

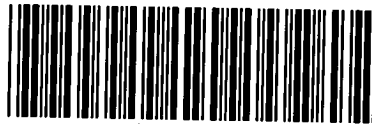
Registration number: 05618463

Abellio Transport Holdings Ltd

Annual report and financial statements

for the year ended 31 December 2020

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Abellio Transport Holdings Ltd

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Abellio Transport Holdings Ltd

Company information

Directors	D D G Booth A C J Magielse
Company secretary	Brodies Secretarial Services Limited
Registered office	2nd Floor St Andrew's House 18-20 St Andrew Street London EC4A 3AG
Bankers	HSBC Bank PLC 8 Canada Square London E14 5HQ
Auditor	Ernst & Young LLP 2 St. Peter's Square Manchester

Abellio Transport Holdings Ltd

Strategic report

For the year ended 31 December 2020

The directors present their Strategic report for Abellio Transport Holdings Ltd ("the company") for the year ended 31 December 2020.

Principal activity

The principal activities of the company are the holding of certain UK investments of the Abellio Transport Group Ltd, providing management and operational services to Abellio UK Group operating companies, selling corporate rail tickets to third party customers and engaging in business development activity in the transport sector. Abellio UK Group is active in both the UK Rail and Bus markets.

Business review and results

In the year to 31 December 2020 the company reported an Earnings before Interest and Tax (EBIT) loss of £16.8m (2019: £10.8m). Dividend income of £7.4m was recognised for the year ended 31 December 2020 (2019: £23.0m). Loss after tax for the year was £6.1m (2019: profit of £14.2m).

As a result of the significant and unprecedented impact of COVID-19 and the Government's advice not to use public transport, the company's wholly owned subsidiary, Abellio Scotrail Ltd ("Scotrail"), entered into an Emergency Measures Agreement ("EMA") in April 2020. This was a variation to their underlying franchise agreement. Subsequent variations of the EMA were entered into in September and December 2020 and March and August 2021.

The current EMA variation for Abellio Scotrail Limited is due to expire on 12 December 2021. The underlying Franchise Agreement is due to end on 31 March 2022, at which point Scotrail operations will transfer to a publicly owned operator, as announced by the Scottish Government on 17 March 2021.

Key performance indicators ("KPIs")

The directors monitor the performance of the company with reference to EBIT. EBIT is monitored at a cost centre level on a monthly basis against forecast, with variances investigated and plans established to mitigate adverse variances to forecast.

The company monitors the key performance indicators ("KPIs") of all its subsidiaries. KPIs for profit, people, performance, safety and customer satisfaction are universally used to set targets and measure performance in the business, both periodically and annually. Dashboards are used to monitor KPIs and we routinely share best practice with all of our businesses to raise the standards of KPIs across the group.

Principal risks and uncertainties

Public transport usage in the UK has been severely affected by the impact of COVID-19 and various national and local lockdowns imposed by the Government, where the use of public transport was not advised. The company continues to monitor the impact of COVID-19 on its subsidiary undertakings and joint ventures and takes appropriate actions to support these entities where required.

The UK formally left the European Union ("EU") on 31 January 2020. During the subsequent transition period to 31 December 2020, the UK effectively remained in the EU's customs union and single market but it was outside of the political institutions and there were no longer any UK members of the European Parliament. On 31 December 2020, the transition period ended and the UK left the EU single market and customs union.

The company's subsidiaries are only active in the UK and do not provide any international cross-border passenger rail services. All necessary licences to operate (such as licenses from the ORR, homologation of trains) are in place and will remain in place. Brexit does not have any direct impact on Abellio UK's operations from a legal point of view, nor does it impact the necessary licences.

Future developments

Our ultimate parent N.V. Nederlandse Spoorwegen continues to support Abellio's strategy in the UK. Operational excellence and financial performance will focus the business clearly on its key deliverables in the foreseeable future. The group's performance in the UK bus market is class-leading which positions us well to retain and gain routes in an ever-busier London road market and other areas of the UK.

Abellio Transport Holdings Ltd

Strategic report (continued)

For the year ended 31 December 2020

Future developments (continued)

Following the announcement by the Scottish Government that the operations of Scotrail will transfer to a publicly owned operator from 1 April 2022, we will work with the new publicaly owned operator and other key stakeholders to ensure an orderly transition.

Section 172 Statement

The directors of the company must act in accordance with a set of general duties. These duties are detailed in section 172(1)(a - f) of the UK Companies Act 2006, which is summarised as follows;

A director of a company must act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so have regard to the following matters.

- (a) the likely consequences of any decision in the long-term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between shareholders of the company.

Overview of how the directors discharged their duties

The sections below set out how the directors have satisfied these duties for the year ended 31 December 2020.

The directors' approach to decision making

Monthly board meetings consist of a comprehensive summary of the above considerations. The board consists of the Abellio UK Managing Director and Abellio Netherlands Managing Director; other members of the Abellio UK Executive team and other senior management attend board meetings as necessary to ensure suitably robust discussions on important matters, including our strategy, objectives and results. Formal delegated financial authorities ensure appropriate approval from the board, immediate parent undertaking or the ultimate shareholder supported with business cases and advice from professional advisors and subject matter experts, where appropriate, on important matters and significant decisions that have both short and long term impacts on the company.

Our people

The company has a well developed structure through which it engages with employees. A monthly town hall session is held with employees, where the UK Managing Director and members of the UK Executive team provide employees with updates on various matters and invite questions to ensure there are appropriate levels of interaction with employees. During the course of the year the UK Managing Director also issued updates on a regular basis on key activities and key events facing the company and the wider Abellio UK business. The company also conducts annual staff engagement surveys via a third party, with a series of follow up sessions to ensure the views of employees are heard and any appropriate action taken.

Maintaining high standards of business conduct including customers, suppliers and the wider community

Our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct, good governance and the minimum requirements set by our ultimate parent. In doing so this ensures we contribute to the delivery of our strategy and objectives and act responsibly with our customers, suppliers and the wider community.

Abellio Transport Holdings Ltd
Strategic report (continued)
For the year ended 31 December 2020

Section 172 Statement (continued)

Our shareholders

We act responsibly toward our shareholders and endeavour to deliver a financial return to them. We have an open dialogue with our immediate shareholder and ultimate parent, providing them with regular and appropriate communications to ensure they understand our strategy, objectives and results.

Energy and Carbon Reporting

The company has completed its Energy and Emissions reporting for the year ended 31 December 2020. This section includes our mandatory reporting of energy and greenhouse gas emissions for the period 1 January 2020 to 31 December 2020, pursuant to the Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the Government's Streamlined Energy and Carbon Reporting (SECR) policy.

Due to the COVID-19 pandemic, during the financial year ended 31 December 2020, the majority of the company's employees worked from home in line with government guidelines. As such, no new specific energy saving activity was carried out during the financial year. However, the company does employ energy saving mechanisms within the offices, such as motion sensor lights. The company will further look to reduce its impact on the environment as employees return to the office.

The data below shows the company's greenhouse gas emissions from UK operations, expressed in tonnes of CO₂ emissions ("CO₂e") for the financial year ended 31 December 2020:

	Tonnes of CO₂e
Emissions from combustion of gas and the consumption of fuel for the purposes of transport (Scope 1)	-
Emissions resulting from purchase of electricity for its own use (Scope 2)	62.4
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing fuel (Scope 3)	-
Total gross emissions	62.4

The data below is the ratio of CO₂e from UK operations per employee (based on average headcount) at the company for the financial year ended 31 December 2020:

	Tonnes of CO₂e per employee
Tonnes of CO ₂ e per headcount employee	0.27

The data below shows the company's energy consumption from UK operations for the financial year ended 31 December 2020, expressed in Kilowatt Hours ("KwH"):

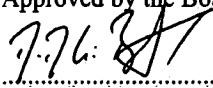
	Total KwH
Annual quantity of energy consumed from combustion of gas and the consumption of fuel for the purposes of transport and purchase of electricity for its own use	196,056

Abellio Transport Holdings Ltd
Strategic report (continued)
For the year ended 31 December 2020

Energy and Carbon Reporting (continued)

Our methodology to calculate our greenhouse gas emissions is based on the “Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019)” issued by the Department for Environment, Food & Rural Affairs (“DEFRA”), using DEFRA’s 2019 conversion factors. In some cases, consumption has been extrapolated from available data or direct comparison made to a comparable period. We report using a financial control approach to define our organisational boundary. We have reported all material emission sources required by the regulations for which we deem ourselves to be responsible and have maintained records of all source data and calculations.

Approved by the Board and signed on its behalf by:


.....

D D G Booth
Director

Date: 14/09/2021
.....

Abellio Transport Holdings Ltd

Directors' report

For the year ended 31 December 2020

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2020.

Directors

The directors, who served throughout the year and up to the date of signing, were as follows:

D D G Booth

A C J Magielse

Dividends

During the financial year a dividend was declared and paid of £1.1m (2019: £15.0m).

Directors' indemnities

During the year, the company had in force an indemnity provision in favour of one or more directors of Abellio Transport Holdings Limited against 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 remains in force as at the date of approving the Directors' report.

Going concern

The directors have considered the company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements, with reference to a detailed cash flow forecast, budgets and other relevant financial information. Other relevant financial information also includes detailed and robust reviews of financial forecasts of subsidiaries and joint ventures who are forecasting dividend payments, to ensure these are supportable. Following review and sensitising cash flows to reflect plausible downside scenarios such as late payment of debtors, the directors are satisfied the company has sufficient resources available in order to meet its financial obligations as they fall due. On this basis the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Information included with the Strategic report

The directors have included details of the company's future developments within the Strategic report.

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

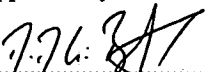
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's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

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

Auditor

The company has elected to dispense with the annual requirement to reappoint auditors and accordingly Ernst & Young LLP will continue to act as auditor of the company.

Approved by the Board and signed on its behalf by:


.....

D D G Booth

Director

Date: 14/09/2021
.....

Abellio Transport Holdings Ltd

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 members of Abellio Transport Holdings Ltd

Opinion

We have audited the financial statements of Abellio Transport Holdings Ltd for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, 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 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 company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Abellio Transport Holdings Ltd (continued)

Opinion 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 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 or 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 specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditor's report to the members of Abellio Transport Holdings Ltd (continued)

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 related to FRS 101, Companies Act 2006 and direct and indirect tax compliance regulations in the United Kingdom.
- We understood how Abellio Transport Holdings Ltd is complying with those frameworks by making enquiries of the management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reviewing any manual journals which have a higher susceptibility to management override of controls, assessing the compliance of the financial statements with the required reporting frameworks, and assessing the company's compliance with the applicable laws and regulations.

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 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.

Ernst & Young LLP

.....
Jamie Dixon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: 14 September 2021
.....

Abellio Transport Holdings Ltd
Income statement
For the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	5	9,457,722	10,672,993
Cost of sales		<u>(8,569,302)</u>	<u>(8,850,490)</u>
Gross profit		888,420	1,822,503
Administrative expenses		<u>(17,681,730)</u>	<u>(12,585,662)</u>
Operating loss		(16,793,310)	(10,763,159)
Interest receivable and similar income	6	15,002	90,232
Interest payable and similar charges	7	(150,604)	(185,407)
Dividends received		<u>7,439,000</u>	<u>23,026,500</u>
(Loss)/profit before taxation	8	(9,489,912)	12,168,166
Taxation	12	<u>3,365,079</u>	<u>2,039,225</u>
(Loss)/profit for the financial year		<u><u>(6,124,833)</u></u>	<u><u>14,207,391</u></u>

The above results were derived from continuing operations.

The notes on pages 15 to 39 form an integral part of these financial statements.

Abellio Transport Holdings Ltd
Statement of comprehensive income
For the year ended 31 December 2020

	Note	2020 £	2019 £
(Loss)/profit for the financial year		(6,124,833)	14,207,391
Items that will not be reclassified subsequently to profit or loss:			
Tax credit on items relating to components of comprehensive income	12	370,839	110,296
Actuarial losses on defined benefit pension schemes	22	<u>(1,889,737)</u>	<u>(648,798)</u>
Total items that will not be reclassified subsequently to profit or loss		<u>(1,518,898)</u>	<u>(538,502)</u>
Total other comprehensive loss for the year		<u>(1,518,898)</u>	<u>(538,502)</u>
Total comprehensive (loss)/profit for the year		<u>(7,643,731)</u>	<u>13,668,889</u>

The notes on pages 15 to 39 form an integral part of these financial statements.

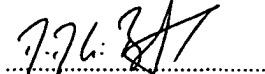
Abellio Transport Holdings Ltd

Balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
Non-current assets			
Intangible assets	14	443,741	522,534
Tangible fixed assets	15	689,495	998,090
Right of use assets	16	2,352,058	2,812,897
Investments	17	28,455,284	28,455,283
Deferred tax assets	18	1,016,072	519,464
		<u>32,956,650</u>	<u>33,308,268</u>
Current assets			
Trade and other receivables	18	9,884,108	22,338,574
Income tax asset		4,945,558	5,937,706
Cash at bank and in hand		7,774,097	1,590,228
		<u>22,603,763</u>	<u>29,866,508</u>
Current liabilities			
Trade and other payables	19	(5,411,816)	(5,877,915)
Lease liabilities	20	(496,162)	(491,027)
		<u>(5,907,978)</u>	<u>(6,368,942)</u>
Net current assets		<u>16,695,785</u>	<u>23,497,566</u>
Total assets less current liabilities		<u>49,652,435</u>	<u>56,805,834</u>
Non-current liabilities			
Lease liabilities	20	(2,537,358)	(3,033,520)
Retirement benefit obligations	22	(4,591,533)	(2,385,785)
Other non-current financial liabilities		(151,354)	(320,608)
		<u>(7,280,245)</u>	<u>(5,739,913)</u>
Net assets		<u>42,372,190</u>	<u>51,065,921</u>
Equity			
Called-up share capital	21	1	1
Share premium	21	249,999	249,999
Other reserves	21	32,000,000	32,000,000
Retained earnings	21	10,122,190	18,815,921
Total equity		<u>42,372,190</u>	<u>51,065,921</u>

The financial statements of Abellio Transport Holdings Ltd (registration number: 05618463) were approved by the Board of Directors and authorised for issue on 14/09/2021. They were signed on its behalf by:

7.7.21: 

D D G Booth

Director

The notes on pages 15 to 39 form an integral part of these financial statements.

Abellio Transport Holdings Ltd
Statement of changes in equity
For the year ended 31 December 2020

	Note	Called-up share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 31 December 2018		1	249,999	32,000,000	20,325,049	52,575,049
Impact of IFRS 16		-	-	-	(178,017)	(178,017)
At 1 January 2019		1	249,999	32,000,000	20,147,032	52,397,032
Profit for the financial year		-	-	-	14,207,391	14,207,391
Other comprehensive loss		-	-	-	(538,502)	(538,502)
Total comprehensive income		-	-	-	13,668,889	13,668,889
Dividends	13	-	-	-	(15,000,000)	(15,000,000)
At 31 December 2019		1	249,999	32,000,000	18,815,921	51,065,921
	Note	Called-up share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
At 1 January 2020		1	249,999	32,000,000	18,815,921	51,065,921
Loss for the financial year		-	-	-	(6,124,833)	(6,124,833)
Other comprehensive loss		-	-	-	(1,518,898)	(1,518,898)
Total comprehensive loss		-	-	-	(7,643,731)	(7,643,731)
Dividends	13	-	-	-	(1,050,000)	(1,050,000)
At 31 December 2020		1	249,999	32,000,000	10,122,190	42,372,190

The notes on pages 15 to 39 form an integral part of these financial statements.

Abellio Transport Holdings Ltd
Notes to the financial statements
For the year ended 31 December 2020

1 General information

The company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:
2nd Floor St Andrew's House
18-20 St Andrew Street
London
EC4A 3AG

The nature of the company's operations and principal activities are set in the Strategic report on pages 2-5.

These financial statements are presented in pounds sterling which is the functional currency of the company. All values are presented to the nearest pound sterling.

The financial statements of Abellio Transport Holdings Ltd (registration number: 05618463) were approved by the Board of Directors and authorised for issue on **14/09/2021**

2 Adoption of new and revised standards

Impact on initial application of other amendments to International Financial Reporting Standards ('IFRS') and Interpretations

In the current year, the company has applied a number of amendments to International Accounting Standards ('IAS'), IFRS Standards and International Financial Reporting Interpretations Committee ('IFRIC') and Interpretations issued by the International Accounting Standards Board ('IASB') that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Amendments to IAS 1 and IAS 8 Definition of material.

3 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

Basis of accounting

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The functional currency of the company is deemed to be pound sterling (£) because that is the currency of the primary economic environment in which the company operates.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Accounting policies (continued)

Consolidation

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of N.V. Nederlandse Spoorwegen.

The results of Abellio Transport Holdings Ltd are included in the consolidated financial statements of N.V. Nederlandse Spoorwegen which are available from Laan van Puntenburg 100, 3511 ER, Utrecht, The Netherlands.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of financial statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(1) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- the requirements of paragraph 52 of IFRS 16 Leases.

The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Where relevant, equivalent disclosures have been given in the consolidated accounts of N.V. Nederlandse Spoorwegen. The consolidated accounts of N.V. Nederlandse Spoorwegen are available to the public and may be obtained by writing to Laan van Puntenburg 100, 3511 ER, Utrecht, The Netherlands.

The principal accounting policies adopted are set out below.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Accounting policies (continued)

Going concern

The directors have considered the company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements, with reference to a detailed cash flow forecast, budgets and other relevant financial information. Other relevant financial information also includes detailed and robust reviews of financial forecasts of subsidiaries and joint ventures who are forecasting dividend payments, to ensure these are supportable. Following review and sensitising cash flows to reflect plausible downside scenarios such as late payment of debtors, the directors are satisfied the company has sufficient resources available in order to meet its financial obligations as they fall due. On this basis the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Revenue

Commission income

The company generates commission income, through the sale of rail season tickets to third parties, on behalf of various train operating companies in the UK. Under IFRS 15, the company has assessed that there is one performance obligation and that the company transfers control of the services provided to the customer at the point the sale of the rail season ticket occurs. As such, the commission income is recognised at the point the sale of the rail season ticket occurs.

Management and operational services income

The company provides management and operational services to other Abellio Group entities, through a shared services centre, under service agreements. Under IFRS 15, the company has assessed that there is one performance obligation under each service agreement and that the company transfers control of the services provided to the customer over a period of time. As such, revenue is recognised on a straight line basis over the financial reporting period.

Revenue is recognised net of any discounts and value added tax.

Intangible assets

Intangible fixed assets are stated at original cost less accumulated amortisation and accumulated impairment. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Asset class	Amortisation rate and method
Computer software	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Tangible fixed assets

Property, plant and equipment are stated at original cost less accumulated depreciation and accumulated impairment.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Asset class	Depreciation rate and method
Equipment, fixtures and fittings	5 years straight line or straight line over the life of the lease
Computer equipment	5 years straight line

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Accounting policies (continued)

Tangible fixed assets (continued)

Included within the equipment, fixtures and fittings are amounts capitalised under leasehold improvements. These amounts are depreciated on a straight line balance method over the term of the lease. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are accounted for at cost less, where appropriate, provisions for impairment.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to provide termination benefits.

Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred taxation is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Accounting policies (continued)

Impairment of non-current assets

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

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank and in hand.

Retirement benefits

The company contributes to a defined benefit pension scheme on behalf of the employees.

The company participates in the Railways Pension Scheme ("RPS"), a defined benefit scheme which covers the whole of the UK Rail industry. This is partitioned into sections and the company is responsible for the funding of the sections whilst it operates the relevant franchise. In contrast to the pension schemes operated by most businesses, the RPS is a shared cost scheme, which means that costs are formally shared 60% employer and 40% employee.

The company provides a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Accounting policies (continued)

Retirement benefits (continued)

Net interest is calculated by applying the discount rate to the net defined liability or asset both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurements, comprising actuarial gains and losses, are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the company expects to recover by way of refunds from the plan or reductions in the future contributions.

The company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

Financial assets and liabilities

Financial assets

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

Financial assets are classified into specified categories. The classification depends on the nature, and purpose of the financial assets and is determined at the time of recognition.

Trade and other receivables

Trade and other receivables are stated at fair value (plus any directly attributable transaction costs) upon initial recognition. Subsequent to initial recognition, they are recognised at amortised cost using the effective interest method.

The company forms a provision for impairment equal to the size of the lifetime expected credit losses from trade and other receivables. The loss provision is determined on the basis of historical payment data and forward looking information.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Accounting policies (continued)

Financial assets and liabilities (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss ('FVTPL') or other financial liabilities.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Leases

Initial application

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as mobile phones and photocopiers). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Accounting policies (continued)

Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company did not make any such adjustments during the periods presented.

Right of use asset

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right of use asset, the costs are included in the related right-of-use asset.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the company expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Accounting policies (continued)

Leases (continued)

Right of use asset (continued)

The depreciation starts at the commencement date of the lease.

The right of use assets are presented as a separate line in the balance sheet.

The company applies IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Administrative expenses' in the income statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividends are only recognised as a liability to the extent that they are declared prior to the year end and remain unpaid. Dividends declared after the year end but prior to the approval of the financial statements are disclosed in the notes to the financial statements.

4 Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements and estimate uncertainty in applying the company's accounting policies

The following is the critical judgement and key source of estimation uncertainty that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Abellio Transport Holdings Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2020

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Pension and other post-employment benefits

The costs of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

The assumptions are based on the census data for statutory funding results of the actuarial valuation of the Scheme as at 31 December 2020. See note 22 for further details.

The directors do not consider there to be any other significant judgements or estimates used in the preparation of the financial statements; other than those mentioned above.

5 Revenue

The analysis of the company's revenue is as follows:

	2020	2019
	£	£
Commission income	(357,978)	2,343,055
Provision of management and operational services	9,815,700	8,329,938
	<u>9,457,722</u>	<u>10,672,993</u>

All revenue arises within the United Kingdom.

Commission income in the year ended 31 December 2020 is negative due to refunds processed for returned season ticket sales as a result of the COVID-19 pandemic.

6 Interest receivable and similar income

	2020	2019
	£	£
Interest income on bank deposits	<u>15,002</u>	<u>90,232</u>

7 Interest payable and similar charges

	2020	2019
	£	£
Finance charges	13,075	28,685
Interest on lease liabilities	<u>137,529</u>	<u>156,722</u>
	<u>150,604</u>	<u>185,407</u>

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

8 (Loss)/profit before taxation

(Loss)/profit for this year is stated after charging:

	2020	2019
	£	£
Depreciation of property, plant and equipment	309,670	480,079
Depreciation on right of use of assets	460,839	461,930
Amortisation of intangible asset	<u>78,793</u>	<u>32,503</u>

9 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2020	2019
	£	£
Fees payable to the company's auditors for the audit of the company's annual accounts and the annual accounts of its parent company	30,000	30,000
Audit services for subsidiaries	<u>456,228</u>	<u>139,128</u>
	<u>486,228</u>	<u>169,128</u>

10 Staff costs

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Office and management	<u>220</u>	<u>194</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	11,197,539	10,472,816
Social security costs	1,074,388	887,451
Pension costs	<u>782,971</u>	<u>792,250</u>
	<u>13,054,898</u>	<u>12,152,517</u>

The remuneration disclosed only includes those costs which have been borne by the company. Wages, salaries, social security and pension costs which have been recharged to other group companies or related parties have not been included in this disclosure. Pension costs includes only those defined benefit scheme costs included within operating costs and the defined contribution scheme charge.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	477,497	577,087
Cash receivable under long term incentive plans	141,009	70,102
	<u>618,506</u>	<u>647,189</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to nil (2019: nil).

Of the directors that were in office during 2020, one was employed by and received their remuneration from Abellio Transport Holding B.V. (2019: one). The company pays a management fee to Abellio Transport Holdings B.V., which includes costs related to this director.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	455,497	555,087
Cash receivable under long term incentive plans	141,009	70,102
	<u>596,506</u>	<u>625,189</u>

12 Taxation

(a) Tax credited for the year in the income statement:

	2020 £	2019 £
Current taxation		
UK corporation tax	(3,095,713)	(1,916,713)
UK corporation tax adjustment to prior periods	(143,596)	(109,245)
	<u>(3,239,309)</u>	<u>(2,025,958)</u>
Deferred taxation		
Origination and reversal of temporary differences	(90,127)	(115,936)
Adjustment in respect of previous periods	12,241	90,465
Arising from changes in tax rates and laws	(47,884)	12,204
Total deferred taxation	<u>(125,770)</u>	<u>(13,267)</u>
Total income tax recognised in the income statement	<u>(3,365,079)</u>	<u>(2,039,225)</u>

Abellio Transport Holdings Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2020

12 Taxation (continued)

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

(b) Tax credit for the year in other comprehensive income:

	2020 £	2019 £
Current tax		
Current tax on profits for the year	-	-
Deferred tax:		
Actuarial differences recognised as other comprehensive income	(370,839)	(110,296)
Total income tax recognised in other comprehensive income	(370,839)	(110,296)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

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

	2020 £	2019 £
(Loss)/profit before tax	(9,489,912)	12,168,166
Tax on (loss)/profit at standard UK tax rate of 19% (2019: 19%)	(1,803,083)	2,311,952
Adjustment for prior periods	(131,355)	(18,780)
Expenses not deductible in determining taxable profit	30,653	37,614
UK dividend income	(1,413,410)	(4,375,036)
Tax rate changes	(47,884)	12,204
IFRS transition	-	(7,179)
Tax credit for the year	(3,365,079)	(2,039,225)

Factors that may affect future tax charges

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date and as a result, deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing unrecognised deferred tax position would be to increase the deferred tax asset by £324k.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

13 Dividends

	2020	2019
	£	£
Final dividend paid	<u>1,050,000</u>	<u>15,000,000</u>

A final dividend of £1,050,000 (2019: £15,000,000) was declared and paid in the financial year. The dividend per share was £1,050,000 (2019: £15,000,000).

14 Intangible assets

	Other intangible asset £
Cost or valuation	
At 1 January 2020	577,022
Additions	<u>-</u>
At 31 December 2020	<u>577,022</u>
Amortisation	
At 1 January 2020	54,488
Amortisation charge	<u>78,793</u>
At 31 December 2020	<u>133,281</u>
Carrying amount	
At 31 December 2020	<u>443,741</u>
At 1 January 2020	<u>522,534</u>

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

15 Tangible fixed assets

	Equipment, fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2020	1,120,759	2,180,439	3,301,198
Additions	<u>1,075</u>	<u>-</u>	<u>1,075</u>
At 31 December 2020	<u>1,121,834</u>	<u>2,180,439</u>	<u>3,302,273</u>
Depreciation			
At 1 January 2020	471,073	1,832,035	2,303,108
Charge for the year	<u>108,858</u>	<u>200,812</u>	<u>309,670</u>
At 31 December 2020	<u>579,931</u>	<u>2,032,847</u>	<u>2,612,778</u>
Carrying amount			
At 31 December 2020	<u>541,903</u>	<u>147,592</u>	<u>689,495</u>
At 1 January 2020	<u>649,686</u>	<u>348,404</u>	<u>998,090</u>

16 Right of use assets

	Right of use asset £
Cost	
At 1 January 2020	4,219,238
Additions	<u>-</u>
At 31 December 2020	<u>4,219,238</u>
Accumulated depreciation	
At 1 January 2020	1,406,341
Charge for the year	<u>460,839</u>
At 31 December 2020	<u>1,867,180</u>
Carrying amount	
At 31 December 2020	<u>2,352,058</u>
At 31 December 2019	<u>2,812,897</u>

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

16 Right of use assets (continued)

	2020 £	2019 £
Amounts recognised in profit and loss account		
Depreciation expense on right of use assets	460,839	461,930
Interest on lease liabilities	137,529	156,722
	<u>598,368</u>	<u>618,652</u>

17 Investments

	2020 £	2019 £
Investments in subsidiaries	28,455,282	28,455,281
Investments in joint ventures	2	2
	<u>28,455,284</u>	<u>28,455,283</u>

Investments in subsidiaries and joint ventures

	£
Cost or valuation	
At 1 January 2020	28,455,283
Additions	<u>1</u>
At 31 December 2020	<u>28,455,284</u>
Provision	
At 1 January 2020	<u>-</u>
At 31 December 2020	<u>-</u>
Carrying amount	
At 31 December 2020	<u>28,455,284</u>
At 31 December 2019	<u>28,455,283</u>

The investments in subsidiaries and joint ventures are all stated at cost less provision for impairment.

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

17 Investments (continued)

Details of the company's subsidiaries at 31 December 2020 are as follows:

All shares held are ordinary shares.

Direct holdings

Name of undertaking	Registered office	Principal activity	Holding (%)
Abellio London Ltd	301 Camberwell New Road, London, SE5 0TF	Provision of passenger bus services in London	100.00%
Abellio West London Ltd	301 Camberwell New Road, London, SE5 0TF	Provision of passenger bus services in London	100.00%
Abellio Greater Anglia Ltd	2nd Floor St Andrew's House, 18-20 St Andrew Street, London, United Kingdom, EC4A 3AG	Non-trading	100.00%
Abellio Scotrail Ltd	5th Floor, Culzean Building, 36 Renfield Street, Glasgow, G2 1LU	Provision of passenger rail services in Scotland	100.00%
Abellio Bus Holdings Ltd	301 Camberwell New Road, London, SE5 0TF	Dormant	100.00%

Indirect holdings

Name of undertaking	Registered office	Principal activity	Holding (%)
Abellio Surrey Ltd*	301 Camberwell New Road, London, SE5 0TF	Provision of passenger bus services in Surrey	100.00%
Abellio North West Ltd	104 Blz-Hub Manchester Piccadilly, Piccadilly House, 49 Piccadilly, Manchester, M1 2AP	Dormant	100.00%

*Subsequent to the year end, on 16 March 2021, Abellio Surrey Ltd was dissolved.

Joint ventures

Name of undertaking	Registered office	Principal activity	Holding (%)
Merseyrail Services Holding Company Ltd	Eversheds House, 70 Great Bridgewater Street, Manchester, Lancashire, M1 5ES	Intermediary holding company	50.00%
Northern Rail Holdings Ltd	Eversheds House, 70 Great Bridgewater Street, Manchester, Lancashire, M1 5ES	Non-trading	50.00%

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

18 Trade and other receivables

	2020	2019
	£	£
Amounts falling due within one year		
Other receivables	149,298	630,797
Amounts due from group undertakings	8,794,197	20,238,890
Prepayments	779,976	1,300,623
Amounts due from joint ventures	160,637	168,264
	<u>9,884,108</u>	<u>22,338,574</u>

Amounts due from group undertakings do not bear interest, and are repayable on demand.

	2020	2019
	£	£
Amounts falling due after more than one year:		
Deferred tax assets	<u>1,016,072</u>	<u>519,464</u>

Deferred tax

	ACAs	Retirement benefit obligation	Total
	£	£	£
At 1 January 2019	45,118	(411,594)	(366,476)
Credit to the income statement	(50,714)	(53,018)	(103,732)
Charge to other comprehensive income	-	(110,296)	(110,296)
Charge to statement of changes in equity	-	6,423	6,423
Prior year adjustment	-	54,617	54,617
	<u>(5,596)</u>	<u>(513,868)</u>	<u>(519,464)</u>

	ACAs	Retirement benefit obligation	Total
	£	£	£
At 1 January 2020	(5,596)	(513,868)	(519,464)
Credit to the income statement	(30,164)	(107,846)	(138,010)
Charge to other comprehensive income	-	(370,839)	(370,839)
Prior year adjustment	-	12,241	12,241
	<u>(35,760)</u>	<u>(980,312)</u>	<u>(1,016,072)</u>

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

19 Trade and other payables

	2020	2019
	£	£
Amounts falling due within one year:		
Trade payables	168,466	178,898
Amounts due to group undertakings	453,803	293,549
Accruals and deferred income	3,936,162	4,245,345
Other payables	281,745	297,906
Social security and other taxes	571,640	862,217
	<u>5,411,816</u>	<u>5,877,915</u>

Amounts due to group undertakings do not bear interest, and are repayable on demand.

20 Lease liabilities

	2020	2019
	£	£
Maturity analysis:		
Year 1	613,574	628,557
Years 2-5	2,269,760	2,447,593
Onwards	538,030	973,770
	<u>3,421,364</u>	<u>4,049,920</u>
Less: unearned interest	387,844	525,373
	<u>3,033,520</u>	<u>3,524,547</u>
Analysed as:		
Non-current	2,537,358	3,033,520
Current	496,162	491,027
	<u>3,033,520</u>	<u>3,524,547</u>

The company does not face a significant liquidity risk with regard to its lease liabilities.

The total cash outflow for leases amounts to £628,556 (2019: £668,618).

There are no extension or termination options on the leases.

Abellio Transport Holdings Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2020

21 Equity

Called-up share capital

	2020 No.	2020 £	2019 No.	2019 £
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The company has one ordinary class of shares which carry no right to fixed income.

The company's other reserves are as follows:

Share premium

Share premium account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Retained earnings

The retained earnings account represents cumulative profits or losses, net of dividends paid and other adjustments.

Other reserves

This is the capital contribution provided by Abellio Transport Holdings B.V. in June 2009 in order to fund the acquisition of Abellio London Ltd (formerly Travel London Limited) and Abellio West London Ltd (formerly Travel London (West) Limited).

22 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total cost charged to income in respect of defined contribution plans is £444,196 (2019: £342,744).

At the balance sheet date, pension contributions outstanding were £65,983 (2019: £57,628).

Defined benefit pension schemes

The company operates a defined benefit scheme, the schemes assets are held separately from those of the company in independently administered funds.

The minority of the company's employees are members of the Abellio Shared Cost Section of the Railways Pension Scheme ("RPS"), a funded defined benefit scheme. The RPS is a shared cost scheme which means that costs are formally shared 60% employer and 40% employee.

Valuation

The last full actuarial valuation of the scheme was carried out by independent actuaries as at 31 December 2020, which was finalised in January 2021. The valuations used for these financial statements have been based on scheme data as described in the draft 31 December 2019 statutory funding valuation reports, as supplied by RPMI. The data was projected forward by independent actuaries, Mercer, in order to assess the liability of the scheme as at 31 December 2020.

Abellio Transport Holdings Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2020

22 Retirement benefit schemes (continued)

Valuation (continued)

Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are applied to each category of scheme assets. The present value of the defined benefit obligation was measured using the projected unit credit method.

Assumptions

The discount rate has been calculated using a corporate bond yield curve derived with level extrapolation beyond 25 years by assuming that the forward rate remains constant in subsequent years. The inflation rate assumption has been derived with reference to Retail Price Index (RPI) data.

	2020 £	2019 £
Current service cost:		
Administrative expenses	504,667	505,637

	2020 £	2019 £
Amounts recognised in the income statement:		
Current service cost	504,667	505,637
Net interest on defined benefit liability	48,368	46,761
	<u>553,035</u>	<u>552,398</u>

Analysis of the amount debited to finance costs:		
Interest expense on pension scheme liabilities	184,726	211,400
Expected return on plan assets	(136,358)	(164,639)
Net debit to finance costs	<u>48,368</u>	<u>46,761</u>

Amounts recognised in other comprehensive income in respect of defined benefit plans are as follows:

	2020 £	2019 £
Actuarial changes arising from changes in demographic assumptions	(57,765)	(89,246)
Actuarial changes arising from changes in financial assumptions	4,286,290	2,402,043
Actuarial changes arising from experience adjustments	(464,487)	-
Actuarial changes related to plan assets	(614,476)	(1,231,468)
Gains from change in member's share	(1,259,825)	(432,531)
	<u>1,889,737</u>	<u>648,798</u>

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

22 Retirement benefit schemes (continued)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2020 £	2019 £
Present value of defined benefit obligations	19,255,000	14,391,000
Fair value of plan assets	<u>(11,602,445)</u>	<u>(10,414,692)</u>
	7,652,555	3,976,308
Member's share	<u>(3,061,022)</u>	<u>(1,590,523)</u>
Total liability recognised in balance sheet	<u><u>4,591,533</u></u>	<u><u>2,385,785</u></u>

Movements in the present value of defined benefit obligations:

	2020 £	2019 £
At 1 January	14,391,000	11,025,000
Current service cost - employer	504,667	505,637
Benefits paid	(49,027)	(141,858)
Contributions from scheme members	459,596	478,024
Actuarial gains and losses	4,286,290	2,402,043
Interest cost - employer	184,726	211,400
Effect of experience adjustments	(464,487)	-
Effect of changes in demographic assumptions	<u>(57,765)</u>	<u>(89,246)</u>
At 31 December	<u><u>19,255,000</u></u>	<u><u>14,391,000</u></u>

Movements in the fair value of plan assets in the year were as follows:

	2020 £	2019 £
Fair value of plan assets at beginning of the year	10,414,692	8,612,210
Interest income - Employer	136,358	164,639
Interest income - Employee	90,905	109,759
Employer contributions	254,386	275,816
Participant contributions	169,591	183,877
Benefit payments from plan	(49,027)	(141,858)
Administrative expenses paid from plan assets	(28,936)	(21,219)
Actuarial gains	<u>614,476</u>	<u>1,231,468</u>
Fair value of plan assets at end of year	<u><u>11,602,445</u></u>	<u><u>10,414,692</u></u>

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

22 Retirement benefit schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2020	2019
	£	£
Cash and cash equivalents	1,195,475	1,489,613
Equity instruments	7,644,651	6,289,889
Debt instruments	925,665	872,397
Real estate	1,140,761	1,103,206
Assets held by insurance company	695,893	659,587
	<u>11,602,445</u>	<u>10,414,692</u>

The following key assumptions have been used to determine benefit obligations:

	2020	2019
	%	%
Discount rate	1.55	2.15
Pension growth rate	2.40	1.90
Salary growth rate	2.40	2.20
Inflation assumption	<u>2.40</u>	<u>1.90</u>

Post retirement mortality assumption

2020	SINA (various adjustments due to gender and pension amounts) with CMI 2017 projections and a long term rate of improvement of 1.25% p.a
2019	SINA (various adjustments due to gender and pension amounts) with CMI 2017 projections and a long term rate of improvement of 1.25% p.a
2018	SINA (various adjustments due to gender and pension amounts) with CMI 2017 projections and a long term rate of improvement of 1.25% p.a
2017	SINA (various adjustments due to gender and pension amounts) with CMI 2013 projections and a long term rate of improvement of 1.25% p.a.
2016	SINA (various adjustments due to gender and pension amounts) with CMI 2013 projections and a long term rate of improvement of 1.25% p.a

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in Assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 25bps	Increase/decrease by 6.5%
Inflation rate	Increase/decrease by 25bps	Increase/decrease by 6.2%
Rate of salary increases	Increase/decrease by 25bps	Increase/decrease by 1.5%
Post retirement mortality	Minus one year rating	Increase by 2.6%

Abellio Transport Holdings Ltd
Notes to the financial statements (continued)
For the year ended 31 December 2020

23 Related party transactions

	Sales to related parties	
	2020	2019
	£	£
Merseyrail Electrics (2002) Ltd	228,975	121,953
Abellio East Anglia Ltd	5,311,339	9,030,888
Northern Rail Holdings Ltd	51,000	90,000
West Midlands Trains Ltd	2,340,438	3,270,379
	<u>7,931,752</u>	<u>12,513,220</u>

Sales to related parties include recharges in relation to recharged staff costs for the company's employees seconded to or working on projects for these companies as well as external third party costs incurred by the company on their behalf. Sales also include the provision of management and operational services to Abellio East Anglia. The commission income earned by the company through its Corporate Travel department is received from Abellio East Anglia, as Abellio East Anglia provides the finance function for the Corporate Travel department on behalf of the company.

Terms and conditions of transactions with related parties

Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 30 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period.

	Purchase from related parties	
	2020	2019
Merseyrail Electrics (2002) Ltd	260,962	631,463
West Midlands Trains Ltd	126,225	67,360
Abellio East Anglia Ltd	484,290	-
	<u>871,477</u>	<u>698,823</u>

Purchases from related parties include costs related to staff employed by these companies seconded to or working on projects for the company, railway tickets which have been purchased through the company's Corporate Travel department and external third party costs incurred on behalf of the company. The provision of services relates to Abellio East Anglia's provision of the Corporate Travel department's finance function and an interest expense charge resulting from the timing of Corporate Travel cashflows.

Abellio Transport Holdings Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2020

23 Related party transactions (continued)

	Amounts owed by related parties		Amounts owed to related parties	
	2020	2019	2020	2019
Merseyrail Electrics (2002) Ltd	130,038	105,382	-	-
Abellio East Anglia Ltd	1,281,208	3,589,481	-	-
West Midlands Trains Ltd	923,048	1,945,218	-	-
Northern Rail Holdings Ltd	30,600	-	-	-
	<u>2,364,894</u>	<u>5,640,081</u>	<u>-</u>	<u>-</u>

The companies, Abellio East Anglia and West Midlands Trains are related undertakings by virtue of the fact that they are fellow subsidiary companies through sharing a common controlling party in N.V. Nederlandse Spoorwegen.

The company and Merseyrail Electronics Limited are related undertakings by virtue of the fact that Merseyrail Electronics Limited is a joint venture of the company.

The company and Northern Rail Holdings Limited are related undertakings by virtue of the fact that Northern Rail Holdings Limited is a joint venture of the company.

24 Ultimate parent and controlling undertaking

The company is a 100% subsidiary undertaking of Abellio Transport Group Limited, a company incorporated in Scotland, which is a 100% subsidiary of Abellio Transport Holding B.V., a company incorporated in The Netherlands. The ultimate parent company and ultimate controlling party is N.V. Nederlandse Spoorwegen a company also incorporated in The Netherlands.

The largest group in which the results of the company are consolidated is that headed by N.V. Nederlandse Spoorwegen. The consolidated financial statements of this group are available to the public and may be obtained by writing to Laan van Puntenburg 100, 3511 ER, Utrecht, The Netherlands.