Company Registration No. 11080223 (United Kingdom)

CORELINK RAIL INFRASTRUCTURE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CORELINK RAIL INFRASTRUCTURE LIMITED

COMPANY INFORMATION

Directors	Michele Armanini Jed Brawley Thomas Crawley Miquel Costa Michael Woodhead Allison Ingram (Appointed 15 February 2021)
Company number	11080223
Registered office	Senator House 85 Queen Victoria Street London England EC4V 4AB
Auditor	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

CORELINK RAIL INFRASTRUCTURE LIMITED

CONTENTS

CORELINK RAIL INFRASTRUCTURE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Review of the business
The principal activity of Corelink Rail Infrastructure Limited during the year was the funding, ownership and leasing of fleets of Class 730 electric trains manufactured by Bombardier Transportation UK Limited ("BT") and Class 196 diesel trains manufactured by Construcciones y Auxiliar de Ferrocarriles S.A. ("CAF").

The Company is currently focused on meeting its contractual obligations, monitoring the performance of BT and CAF as they complete the manufacture of the Class 730 and Class 196 trains and continuing to accept the delivery of the first trains.

Principal risks and uncertainties facing the Partnership
The principal current risk facing the Company is the timely delivery of the trains. This is the responsibility of the train manufacturers, BT and CAF, and is monitored by Atkins Limited on behalf of the Company.

Upon delivery of the trains, and the commencement of the leasing activities, the main risk for the Company will relate to the credit of the counterparty. The Company will manage this risk by carrying out regular reviews of all counterparties to assess and evaluate their financial stability.

The financial risk policies of the group are detailed further in the directors report.

Key performance indicators
The main key performance indicator during the pre-delivery stage of the business is performance against operating budget. The Company is currently operating in line with the budget assumed at the date of its incorporation.

On behalf of the board

....
Thomas Crawley
Director
For Corelink Rail Infrastructure Limited

The directors present their annual report and audited financial statements for the year ended 31 December 2020.

Principal activities
The principal activity of the company continued to be that of funding, ownership and leasing of fleets of Class 730 electric trains manufactured by Bombardier Transportation UK Limited ("BT") and Class 196 diesel trains manufactured by Construcciones y Auxiliar de Ferrocarriles S.A. ("CAF").

On 11 December 2017 the company entered into manufacturing and supply agreements, loan arrangements and lease agreements to fund the construction and delivery of these trains and their subsequent lease to West Midlands Trains Limited.

Results and dividends
The profit for the year was £16,210k (2019: profit of £3,647k)

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2019: £nil).

No preference dividends were paid. The directors do not recommend payment of a final dividend (2019: £nil).

Future developments
The company is currently focused on meeting its contractual obligations, monitoring the performance of BT and CAF as they complete the manufacture of the Class 730 and Class 196 trains and continuing the delivery of the remaining trains.

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

Michele Armanini	
Jed Brawley	
Thomas Crawley	
Hamish Mackenzie	(Resigned 15 February 2021)
Miquel Costa	
Michael Woodhead	
Allison Ingram	(Appointed 15 February 2021)

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 92 day's purchases (2019: 31 days), based on the average daily amount invoiced by suppliers during the year.

Financial risk management

Liquidity and cash flow risk
Liquidity risk is the risk that the company is unable to meet its obligations as they fall due.

The company monitors its cash flow requirements on a monthly basis and compares expected cash flow obligations with expected cash flow receipts to ensure that they are appropriately aligned, and has secured debt facilities to finance build contracts.

Interest rate risk
The company has some floating rate interest debt and is thus exposed to fluctuations in interest rates. Cash flow exposure to interest rate fluctuations is managed through interest rate swaps.

Credit risk
Credit risk is the risk of financial loss if a customer or counterparty fails to meet its obligations under a contract.

The company manages credit risk by carrying out regular reviews of counterparties to assess and evaluate their financial stability.

Auditor
The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Accounting Standards and in conformity with the requirements of the Companies Act 2006. 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 of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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. They 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.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going concern basis

The financial statements are prepared on a going concern basis as the directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report which confirm that the funding that is available to the company is sufficient to support the company's operations and planned growth over this period. This is considered in more detail in note 1.2 of the accounts.

Covid-19

During 2020 a global pandemic, Covid-19, has led to Government advice, both in the UK and globally, that all non-essential work should be limited to reduce the spread of the virus. The Directors have reviewed the impact of the pandemic on the company's cashflow and, based on the latest assessments, the Directors do not consider that it impacts on the company's ability to remain a going concern. They continue to keep the situation under review.

On behalf of the board

....

Thomas Crawley

Director

Date: 28 May 2021

Report on the audit of the financial statements

Opinion

In our opinion, Corelink Rail Infrastructure Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 Statement of financial position as at 31 December 2020; the Income statement, the Statement of comprehensive income, the Statement of cash flows, 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

Audit scope

- We performed a full scope audit of the company. This includes performing sufficient appropriate audit procedures over all material balances.

Key audit matters

- Recognition of liquidated damages
- Valuation of derivative financial instruments
- Prior year adjustment - hedge accounting
- Impact of Covid-19
- Recoverability of deferred tax assets

Materiality

- Overall materiality: £4,600,000 (2019: £4,112,200) based on approximately 1% of total assets.
- Performance materiality: £3,450,000.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Recognition of liquidated damages and Prior year adjustment - hedge accounting are new key audit matters this year. Prior year adjustment - Capitalisation of finance costs, which was a key audit matter last year, is no longer included because the company has correctly capitalised borrowing costs. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Recognition of liquidated damages Refer to Note 3 - Revenue. There were delays in delivery of trains from both of the Company's subcontractors, BT and CAF. As a result the Company is entitled to receive liquidated damages from both subcontractors. The liquidated damages income recognised during the year was £10,557,000. Given the significance of the amount recognised and the uncertainty as to whether the amounts had been agreed with the subcontractors, the recognition of other income was determined to be a key audit matter.	We agreed the entitlement to liquidated damages and the amounts to the relevant signed agreements with the sub-contractors. We recomputed the income as per the terms of the agreement. We traced the amount recognised to cash receipt. Based on the results and procedures performed, we consider the income recognised to be appropriate.
Valuation of derivative financial instruments Refer to Note 1 - Accounting policies, Note 7 - Finance costs and Note 17 - Hedging reserve and Note 28 - Fair value of financial liabilities. The Company has interest rate swaps. IFRS requires derivative financial instruments to be carried at fair value. The company has recognised a financial asset of £19,000 and a financial liability of £37,195,000 at 31 December 2020 in respect of these derivatives. Given the significance of the value to the financial statements, and the subjectivity of the valuation, we identified this as a key audit matter.	We engaged PwC valuation specialists to assess the fair value of the derivatives as at 31 December 2020. Our valuation team performed an independent calculation of the fair value using the underlying cash flows of the financial instruments and independent market data. In addition, we assessed the impact on the fair value of the credit valuation adjustment (CVA) and debit valuation adjustment (DVA). Based on the testing performed, we found that the derivative financial instruments are appropriately measured at 31 December 2020.

Prior year adjustment - hedge accounting Refer to Note 31 - Prior year adjustment. The movement in valuation of the interest rate swaps was incorrectly capitalised within property, plant and equipment. In accordance with IFRS 9 - Financial Instruments, if a company adopts hedge accounting, all movements in the valuation of the hedged instrument, where effective, should be recognised through other comprehensive income. This will subsequently be released to property, plant and equipment as the company utilises the instruments that were hedged.	We reviewed management's assessment on the movement in valuation of the swaps to be recognised in other comprehensive income. We reviewed management's assessment on the amount subsequently released and capitalised to property, plant and equipment. We tested management's disclosure in respect of the prior year adjustment based on IFRS requirements. Based on the testing performed, we found the restatement and disclosures to be appropriate.
Impact of Covid-19 Refer to Note 1 - Accounting policies. The directors have considered the potential impact of the global pandemic of Covid-19 on the current and future operations of the business. In doing so, management considered whether the impact on their impairment assessment of property, plant and equipment and the Company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. Management performed a detailed assessment of the impact of Covid-19 on the future cash flows of the company and concluded that no impairment was required This analysis was also used to assess the company's liquidity headroom and to consider its compliance with the debt covenants in its financing arrangements. As a result of the impact of Covid-19 on the wider economy, we determined the potential impact of Covid-19 to be a key audit matter.	In assessing management's consideration of the potential impact of Covid-19, we undertook the following procedures: - We considered the impact of Covid-19 on the operations of the Company. - We obtained from management their latest forecast cash flow assessment which was used to assess whether any impairment of property, plant and equipment existed and in their assessment of going concern. - We discussed the key assumptions underlying the forecast cash flow and challenged the rationale for those assumptions, using our knowledge of the business. - We checked the accuracy of management's model and challenged the forecasts to ensure they reflected the latest expectations of the impact of Covid-19. Our conclusion on going concern are set out below and we agree with management's assessment that there is no impairment of property, plant and equipment. We found the disclosures to be appropriate.

Recoverability of deferred tax assets Refer to Note 14 - Deferred tax asset. The Company has a deferred tax asset of £21,701,000 as at 31 December 2020. Consistent with the requirements of IFRS, deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which they can be utilised. The company is still in the construction phase, has yet to generate any significant revenue and has been loss making since incorporation. As such, the recoverability of deferred tax assets has been identified as a key audit matter.	We agreed the losses recognised in the year to management's calculations and the 2019 tax return. We checked the accuracy of management's model and challenged the forecasts to ensure they reflect the latest expectations for the Company. We tested the forecasted revenue to underlying agreement and challenged management on the working capital and expenditure assumptions. Based on the results of the procedures performed, we consider the forecasts to be reasonable and therefore the carrying value of the deferred tax asset at 31 December 2020 to be appropriate.

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.

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 company materiality	£4,600,000 (2019: £4,112,200).
How we determined it	Approximately 1% of total assets
Rationale for benchmark applied	We believe that total assets is the key driver of the company, on the basis that the principal activity of the company during the year was the funding of construction of assets which were classified as assets under construction as at 31 December 2020.
Specific materiality	£300,000 (2019: Not applicable)
How we determined it	Approximately 5% of the company's profit before tax
Rationale for benchmark applied	As the company started generating lease revenue and recognised liquidated damages income during the year, we considered this benchmark appropriate to audit operating activities and working capital balances.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £3,450,000 for the company financial statements.

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

We agreed with those charged with governance that we would report to them misstatements identified during our audit above 460,000 (2019: 411,220) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We considered management's plan on two financing facilities, Senior debt facility 1 and Senior debt facility 2 which are due to expire on 31 December 2021. Management intend to exercise their option to extend the Senior debt facility 2 for a period of one year. We verified that the company has the right to extend the loan for a period of one year to 31 December 2022 to the signed facility agreement.
- Senior debt facility 1 is to be repaid using the proceeds from cash injections from the shareholders. We confirmed the obligations of the shareholders to fund the repayment of the facility to a subordinated debt security agreement and equity contribution agreement. We confirmed that the shareholders have sufficient financing in place to provide the funds through a review of the signed financial statements of the shareholders.
- We reviewed management's cash flow forecast for a period to 31 December 2022.
- We evaluated the key assumptions within the projections, namely forecast revenue, liquidated damages income, payments to contractors in respect of the train build contracts and operating expenses, under both a base scenario and severe but plausible scenario. We did so with reference to signed contracts. We considered whether the severe but plausible scenario included appropriate assumptions to factor in severe but plausible variances from the base scenario in respect of both forecast revenue and liquidated damages income;
- We considered the available financing arrangements and the existing capital commitments as disclosed in note 19 to the accounts.
- We reviewed the disclosures relating to the going concern basis of preparation and we found that these provided an explanation of the Directors' assessment that was consistent with the evidence we obtained.

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

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

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

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

Reporting on other information

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

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 31 December 2020 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 Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging the assumptions and judgements made by management in determining their significant accounting estimates;
- Understanding management's internal controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Reviewing relevant Board minutes.

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with 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 obtained 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.

Ian Benham

Ian Benham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 May 2021

CORELINK RAIL INFRASTRUCTURE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2019 as restated £'000
Revenue	3	540	39
Gross profit		540	39
Other operating income	3	10,557	-
Operating expenses		(3,019)	(1,578)
Operating profit/(loss)	4	8,078	(1,539)
Finance costs	7	(1,983)	52
Profit/(loss) before taxation		6,095	(1,487)
Income tax credit	8	10,115	5,134
Profit for the year		16,210	3,647

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 19-46 are an integral part of these financial statements.

CORELINK RAIL INFRASTRUCTURE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £'000	2019 as restated £'000
Profit for the year	16,210	3,647
Other comprehensive income:		
Taxation in respect of items of other comprehensive income	3,662	2,791
Cash flow hedges:		
Hedge effective portion of change in fair value of designated hedging loss arising in the year	(20,561)	(15,147)
Hedging reclassified to PPE	1,289	457
Total items that may be reclassified to profit or loss	(19,272)	(14,690)
Total other comprehensive loss for the year	(15,610)	(11,899)
Total comprehensive income/(loss) for the year	600	(8,252)

The notes on pages 19-46 are an integral part of these financial statements.

CORELINK RAIL INFRASTRUCTURE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 as restated £'000	1 Jan 2019 as restated £'000
Non-current assets				
Property, plant and equipment	**9**	377,109	310,532	151,055
Other receivables		-	-	442
Deferred tax asset	**14**	21,702	7,925	-
		398,811	318,457	151,497
Current assets				
Trade and other receivables	**10**	11,187	32,582	6,859
Cash and cash equivalents	**11**	106,449	43,393	1,841
Derivative financial instruments	**25**	19	-	-
		117,655	75,975	8,700
Current liabilities				
Trade and other payables	**12**	1,316	1,061	1,202
Borrowings	**13**	167,487	25,978	-
Derivative financial instruments	**25**	1,731	-	-
		170,534	27,039	1,202
Net current (liabilities)/assets		(52,879)	48,936	7,498
Non-current liabilities				
Borrowings	**13**	325,682	366,470	164,015
Long term provisions	**15**	49	-	-
Derivative financial instruments	**25**	35,464	16,786	2,591
		361,195	383,256	166,606
Net liabilities		(15,263)	(15,863)	(7,611)

CORELINK RAIL INFRASTRUCTURE LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 as restated £'000	1 Jan 2019 as restated £'000
Equity				
Called up share capital	**16**	10	10	10
Hedging reserve	**17**	(29,658)	(14,048)	(2,149)
Retained earnings / (Accumulated losses)		14,385	(1,825)	(5,472)
Total equity		(15,263)	(15,863)	(7,611)

The notes on pages 19-46 are an integral part of these financial statements.

The financial statements on pages 13 to 46 were approved by the board of directors and authorised for issue on 28 May 2021 and are signed on its behalf by:

....
Thomas Crawley
Director

....
Jed Brawley
Director

Company Registration No. 11080223

CORELINK RAIL INFRASTRUCTURE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £'000	Hedging reserve £'000	Retained earnings and (accumulated losses) £'000	Total £'000
As restated for the year ended 31 December 2019:					
Balance at 1 January 2019 - as previously reported		10	-	(5,472)	(5,462)
Prior year adjustment	31	-	(2,149)	-	(2,149)
As restated		10	(2,149)	(5,472)	(7,611)
Year ended 31 December 2019 :					
Profit for the year - as previously reported		-	-	6,386	6,386
Prior year adjustment	31			(2,739)	(2,739)
Other comprehensive income - as previously reported		-	-	-	-
Other comprehensive income - as restated:	31				
Hedge effective proportion of change in fair value of designated hedging		-	(15,147)	-	(15,147)
Hedging reclassified to PPE		-	457	-	457
Tax relating to other comprehensive income		-	2,791	-	2,791
Total comprehensive (loss)/income for the year		-	(11,899)	3,647	(8,252)
Balance at 31 December 2019		10	(14,048)	(1,825)	(15,863)
Year ended 31 December 2020:					
Profit for the year		-	-	16,210	16,210
Other comprehensive income:					
Hedge effective proportion of change in fair value of designated hedging		-	(20,561)	-	(20,561)
Hedging reclassified to PPE		-	1,289	-	1,289
Tax relating to other comprehensive income		-	3,662	-	3,662
Total comprehensive (loss)/income for the year		-	(15,610)	16,210	600
Balance at 31 December 2020		10	(29,658)	14,385	(15,263)

The notes on pages 19-46 are an integral part of these financial statements.

CORELINK RAIL INFRASTRUCTURE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Cash flows from operating activities					
Cash generated from/(used in) operations	**18**		30,183		(27,203)
Net cash inflow/(outflow) from operating activities			30,183		(27,203)
Investing activities					
Purchase of property, plant and equipment		(46,536)		(147,097)	
Finance costs		(21,380)		(15,182)	
Net cash used in investing activities			(67,916)		(162,279)
Financing activities					
Proceeds from borrowings		100,789		231,034	
Net cash generated from financing activities			100,789		231,034
Net increase in cash and cash equivalents			63,056		41,552
Cash and cash equivalents at beginning of year			43,393		1,841
Cash and cash equivalents at end of year			106,449		43,393

The notes on pages 19-46 are an integral part of these financial statements.

1 Accounting policies

Company information

The company's principal activity during the year was the lease of locomotives and rolling stock to the rail industry.

Corelink Rail Infrastructure Limited is a private company limited by shares incorporated and domiciled in the United Kingdom. The registered office is Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB.

1.1 Accounting convention

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements are prepared in UK pound 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, except for certain financial instruments which are measured at fair value. The principal accounting policies adopted are set out below.

New standards, amendments and interpretations effective in the year ended 31 December 2020

The following new standards and amendments to standards are effective for the financial year ended 31 December 2020 onwards:

- IFRS 8 'Accounting Policies'

None of the above amendments to standards or interpretations have had a material effect on the financial statements.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.2 Going concern

The financial statements are prepared on a going concern basis as the directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report which confirm that the funding that is available to the company is sufficient to support the company's operations and planned growth over this period. In making this assessment the directors have considered a wide range of information including the debt facilities available to the company and the contractual nature of the leasing income once the full portfolio of trains are put on lease.

While the majority of the Company's trains are still under construction the Company has more than sufficient liquidity, taking into account available but undrawn debt facilities, as well as cash currently available to the Company, to meet the contracted milestone payments due on these trains once they are delivered.

1 Accounting policies

While two of the Company's debt facilities are scheduled to mature in 2021 one of these facilities is due to be refinanced by committed cash injections by the shareholders. The second facility, due to be drawn down by the Company in 2021, has a 12-month extension option, triggerable on demand by the Company, which the Company intends to exercise.

The Company's trains, once constructed, will be placed on lease until March 2026 with contracted rents payable on a "hell or high water" basis, i.e. the operators obligation to pay rent is independent of passenger demand and whether or not the trains are used or not. The cashflows under these rental payments are more than sufficient to service contracted debt payments falling due during this time. In the event of a failure of the operator the Department for Transport is expected to step in as operator of last resort to fulfil its statutory duties to provide rail services and would take responsibility for contractual lease payments. To the extent that the trains are delivered late, under the Company's manufacturing contracts, the manufacturers will be liable to pay the Company liquidated damages in compensation.

Under both its base case and reasonably plausible downside scenarios the Directors consider that the Company is well placed to manage risk and is able to realise its assets and discharge its liabilities and commitments in the normal course of business.

1.3 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount of recognised as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Assets in the course of construction are carried at cost, less any recognised impairment loss, and are not depreciated until they are available for use. Rolling stock and other railway assets are depreciated on a straight line basis over their useful economic lives (35 years for trains and 7 years for mock-ups) with the assets' useful economic lives reviewed on an annual basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included within administrative expenses in the income statement.

1.4 Borrowing costs related to non-current assets

Interest bearing borrowings are recognised initially at the present value of future payments discounted at 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.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

1 Accounting policies

Finance costs are classified as an investing activity for the purposes of the cash flow statement as the financing facilities are put in place solely to finance the construction of the rolling stock.

1.5 Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

Trade and other receivables
Trade and other receivables are recognised when the Company has a right to consideration that is unconditional (subject only to the passage of time before payment is due). Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any appropriate allowances for expected credit losses.

1 Accounting policies

Impairment of financial assets

Allowance for lifetime expect credit losses ("ECL") is carried for trade receivables which result from transactions within the scope of IFRS 15 and which do not contain a significant financing component. As such assets are measured at amortised cost.

12 month ECL allowance is carried for other financial assets carried at amortised cost where the credit risk has not increased significantly since the initial recognition. Where credit risk has increased significantly, lifetime ECL allowance will be carried.

Financial assets for which there is objective evidence of impairment, are considered to be in default or otherwise credit impaired for disclosure purposes.

Financial assets (and the related impairment allowances) are written off, either partially or in full, when there is no realistic prospect of recovery. The amounts written off reflect the proceeds from realisation of any collateral underpinning the asset.

1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivative financial instruments which are used in hedging relationships are measured at fair value with any gain or loss on remeasurement. Once drawdown of senior debt occurs, which is required to fund the construction of assets, the fair value remeasurement is capitalised within tangible assets. The fair value estimate of the company's derivatives position for the year to 31 December 2020 has been determined through an independent, third party expert.

Hedge accounting

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the company's risk management objective and strategy for undertaking the hedge;
- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

The effective part of the interest rate swaps designated as a hedge of the variability in cash flows of interest rate risk arising from firm commitments, and highly probable forecast transactions, are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The company uses such swaps to fix the cost of interest due on the senior debt in the functional currency of the entity concerned.

1 Accounting policies

1.11 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of financial position date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred income tax asset has been recognised as of 31 December 2020 due to the anticipated future taxable profits arising from the contractual nature of the company's management fee income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

Amounts paid by, or amounts received by, the company in respect of group relief that represent the tax benefit surrendered/received are recorded as an income tax expense/credit in the statement of comprehensive income. Where the amounts paid by, or amounts received by, the company exceed the tax benefit surrendered/received, the excess is recorded directly in equity as a movement in other comprehensive income.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1 Accounting policies

1.13 Leases

Lease income from the lease of rolling stock and other assets under an operating lease is recognised in the income statement 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.

1.14 Compensation

Compensation due in respect of contractual delays is recognised in the period to which the compensation relates and is recognised within other operating income.

1.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Carrying value of deferred tax assets

The Company has deferred tax assets of £21,702,000 (2019: £7,925,000) at 31 December 2020. The recoverability of the deferred tax asset is considered to be a critical accounting estimate. The Company has made an assessment of the recoverability of deferred tax assets based on forecast taxable profits. In the event that future taxable profits are lower than forecast the carrying value of deferred tax asset may be impaired.

Valuation of derivatives

The Company has derivative financial instruments in respect of interest rate swaps of £37,176,000 (2019: £16,786,000) at 31 December 2020. The valuation of these financial instruments is determined using valuation techniques that require the Company to apply estimation that are unobservable. A change in these unobservable inputs would result in a change in the fair value of the derivative.

3 Revenue

	2020	2019
	£'000	£'000
Revenue analysed by class of business		
Lease income	540	39

3 Revenue

	2020	2019
	£'000	£'000
Revenue analysed by geographical market		
United Kingdom	540	39

All lease income is generated within the UK. The delivery of the trains from BT and CAF has been delayed and, as a result, liquidated damages have become due and payable from the manufacturers. £10,557,000 has been recognised in other income in the year to 31 December 2020.

4 Operating profit/(loss)

	2020	2019
	£'000	£'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	35	25
Fees payable to the company's auditor for tax compliance services	27	24
Other expenses	2,551	1,449
Depreciation of property, plant and equipment	406	80
	3,019	1,578

5 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the company	35	25
Audit of the financial statements of other group companies	27	32
	62	57
For other services		
Tax services	27	24

6 Employees

There are no other employees other than the directors (2019: nil). The remuneration received by the directors during the year was £9k (2019:nil). Directors remuneration also represents key management personnel compensation.

7 Finance costs

	2020 £'000	2019 £'000
Senior debt interest	17,458	8,642
Preference share interest	2	2
VAT facility fees and interest	360	261
Derivative mark-to-market	20,389	14,638
Other finance fees	3,032	3,079
Shareholder loan interest	513	475
	41,754	27,096

The interest charge for the senior debt and shareholder loan facilities represents the interest cost of those facilities at the appropriate effective interest rate and includes the amortisation of various upfront and ongoing fees charged on these facilities. The interest charge for the preference shares represents the interest accruing on these shares over the course of the period. The VAT facility costs represent interest costs of £194k (2019: £60k), commitment fees of £74k (2019: £104k) and £92k (2019: £92k) of amortisation of the upfront facility fee. Other finance fees represent the letter of credit costs re-charged to the company by the shareholders in respect of their loan together with the fees payable to the intercreditor agent during the period.

During the year the ineffective movement of £1,117k (2019: credited £52k) on the swap mark to market was charged to the income statement. Additionally, interest of £866k (2019: £nil) paid on an ineffective swap was charged to the income statement.

The finance costs on a cash flow basis differ due to the effective interest rate treatment. The cash flow financing costs are as set out below

	2020 £'000	2019 £'000
Senior debt interest	16,427	8,042
Preference share interest	-	-
Other finance fees	4,953	7,140
Shareholder loan interest	-	-
	21,380	15,182

7 Finance costs

The other finance fees are set out in the table below

	2020 £'000	2019 £'000
Advisor costs on debt facilities	-	12
Commitment fees on debt facilities	1,884	4,058
Letter of credit costs on shareholder loan	2,954	2,955
Intercreditor agent fees	115	115
	4,953	7,140

8 Income tax credit

	2020 £'000	2019 £'000
Deferred tax		
Origination and reversal of temporary differences	(10,115)	(5,134)

The credit for the year can be reconciled to the profit/(loss) per the income statement as follows:

	2020 £'000	2019 £'000
Profit/(loss) before taxation	6,095	(1,487)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2019: 19.00%)	1,158	(283)
Group relief	-	10
Tax losses recognised - current year	(7,515)	(2,277)
Tax losses recognised - prior year	(3,758)	(2,584)
Taxation credit for the year	(10,115)	(5,134)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £'000	2019 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	(3,662)	(2,791)

The deferred tax asset at 31 December 2020 has been calculated based on the corporation tax rate of 19% (2019: 19%) that is enacted as at the reporting date.

9 Property, plant and equipment

	As restated Assets under construction	Rolling stock and other assets	Total
	£'000	£'000	£'000
Cost			
At 1 January 2019	151,055	-	151,055
Additions	159,557	-	159,557
Transfers	(1,569)	1,569	-
At 31 December 2019	309,043	1,569	310,612
Additions	66,983	-	66,983
Transfers	(23,667)	23,667	-
At 31 December 2020	352,359	25,236	377,595
Accumulated depreciation and impairment			
Charge for the year	-	80	80
At 31 December 2019	-	80	80
Charge for the year	-	406	406
At 31 December 2020	-	486	486
Carrying amount			
At 31 December 2020	352,359	24,750	377,109
At 31 December 2019	309,043	1,489	310,532

Assets under construction consist of construction progress payments made to manufacturers for equipment to be placed under operating leases. During the year £20,500k (2019: £12,460k) of finance costs on the senior debt was capitalised into the asset under construction.

See note 31 which details the impact of the restatement from the company reviewing its accounting treatment of its interest rate swap instruments.

10 Trade and other receivables

	2020	2019
	£'000	£'000
Outstanding liquidated damages	4,621	-
Outstanding rents	6	-
Outstanding cost reimbursement	13	-
Other tax and social security	-	25,966
Amounts owed by fellow group undertakings	3	18
Cash in a reserve account	6,049	6,000
Prepayments	495	598
	11,187	32,582

10 Trade and other receivables

The company has placed £6,049K (2019: £6,000K) of cash into a restricted account, £6,000K of which acts as a reserve amount of cash in the event of late delivery of the trains and £49K of which is maintenance reserves.

The fair values of trade and other receivables are not materially different from their carrying value as the impact of discounting is not significant.

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other receivables.

11 Cash and cash equivalents

Of the £106,449k (2019: £43,393K) of cash available to the Company as of 31 December 2020, £69,794k (2019: £41,434K) of this is placed in accounts separate to the Company's regular operating account and only transferred over to the operating account as and when costs fall due.

12 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	277	125
Accruals	1,028	936
Social security and other taxation	11	-
	1,316	1,061

The fair values of trade and other payables are not materially different from their carrying value as the impact of discounting is not significant.

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

13 Borrowings

	2020 £'000	2019 £'000
Unsecured borrowings at amortised cost		
Senior debt facility 1	172,971	172,193
Senior debt facility 2	(8,534)	(7,229)
Senior debt facility 3	71,495	37,039
Senior debt facility 4	246,880	157,676
Preference shares	97	95
VAT facility	3,050	25,978
Shareholder loan	7,210	6,696
	493,169	392,448

13 Borrowings

Analysis of borrowings

	2020 £'000	2019 £'000
Current liabilities	167,487	25,978
Non-current liabilities	325,682	366,470
	493,169	392,448

The terms of the loans included within current and non-current liabilities are listed below:

- Senior debt facility 1 is a floating rate facility of size £173,769k with an effective interest rate of 2.75% and a maturity date of 31 December 2021.
- Senior debt facility 2 is a floating rate facility of size £247,793k with an effective interest rate of 15.42% and a maturity date of 31 December 2021.
- Senior debt facility 3 is a fixed rate facility of size £75,000k with an effective interest rate of 4.31% and a maturity date of 10 December 2049.
- Senior debt facility 4 is a fixed rate facility of size £255,000k with an effective interest rate of 4.40% and a maturity date of 10 December 2049.
- The preference shares are entitled to an annual fixed dividend equal to the higher of libor plus 200 basis points or 0.15% of the company's post-tax profits.
- The shareholder loan is a fixed rate facility with an effective interest rate of 7.5% and a maturity date of 30 June 2055. The shareholder loan notes are listed on the International Stock Exchange where there is no trading platform and thus no ability to trade the securities. The shareholder loan is subordinate to the other debt facilities.
- The bank loans are secured by a fixed and floating charge over all the assets of the company.

Senior debt facility 1

	2020 £'000	2019 £'000
Loan drawn	173,769	173,769
Arrangement fees and loan services fees paid	(2,937)	(2,937)
Interest charged	13,432	8,673
Interest instalments paid	(11,293)	(7,312)
	172,971	172,193

13 Borrowings

Senior debt facility 2

	2020 £'000	2019 £'000
Loan drawn	-	-
Arrangement fees and loan services fees paid	(8,534)	(7,229)
Interest charged	-	-
Interest instalments paid	-	-
	(8,534)	(7,229)

Senior debt facility 3

	2020 £'000	2019 £'000
Loan drawn	75,000	40,511
Arrangement fees and loan services fees paid	(3,594)	(3,440)
Interest charged	3,256	719
Interest instalments paid	(3,167)	(751)
	71,495	37,039

Senior debt facility 4

	2020 £'000	2019 £'000
Loan drawn	255,000	165,772
Arrangement fees and loan services fees paid	(8,349)	(7,999)
Interest charged	12,473	3,176
Interest instalments paid	(12,244)	(3,272)
	246,880	157,676

Preference shares

	2020 £'000	2019 £'000
Loan drawn	90	90
Arrangement fees and loan services fees paid	-	-
Interest charged	7	4
Interest instalments paid	-	-
	97	94

13 Borrowings

Shareholder loan

	2020 £'000	2019 £'000
Loan drawn	6,000	6,000
Arrangement fees and loan services fees paid	-	-
Interest charged	1,210	696
Interest instalments paid	-	-
	7,210	6,696

14 Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £'000	Tax losses £'000	Cash flow hedge £'000	Total £'000
Deferred tax balance at 1 January 2019	-	-	-	-
Deferred tax movements in prior year				
Credit to profit or loss	1,173	(6,307)	-	(5,134)
Credit to other comprehensive income	-	-	(2,791)	(2,791)
Deferred tax liability/(asset) at 1 January 2020	1,173	(6,307)	(2,791)	(7,925)
Deferred tax movements in current year				
Credit to profit or loss	6,293	(16,408)	-	(10,115)
Credit to other comprehensive income	-	-	(3,662)	(3,662)
Deferred tax liability/(asset) at 31 December 2020	7,466	(22,715)	(6,453)	(21,702)

The deferred tax asset at 31 December 2020 has been calculated based on the corporation tax rate of 19% that is enacted as at the reporting date. No amounts of deferred tax are expected to reverse in the next 12 months.

In the March 2021 budget, the government announced an intention to increase the corporation tax rate to 25% in 2023. Once enacted the impact would be an increase in the deferred tax asset to £28,555k.

15 Long term provisions

	2020 £'000	2019 £'000
Rolling stock maintenance	49	-

Analysis of provisions

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £'000	2019 £'000
Non-current liabilities	49	-

Movements on provisions:	Rolling stock maintenance £'000
Additional provisions in the year	49

Provisions relate to allowances paid by the lessee towards repairs of rolling stock. Contributions by the lessee are based on a fixed monthly amount which is adjusted at the end of each year based on usage.

16 Called up share capital

	2020 £'000	2019 £'000
Ordinary share capital		
Issued and fully paid		
10,000 (2019:10,000) Ordinary shares of £1 each	10	10

17 Hedging reserve

	2020 £'000	2019 £'000
At the beginning of the year	-	-
Prior year adjustment	(14,048)	(2,149)
As restated	(14,048)	(2,149)
Gains and losses on cash flow hedges	(20,561)	(15,147)
Tax on gains and losses on cash flow hedges	3,662	2,791
Transfer to income	1,289	457
At the end of the year	(29,658)	(14,048)

See note 31 which details the impact of the restatement from the company adopting hedge accounting in relation to its interest rate swap instruments.

18 Cash generated from/(absorbed by) operations

	2020	2019
		As restated
	£'000	£'000
Profit for the year after tax	16,210	3,647
Adjustments for:		
Taxation credited	(10,115)	(5,134)
Finance costs	1,983	(52)
Depreciation and impairment of property, plant and equipment	406	80
Increase in provisions	49	-
Movements in working capital:		
Decrease/(increase) in trade and other receivables	21,395	(25,724)
Increase/(decrease) in trade and other payables	255	(19)
Cash generated from/(absorbed by) operations	30,183	(27,202)

19 Capital commitments

At 31 December 2020 the company had capital commitments as follows:

	2020	2019
	£'000	£'000
Within 1 year	259,174	135,862
Between 2 and 5 years	84,076	254,707
	343,250	390,569

The capital commitments relate to payments due to the manufacturers of the rolling stock in respect of the trains that the company is committed to purchasing.

As at 31 December 2020 the company had access to a number of undrawn, but committed funding facilities, as set out in the table below

	2020	2019
	£'000	£'000
Senior debt facility 1	-	-
Senior debt facility 2	247,973	247,973
Senior debt facility 3	-	34,489
Senior debt facility 4	-	89,228
	247,973	371,690

19 Capital commitments

In addition to the above the company has access to a £29.1m revolving credit facility to enable it to meet the VAT liabilities rising upon settlement of its capital commitments with £26.1m of this facility undrawn as of 31 December 2020 (2019: £3.1m).

20 Other leasing information

Lessor

The operating leases represent leases of rolling stock to third parties.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2020 £'000	2019 £'000
Within one year	12,602	5,498
One to two years	48,539	25,060
Two to three years	49,243	49,243
Three to four years	49,243	49,243
Four to five years	49,243	49,243
Over five years	12,311	61,554
Total undiscounted lease payments receivable	221,181	239,843

21 Net debt reconciliation

	2020 £'000	2019 £'000
Cash and cash equivalents	106,449	43,393
Borrowings repayable within a year	(167,487)	(25,978)
Borrowings repayable after one year	(325,682)	(366,470)
Net debt	**(386,720)**	**(349,055)**
Cash	106,449	43,393
Gross debt - variable interest rates	(167,585)	(191,037)
Gross debt - fixed interest rates	(325,584)	(201,411)
	(386,720)	**(349,055)**

22 Capital risk management

The Board actively monitors the capital structure of the company to ensure that it is able to continue as a going concern and can generate attractive and predictable returns for shareholders. Consideration is given to the availability, cost and risk associated with each class of capital.

The capital structure of the company consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents, issued capital, reserves and retained earnings.

22 Capital risk management

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

The fair values of the interest rate swaps have been determined by reference to prices available from the markets on which the instruments involved are traded. The company enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its loans, so the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. Since all critical terms matched during the year, there is an economic relationship.

For hedges of interest rates, the company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item, such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the company uses the hypothetical derivative method to assess effectiveness.

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR (transitioning to SONIA), the company entered into two floating to fixed interest rate swaps with a nominal value materially equivalent to the initial borrowings. These result in the company paying 0.9845% and 1.647% per annum and receiving LIBOR (though cash flows are settled on a net basis), effectively fixing the total interest cost on loans and interest rates swaps at 0.9845% and 1.647% per annum respectively. Due to project delays the company found itself over-hedged on term facility two. As a result to hedge the LIBOR exposure on the 1.647% swap, an additional swap was entered to receive a fixed 0.018% and pay floating on a varying notional balance to match the balance on facility two.

Derivatives are only used for economic hedging purposes and not as speculative investments. The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with IFRS and had a negative fair value of £37,176,000 (2019: £16,786,000) at the reporting date. The cash flows arising from the interest rate swaps will continue until their maturity in 2021, coincidental with the repayment of the term loans. The 0.9845% swap is considered 100% effective by the company. The 1.647% swap is anticipated to become effective in the year to 31 December 2021.

In hedges of interest rate swaps, ineffectiveness might arise:

- if the timing and/or amounts of the drawdowns of the hedged items due to operational costs being larger or smaller than expected
- changes in the timing of the drawdowns of the hedged item due to trains being delivered later than expected.

The movement on the hedge reserve during the year is detailed in the Statement of Changes in Equity, while amount recognised in the Statement of Profit and Loss for the ineffective element of the interest rate swaps is set out in note 7 Finance Costs.

23 Gearing Ratio

The gearing ratio at the year-end is as follows:

	2020 £'000	2019 £'000
Debt	485,959	385,752
Cash and cash equivalents	(106,449)	(43,393)
Net debt	**379,510**	**342,359**
Equity	(15,263)	(15,863)
Net debt to equity ratio	**(25)**	**(22)**

Debt is defined as long and short term borrowings (excluding shareholder loans).

Equity includes all capital and reserves for the company that are managed as capital and also shareholder loans as these are considered quasi equity from a commercial perspective and for measuring gearing

24 Liquidity risk

The company monitors its cash flow requirements on a monthly basis and compares expected cash flow obligations with expected cash flow receipts to ensure that they are appropriately aligned and has secured debt facilities to finance build contracts.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at 31 December 2020 to the contractual maturity date. The amounts included in the table are the contractual undiscounted cash flows for drawn amounts at the reporting date.

	Within one year	In the second to fifth year inclusive	Over five years	Total
	£'000	£'000	£'000	£'000
At 31 December 2019				
VAT facility	25,978	-	-	25,978
Interest rate swap	542	18,315	-	18,857
Senior debt facility 1	3,981	177,739	-	181,720
Senior debt facility 3	1,604	10,456	54,809	66,869
Senior debt facility 4	6,662	43,161	225,415	275,238
Trade payables	125	-	-	125
Accruals	1,066	-	-	1,066
	39,958	249,671	280,224	569,853
At 31 December 2020				
VAT facility	3,050	-	-	3,050
Interest rate swap	3,870	31,200	-	35,070
Senior debt facility 1	177,739	-	-	177,739
Senior debt facility 3	3,941	20,408	96,474	120,823
Senior debt facility 4	13,550	69,950	329,639	413,139
Trade payables	277	-	-	277
Accruals	1,028	-	-	1,028
	203,455	121,558	426,113	751,126

24 Liquidity risk

The VAT facility will be repaid using VAT refunds received from HMRC.

Senior debt facility 1 will, upon its maturity in December 2021, be refinanced via a shareholder loan which is backed by letters of credit from banks with high credit ratings assigned by international credit-rating agencies.

Senior debt facility 2 is an on-demand facility which the company has no contractual obligation to draw down upon.

Senior debt facilities 3 and 4 are fixed draw down facilities which have significant contracted drawdowns and repayments following 31 December 2020. The amounts set out in the table above are in respect of the amounts currently drawn down from these facilities.

The company has in place interest rate swaps on senior debt facilities 1 and 2. The payments due in respect of the swap on senior debt facility 1 are incorporated into the payments due on that facility. The payments due in respect of the swap on senior debt facility 2 are set out in the interest swap line. Payments on this swap will be made using the contractual income received as the rolling stock goes on lease or, to the extent that the rolling stock deliveries are delayed, using the liquidated damages received from the manufacturer as compensation.

25 Market risk

Interest rate risk

The company has some floating rate interest debt and is thus exposed to fluctuations in interest rates. Cash flow exposure to interest rate fluctuations is managed through interest rate swaps.

The company has in place interest rate swaps on senior debt facilities 1 and 2. As of 31 December 2020 the hedge ratio on the swap in place on facility 1 was 100.0% and, as such, the company considers the hedge to be effective. The swap profile on facility 2 was matched to the expected draw down profile of this facility. However, due to delays in the train deliveries, the company actually found itself over-hedged in the latter half of 2020. To mitigate this the company entered a third swap to remove the LIBOR exposure on the original facility 2 swap.

The company's borrowings are currently under LIBOR and are transitioning to SONIA. Discussions are ongoing with the company's lenders to manage the transition.

The interest rate swaps in place on senior debt facilities 1 and 2 have, as of 31 December 2020, the following mark-to-market values:

	2020	2019
	£'000	£'000
Senior debt facility 1	1,731	1,072
Senior debt facility 2	35,445	15,714
	37,176	16,786

25 Market risk

Senior debt facilities 3 and 4 are fixed rate facilities and thus there is no interest rate exposure on these facilities.

Instruments used by the group
Swaps currently in place cover approximately 98% (2019 - 87%) of the variable loan principal outstanding with the fixed interest rates of the swaps ranging between 1.0% and 1.6% (2019: 1.0% and 1.6%).

The swap contracts require settlement of net interest receivable or payable every month. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Effects of hedge accounting on financial position and performance

Interest rate swaps	**2020**	**2019**
Carrying amount (current and non-current asset)	(37,176)	(16,786)
Notional Amount	173,769	173,769
Maturity date	2021/22	2021
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	(20,561)	(15,147)
Change in value of hedged item used to determine hedge effectiveness	(20,561)	(15,147)
Weighted average hedged rate for the year	0.98%	0.98%

Sensitivity
Profit or loss is sensitive to higher/lower interest charges on the VAT facility, increases or decreases in the income tax credit due to higher/lower amounts of interest being paid and changes in the fair value of any ineffective swap. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedge and changes in respect of taxation of other items of comprehensive income.

	Impact on post-tax profit		**Impact on other components of equity**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Interest rates increase by 50bps (2019: 50bps)	252	(13)	15,585	15,306
Interest rates decrease by 50bps (2019: 50bps)	(263)	13	(17,128)	(16,823)

26 Credit risk

Although several items of ancillary equipment have been placed on lease, the majority of the trains the company are funding are currently under construction however there are now some rolling stock under lease. As a result, the principal credit exposure of the company arises from the ability of its counterparties to service their obligations under lending arrangements and derivative contracts. The company monitors this credit exposure and receivables on a regular basis. In respect of the ancillary items of equipment that are on lease payments have been received on these items in line with the contractual terms of the lease. Based on historical experience where train operating company's contracts have been transferred back to government, the lease payments for rolling stock have been unaffected and therefore non payment of rentals is considered a low risk.

The total credit risk as at the reporting date represents the trade and receivables balances and cash at bank balances as detailed in notes 10 and 11.

The financial assets are currently performing in accordance with their contractual terms with all payments to date having been made as expected. The credit risk on liquid funds held by the company is limited as the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

27 Financial assets

Fair value of financial assets carried at amortised cost
The company holds the following financial assets:

	Carrying amount		Fair value	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade and other receivables	10,692	31,983	10,692	31,983
Cash and cash equivalents	106,449	43,393	106,449	43,393

The Company's exposure to various risks associated with the financial instruments is disclosed in notes 24 to 26. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

There are no impairment provisions held against trade and other receivable balances (2019: nil).

28 Fair value of financial liabilities

The company holds the following financial liabilities:

	Carrying value		Fair value	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade and other payables	(1,305)	(1,061)	(1,305)	(1,061)
Borrowings	(493,169)	(392,448)	(493,169)	(392,448)
Used for hedging	(37,176)	(16,786)	(37,176)	(16,786)
	(531,650)	(410,295)	(531,650)	(410,295)

The above financial liabilities relating to hedging are financial liabilities measured at fair value through profit and loss. All other financial liabilities are measured at amortised cost.

28 Fair value of financial liabilities

Determining the fair value of financial liabilities

Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

Secured liabilities and assets pledged as security

The borrowings are secured by way of first ranking fixed charge on all of the Company's present and future rights, title and interest in the rolling stock.

Compliance with loan covenants

The Company has complied with the covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

Fair value

For the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates of the borrowings are of a short-term nature.

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide and indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments to the three levels prescribed under the accounting standards. An explanation of each level follows below.

The derivative financial instruments are considered to be level 3 financial instruments. All other financial assets and liabilities are considered to be level 1.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were no transfers into or out of level 3 measurements. The Company's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

28 Fair value of financial liabilities

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide and indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments to the three levels prescribed under the accounting standards. An explanation of each level follows below.

The derivative financial instruments are considered to be level 3 financial instruments. All other financial assets and liabilities are considered to be level 1.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were no transfers into or out of level 3 measurements. The Company's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to determine fair values

The Company uses specific valuation techniques to value financial instruments. For interest rate swaps, this includes the present value of the estimated future cash flows based on observable yield curves and unobservable inputs such as the credit default rate.

29 Controlling party

The immediate parent undertaking of the company is Corelink Rail Infrastructure Holdings Limited.

The parent of the smallest and largest group undertaking which produces consolidated financial statements, and of which the company is a member, is Corelink Rail Infrastructure SGP, incorporated in the United Kingdom. Group financial statements for this entity are available from 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

There is no one controlling party, instead it is 50% owned by Infracapital Greenfield Partners I LP, 32.28% owned by Pan European Infrastructure II LP and 17.72% owned by Pan European Infrastructure II SCS (in combination the "shareholders").

30 Related party transactions

During the year the following payments were made by Corelink Rail Infrastructure Limited ("CRIL") to the shareholders:

- Payments of £2.95m (2019: £2.95m) in respect of letter of credit costs incurred by the shareholders.

At the year end there were costs of £738k (2019: £738K) outstanding to the shareholders with this amount included within the accruals in note 11.

The shareholders have advanced a loan to CRIL as set out in note 13 .

CRIL has a management services agreement in place with Corelink Rail Infrastructure. Holdings Limited ("CRIHL") under which it has agreed to pay an annual fee of £536k. In the year CRIL incurred management fees of £536k and paid CRIHL £520K leaving an intercompany balance at the year end of £3k (2019: £18k).

Key management are the same as directors.

31 Prior year adjustment

Following a review of interest rate swap fair value movements capitalised into PPE, we noted that some of the amounts capitalised historically and in the year ending 31 December 2019 related to an effective forward starting hedge, where the debt had not been drawndown.

Therefore the company has removed the accumulated movements in the swap value from property, plant and equipment and recognised them in the hedging reserve in equity. Furthermore we noted that the correctly capitalised interest rate swap fair value movements were not flowing through OCI and equity, this has also been restated for 2018.

The ineffective portion of the movement of the value of the swap arrangements and the associated tax charge is being shown through the Income Statement.

See the table below for the reconciliation of the impact on each financial statement line item.

31 Prior year adjustments - continued

	31 December 2019 £'000	Increase/(Decrease) £'000	31 December 2019 (Restated) £'000
Statement of profit or loss (extract)			
Operating loss	(1,539)	-	(1,539)
Finance costs	-	52	52
Loss before taxation	(1,539)	52	(1,487)
Income tax credit	7,925	(2,791)	5,134
Profit/(Loss) for the financial year	6,386	(2,739)	3,647
Statement of comprehensive income (extract)			
Profit for the financial year	6,386	(2,739)	3,647
Taxation in respect of items of other comprehensive income	-	2,791	2,791
Hedge effective portion change in fair value of designated hedging loss arising in the year	-	(15,147)	(15,147)
Hedging reclassified to PPE	-	457	457
Total comprehensive income for the year	6,386	(14,638)	(8,252)

Balance sheet (extract)	31 December 2019 £'000	Increase/(Decrease) £'000	31 December 2019 (Restated) £'000	31 December 2018 £'000	Increase/(Decrease) £'000	1 January 2019 (Restated) £'000
Property, plant and equipment	327,319	(16,787)	310,532	153,204	(2,149)	151,055
Net	924	(16,787)	(15,863)	(5,462)	(2,149)	(7,611)
Hedging reserve	-	(14,048)	(14,048)	-	(2,149)	(2,149)
Retained earnings	914	(2,739)	(1,825)	(5,472)	-	(5,472)
Total equity	924	(16,787)	(15,863)	(5,462)	(2,149)	(7,611)