

Registered number 09918883

**ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

THURSDAY



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# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## CONTENTS

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Company Information	2
Group Strategic Report	3-4
Group Directors' Report	5
Directors' Responsibilities Statement	6
Independent Auditor's Report to the Members of Rock Rail East Anglia (Holdings) 2 Limited	7-11
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Company Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Financial Statements	18-33

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## COMPANY INFORMATION

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### **Directors**

D F Hobson  
M Tarasiuk  
M R Swindell  
N Ritter (resigned 22 January 2019)  
A N Chivers  
R McDonald (appointed 22 January 2019)

### **Group secretary**

J C Shepherd

### **Registered number**

09918883

### **Registered office**

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

### **Independent Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### **Solicitor**

Clifford Chance LLP  
10 Upper Bank Street  
London  
E14 5JJ

### **Banker**

Lloyds Bank plc  
10 Gresham Street  
London  
EC2V 7AE

# **ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED**

## **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Review of the business**

The sole activity of Rock Rail East Anglia (Holdings) 2 Limited (the “Company”) is as a holding company for its subsidiary, Rock Rail East Anglia plc (collectively the “Group”) which is engaged in the funding, ownership and leasing of a fleet of new electric multiple units and bi-mode unit trains manufactured by Stadler Bussnang AG (“Stadler”).

In October 2016, the Group entered into a manufacturing and supply agreement and loan documentation to fund the construction and delivery of the new trains. At the balance sheet date 30 units (1 EMU12 IC, 10 BMU3 and 19 BMU4) have been accepted and are on lease to Abellio East Anglia Limited to serve Norfolk and Suffolk. Abellio East Anglia Limited is responsible for the maintenance of the trains.

### **Financial performance and position of the business**

The Group made a profit before tax of £15,417k (2018: loss of £627k) for the year ended 31 December 2019, in line with its operating budget and as expected during the construction phase of the project. The units commenced acceptance on 23 July 2019 and have generated revenue of £2,432k (2018: £73k) with corresponding cost of sales of £906k (2018: £nil) as a result of the first depreciation charges being incurred. Liquidated damages of £15,027k (2018: £nil) from Stadler have been received during the year due to unit deliveries being behind schedule compared to the contract. The interest payable on bank loans and subordinated loans recognised in the Statement of Comprehensive Income has increased as accepted units enter the operational phase and the proportion of interest capitalised into fixed assets reduces. During the year £103,801k (2018: £199,438k) has been capitalised into fixed assets which is made up of payments of £79,335k (2018: £181,157k) to Stadler for the manufacture of units and £24,466k (2018: £18,281k) of other costs including interest capitalised of £22,552k (2018: £16,496k).

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

### **Future developments**

The Group is currently focussed on meeting its contractual obligations and monitoring the performance of Stadler in the manufacture and delivery of the trains. This focus will continue throughout 2020.

### **Key performance indicators (“KPI’s”)**

The main KPI is performance against operating budget. The project is being managed against a construction program and budget that the Directors monitor regularly and funding is in place to meet all the Group’s expected financing needs.

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### Principal risks and uncertainties

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.

### Covid-19

The Directors are monitoring the impact of Covid-19. Lease rentals are due under a 'hell or high water' lease and therefore continue to be paid. The Government is providing emergency management contracts to all operators to ensure that lease rental payments will continue.

### Financial risk management

The obligation 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 its 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 profit for the year of £12,810k (2018: loss of £525k) and the Consolidated Statement of Financial Position at 31 December 2019 reports net assets of £11,559k (2018: net liabilities of £1,251k). 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 is considered in more details in note 1.3 of the accounts.

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



R McDonald  
Director

Date:

20/5/20

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The Directors present their report and the financial statements for the year ended 31 December 2019.

### Directors

The Directors of the Company at 31 December 2019 and subsequent to the year end are listed on page 2.

### Dividend

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

### 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.

### Disclosure of information to the auditor

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 Group's and the Company's auditor is 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 auditor is aware of that information.

### Auditor

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.



R McDonald  
Director

Date:

20/5/20

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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The Directors are responsible for preparing the Strategic Report, Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company 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 estimates that are reasonable, relevant, reliable 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, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or parent 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 THE ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

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## 1 Our opinion is unmodified

We have audited the financial statements of Rock Rail East Anglia (Holdings) 2 Limited ("the Company") for the year ended 31 December 2019 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 31 December 2019 and of the Group's profit for the year then ended;
- the Group and parent Company financial statements have been properly prepared in accordance 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 have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. No non-audit services prohibited by that standard were provided.

## 2 Key audit matters: including 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. These matters 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. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2018).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED (CONTINUED)**

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	<b>The risk</b>	<b>Our response</b>
<p><b>Tangible fixed assets</b></p> <p>(£508 million; 2018: £405 million)</p> <p>Refer to page 20 (accounting policy) and page 26 (financial disclosures).</p>	<p><b>Accounting application</b></p> <p>Although we do not consider tangible fixed assets 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</p> <p>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.</p>	<p>Our procedures included:</p> <p><b>Tests of Details:</b> 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.</p>
<p><b>Loan facilities and loan notes</b></p> <p>(£705 million; 2018: £416 million)</p> <p>Refer to page 21 and 22 (accounting policy) and page 29 (financial disclosures).</p>	<p><b>Accounting treatment</b></p> <p>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.</p> <p>The Directors must treat the loans and loan notes correctly as required under FRS102.</p> <p><b>Calculation error</b></p> <p>The measurement of the loan at amortised cost requires the Directors to use the effective interest rate method which is a complex calculation.</p>	<p>Our procedures included:</p> <p><b>Accounting analysis:</b> We evaluated the Directors' choice of accounting policy by comparing this with the requirements of FRS102.</p> <p><b>Reperformance:</b> 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.</p>

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED (CONTINUED)**

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### **3 Our application of materiality and an overview of the scope of our audit**

Materiality for the Group financial statements as a whole was set at £7.2m (2018: £2.08m), determined with reference to a benchmark of group total assets, of which it represents 1% (2018: 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 is not yet generating revenue.

Materiality for the parent Company financial statements as a whole was set at £1m (2018: £0.46m), determined with reference to a benchmark of company total assets, of which it represents 1% (2018: 0.5%).

We agreed to report to the board any corrected or uncorrected identified misstatements exceeding £0.36m (2018: £0.10m) 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 in both 2019 and 2018.

### **4 We have nothing to report on going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- The global and regional economic impact of coronavirus
- The impact of a disorderly Brexit

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED (CONTINUED)**

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### **4 We have nothing to report on going concern (continued)**

Based on this work, 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 a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

### **5 We have nothing to report on the other information in the Annual Report**

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

### **Strategic Report and Directors' Report**

Based solely on our work on the other information:

- 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED (CONTINUED)**

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### **7 Respective responsibilities**

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, 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 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 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](http://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

Date: 22 May 2020

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Turnover	5	2,432	73
Cost of sales	6	(906)	-
<b>Gross profit</b>		<b>1,526</b>	<b>73</b>
Other operating income	5	15,027	-
Operating expenses	4	(1,055)	(1,128)
<b>Operating profit / (loss)</b>		<b>15,498</b>	<b>(1,055)</b>
Interest receivable and similar income		1,214	428
Interest payable and similar charges	8	(1,295)	-
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>15,417</b>	<b>(627)</b>
Tax on (profit) / loss	7	(2,607)	102
<b>Profit / (loss) for the financial year</b>		<b>12,810</b>	<b>(525)</b>
<b>Total comprehensive income / (deficit) for the year</b>		<b>12,810</b>	<b>(525)</b>

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

There were no recognised gains or losses during the year other than as recorded in the Statement of Comprehensive Income.

The notes on pages 18 to 33 form an integral part of these financial statements.

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		2019	2018
	Notes	£'000	£'000
<b>Fixed Assets</b>			
Tangible fixed assets	9	508,263	405,368
		<u>508,263</u>	<u>405,368</u>
<b>Current assets</b>			
Debtors: including £13k (2018: £10k) due after more than one year	12	2,428	345
Cash at bank and in hand		209,693	10,703
		<u>212,121</u>	<u>11,048</u>
Creditors: amounts falling due within one year	13	(8,539)	(1,438)
<b>Net current assets</b>		<u>203,582</u>	<u>9,610</u>
<b>Total assets less current liabilities</b>		711,845	414,978
Creditors: amounts falling due after more than one year	14	(700,286)	(416,229)
<b>Net assets / (liabilities)</b>		<u>11,559</u>	<u>(1,251)</u>
<b>Capital and reserves</b>			
Called up share capital	20	50	50
Retained earnings / (deficit)	21	11,509	(1,301)
<b>Shareholders' earnings / (deficit)</b>		<u>11,559</u>	<u>(1,251)</u>

The notes on pages 18 to 33 form an integral part of the financial statements.

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

*R McDonald*

R McDonald  
Director

Date:

*20/5/20*

Registered number 09918883

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed Assets</b>			
Investment in subsidiary	10	50	50
		<u>50</u>	<u>50</u>
<b>Current assets</b>			
Debtors: including £98,394k (2018: £94,752k) due after more than one year	12	100,796	95,361
		<u>100,796</u>	<u>95,361</u>
Creditors: amounts falling due within one year	13	(2,402)	(609)
		<u>(2,402)</u>	<u>(609)</u>
<b>Net current assets</b>		<u>98,394</u>	<u>94,752</u>
<b>Total assets less current liabilities</b>		<u>98,444</u>	<u>94,802</u>
Creditors: amounts falling due after more than one year	14	(98,513)	(94,831)
		<u>(98,513)</u>	<u>(94,831)</u>
<b>Net liabilities</b>		<u>(69)</u>	<u>(29)</u>
<b>Capital and reserves</b>			
Called up share capital	20	50	50
Retained deficit	21	(119)	(79)
<b>Shareholders' deficit</b>		<u>(69)</u>	<u>(29)</u>

The notes on pages 18 to 33 form an integral part of the financial statements.

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

*R McDonald*

R McDonald  
Director

Date: 20/5/20

Registered number 09918883

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
Balances at 1 January 2019	50	(1,301)	(1,251)
Profit and total comprehensive income for the year	-	12,810	12,810
Balances at 31 December 2019	50	11,509	11,559

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
Balances at 1 January 2018	50	(776)	(726)
Loss and total comprehensive deficit for the year	-	(525)	(525)
Balances at 31 December 2018	50	(1,301)	(1,251)

The notes on pages 18 to 33 form an integral part of the financial statements.

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
Balances at 1 January 2019	50	(79)	(29)
Loss and total comprehensive deficit for the year	-	(40)	(40)
Balances at 31 December 2019	50	(119)	(69)

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
Balances at 1 January 2018	50	(51)	(1)
Loss and total comprehensive deficit for the year	-	(28)	(28)
Balances at 31 December 2018	50	(79)	(29)

The notes on pages 18 to 33 form an integral part of the financial statements.

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £'000	2018 £'000
	<b>Notes</b>	
<b>Cash flows from operating activities</b>		
Profit / (loss) on ordinary activities after taxation	12,810	(525)
Depreciation	906	-
Interest paid	1,295	-
Interest receivable and similar income	(1,214)	(428)
Tax charge / (credit)	2,607	(102)
(Increase) / decrease in debtors	(2,324)	62
Increase in amounts owed by parent company	(3)	(4)
Increase in creditors	2,489	420
	<hr/>	<hr/>
<b>Net cash flows from operating activities</b>	16,566	(577)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	9 (103,801)	(199,438)
Interest received	1,214	428
	<hr/>	<hr/>
<b>Net cash flows used in investing activities</b>	(102,587)	(199,010)
<b>Cash flows from financing activities</b>		
Proceeds from issue of long term senior debt	282,664	79,333
Proceeds from loan from shareholders	3,642	3,391
Interest paid	(1,295)	-
	<hr/>	<hr/>
<b>Net cash flow from financing activities</b>	285,011	82,724
	<hr/>	<hr/>
<b>Net increase / (decrease) in cash and cash equivalents in the year</b>	198,990	(116,863)
<b>Cash and cash equivalents at the beginning of the year</b>	10,703	127,566
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	209,693	10,703
	<hr/>	<hr/>

The notes on pages 18 to 33 form an integral part of the financial statements.

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting policies

#### 1.1 General information and basis of preparation

Rock Rail East Anglia (Holdings) 2 Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered office of the Company is given in the company information page of these financial statements.

These financial statements are the consolidated financial statements of Rock Rail East Anglia (Holdings) 2 Limited (the "Company") and its subsidiary Rock Rail East Anglia plc (collectively known as the "Group") for the year end 31 December 2019.

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 (FRS102), 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 presentation and functional currency of these financial statements is sterling and are rounded to the nearest £'000.

Rock Rail East Anglia (Holdings) 2 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 year;
- no separate parent Company Cash Flow Statement with related notes is included; and
- key management personnel compensation.

The following principal accounting policies have been applied:

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting policies (continued)

#### 1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking made up to 31 December 2019. A subsidiary is an entity that is controlled by the parent. The results of the subsidiary undertaking is 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 Company financial statements, investments in subsidiaries, are carried at cost less impairment.

#### 1.3 Going concern

The financial statements have been prepared on the going concern basis which the directors consider appropriate for the reasons outlined below and where they have reviewed cash flow forecasts for a period of 12 months from the date of signing these financial statements. The Group has made a profit for the year of £12,810k (2018: loss of £525k) and has net assets of £11,559k (2018: net liabilities of £1,251k). The Directors have reviewed the Group's operations and made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group has the resources available to continue in operation for the foreseeable future and at least 12 months from the date of approval of these financial statements

In preparing these forecasts, the impact of Covid-19 has been considered. The transportation of the final manufactured trains to the UK suffered a limited delay, but there was no closure of the manufacturer's factory sites.

The Directors considered the uncertainty of Covid-19 and its impact on short and medium term cash liquidity. Appropriate enquiries with management and modelling a reasonable plausible downside scenario was made to conclude the Group has sufficient liquidity to cover short and medium term cash shortfalls in the unlikely event that the manufacturer of the trains is successful in a claim for contractual relief as a result of Covid-19. The majority of the fleet is in operation and once leasing of a train commences, rental receipts are on a 'hell or high water' basis (i.e. the operator's obligation to pay rent under the lease is not dependent on whether the trains are used or passenger demand), and an economic downturn has no effect on contracted rentals. In the event of an operator failure, the Department for Transport is expected to step in as the operator of last resort to fulfil its statutory duties to provide rail services and would take responsibility for contractual lease payments.

Under both its base-case scenario and reasonably plausible downside scenarios, the Directors consider that the Group is well positioned to manage risk during this period of economic uncertainty and is able to realise its assets and discharge its liabilities and commitments in the normal course of business.

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting policies (continued)

#### 1.3 Going concern (continued)

The Directors conclude that the cash reserves in place gives them confidence that the going concern basis remains appropriate.

#### 1.4 Interest receivable and payable

Interest payable relates to interest due on loans from shareholders borrowed to finance the manufacturing of the trains. Interest receivable and similar income include interest receivable on loans to group undertakings.

Interest income and interest payable are recognised 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 Stadler 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.

Rolling stock and other railway assets are depreciated on a straight line basis over their useful economic lives (35 years). Useful lives are reviewed annually.

#### 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 and operating lease assets 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.

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting policies (continued)

#### 1.7 Impairment of property, plant and equipment and operating lease assets (continued)

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 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 Turnover

Operating lease income is recognised on a straight line basis over the lease term.

#### 1.9 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors 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 arrangements constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of the future payments discounted at a market rate of interest 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 initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting policies (continued)

#### 1.10 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 disallowed 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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.

# ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting policies (continued)

#### 1.11 Provisions for liabilities (continued)

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group 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 this obligation, taking into account relevant risks and uncertainties.

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except, where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2. Employees

During the year the Group had no employees other than the Directors (2018: none).

### 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. Operating expenses

	Year Ended 31 December 2019 £'000	Year Ended 31 December 2018 £'000
Administrative expenses include the following:		
Audit of these financial statements	27	14
Audit of financial statements of subsidiaries of the Company	8	8

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 5. Turnover and other operating income

An analysis of turnover by class of business is as follows:

	Year Ended 31 December 2019 £'000	Year Ended 31 December 2018 £'000
Operating lease income	2,359	-
Design change	73	73
	<hr/> 2,432	<hr/> 73
Other operating income	<hr/> 15,027	<hr/> -

Other operating income represents the liquidated damages received during the year for late delivery of rolling stock under the Group's contract with its supplier. Liquidated damages are recognised when the manufacturer misses the scheduled delivery date.

All operating lease income, other operating income and income in respect of design change is generated within the UK.

#### 6. Cost of sales

	Year Ended 31 December 2019 £'000	Year Ended 31 December 2018 £'000
Depreciation of owned tangible fixed assets	<hr/> 906	<hr/> -

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 7. Taxation

	Year Ended 31 December 2019 £'000	Year Ended 31 December 2018 £'000
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	2,929	(114)
Adjustment from previous periods	(13)	-
Tax rate changes	(309)	12
<b>Total deferred tax</b>	<u>2,607</u>	<u>(102)</u>
<b>Taxation on profit / (loss) on ordinary activities</b>	<u>2,607</u>	<u>(102)</u>

#### Factors affecting tax charge / (credit) for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Year Ended 31 December 2019 £'000	Year Ended 31 December 2018 £'000
Profit / (loss) on ordinary activities before tax	<u>15,417</u>	<u>(627)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	2,929	(119)
<b>Effects of:</b>		
Deferred tax not recognised	-	5
Adjustment from previous periods	(13)	-
Tax rate changes	(309)	12
<b>Total tax charge / (credit) for the year</b>	<u>2,607</u>	<u>(102)</u>

Reductions in the UK corporation tax rate 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. The deferred tax asset at 31 December 2019 has been calculated based on these rates substantively enacted at the Statement of Financial Position date.

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 8. Interest payable and similar charges

	Year Ended 31 December 2019 £'000	Year Ended 31 December 2018 £'000
Interest on senior debt	1,036	-
Interest on subordinated loans	259	-
	1,295	-

#### 9. Tangible fixed assets

##### Group

Group	Assets under construction £'000	Rolling stock and other railway assets £'000	Total £'000
<b>Cost</b>			
At 1 January 2019	405,368	-	405,368
Additions	103,801	-	103,801
Transfers	(268,570)	268,570	-
At 31 December 2019	240,599	268,570	509,169
<b>Depreciation</b>			
At 1 January 2019	-	-	-
Charge for the year	-	906	906
At 31 December 2019	-	906	906
<b>Carrying amounts</b>			
At 31 December 2019	240,599	267,664	508,263
At 31 December 2018	405,368	-	405,368

Assets under construction consist of construction progress payments provided to manufacturers for trains which will be leased to Abellio East Anglia Limited on completion via an operating lease, legal and financial costs. The aggregate amount of finance costs included in the cost of tangible fixed assets is £51,089k (2018: £28,537k).

During the year £22,552k (2018: £16,496k) of interest on the senior debt and debt from a Group undertaking was capitalised into the asset under construction.

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 10. Fixed asset investment

##### Company

	Investments in subsidiary undertaking £'000
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	50
<b>Net book value</b>	
At 31 December 2019 and 31 December 2018	50

#### 11. Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Country of incorporation	Nature of business	Class of shares	Holding
Rock Rail East Anglia plc	England and Wales	Rolling stock lessor	Ordinary	100%

The registered office of Rock Rail East Anglia plc is Capital Tower, 91 Waterloo Road, London, SE1 8RT.

#### 12. Debtors

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
<b>Due after more than one year</b>				
Amounts owed by group undertaking	-	-	98,394	94,752
Amounts owed by parent company	13	10	-	-
<b>Due within one year</b>				
Other debtors	2,201	16	-	-
Prepayment and accrued income	214	74	2,402	609
Deferred taxation (see note 19)	-	245	-	-
<b>Total</b>	<b>2,428</b>	<b>345</b>	<b>100,796</b>	<b>95,361</b>

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 12. Debtors (continued)

	Nominal interest rate	Year of maturity	Repayment schedule	2019 £000	2018 £000
Loan notes in Rock Rail East Anglia plc	2% rising to 7%	2037	21 instalments commencing March 2027	98,394	94,752

#### 13. Creditors: amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Trade creditors	379	41	-	-
Other creditors	-	18	-	-
Senior debt	4,612	-	-	-
Accruals and deferred income	3,548	1,379	2,402	609
	<u>8,539</u>	<u>1,438</u>	<u>2,402</u>	<u>609</u>

#### 14. Creditors: amounts falling due after more than one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Senior debt	599,529	321,477	-	-
Shareholder loan notes	98,394	94,752	98,394	94,752
Deferred tax liability (see note 19)	2,363	-	-	-
Amounts owed to group undertaking	-	-	119	79
	<u>700,286</u>	<u>416,229</u>	<u>98,513</u>	<u>94,831</u>

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

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 15. Interest bearing loans and borrowings

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

	Nominal interest rate	Year of maturity	Repayment schedule	2019 £'000	2018 £'000
Senior debt – Lender 1	3.534%	2045	51 instalments commencing March 2020	545,687	290,353
Senior debt – Lender 2	3.362%	2044	50 instalments commencing March 2020	58,454	31,124
Shareholder loan notes	2% rising to 7%	2037	21 instalments commencing March 2027	98,394	94,752

The senior debt is secured by a fixed and floating charge over the assets of Rock Rail East Anglia (Holdings) 2 Limited.

The maturity profile of the carrying amount of non-current interest bearing loans and borrowings at 31 December 2019 was as follows:

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
In more than one year and less than two	8,091	4,612	-	-
In more than two years and less than five	25,219	25,106	-	-
In more than five years	664,613	386,511	98,394	94,752
	<u>697,923</u>	<u>416,229</u>	<u>98,394</u>	<u>94,752</u>

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 16. Analysis of changes in net debt

Group	1 January 2019 £'000	Cash flow £'000	Non-cash changes £'000	31 December 2019 £'000
<b>Cash and cash equivalents</b>				
Cash	10,703	198,990	-	209,693
	<u>10,703</u>	<u>198,990</u>	<u>-</u>	<u>209,693</u>
<b>Interest bearing loans and borrowings</b>				
Due within one year	-	-	(4,612)	(4,612)
Due after one year	(416,229)	(286,306)	4,612	(697,923)
	<u>(416,229)</u>	<u>(286,306)</u>	<u>-</u>	<u>(702,535)</u>
<b>Total net debt</b>	<u>(405,526)</u>	<u>(87,316)</u>	<u>-</u>	<u>(492,842)</u>

#### 17. Financial instruments

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
<b>Financial assets</b>				
Amounts owed by group undertaking	-	-	98,394	94,752
Amounts owed by parent company	13	10	-	-
Other debtors	2,201	16	-	-
Cash at bank	209,693	10,703	-	-
Assets measured at amortised cost	<u>211,907</u>	<u>10,729</u>	<u>98,394</u>	<u>94,752</u>
<b>Financial liabilities</b>				
Amounts owed to group undertaking	-	-	119	79
Trade creditors	379	41	-	-
Other creditors	-	18	-	-
Accruals and deferred income	3,548	1,379	2,402	609
Senior debt	604,141	321,477	-	-
Shareholder loan notes	98,394	94,752	98,394	94,752
Liabilities measured at amortised cost	<u>706,462</u>	<u>417,667</u>	<u>100,915</u>	<u>95,440</u>

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 17. Financial instruments (continued)

##### *Liquidity risk*

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

##### *Interest rate risk*

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

#### 18. Operating lease - lessor

Rolling stock assets are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	<b>Group 2019 £'000</b>	<b>Group 2018 £'000</b>
Less than one year	31,846	16,629
Between one and five years	141,831	141,831
More than five years	27,749	63,207
	<hr/> 201,426	<hr/> 221,667

During the year operating lease rentals of £2,359k (2018: £nil) was recognised as income by the Group. Current lease matures in October 2025 and has option to extend for one year.

#### 19. Deferred tax (liability)/asset

##### **Group**

	<b>2019 £'000</b>	<b>2018 £'000</b>
At 1 January 2019	245	143
Adjustment from previous periods (Charged)/credited to profit and loss	13 (2,621)	-
At 31 December 2019	<hr/> (2,363)	<hr/> 245

## ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 19. Deferred tax (liability)/asset (continued)

The deferred tax (liability)/asset is made up as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	(8,406)	(4,453)
Short term timing differences	2,145	4,698
Tax losses carried forward	3,898	-
Balance at the end of year	(2,363)	245

#### 20. Share capital

	2019 £'000	2018 £'000
Shares classified as equity		
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50	50

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.

#### 21. Reserves

##### Profit and loss account

The reserve represents cumulative profits and losses of the Group.

#### 22. Financial commitments

The Group is committed to the purchase of new rolling stock to be leased to Abellio East Anglia Limited. Amounts contracted for but not yet provided for in the financial statements amounted to £171.3m (2018: £250.6m). This will be funded by committed but undrawn amounts of senior debt notes.

#### 23. 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 year to 31 December 2019, the Group incurred charges for management services of £526k (2018: £611k) payable to Rock Rail East Anglia Management Limited, a shareholder of Rock Rail East Anglia (Holdings) 1 Limited, the ultimate holding company of Rock Rail East Anglia plc. The payments are made on arm's length terms under a contract between Rock Rail East Anglia plc and Rock Rail East Anglia Management Limited. At the year end, there were no amounts due to Rock Rail East Anglia Management Limited.

## **ROCK RAIL EAST ANGLIA (HOLDINGS) 2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **24. Subsequent events**

There have been no material events or circumstances that have occurred 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.

The Directors are monitoring the impact of Covid-19. Lease rentals are due under a 'hell or high water' lease and therefore continue to be paid. The Government is providing emergency management contracts to all operators to ensure that lease rental payments will continue.

#### **25. Ultimate controlling party**

The Company is a subsidiary of Rock Rail East Anglia (Holdings) 1 Limited which is a subsidiary of Mallard Investments LLP. Mallard Investments LLP is a joint venture between SL Capital Infrastructure I LP and GMPF and LPFA Infrastructure LLP. The ultimate controlling party as at 31 December 2019 was Standard Life Aberdeen plc, by virtue of its shareholding in the general partner of SL Capital Infrastructure I LP.