EUROTUNNEL AGENT SERVICES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Registration number: 05026976

Contents

Directors' Report

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 2018.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Principal activity and business review

The principal activity of Eurotunnel Agent Services Limited (hereafter the "Company") comprises the holding of floating rate notes (FRNs) issued by Channel Link Enterprises Finance plc (CLEF). The Company undertakes this activity on behalf of the Getlink Group (formerly known as the Eurotunnel Group) (hereafter the "Group"). CLEF is the structure that securitised the Group's debt in 2007.

On 9 February 2018, the Company completed the acquisition it committed to in December 2017, for a price to the Company totaling £351 million, of G2 bonds with an estimated market value of £302 million, financed by a temporary external bridge loan of £190 million and by a loan from Getlink SE of £161 million. The external bridge loan was repaid on 5 October 2018 by the proceeds from a further Getlink loan. Interest will be due on the Getlink loans broadly at the same time and for the same amount as interest receivable from the FRNs, less any necessary costs.

The acquisition agreement also provided options for the Group to further purchase G1 and G3 bonds of nominal value £300 million and £100 million respectively, and consent for the Group to implement its legal re-structuring, which was completed in 2018.

In respect of this transaction, the Company recorded in 2018 a further loss of £2 million in order to reflect the concluded transaction amounts including fees compared to the estimation of £48 million recorded in 2017. The loss arose as the purchase price included an indemnity for costs, in particular the need to cancel related hedging arrangements, incurred by the former holder of the bonds. However, it is expected that further Group restructuring or other group arrangements will compensate for this loss over time. In addition the future market value of the G2 FRNs will vary in accordance with market expectations in respect of UK inflation and general market interest rates over the life of the Tranche A debt which is due for repayment between 2018 and 2042.

The Company made an overall profit after taxation for the year of £1,665,000. The results for the year are set out on page 8.

Brexit: the United Kingdom's exit from the European Union

Following the UK's decision to leave the European Union on 23 June 2016, formal negotiations between the UK government and the European Commission on the terms and mechanisms of the exit which started on 19 June 2017, entered the second phase in December 2017 and are continuing as of the closing date of these accounts. During 2018, the Company has not noted any significant impact of this decision on its business but continues its process of active monitoring and detailed follow-up of potential risks that may arise. The Company has taken account of this situation in the determination of the principal estimates and assumptions used in the preparation of its financial statements at 31 December 2018 as described above.

Results and dividends

The Company made a profit after taxation for the year of £1,665,000 (2017: loss of £37,895,000).

The directors do not recommend payment of a dividend for the year.

Directors

The directors who served during the year were M. Schuller and K. Morrison.

None of the directors had any material interest in any contract in relation to the business of the Company.

Directors' third party indemnity provision

All of the directors who held office during the year were covered by a directors and officers liability insurance policy paid for by fellow Group undertakings. There were no other directors' indemnities in place during the year.

Charitable/political donations

No charitable donation was made during the year (2017: £nil). No political donation was made during the year (2017: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Small company regime

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

By order of the Board,

Michael Schuller
Director
19 July 2019

UK Terminal
Ashford Road,
Folkestone,
Kent,
CT18 8XX

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 Auditor's Report to the member of Eurotunnel Agent Services Limited

We have audited the financial statements of Eurotunnel Agent Services Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework". (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 *"Reduced Disclosure Framework"; and*
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in Annual Report and Accounts, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Directors' Report.

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:

- adequate accounting records have not been kept, or 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption 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 4 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.

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

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

Use of the audit 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Jonathan Seaman (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London E1W 1DD

Date:

Statement of comprehensive income

£'000	Notes	**2018**	**2017**
Operating interest receivable	5	8,286	2,296
Operating interest payable	7	(3,674)	(2,133)
Operating expenses	4	(491)	(9)
Operating profit for the year before taxation		**4,121**	**154**
Profit on sale of floating rate notes	6	-	12,331
Loss in respect of commitment to purchase floating rate notes	12	(2,456)	(48,000)
Exchange gain		-	1,695
Exchange loss		-	(1,666)
Profit/ (loss) before tax for the year		**1,665**	**(35 486)**
Tax charge	13	-	(2,409)
Profit/ (loss) after tax and total comprehensive income for the year		**1,665**	**(37,895)**

The notes on pages 11 to 17 form part of these financial statements.

The results in the income statement relate to continuing operations.

There are no other items of comprehensive income for either the current or the previous year.

Statement of financial position

£'000	Notes	31 December 2018	31 December 2017
ASSETS			
Non- current financial assets			
Floating rate notes	9	297,620	–
Current financial assets			
Floating rate notes: accrued interest	9	178	–
Cash and cash equivalents	10	5,123	4
Total assets		**302,921**	**4**
EQUITY AND LIABILITIES			
Issued share capital	14	–	–
Retained earnings		(47,996)	(10,101)
Profit/ (loss) for the year		1,665	(37,895)
Total shareholders deficit-equity		**(46,331)**	**(47,996)**
Non-current financial liabilities			
Loans due to parent company	11	348,330	–
Current financial liabilities			
Provision for loss in respect of commitment to purchase FRNs	12	–	48,000
Loans due to parent company: accrued interest	11	922	–
Total equity and liabilities		**302,921**	**4**

The notes on pages 11 to 17 form part of these financial statements.

These financial statements, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 accounts, were approved and authorised for issue by the Board of Directors on 19 July 2019 and signed on its behalf by:

Michael Schuller, Director
Company registration number: 05026976.

Statement of changes in equity

	2018			2017		
£'000	**Share capital**	**Retained earnings**	**Total**	**Share capital**	**Retained earnings**	**Total**
As at 1 January	–	(47,996)	**(47,996)**	–	2,005	**2,005**
Interim profit for the 6 months ended 30 June 2017	–	–	–	–	10,105	**10,105**
Interim dividend paid in the year	–	–	–	–	(12,106)	**(12,106)**
Loss for the 6 months ended 31 December 2017	–	–	–	–	(48,000)	**(48,000)**
Profit for the year ended 31 December 2018	–	1,665	**1,665**	–	–	–
As at 31 December	**–**	**(46,331)**	**(46,331)**	**–**	**(47,996)**	**(47,996)**

The notes on pages 11 to 17 form part of these financial statements.

Notes to the financial statements

The Company is a private company limited by shares registered in England and Wales and its registered office is Eurotunnel UK Terminal, Ashford Road, Folkestone, Kent CT18 8XX. The Company is wholly-owned by Getlink SE (Getlink), a company registered in France. Getlink SE is the immediate and ultimate parent of the Company.

1. Basis of preparation and significant accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ("Regulations").

1.2 Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 paragraph 8:

(i) The requirement of IFRS 7 "Financial Instruments: Disclosures" relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(ii) The requirement of IFRS 13 "Fair Value Measurement" paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value;

(iii) The applicable requirements of IAS 1 "Presentation of Financial Statements" relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)) and the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e))'

(iv) The requirement of IAS 1 "Presentation of Financial Statements" paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;

(v) The requirements of IAS 7 "Statement of Cash Flows" and IAS 1 "Presentation of Financial Statements" paragraphs 10(d) and 111 relating to the presentation of a Statement of Cash Flows;

(vi) The requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and

(vii) The requirements of IAS 24 "Related Party Disclosures" relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points (i) to (iii), the equivalent disclosures are included in the consolidated financial statements of Getlink SE, into which the Company is consolidated.

1.3 Basis of preparation and accounting

The financial statements are presented in sterling. They are prepared under the historical cost convention.

The financial statements have been prepared under the assumption that the Company will continue as a going concern.

In assessing whether the going concern assumption is appropriate, management has taken into account all available information, including actual results as at the date of these accounts, and forecast figures in respect of all cash flow, income statement and balance sheet elements for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements.

1.4 Critical accounting judgements and key sources of estimation uncertainty

The G2 notes have been recorded at their fair value at the date of acquisition of £302 million. The fair value of these notes on the date of their acquisition was determined by the Group using its own financial model and corroborated by estimates provided by an external expert. The G2 notes are included in the category "Financial assets measured at amortised cost".

1.5 Significant accounting policies

Financial instruments

Financial assets

Classification and evaluation

In accordance with IFRS 9, financial assets are classified as financial assets at amortised cost, fair value through equity or at fair value through profit or loss depending on the nature of the instrument (debt or equity), characteristics of their contractual flows and how the entity manages its financial instruments (business model).

The business model of the entity represents the way in which financial assets are managed to generate cash flow. The exercise of judgment is necessary to appreciate the business model.

A financial asset is said to be "basic" if the contractual terms of the financial asset give rise, on specified dates, to cash flows corresponding solely to repayments of principal and interest calculated on the capital remaining due. The determination of the basic character is to be carried out for each financial asset, debt instrument, when it is initially recognised.

i. *Debt instruments measured at amortised cost*

A debt instrument is measured at amortised cost if it satisfies both of the following conditions:

- the asset is held as part of a business model for the purpose of collecting contractual cash flows, and
- the contractual terms of the financial asset define the latter as basic (SPPI) within the meaning of the standard.

Debt instruments at amortised cost are initially measured at fair value and then at amortised cost using the effective interest rate method. For short-term receivables with no stated interest rate, the fair value is treated as the amount of the invoice unless the interest rate has a significant impact.

Income accrued or acquired on debt instruments is recorded under "Finance income" using the effective interest rate method.

These instruments are subject to the IFRS 9 requirements for impairment.

This category includes the inflation-linked G2 notes held by the Company.

ii. *Debt instruments measured at fair value through equity*

A debt instrument is measured at fair value through equity only if it meets both of the following conditions:

- the asset is held as part of a business model whose objective is both the collection of contractual cash flows and the sale of financial assets, and
- the contractual terms of the financial asset define the latter as basic (SPPI) within the meaning of the standard.

Debt instruments at fair value through equity are initially recognised at fair value plus transaction costs. At the balance sheet date, they are measured at their fair value and changes in fair value are recorded in gains and losses recognised directly in equity (recyclable in profit or loss). The assets in foreign currencies being monetary, fair value for the currency component affects the result.

Income accrued or acquired on debt instruments is recorded under "Finance income" using the effective interest rate method.

These instruments are subject to the IFRS 9 requirements for impairment.

The Company does not hold debt instruments at fair value through equity.

iii. *Equity instruments measured at fair value through equity*

Equity instruments are recorded at fair value through profit or loss, except in the case of an irrevocable option for fair value measurement through non-recyclable equity (provided these instruments are not held for trading) without subsequent reclassification in profit or loss.

Equity instruments at fair value through equity are initially recognised at fair value plus transaction costs. Unrealised and realised impairment losses remain recognised in equity without ever affecting the result. These financial assets are not impaired. In the event of a sale, changes in fair value are not transferred to profit but directly to the consolidated reserves in equity. Only dividends affect the result if they correspond to a return on the investment. They are recorded under "Finance income". The fair value corresponds, for quoted securities, to a market price. For unlisted securities, it is determined by reference to recent transactions or by valuation techniques that incorporate reliable and observable market data.

The Company does not hold equity instruments at fair value through equity.

iv. *Financial assets measured at fair value through profit or loss*

All other financial assets are classified at fair value through profit or loss. These financial assets include financial assets held for trading, financial assets designated at fair value through profit or loss and non-basic assets. These assets are measured at fair value with changes in value recorded in profit or loss.

This category also includes derivative financial instruments (positive fair values).

When classified as current assets in cash equivalents, financial assets at fair value through profit or loss include, in particular, units of cash UCITS.

Impairment

Pursuant to the provisions of IFRS 9, financial instruments measured at amortised cost and debt instruments at fair value through equity are recognised, as at the date of first recognition, as a write-down for expected credit losses (Expected Credit Losses or ECL). Where the financial assets concerned have not been subject to objective indications of individual impairment losses, the depreciation for expected credit losses is evaluated on the basis of historical losses and reasonable and justifiable forecasts of future cash flows.

Financial instruments are divided into three categories according to the deterioration in credit risk observed since their initial recognition: S1 (no significant increase in credit risk), S2 (significant increase in credit risk) and S3 (credit risk proven). Each credit category has a specific credit risk assessment method: expected credit losses at 1 year for outstanding S1, credit losses expected at maturity for outstanding amounts of S2 and S3.

Financial liabilities

Financial liabilities include, in accordance with IFRS 9 borrowings and interest rate hedging instruments The Company does not have interest rate hedging instruments.

Borrowings

Borrowings are recognised initially at fair value less transaction costs, and subsequently at amortised cost according to the effective interest rate method.

For financial liabilities that are at a fixed interest rate, interest costs are recognised at a constant interest rate until maturity of the debt using the effective interest rate method. The effective interest rate is the rate that exactly discounts all of the contractual cash flows due on the debt until its maturity. These cash flows are calculated on the basis of the estimated cash flows due on each instrument constituting the debt. The calculation takes into account the transaction related costs and all other premiums and discounts.

For financial liabilities that are at a variable interest rate, cash flows are periodically re-estimated to reflect changes in market interest rates, thereby changing the effective interest rate.

For financial liabilities that are at a fixed interest rate indexed to inflation, cash flows are periodically re-estimated to take account of actual fluctuations in the inflation rate, thereby changing the effective interest rate.

Foreign exchange

Transactions in foreign currencies are converted into the reporting currency of the Company at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the statement of financial position.

Taxation

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares if paid by the Company will be shown as a deducted from equity.

2. Employee benefit expense

The Company employed no staff during the year (2017: £nil).

3. Directors' remuneration

Directors are remunerated by a fellow Group undertaking for their duties to the Group as a whole. The directors received no specific emoluments for the services to the Company during the year (2017: £nil).

The Board is not aware of any contract of significance in relation to the Company or its subsidiaries in which any director has any material interest.

4. Operating expenses

Operating expenses in 2018 comprise legal and other costs but exclude audit fees of £4,774 (2017: £4,774) which were borne by another Group company. Fees during the year for non-audit services provided by the current auditors, and their associates, were £nil (2017: £nil).

5. Operating interest receivable

£'000	2018	2017
Interest receivable on GBP inflation linked notes	11,136	-
Amortisation of premium on GBP inflation linked notes	(2,852)	-
Interest receivable on GBP floating rate notes	-	1,016
Interest receivable on EUR floating rate notes	-	1,120
Amortisation of discount on GBP floating rate notes	-	65
Amortisation of discount on EUR floating rate notes	-	95
Interest received on bank deposits	2	-
Total interest receivable	**8,286**	**2,296**

6. Profit on sale of floating rate notes

£'000	2018	2017
Sale proceeds GBP floating rate notes	-	60,583
Sale proceeds EUR floating rate notes	-	82,691
Net book value of disposal GBP floating rate notes	-	(55,479)
Net book value of disposal EUR floating rate notes	-	(75 464)
Profit on disposal of financial assets	**-**	**12,331**

7. Operating interest payable

£'000	2018	2017
Interest payable on external Bridge loan	2,752	-
Interest payable on GBP loan from Getlink SE	922	(1,012)
Interest payable on EUR loan from Getlink SE	-	(1,121)
Total cost of servicing debt	**3,674**	**(2,133)**

8. Financial risks

Financial risk represents the risk of financial loss to the Company in the event that a customer or counterparty to a financial instrument fails to honour their contractual obligations. It also includes foreign exchange risk, liquidity/cash flow risk, interest rate risk and credit risk. In the Company these risks will be matched in terms of financial assets and liabilities such that the net position in respect of each of these risks is low. The company plans to continue to always have in place a natural hedge derived from matched holdings of equal and opposite amounts of assets and liabilities. In this context, no sensitivity analysis has been provided given the low level of net exposure to each risk.

Inflation linked and other floating rate notes

All of the notes were issued by Channel Link Enterprises Finance (CLEF), the structure that securitised the Group's debt in 2007. The scope of operation of the CLEF structure is limited to the receipt and onward distribution of interest and principal repayments arising from the Group debt. All such amounts are ultimately payable by fellow Group undertakings and thus the Company considers it has very limited financial risk.

In 2018, the effective interest income rate in respect of the inflation-linked G2 bonds was approximately 3%.

In the prior period 2017, the effective interest rate including the effect of the disposal at a profit in June 2017 for the floating rate notes disposed of in 2017 comprised Libor and Euribor at varying rates of approximately 11%.

9. Financial assets

On 9 February 2018, the Company completed the acquisition it committed to in December 2017, for a price totalling £351 million, of G2 bonds with an estimated market value of £302 million, financed by a temporary external bridge loan debt of £190 million and by a loan from Getlink SE of £161 million. The external bridge loan was repaid on 5 October 2018 by the proceeds from a further Getlink loan. Interest will be due on the Getlink loans broadly at the same time and for the same amount as interest receivable from the FRNs, less any necessary costs

This agreement also provided options for the Group to further purchase G1 and G3 bonds of nominal value £300 million and £100 million respectively, and consent for the Group to implement its legal re-structuring completed in 2018.

In respect of this transaction, the Company recorded a further loss amount of £2 million in 2018, in order to reflect the concluded transaction amounts including fees compared to the estimation of £48 million recorded in 2017. This loss arises as the purchase price included an indemnity for costs, including the need to cancel related hedging arrangements, incurred by the former holder of the bonds. However, it is expected that further Group restructuring or other group arrangements will compensate for this loss over time. In addition the future market value of the G2 FRNs will vary in accordance with market expectations in respect of UK inflation and general market interest rates over the life of the Tranche A debt which is due for repayment between 2018 and 2042.

The inflation-linked notes correspond to the securitisation of the Tranche A2 of the Group's debt and have the same characteristics in terms of interest and maturity. They carry a contractual interest rate of 2.89% plus UK inflation (RPI).

The effective interest rate comprises the interest as described above adjusted by the amortisation of the premium over the life of the loan and amounts in 2018 to approximately 3%.

£'000	31 December 2017	Acquisitions	Repayments	Amortisation of premium	Indexation and accrued interest	31 December 2018
Non-current assets						
Inflation linked notes GBP-base value	-	201,889	(6,114)	-	5,773	201,548
Inflation linked notes GBP-premium	-	98,924	-	(2,852)	-	96,072
Total non-current assets	**-**	**300,813**	**(6,114)**	**(2,852)**	**5,773**	**297,620**
Current assets						
Accrued interest on GBP notes	-	810	(810)	-	178	178
Total current assets	**-**	**810**	**(810)**	**-**	**178**	**(178)**

10. Cash and cash equivalents

Movement during the year:

£'000	2018	2017
Opening cash and cash equivalents	4	9
Increase/ (decrease) in cash in year	5,119	(5)
Closing cash and cash equivalents	**5,123**	**4**

11. Financial liabilities

As described in Note 9 above, the Company purchased in early 2018 FRN's at a cost for the Company of £351 million financed by an external bridge loan of £190 million and by a loan from Getlink SE of £161 million. The bridge loan was repaid on 5 October 2018 and replaced by a further loan from Getlink SE.

The GBP loans from Getlink carry interest broadly at the same time and for the same amount as interest receivable from the FRNs, less any necessary costs. The loans from Getlink SE repaid in 2017 similarly carried interest broadly at the same rate and conditions as the floating rate notes; Euribor +3.25% for the euro tranche and Libor +3.25% for the sterling tranche.

£000	31 December 2017	Drawdown	Settlement	Variation of accrued interest	31 December 2018
Non-current financial liabilities:					
Bridge Loan	-	190,000	(190,000)	-	-
GBP loans due to Getlink SE	-	348,330	-	-	348,330
Total non-current financial liabilities	**-**	**538,330**	**(190,000)**	**-**	**348,330**
Current financial liabilities:					
GBP loan due to Getlink SE	-	-	-	922	922
Total current financial liabilities	**-**	**-**	**-**	**922**	**922**

12. Provision for loss on commitment to purchase FRN's

The provision for loss recorded in 2017 arose from the commitment made by the Company in December 2017 in the context of Group debt restructuring initiatives, as described in Note 9 above.

In respect of this transaction, the Company recorded a further loss amount of £2 456,000 in 2018, in order to reflect the concluded transaction amounts including fees compared to the estimation of £48 million recorded in 2017. This loss arises as the purchase price included an indemnity for costs, including the need to cancel related hedging arrangements, incurred by the former holder of the bonds. However, it is expected that further Group restructuring or other group arrangements will compensate for this loss over time. In addition the future market value of the G2 FRNs will vary in accordance with market expectations in respect of UK inflation and general market interest rates over the life of the Tranche A debt which is due for repayment between 2018 and 2042.

13. Taxation

13.1 Current taxation

UK Corporation tax in the form of a group relief charge of £nil for the year. (2017: £2,409,000).

13.2 Factors affecting the tax charge for the year

£'000	**2018**	**2017**
Profit/ (loss) for the year before tax	1,665	(35,486)
Profit/ (loss) for the year multiplied by the Uk standard rate of corporation tax of 19% (2017: 19.25%)	(316)	6,831
Deferred tax asset not recognized	316	(9,240)
Current tax charge for the year (group relief)	**-**	**(2,409)**

The main corporation tax rate for the year is 19% (2017: 19.25%). In the prior period 2017, the main rate reduced from 20% to 19% from 1 April 2017. A deferred tax asset has not been recognised due to the uncertainty in respect of availability of future taxable profits in the Company against which unused tax losses can be utilised. The current tax charge in the prior year 2017 arose due to the non-availability of tax deduction in that year in respect of the £48 million provision.

13.3 Factors affecting future tax charges or credits

The UK standard rate of corporation tax will be reduced from 19% to 17% from 1 April 2020.

UK tax losses may be carried forward indefinitely, but the use of losses in any one year is restricted to 50% of any taxable profit amounts beyond £5 million.

It is possible that tax relief credits may arise in the future from use or partial surrender of the Company's tax losses but as detailed above no deferred tax asset has been recognised due to the current uncertainty in respect of this.

The directors of the Company are not aware of any other significant factors likely to affect future tax charges or credits.

14. Share capital

£		**31 December 2018**	**31 December 2017**
Allotted called up and unpaid	2 ordinary shares of £1 each	2	2

15. Ultimate parent undertaking

The results of the Company are consolidated in the consolidated financial statement of Getlink SE, the Company's parent company and controlling party and a company registered in France. A copy of these consolidated financial statements is available on the Group's website www.eurotunnelgroup.com.