Registered Office is 8 White Oak Square, Swanley, Kent, BR8 7AG.

Going concern
The Directors have reviewed the Group's cash flow forecasts and profit projections over the life of the project. The forecasts demonstrate that the Group expects to comply with its banking covenants and that the Company will meet its liabilities for the foreseeable future. The Company has net current liabilities of £Nil (2018: £63,000) due to intercompany balances which the counterparty Group Company has provided confirmation that they will not call due the amount for a minimum of 12 months from the date of approval of the financial statements. The Directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

On behalf of the board

A C Pitt

Mr A Pitt (Chairman)
Director

3 December 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CROSS LONDON TRAINS FINANCE COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Cross London Trains Finance Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Overview

- Overall materiality: £1,726,000, based on 1% of total assets.
- The company's financial statements comprise solely the principal financing company which was subject to a full scope audit.
- We have no key audit matters to report.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We determined that there were no key audit matters applicable to the company to communicate in our report.

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 is the principal financing company of a group of companies formed to deliver the Thameslink Rolling Stock Project. We conducted an audit on the complete financial information of the company as presented within these financial statements.

Materiality

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

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

- Overall materiality: £1,726,000
- How we determined it: 1% of total assets.
- Rationale for benchmark applied: The Company is the principal financing company of a group of companies formed to deliver the Thameslink Rolling Stock Project. It only has a loan receivable from a fellow subsidiary Company and debt listed in the International Stock Exchange. Therefore, total assets has been assessed as the most appropriate benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £86,000.

Conclusions relating to going concern
ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting
Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor, Edinburgh

3 December 2019

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £'000	2018 £'000
Administrative expenses		63	-
Interest receivable and similar income	**4**	20,314	10,627
Interest payable and similar expenses	**5**	(20,314)	(10,627)
Profit before taxation		63	-
Taxation	**6**	-	-
Profit for the financial year		63	-

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

CROSS LONDON TRAINS FINANCE COMPANY LIMITED

BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Non current assets					
Debtors falling due after one year	**7**		162,514		-
Current assets					
Debtors falling due within one year	**7**	10,157		112,677	
Creditors: amounts falling due within one year	**8**	(10,157)		(112,740)	
Net current liabilities			-		(63)
Total assets less current liabilities			162,514		(63)
Creditors: amounts falling due after more than one year	**8**		(162,514)		-
Net assets/(liabilities)			-		(63)
Capital and reserves					
Called up share capital	**10**		-		-
Profit and loss reserves			-		(63)
Total equity			-		(63)

The financial statements were approved by the board of directors and authorised for issue on 3 December 2019 and are signed on its behalf by:

A C Pitt

Mr A Pitt (Chairman)
Director

Company Registration No. 08111482

CROSS LONDON TRAINS FINANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Profit and loss reserves	Total
	£'000	£'000	£'000
Balance at 1 July 2017	-	(63)	(63)
Year ended 30 June 2018:			
Profit and total comprehensive income for the year	-	-	-
Balance at 30 June 2018	-	(63)	(63)
Year ended 30 June 2019:			
Profit and total comprehensive income for the year	-	63	63
Balance at 30 June 2019	-	-	-

1 Accounting policies

Company information

Cross London Trains Finance Company Limited is a company incorporated in England and Wales in the UK. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG. The principal activities of the Company are set out on page 1. The Company is limited by shares and is domiciled in the UK.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006. There were no material departures from that standard.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company’s ultimate parent undertaking, Cross London Trains HoldCo 2 Limited includes the Company in its consolidated financial statements. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

1.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The Directors have reviewed the Group's cash flow forecasts and profit projections over the life of the project. The forecasts demonstrate that the Group expects to comply with its banking covenants and that the Company will meet its liabilities for the foreseeable future. The Company has net current liabilities of £63,000 (2018: £63,000) due to intercompany balances which the counterparty Group Company has provided confirmation that they will not call due the amount for a minimum of 12 months from the date of approval of the financial statements. The Directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

1.3 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Interest bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method.

Non-interest bearing borrowings classified as basic financial instruments

Non-interest bearing borrowings are recognised initially at fair value with the difference between the fair value of the non-interest bearing borrowings and the fair value of the consideration received being recognised directly in equity. Subsequent to initial recognition other non-interest bearing loans are measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.4 Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit and loss using effective interest rate method and unwinding of the discount on provisions. Interest receivable and interest payable are recognised in the profit and loss account as they accrue using the effective interest rate method.

2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those 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 revision and future periods if the revision affects both current and future periods.

There were no judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

3 Operating result

The audit fee for the year was £3,500 (2018: £5,000). The audit and other administrative fees were borne by Cross London Trains Limited.

Amounts receivable by the Company's Auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Cross London Trains HoldCo 2 Limited.

The Company has no employees and hence no staff costs (2018: £nil). Certain directors have been paid by another group undertaking. No specific charge has been made to the Company in this regard (2018: £nil).

4 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest income		
Interest receivable from group companies	20,314	10,627

5 Interest payable and similar expenses

	2019 £'000	2018 £'000
Interest on loan notes	20,314	10,627

6 Taxation

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Result before taxation	63	-
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	12	-
Losses not recognised	(12)	-
Taxation for the year	-	-

7 Debtors

Amounts falling due within one year:	2019 £'000	2018 £'000
Amounts owed by group undertakings	10,157	112,677

Amounts falling due after more than one year:	2019 £'000	2018 £'000
Amounts owed by group undertakings	162,514	-
Total debtors	172,671	112,677

Amounts owed by group undertakings are made up of an interest free loan to Cross London Trains Limited in relation to the Subordinated A2 Loan notes held by the company. Amounts due within one year were received July 2019, amounts due after one year are due in a single instalment in 2039.

8 Creditors

Amounts falling due within one year:	Notes	2019 £'000	2018 £'000
Interest on A2 Loan notes payable to Galvani Bidco Limited, Innisfree PFI Secondary Fund 2 LP and Project Ventures Rail Investments 1 Limited		10,157	112,677
Amounts due to group undertakings		-	63
		10,157	112,740

Amounts falling due after one year:	Notes	2019 £'000	2018 £'000
Interest bearing loan notes payable to Galvani Bidco Limited, Innisfree PFI Secondary Fund 2 LP and Project Ventures Rail Investments 1 Limited		162,514	-
		162,514	-

9 Borrowings

	Notes	2019 £'000	2018 £'000
Interest bearing loan notes payable to Galvani Bidco Limited, Innisfree PFI Secondary Fund 2 LP and Project Ventures Rail Investments 1 Limited		162,514	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2019	2018
A1 Loan notes	GBP	8.83%	2018	-	108,343
A1B Loan notes	GBP	8.83%	2018	-	4,334
A2 Loan notes	GBP	12.5%	2039	162,514	-
				162,514	112,677

During the year the A1 and A1B Loan notes were repaid in full and new A2 Loan notes were issued. Repayment is due in a single instalment in 2039.

10 Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1

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.

11 Financial instruments

	2019 £'000	2018 £'000
Assets measured at amortised cost		
Loan receivable from Cross London Trains Limited	172,671	112,677
Liabilities measured at amortised cost		
Amounts owed to fellow group undertakings	-	(63)
Loan notes	(172,671)	(112,677)
	(172,671)	(112,740)

The Company's financial instruments include borrowings. The main purpose of these financial instruments is to raise finance for the Cross London Trains Group operations. The Company has not entered into derivative transactions. It is and has been throughout the year under review, the Company's policy that no trading in financial instruments be undertaken. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year.

Interest rate risk/inflation risk

The Company's exposure to adverse movements in interest costs and inflation on its borrowings is matched by an equal but opposite exposure on amounts owing from Cross London Trains Limited with the same maturity.

Credit Risk

The Company’s principal financial assets are other receivables. The Company’s credit risk is attributable to the loan due from Cross London Trains Limited. Cross London Trains Limited’s main income stream is from lease rentals, supported for a period of 20 years from acceptance of the first unit under an agreement with the Department for Transport, therefore the Company considers the probability of not recovering this loan to be minimal.

Capital risk management

The Company manages its capital to ensure it is able to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company comprises equity attributable to equity holders consisting of ordinary share capital, reserves and retained earnings.

Liquidity risk

The Company's policy has throughout the year been that, to ensure continuity of funding, all of its borrowings should be matched by amounts owing from Cross London Trains Limited, with the same maturity.

12 Related party transactions

As a wholly owned subsidiary of Cross London Trains Holdco 2 Limited, the company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the Cross London Trains Holdco 2 Limited group. A copy of the published financial statements of Cross London Trains Holdco 2 Limited can be obtained from companies house.

Cross London Trains Holdco 2 Limited is jointly controlled by its shareholders Project Ventures Rail Investments 1 Limited, Innisfree PFI Secondary Fund 2 LP and Galvani Bidco Limited. 3i Infrastructure plc sold its shareholding to Galvani Bidco Limited on 13th March 2019. These ultimate controlling parties are the holders of the loan notes issued by the company.

As at year end £54,171,000 (2018: £54,172,000) of loan notes were repayable to Galvani Bidco Limited (2018: 3i Infrastructure plc), £54,171,000 (2018: £54,172,000) of loan notes were repayable to Innisfree PFI Secondary Fund 2 LP and £54,171,000 (2018: £4,334,000) of loan notes were repayable to Project Ventures Rail Investments I Limited.

During the year £3,385,000 (2018: £4,784,000) of interest was paid to 3i Infrastructure plc, £3,386,000 (2018: £4,784,000) of interest was paid to Innisfree PFI Secondary Fund 2 LP and £3,386,000 (2018: £383,000) of interest was paid to Project Ventures Rail Investments I Limited.

As at year end £3,385,000 (2018: £Nil) of interest was due to Galvani Bidco Limited, £3,386,000 (2018: £Nil) of interest was due to Innisfree PFI Secondary Fund 2 LP and £3,386,000 (2018: £Nil) of interest was due to Project Ventures Rail Investments I Limited.

13 Controlling party

The Company is a subsidiary undertaking of Cross London Trains HoldCo Limited, registered office 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG. The ultimate controlling party and the smallest and largest group in which the results of the Company are consolidated is that headed by Cross London Trains HoldCo 2 Limited, registered office 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.