BOMBARDIER
the evolution of mobility

Bombardier Transportation (Rolling Stock) UK Limited

Directors' Report, Strategic Report and Financial Statements

For the year ended 31 December 2020

Registered number 02988520

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Company Information

Directors		
	M Byrne (Chairman)	(Resigned 11 May 2021)
	O Guillot	(Appointed 11 May 2021, Resigned 29 July 2021)
	D A Johnston	(Appointed 11 May 2021)
	S MacLeod	(Appointed 29 July 2021)
	K M Parkes	(Resigned 9 April 2021)
	P J Broadley	(Appointed 3 March 2022)
	J J Rawding	(Resigned 28 November 2021)
Secretary	C G Hakes	
Registered office	Litchurch Lane Derby Derbyshire DE24 8AD United Kingdom	
Registered number	02988520	
Auditors	Fraser Russell Limited 77 Francis Road, Edgbaston Birmingham B16 8SP United Kingdom	
Principal bankers	Deutsche Bank AG London 6 Bishopsgate London EC2P 2AT United Kingdom	
Solicitors	Hogan Lovells Atlantic House Holborn Viaduct London EC1A 2FG	
	Pinsent Masons LLP 30 Crown Place London EC2A 4ES	

Directors Report

The Directors present their Report and the Financial Statements for the year ended 31 December 2020.

Results and dividends for the year

The loss for the year from continuing operations after taxation was £139,000 (2019 as restated: profit of £1,776,000). The Directors do not recommend the payment of a dividend (2019: £nil).

A more detailed review of the Company's key financial and other performance indicators during the year are included in the Strategic Report.

Correction of Error
Management performed a review of the 2019 sale of Cabling Division workings and noted some of the calculations were incorrect. As a consequence, revenue was overstated. In line with IAS 8 the error has been corrected retrospectively and relates to the year 2019 only as follows:

Impact on equity (decrease in equity)

	2019 £'000
Accruals and other creditors	(1,589)
Corporation Tax Payable	590
Net impact on Equity	(999)

Impact on statement of profit or loss (decrease in profit)

	2019 £'000
Profit after tax for the year from discontinued operations	(1,061)
Cost of Sales	(42)
Administration Expenses	129
Taxation	(25)
Net impact on profit for the year	(999)

Going Concern
The company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report. These factors have been considered when preparing the financial projections of the Company.

As of 31 December 2020, the Company had net current assets of £21.1m (2019 Restated: £21.2m), and net assets of £21.2m (2019 Restated: £21.4m). Total current liabilities were £3.8m (2019 Restated: £5.5m) as at the end of the period, with non-current liabilities of £0.4m (2019: £0.6m).

The Directors have prepared cash flow forecasts based on appropriate assumptions in line with the projections of its major customer, Bombardier Transportation UK Ltd. The projections take into account the current expected revenues and its cost base. This forecast show that the company is expected to meet its liabilities as they fall due for a period of 12 months from the date of approval of the 2020 financial statements.

Directors' Report (continued)

Going Concern (continued)
On the basis of the forecasts prepared by management, the Directors are satisfied that the Company is able to meet its liabilities as they fall due in the foreseeable future and to withstand the impact of COVID-19. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

Directors
The Directors who served during the year and subsequent changes are noted on the Company Information page. The Company has granted an indemnity to one or more of its Directors against any liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provisions remains in force as at the date of approving the Directors' Report.

Political and charitable donations
No political contributions or charitable donations were made during the current or preceding year.

Employee involvement
The Company's policy is to use the consultative procedures agreed with its staff and elected representatives to ensure information and views are exchanged and to improve the awareness of the financial and economic factors which affect it. Communication with employees is through an internal group communication network and a formal structure of regular briefing sessions.

Disabled persons
The Company is committed to the employment of disabled persons. In common with other members of the group, where existing employees become disabled, it is the Company's policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate. The Company does not discriminate on the grounds of disability in recruitment.

Future developments
The Directors consider that the business will continue to operate as it has in the current year. There are no events, of which the Directors are currently aware, that will affect the manner in which the Company operates.

Events since the balance sheet date
On 29 January 2021, Bombardier Inc., previously the company's ultimate parent undertaking closed the sale of its Transportation Business, including ownership of this Company, to Alstom Holdings SA.

Disclosure of information to the auditors
So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its Report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board,

S MacLeod
Director

24 March 2022

Strategic Report

The Directors have pleasure in presenting their Strategic Report for the year ended 31 December 2020.

Principal business activity and business review

The principal activity of the business is the design, manufacture and refurbishment of Passenger Information Systems (PIS) used in the Rail Industry. This includes provision of digital solutions including fully integrated media screens, train destination displays, drivers control panels, saloon loudspeakers, drivers & guards handsets, coach controllers and call for aid units.

In view of the climate prevailing in the railway industry, the Directors believe that the results for the year were satisfactory.

Results and dividends

The loss for the year from continuing operations after taxation was £244,000 (2019 as restated: profit of £1,671,000). The Directors do not recommend the payment of a dividend (2019: £nil). The Company's key financial and other performance indicators during the year for continuing operations were as follows:

	2020	2019 Restated	Year on year variance
	£'000	£'000	£'000
Company turnover	5,320	5,533	(213)
Gross profit	3,136	2,756	380
Total operating profit	707	2,092	(1,385)
(Loss)/profit after taxation from continuing operations	(140)	1,776	(1,916)
(Loss)/profit for the year (including discontinued operations)	(140)	1,513	(1,653)
Average number of employees	51	56	(5)

Principal risks and uncertainties

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, interest rate risk and business risk.

Liquidity risk

The Company aims to maintain a balance between continuity of funding and flexibility by ensuring that sufficient borrowing facilities are in place by reference to forecast debt levels.

Credit risk

The Company extends credit only to recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade debtor balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Strategic Report

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to its cash and short-term deposits, and decommissioning and dilapidations provisions, all of which have floating interest rates. The Company actively participated in the Bombardier Transportation Group's cash pooling scheme and therefore received appropriate interest rates from Group treasury.

Business risk

The Company has processes and procedures in place to identify and manage business risks. Key business risks include:

- the ability to source new contracts, which is in part dependent on future government spending and environmental policies;
- product performance;
- supply chain performance and sourcing risks; and
- legislative and regulatory pressures.

The company continues to work closely with supply chain and other stakeholders to understand and manage any remaining risk from Brexit.

Covid-19

Covid-19 has not had any significant impact on the activities, financial position or prospects of this Company. The UK business is on the recovery from the COVID-19 situation with the requisite isolation measures imposed by the UK government as well as self-imposed restrictions in order to keep our people as safe as possible. In terms of business continuity we remain committed to supporting delivery of essential products and services to our customers on all of our projects.

The Company believes that the risks are adequately mitigated through a commitment to quality and continuous improvement, establishment of a business-wide compliance structure, through open dialogue with key stakeholders including customers, suppliers and through proactive lobbying to inform and influence the content and implementation of new legislation and regulations.

On behalf of the Board,

S MacLeod
Director

24 March 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic Report and the Financial Statements in accordance with applicable UK 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

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 the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless they consider that to be inappropriate.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies 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.

Independent Auditors' Report to the Members of Bombardier Transportation (Rolling Stock) UK Limited

Qualified Opinion

We have audited the financial statements of BOMBARDIER TRANSPORTATION (ROLLING STOCK) UK LIMITED for the year ended 31 December 2020, which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of the company's loss for the year then ended
- have been properly prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice)]; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We were not appointed as auditor of the Company until after 31 December 2020 and thus did not observe the counting of physical stock at the end of the year. We were unable to satisfy ourselves by alternative means concerning the stock quantities held at 31 December 2020, which are included in the balance sheet at £1,819,000 by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriated to provide a Basis for our qualified opinion.

Key audit matters

Except for the matter described in the Basis for qualified opinion section, we have determined that there are no key audit matters to be communicated in our report.

Conclusions relating to going concern

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.

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.

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

Independent Auditors' Report to the Members of Bombardier Transportation (Rolling Stock) UK Ltd

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the Basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the stock quantities with a value of £1,819,000 held at 31 December 2020. We have concluded that where the other information refers to the stock balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Qualified opinion on other matters prescribed by the Companies Act 2006

Except for the matter described in the Basis for qualified opinion on other matters prescribed by the Companies Act 2006 section of our report, in our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Basis of qualified opinion on other matters prescribed by the Companies Act 2006

Based on the work undertaken in the course of the audit, the information in the Results and dividends for the year section of the Directors' Report is not consistent with the financial statements.

We were not appointed as auditor of the Company until after 31 December 2020 and thus did not observe the counting of physical stock at the end of the year. We were unable to satisfy ourselves by alternative means concerning the stock quantities held at 31 December 2020, which are included in the balance sheet at £1,819,000, by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary. In addition, were any adjustment to the stock balance to be required, the strategic report would also need to be amended.
Except for the possible effects of the matter described in the Basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the Basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' Report.
In respect solely from the limitation on the scope of our work relating to stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

Independent Auditors' Report to the Members of Bombardier Transportation (Rolling Stock) UK Ltd

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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:

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the United Kingdom.

- We understood how BOMBARDIER TRANSPORTATION (ROLLING STOCK) UK LIMITED is complying with those frameworks by making enquiries of management and those charges with governance. We corroborated our enquiries through our review of Board minutes and discuss with management. Our audit procedures were designed to either corroborate or provide contrary evidence, the results of which were followed up appropriately.

Independent Auditors' Report to the Members of Bombardier Transportation (Rolling Stock) UK Ltd

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also understood the performance targets in the context of variable pay reward schemes and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where this risk was higher, we performed incremental audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify any noncompliance with laws and regulations, enquiries of management and those charged with Governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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

Shokat Zaman (Senior Statutory Auditor)
for and on behalf of
Fraser Russell Limited
Statutory Auditor

77 Francis Road
Edgbaston
Birmingham
B16 8SP

Date: 25 March 2022

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Note	**2020**	**2019 Restated**
		£'000	**£'000**
Turnover	3	5,320	5,533
Cost of sales		(2,184)	(2,777)
Gross profit		3,136	2,756
Administrative expenses		(2,428)	(2,771)
Exceptional Items	8	-	2,107
Operating profit	4	708	2,092
Interest receivable	7	9	57
Interest payable	6	(16)	(15)
Profit before taxation from continuing operations		701	2,134
Income Tax Expense	9	(840)	(358)
(Loss)/profit for the year from continuing operations		(139)	1,776
Discontinued operations			
Loss after tax for the year from discontinued operations	8	-	(263)
(Loss)/profit for the year		**(139)**	**1,513**

There were no gains or losses recognised in either the current or the preceding year other than those disclosed in the statement of profit or loss and other comprehensive income, therefore the loss after tax is the total comprehensive income.

The notes on pages 14 to 27 form part of these Financial Statements. In the prior year the company classified the operations of the Cabling Division as a Discontinued Operation. Refer to Note 8 for details relating to Discontinued Operations.

Statement of Changes in Equity

For the year ended 31 December 2020

	Equity Share Capital	Retained Earnings	Total Equity
	£'000	**£'000**	**£'000**
At 1 January 2019	12,000	7,855	19,855
Total comprehensive income for the year	-	2,511	2,511
At 31 December 2019	**12,000**	**10,366**	**22,366**
Prior Year Adjustments		(999)	(999)
At 31 December 2019 (Restated)	**12,000**	**9,367**	**21,367**
Total comprehensive loss for the year	-	(139)	(139)
At 31 December 2020	**12,000**	**9,228**	**21,228**

The notes on pages 14 to 27 form part of these Financial Statements.

Balance Sheet

Company Registration Number: 02988520

As at 31 December 2020

	Note	2020	2019 Restated
		£'000	£'000
Fixed Assets			
Tangible fixed assets	10	225	316
Right of use assets	11	287	397
		512	713
Current assets			
Stocks	12	1,819	1,687
Debtors	13	23,065	25,003
Total current assets		**24,884**	**26,690**
Current liabilities			
Creditors amounts falling due within one year	14	(3,768)	(5,461)
Net current assets		**21,116**	**21,229**
Total assets less current liabilities		**21,628**	**21,942**
Non-current liabilities			
Creditors amounts falling due after one year	14	(157)	(271)
Provisions for liabilities	15	(243)	(304)
		(400)	(575)
Net assets		**21,228**	**21,367**
Capital and reserves			
Called up share capital	16	12,000	12,000
Profit and loss account	17	9,228	9,263
Shareholders' funds		**21,228**	**21,367**

The notes on pages 14 to 27 form part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on the date shown below and were signed on its behalf by:

S MacLeod
Director

24 March 2022

Notes to the Financial Statements

1. Authorisation of Financial Statements and compliance with FRS 101

The Financial Statements of Bombardier Transportation (Rolling Stock) UK Limited (the "Company") for the year ended 31 December 2020 were authorised and issued by the Board of Directors as indicated on page 11

Bombardier Transportation (Rolling Stock) UK Limited is incorporated and domiciled in England and Wales. The company is privately held, limited by shares.

These Financial Statements are presented in Great British Pound Sterling and all values are rounded to the nearest thousand pounds, except where otherwise stated. The Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption provided by Financial Reporting Standard 101, from the requirement to provide a cash flow statement.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting Standards.

FRS 101 requires that the Statement of Profit or Loss and Other Comprehensive Income, and Balance Sheet are presented in the format requirements of the Companies Act 2006, rather than the requirements of International Accounting Standard (IAS) 1 - Presentation of Financial Statements.

A summary of the disclosure exemptions under FRS 101 are presented below. Equivalent disclosures for share based payments and financial instruments are included in the group consolidated Financial Statements allowing the exemptions to be applied.

Area	Disclosure exemption
Cash flow statements	Complete exemption from preparing a cash flow statement
Share-based payments	Exemption from disclosure of financial information as required by paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment, as the share-based payments concern the instruments of another group entity.
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1.134 to 136)
Related party disclosures	Exemption for related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member. Exemption from disclosure of key management personnel compensation
Comparative information	Exemption from comparative for movements on share capital, tangibles, intangibles and investment property.
Presentation of Financial Statements	Exemption from statement of compliance with IFRS, cashflow information and capital management policy.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report. These factors have been considered when preparing the financial projections of the Company.

As of 31 December 2020, the Company had net current assets of £21.1m (2019 Restated: £21.2m), and net assets of £21.2m (2019 Restated: £21.4m). Total current liabilities were £3.8m (2019 Restated: £5.5m) as at the end of the period, with non-current liabilities of £0.4m (2019: £0.6m).

The Directors have prepared cash flow forecasts based on appropriate assumptions in line with the projections of its major customer, Bombardier Transportation UK Ltd. The projections take into account the current expected revenues and its cost base. This forecast show that the company is expected to meet its liabilities as they fall due for a period of 12 months from the date of approval of the 2020 financial statements.

On the basis of the forecasts prepared by management, the Directors are satisfied that the Company is able to meet its liabilities as they fall due in the foreseeable future and to withstand the impact of COVID-19. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

2. 2 International Reporting Standards Issued prior to their mandatory effective date.

In terms of FRS 101, the company is exempt from disclosures regarding the impact of accounting standards issued but not yet effective.

2. 3 Judgements and key sources of estimating uncertainty

The application of the Company's accounting policies requires management to make judgement estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made, however, the nature of estimation means that actual outcomes could differ from those estimates.

The following identifies areas where management's judgements and estimates have the most significant effect on amounts recognised in the financial statements.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

2. 4 Significant accounting policies

Revenue recognition

Revenue, which is stated net of value added tax, represents amounts invoiced to third parties. Revenue is attributable to the design and manufacture of electrical systems, looms, harnesses and cubicles for use in the construction of railway carriages, and the manufacture of interior systems and drivers' desks for railway equipment.

Revenue is recognised when the significant risks and rewards of ownership of goods is passed to the buyer, usually on dispatch of the goods.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but have not been reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or receive more tax.

The exception to this is that deferred taxation assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits generated by the Company from which the underlying temporary differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which temporary differences reverse, based on taxation rates and laws enacted or substantively enacted at the balance sheet date.

Fixed assets and depreciation

All fixed assets are initially recorded at cost or valuation.

Depreciation is charged to the profit and loss account on a straight-line basis and is provided on all fixed assets, except for freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Motor vehicles	- over 3 years
Plant and machinery	- 3 to 20 years

Repairs of assets are charged to the statement of profit or loss and other comprehensive income as incurred. The carrying values of fixed assets are reviewed if events or changes in circumstances indicate the carrying values may be impaired

Impairment of non-financial assets

The Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss.

Exceptional Items

The Company presents as exceptional items those material items of income and expenditure which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Non-current assets held for sale and discontinued operations

In accordance with IFRS 5, the Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major division of the business.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Trade and other debtors

Trade debtors, which generally have 30 – 90-day terms, are recognised and carried at the lower of their original invoice value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when in line with the ECL method prescribed by IFRS 9. Balances are written off when the probability of recovery is assessed as being remote. IFRS 9 requires the company to apply an expected credit loss impairment model that requires more timely recognition of expected credit losses. The standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Stocks

Inventories comprise raw materials, work in progress and finished goods and are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving inventory. Cost is calculated including materials, labour and the attributable overheads according to the stage of production. Stock Provisions are calculated upon comparison of current stock holding with all future planned demand on a part by part basis. Such provisions are reviewed by the management on a regular basis to decide if any parts are surplus to requirements.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss; or as loans and receivables, as appropriate. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets are carried in the balance sheet at fair value with gains or losses recognised in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of the money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Financial liabilities

Financial liabilities are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial liabilities at fair value through profit or loss.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the amount is material and is expected that the settlement of the obligation is more than one year or after the normal operating cycle of the business, the expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Warranty costs

A provision for warranty cost is recorded when revenue for the underlying product is recognised. The cost is estimated based on a number of factors, including the historical warranty claims and cost experience, the type and duration of the warranty coverage, the nature of products sold and counter-warranty coverage available from the Company's suppliers. Warranty expense is recorded as a component of cost of sales. The effect of the time value of money is not material and therefore the provisions are not discounted.

Dilapidation costs

The provision for dilapidation represents the cost of restoring the site after the start of the occupancy. Changes in the provision are recorded within cost of sales in the statement of profit or loss and other comprehensive income.

Dilapidation costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices and adjusted for risks specific to the liability. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

The Company reviews its recorded provisions on a quarterly basis and any adjustment is recognised in income.

Decommissioning costs

The provision for decommissioning represents the cost that will arise from rectifying changes to leased and rented properties made before occupancy of sites commences. Accordingly, a provision is recognised, and a decommissioning asset is recognised and included within tangible assets (notes 10 and 15).

In line with IAS 37, assets for decommissioning costs are created and a provision is made for the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in interest payable and similar charges, and the asset is amortised over the length of the lease and charged to cost of sales. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances including changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset. Estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Notes to the Financial Statements (continued)

2. **Accounting policies (continued)**

Cash pooling

Cash is held within a Group cash pool and is disclosed as amounts owed to/by Group undertakings.

Pension

The Company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Company to the fund in respect of the year.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from using the asset; throughout its period of use; and
- The Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as other fixed assets. In addition, the ROU asset is periodically reduced by impairment losses where relevant.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the asset has been reduced to zero.

The Company has elected not to recognise ROU assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less. The Company recognises the lease payments on these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

3. Turnover

All reported turnover and operating profit is considered to originate from the UK, turnover recognised in the statement of profit or loss and other comprehensive income is analysed as follows:

	2020	2019
	£'000	£'000
Sales deliveries	5,320	5,533
Total	**5,320**	**5,533**

4. Operating profit

The profit from continuing activities before taxation is stated after charging:

	2020	2019
	£'000	£'000
Cost of stock recognised as an expense included in cost of sales (including write down of stocks to net realisable value)	29	44
Depreciation of fixed assets		
- Owned assets	91	84
- Right of use assets	126	321
Auditor remuneration	18	30

5. Staff costs and Directors' emoluments

	2020	2019
a) Staff costs	£'000	£'000
Wages and salaries	1,605	1,646
Social security costs	150	168
Other pension costs	112	122
	1,867	1,936

b) Average monthly number of employees during the year	2020	2019
	No.	No.
Production	22	30
Project management	17	16
Administration	2	2
Engineering	10	8
	51	56

c) Directors' emoluments

Directors' emoluments have been borne by a group company, Bombardier Transportation UK Ltd. The Directors of the Company are also Directors or officers of a number of the Companies within the Bombardier Group. The Directors' services to the Company do not occupy a significant amount of their time. As such the Directors do not consider that they have received any remuneration for their incidental services to the Company for the years ended 31 December 2020 and 31 December 2019.

Notes to the Financial Statements (continued)

6. Interest payable and similar charges

	2020	2019
	£'000	£'000
Unwinding of discounts on provisions (Note 15)	-	3
Interest on Leases	9	12
Other	7	-
	16	15

7. Interest receivable

	2020	2019
	£'000	£'000
Amounts received from Group undertakings	9	57
	9	57

8. Discontinued operations

On 28 February 2019, the Company publicly announced the decision to sell the Cabling division of the Company; the sale of the division was subsequently completed on 29 March 2019.

The profit on disposal of the assets was classified as an exceptional profit for the 2019 financial year as it was outside of the normal course of business for the Company.

	2020	2019
	£'000	£'000
Consideration received on disposal	-	10,731
Carrying value of assets	-	(8,624)
Profit on disposal of assets	-	2,107

	2020	2019 Restated
	£'000	£'000
Turnover	-	**11,057**
Cost of sales	-	(6,075)
Gross profit	-	**4,982**
Administrative expenses		(4,995)
Operating profit	-	**(13)**
Interest receivable	-	16
Profit before tax from discontinued operations	-	**3**
Tax charge	-	(266)
Loss after tax for the year from discontinued operations	-	**(263)**

Notes to the Financial Statements (continued)

9. Taxation on profit

	2020 £'000	2019 £'000
a) Analysis of taxation charge		
Current income tax		
Current year Group Relief payable	113	591
Adjustments in respect of previous years	1,073	29
	1,186	620
Deferred taxation		
Origination and reversal of temporary differences	2	4
Adjustments in respect of previous years	(348)	-
	(346)	4
Taxation on profit (Note 9(b))	**840**	**624**

	2020 £'000	2019 £'000
Taxation related to continuing operations	840	358
Taxation related to discontinued operations	-	266
	840	**624**

b) Reconciliation of total taxation charge		
Profit before tax	701	2,134
Profit multiplied by standard rate of corporation taxation in the UK of 19.00% (2019: 19.00%)	133	406
Effects of:		
Permanent adjustments	(18)	197
Rate change	-	(18)
Adjustment in respect of prior year	725	39
Total tax charge for the year (Note 9(a))	**840**	**624**

c) Factors that may affect future tax charges

On 12 March 2020 the Chancellor announced that the tax rate would remain at 19% from 1 April 2020, this change was substantively enacted on 17 March 2020. On 3 March 2021 the Chancellor announced that the rate would increase from 19% to 25% with effect from 1 April 2023. The increased tax rates announced were not substantively enacted at the year-end, and therefore has no impact on the tax liability recognised.

10. Tangible fixed assets

	Plant and machinery	Motor vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	1,074	3	1,077
Additions	-	-	-
At 31 December 2020	**1,074**	**3**	**1,077**
Depreciation			
At 1 January 2020	758	3	761
Charge for the year	91	-	91
At 31 December 2020	**849**	**3**	**852**
Net book value			
At 31 December 2019	316	-	316
At 31 December 2020	**225**	**-**	**225**

Included in plant and machinery is £59,000 in respect of the decommissioning provision on the office lease (2019: £59,000), the depreciation on the asset amounts to £44,058 (2019: £37,000).

11. Right of use assets

	Buildings	Cars	Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 December 2019	498	33	183	714
Prior Year Adjustment	-	(10)	(183)	(193)
At 1 January 2020	**498**	**23**	**-**	**521**
Additions		16	-	16
At 31 December 2020	**498**	**39**	**-**	**537**
Depreciation				
At 31 December 2019	113	25	183	321
Prior Year Adjustment	-	(14)	(183)	(197)
At 1 January 2020	**113**	**11**	**-**	**124**
Charge for the year	113	13	-	126
At 31 December 2020	**226**	**24**	**-**	**250**
Net book value				
At 31 December 2019	385	8	-	393
Prior Year Adjustment	-	4	-	4
At 1 January 2020	**385**	**12**	**-**	**397**
At 31 December 2020	**272**	**15**	**-**	**287**

Notes to the Financial Statements (continued)

12. Stocks

	2020 £'000	2019 £'000
Raw materials and consumables	1,251	1,204
Work in progress	433	454
Finished goods	135	28
	1,819	**1,687**

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. Debtors

	2020 £'000	2019 £'000
a) Debtors due after one year		
Deferred taxation (note 15b)	503	157
	503	**157**

	2020 £'000	2019 £'000
b) Debtors due within one year		
Trade debtors	849	898
Amounts owed by group undertakings	21,661	21,589
Prepayments and accrued income	52	8
Other Debtors	-	2,351
	22,562	24,846
	23,065	**25,003**

14. Creditors

	2020 £'000	2019 Restated £'000
a) Creditors falling due within one year		
Trade creditors	692	1,360
Other taxes and social security	17	59
Corporation Tax payable	3,042	1,553
Accruals and other creditors	(113)	2,370
Lease Liabilities - within 1 Year	130	119
	3,768	**5,461**
b) Creditors falling due after one year		
Lease Liabilities - after 1 Year	157	271

Notes to the Financial Statements (continued)

15. Provisions

a) Provisions for liabilities

	Warranty £'000	Decommissioning £'000	Total £'000
At 1 January 2020	226	77	303
Arising during the year	108	3	111
Unused amounts released during the year	(171)	-	(171)
At 31 December 2020	**163**	**80**	**243**

Warranty and decommissioning provisions are described in the accounting policies (note 2).

b) Deferred taxation

The movements in deferred taxation during the current year are as follows:	2020 recognised £'000	2019 recognised £'000
Accelerated capital allowances	98	130
Other timing differences	405	27
Deferred taxation asset	503	157

	Recognised £'000
As at 1 January 2020	157
Depreciation in excess of depreci	(32)
Other timing differences	378
As at 31 December 2020	503

The deferred taxation asset of £503,000 (2019: £157,000) has been recognised because there is an expectation of sufficient profits to fully offset these tax deductions in the foreseeable future. There are no unrecognised amounts.

16. Share capital

	2020 No.	2020 £'000
Authorised, Allotted, called up and fully paid:		
Ordinary shares of £1 each	12,000,000	12,000

Notes to the Financial Statements (continued)

17. Reserves

	Retained Earnings £'000
As at 1 January 2019	**7,855**
Total Comprehensive Income	2,511
As at 31 December 2019	**10,366**
Prior year adjustments (note 18)	(999)
As at 31 December 2019 (Restated)	**9,367**
Total Comprehensive Income	(139)
As at 31 December 2020	**9,228**

18. Correction of Error

Management performed a review of the 2019 sale of Cabling Division workings and noted some of the calculations were incorrect. As a consequence, revenue was overstated. In line with IAS 8 the error has been corrected retrospectively and relates to the year 2019 only as follows:

Impact on equity (decrease in equity)

	2019 £'000
Accruals and other creditors	(1,589)
Corporation Tax Payable	590
Net impact on Equity	(999)

Impact on statement of profit or loss (decrease in profit)

	2019 £'000
Profit after tax for the year from discontinued operations	(1,061)
Cost of sales	(42)
Administration Expenses	129
Taxation	(25)
Net impact on profit for the year	(999)

19. Pensions

The Company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Company and amounted to £111,631 (2019: £175,000). The amount of outstanding pension contributions payable included in accruals and other creditors at 31 December 2020 amounted to £nil (2019: £nil).

Notes to the Financial Statements (continued)

20. Lease Liabilities

	2020 £'000	2019 £'000
Contractual undiscounted cashflows		
Within one year	132	124
Within two to five years	164	280
After 5 years	-	-
	296	**404**
Lease liabilities included in the financial statements		
Current	130	119
Non current	157	271
	287	**390**

21. Events Since the Balance Sheet Date

On 29 January 2021, Bombardier Inc., previously the company's ultimate parent undertaking closed the sale of its Transportation Business, including ownership of this Company, to Alstom Holdings SA.

22. Parent company

The Company's immediate parent undertaking is Bombardier Transportation UK Limited.

Until 29 January 2021, the Company's ultimate parent company and controlling party was Bombardier Inc., which is incorporated in Canada and which is both the smallest and the largest group of undertakings for which group accounts are drawn up and of which the Group is a member. Group accounts for Bombardier Inc. for the year ended 31 December 2020 are available from Corporate Office, 800 Rene-Levesque Blvd, West Montreal, Quebec, Canada H2B 1YB.

Subsequent to this date, the company's ultimate parent undertaking and ultimate controlling party is ALSTOM SA, a company incorporated in France. Its address is 48, rue Albert Dhalenne, 93842 Saint-Ouen, France.