

Registration number: 09449366

GWJ UK Acquisition Company Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022



GWI UK Acquisition Company Limited

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GWI UK Acquisition Company Limited

Company Information

Directors	Mr Matthew Owen Walsh
	Mr John Hellmann
	Mr William Thomas Wright
Company secretary	Ms Sally Jane Watts
Registered office	6th Floor The Lewis Building
	35 Bull Street
	Birmingham
	West Midlands
	B4 6EQ
Bankers	Barclays Bank PLC
	1 Churchill Place
	London
	United Kingdom
Auditors	E14 5HP
	Deloitte LLP
	Birmingham
	United Kingdom

GWI UK Acquisition Company Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity and fair review of the business

The principal activity of the company is that of a holding company. It holds investments in all the trading companies in the UK and therefore in the consolidated financial statements it represents the results of all entities beneath GWI UK Acquisition Company Limited in the group structure. The Directors have deemed it appropriate to also provide information around the activities of other entities within the group.

The UK group operates Rail, Road and Terminals services across Intermodal Logistics and Heavy Haul markets. Intermodal services include the trunking of shipping containers between ports in the UK and a network of inland rail freight terminals, providing storage for containers at the terminals. We operate a fleet of road vehicles which complement the rail service by offering road haulage to and from the inland terminals and ports. Additional services offered include management of container depots, container sales and conversions and specialist haulage. Heavy Haul rail operations include bulk rail haulage and infrastructure activity in support of Network Rail network maintenance. There are also various companies included within the group accounts that act as holding companies where their principal activity is to simply hold investments, these investments are not recognised under consolidated financial accounts as they are eliminated.

Strong growth momentum in the UK Group from Q4 2021 was carried forward into 2022 and coupled with inflationary increases, resulted in a continued positive revenue trajectory, improving from £432m to £470m. This has been supported by several factors, including a business reorganisation during the year into Intermodal Logistics and Heavy Haul divisions. A key output from the strategic review conducted during late 2021, this has allowed a more natural alignment of the business to market requirements, and led to the development of focused, end to end customer solutions. As a result, our customer partnerships continue to grow. We have signed new contracts during the year with a number of key customers across both divisions, in addition to expanding our customer portfolio.

We continue to invest heavily in our future growth across all delivery platforms. At our port and inland Terminals, we offer market leading vehicle turnaround times through our investment in automated processes; on Road and Rail we are investing in new technologies to support a safe and efficient operation, while our systems capability continues to be developed to support a best-in-class business.

Performance was further supported in the year by improved operating effectiveness. Safety continues to be our number one priority as a business, with year-on-year improvements delivered through this ongoing focus and investment in maintaining assets to the highest standard. Significant 'back office' enhancements to both process and systems have made transactions with customers and suppliers more efficient, while a relentless focus on both service and efficiency have supported our growth agenda and an improved set of results.

Through strong planning and communication, we have been able to effectively manage the disruption caused by the Network Rail and port-based strikes, in what has become an increasingly volatile Industrial Relations environment, and we continue to work closely with our people to mitigate any potential risk to the business. A combination of the above factors has resulted in loss before tax decreasing by £15,366k from a loss of £43,298k to a loss of £27,932k.

The markets we operate in remain highly competitive, with our pricing and cost base under constant review to ensure we are balancing service and cost effectively for our customers. This has come under even more intense scrutiny with the downturn in the UK economy as we have moved into 2023. We are working closely with our customers and across the business to manage our way through this high inflationary, low volume environment, ensuring we continue to deliver an efficient operation that maximises market opportunities during 2023.

The Group's principal key financial performance indicators are noted below and these have been discussed as part of the Business review.

GWI UK Acquisition Company Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

	Unit	2022	2021
Turnover	£'000	470,449	432,120
Gross margin	%	8	3
Net profit (loss) before tax	£'000	-27,932	-43,298
Net assets excluding pension asset/(liability)	£'000	472,831	500,615
Net assets	£'000	469,362	412,825

The net assets has increased during the year, primarily driven by the reduction in the defined benefit pension scheme liability. Offsetting this reduction, there has been an increase in the receivables due from related parties and also an increase in the amounts payable to related parties. There has also been an increase in the provisions for liabilities owing primarily to the expected future maintenance costs for the Group's rolling stock lease commitments. The Group's gross profit margin has increased from 3% to 8%, owing to a smaller increase in cost of sales compared to the increase in revenue, with the Group leveraging increased activity through its fixed cost base.

Principal risks and uncertainties

Health and Safety:

Health and Safety is an integral part of the company's philosophy. It forms the foundation of each and every decision made. The company has robust Health and Safety systems ensuring facilities, equipment and culture of the company continuously uphold and assess safety risks.

Strategic and commercial risks:

The portfolio of business activities across the group help to mitigate demand shortfalls in any particular area, as evidenced through the global supply chain congestion post Brexit and the pandemic.

The business is mindful of the low growth, high inflation economic environment in 2023. The downturn in the UK economy has impacted parts of our business, resulting in a lower growth rate and higher cost base than anticipated. We continue to work extremely closely with all our colleagues, customers, and suppliers, to ensure appropriate action continues to be taken to mitigate any inflationary risk through positive cost and price negotiations. Our focused efforts on customer proposition and delivering efficient business solutions allows us to protect and grow market share in a competitive market environment, allowing us to continue to deliver against our business growth strategy.

We have been impacted by external Industrial Relations activity, including the Network Rail strikes, albeit the Group has been fully compensated. We are working extremely closely with our colleagues to ensure we continue to provide a great place to work and a highly competitive reward structure. In an industry where key skills shortages are prevalent, we have a strong track record of recruiting, developing, and retaining great people and believe we will continue to do so through our continued investment in this area.

The conflict between Russia and Ukraine has no direct impact on UK revenues and has not had any material impact on cost base and profitability. The impact from a higher fuel price is mitigated through contractual mechanisms and to date any impact on cost prices has been managed through to an immaterial profit impact through strong procurement processes.

We remain confident that our strategy, people, and organisational resilience, position us well to make continued progress.

GWI UK Acquisition Company Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172(1) statement

This strategic report, which incorporates the s172(1) statement, has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to GWI UK Acquisition Company Limited and its subsidiary undertakings and associates when viewed as a whole.

The Directors must act in a way they consider would be most likely to promote the success of the Group for the benefit of its stakeholders. These stakeholders and actions taken by the Group are detailed below:

Long-term consequences of decisions - The Group aims to secure its long-term prospects and viability by seeking out strategies that provide mutual long-term benefits to its stakeholders and members. These are considered through regular meetings of the senior management team, periodic engagement with its shareholders and the formal preparation and adoption of a 5-year Strategic Plan. This includes determining the capital investment required to meet growth, customer, and safety needs. The annual review of the Group's strategy encompasses the long-term implications for stakeholders and members.

Key decisions in the year - There were no significant one off events such as business acquisitions or disposals during the year. The general downturn in the economy has driven a continued focus and decision making to deliver operating efficiencies, both internally and in conjunction with our customer base to protect financial performance. External Industrial Relations activity during the year in the form of Network Rail strikes are fully compensated, with the company having developed an effective planning process for these, to ensure customer service degradation is restricted.

Maintaining our licence to operate - The Directors have ensured that the operating licences are maintained by following the maintenance requirements and health and safety requirements.

Interest of employees - The Group's employees reflect our culture and values and are essential to delivering on our mission of developing long-term customer relationships and business growth. The Group has several means of communicating with its employees in terms of business performance and other important decisions. These communication methods include quarterly business updates from the CEO, regular internal communications (Hotliners) on new business wins and other topics of interest to colleagues, quarterly meetings of the Senior Leadership Team (SLT) with union reps from all four unions to discuss quarterly business performance. Pre-COVID, the SLT also held regular townhall forums at our various operational sites to inform employees of important developments and decisions. These were replaced in 2020 by online meetings and continued to remain in place during 2022. The Group has a strong culture of Health & Safety and strives for zero injuries, every day. In support of our health and safety culture, the business has a comprehensive health and safety training plan that it delivers across platform and grades according to need. A freely accessible internal information hub is maintained of all policies and relevant employee information.

Need to foster the Group's business relationships - The Group's customers include large international shipping lines through to small local businesses. The Group's customers rely on us to fulfil their obligations and the Group's suppliers allow us to meet their needs.

The Group actively works towards the acquisition of new customers through a range of existing industry relationships and tendering processes. The supply of services is dependent on the continuing collaboration with a range of third-party suppliers on a long-term basis. Commercial and operational teams have regular and timely communication with key customers and suppliers to understand their needs to assist us in fulfilling their objectives.

GWJ UK Acquisition Company Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Impact on communities - We believe supporting our communities strengthens our community ties and fosters an awareness of our long-term goals.

Our staff charity nomination scheme sees our employees' nominating charities, which they have a personal connection, to which donations are made. The Group, further, sponsors local sports clubs across the UK that our staff have a connection with.

Impact on the environment - As one of the UK's leading transportation service providers, we take our environmental responsibilities seriously and recognise the importance of our environmental performance as part of our overall business success. The Group has an ongoing focus on increasing the sustainability of our operations and will continue to play a pivotal role in ensuring that the UK economy can fully decarbonise by 2050.

The Group's Environment and Sustainability Group (ESG) coordinates our environmental and sustainability workstreams to ensure that the business is positioned to further enhance our environmental and sustainable credentials. As part of our Integrated Management System (IMS), we will develop, maintain and continually improve an Environmental Management System (EMS) in line with the requirements of ISO 14001 and seek external accreditation for relevant operations to ensure we achieve all our compliance objectives and that our operational activities prevent pollution and embrace environmental opportunities.

High standard of business conduct - The Group and its employees are subject to the Code of Ethics of Genesee & Wyoming Inc ("Code"). The Code sets forth general guidelines of business practice and is intended to help educate our staff about the laws that affect our business; help our employees understand the type of behaviour that is expected, and to serve as a guide when we face legal or ethical questions.

The Group's internal and external policies are reviewed by the Directors and senior management to ensure compliance with anti-bribery, modern slavery, environmental, safety standards, tax and financial standards. The Group operates an internal audit program overseeing the financial and non-financial policies and procedures put in place.

To act fairly between members of the Group – The Group and its employees are subject to the Code of Ethics of Genesee & Wyoming Inc ("Code"). The Code sets forth general guidelines of business practice and is intended to help ensure fairness between members of the Group.

During the period the directors continued to monitor progress against the Group's strategy, as highlighted in the principal activities section of the strategic report of the company, and decisions made by the directors were in respect of operational matters.

Future developments

The directors expect the company will continue to be an active holding company and its subsidiaries will continue to operate in the same way moving forward.

The following matters have been covered in the Directors' Report:

- Directors of the group;
- Financial risk management objectives and policies;
- Employment of disabled persons;
- Employee involvement;
- Dividends;
- Social and community issues;
- Streamlined energy and carbon reporting;
- Going concern;
- Post balance sheet events;
- Directors' liabilities; and
- Disclosure of information to the independent auditors.

GWI UK Acquisition Company Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Approved by the Board on 28 September 2023 and signed on its behalf by:



.....
Mr William Thomas Wright
Director

GWI UK Acquisition Company Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report on the affairs of the Company, together with the audited consolidated financial statements for the year ended 31 December 2022.

Directors' of the group

The directors, who held office during the year and up to the date of the report, were as follows:

Mr Matthew Owen Walsh

Mr John Hellmann

Mr William Thomas Wright (appointed 12 October 2022)

Mr Edward Aston (ceased 2 September 2022)

Dividends

The directors do not propose a dividend for the year ended 31 December 2022 (2021: £nil). There was no dividend paid during the year (2021 : £nil).

GWI UK Acquisition Company Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Financial risk management objectives and policies

Liquidity risk:

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation through its operations and through funding facilities available from its parent entity, Genesee & Wyoming Inc.

Interest rate risk:

The Group has two interest-bearing liabilities in the form of loans from fellow group undertakings, which incur interest at a fixed rate. The Group also has three interest-bearing assets in the form of loans to fellow group undertakings which incur interest at a fixed rate.

Credit risk:

The Group's credit risk is attributable to its receivables, which are presented in the statement of financial position net of any provision for bad debts. The Group only enters material transactions with reputable and established businesses. Credit risk is controlled by the regular review and setting of customer payment terms. Compliance with these limits is regularly monitored.

Price risk:

The Company generally reviews pricing with customers on an annual basis. Inflationary movements that impact our cost base and are measured by metrics such as the Consumer Price Index (CPI), are used as a basis to determine a start point for customer price increase discussions, therefore mitigating this risk. We also have fuel surcharge mechanisms within our major contracts to mitigate the risk around major fuel price movements outside of inflationary measures such as CPI.

Cashflow risk:

The Group's cash flow risk is based on whether the Group can pay its short-term liabilities without detriment to the long-term value of the business. On a continual basis, cash flow forecasts are produced, and a robust process is in place to ensure that the company remains cash generating.

Employment of disabled persons

The company is committed to equal opportunities for disabled people in recruitment and employment and aims to create an environment which enables them to work effectively as part of the company. The directors believe in the value of a diverse and inclusive workforce and this includes the representation of staff with disabilities. The directors aim to ensure that applications for employment are assessed on the basis of objective and relevant criteria that do not discriminate in any way and reasonable adjustments are considered and made, where practicable.

Employee involvement

Consultation with employees or their representatives is maintained, with the aim of ensuring that their views are taken into account when decisions are made that are likely to impact their interests and ensuring that all employees are aware of the financial and economic performance of their business units and the company as a whole. Communication with all employees continues through the intranet, newsletters, and team briefings. The company also encourages employees' engagement in company performance through its bonus schemes.

Post balance sheet events

Post balance sheet events are disclosed in Note 35.

GWI UK Acquisition Company Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Social and community issues

Consistent with Genesee & Wyoming Inc., the company's intermediate controlling entity, for which core values relate to respect and integrity, the company is committed to implementing and enforcing effective policies, systems and controls to ensure that slavery and human trafficking is not taking place anywhere in our business operations or our supply chains. We will continually review our systems and controls to assess how effective we have been in meeting this commitment.

In the United Kingdom, our operations have over 1,600 suppliers across a wide range of sectors, including the rail infrastructure operator (Network Rail), engineering suppliers, fuel suppliers, road transport suppliers, port companies, asset lessors, information technology service providers, insurance and facilities management companies. In addition, the firm works with a number of professionals, consultants and contractors.

The Group procure material globally, with the majority based either within the UK, USA or the EU and a limited amount sourced from the Far East. Of these estimated 1,600 suppliers, 155 represent 88% of our total supplier expense with an annual spend of at least £250,000. A review of their corporate websites confirmed that 77 published modern slavery/human trafficking statements.

Our supplier terms & conditions, used for all major suppliers of goods, now clearly state the firm's intention to step away (without penalty) if any occurrences of non-compliance with modern slavery is found.

Streamlined energy and carbon reporting

It is not possible to separate the energy usage and carbon emissions of the group of Companies owned by GWI UK Acquisition Company Limited. This report covers the energy usage and carbon emissions of all companies within the group. The section has been prepared in compliance to the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

GWI UK Acquisition Company Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

GHG emissions and energy use data for period 1 January 2022 - 31st December 2022

	Units	1 January to 31 December 2022	1 January to 31 December 2021
Emissions from combustion of gas (Scope 1)	tCO ₂ e	308	349
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO ₂ e	153,286	169,794
Total Scope 1 emissions	tCO ₂ e	153,594	170,143
Emissions from purchased electricity (Scope 2) for transport purposes	tCO ₂ e	5,717	6,285
Emissions from purchased electricity (Scope 2)	tCO ₂ e	1,783	2,060
Total Scope 2 emissions	tCO ₂ e	7,500	8,345
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3)	tCO ₂ e	685	739
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO ₂ e	100	63
Total Scope 3 emissions	tCO ₂ e	785	802
Total Gross Emissions	tCO ₂ e	161,879	179,290
Energy consumption used to calculate above emissions	kWh	676,541,435	755,874,146

The intensity ratios have been calculated for the different activities carried out within the Organisation and include all energy usage and emissions stated within the above emissions figures and the methodology

	Carbon Emissions (tCO ₂ e)	Intensity Ratio 2022	Intensity Ratio Metric	Intensity Metric
2022				
Source				
Traction	127,177	0.01663	tCO ₂ e/KGTMs	7,645,225
Road Haulage and Vehicles	25,268	0.00110	tCO ₂ e/mile	22,776,173
Terminal/Site Usage	8,894	0.00546	tCO ₂ e/m ²	1,627,719
2021				
Source				
Traction	143,477	0.01785	tCO ₂ e/KGTMs	8,037,927
Road Haulage and Vehicles	25,572	0.00100	tCO ₂ e/mile	25,572,000
Terminal/Site Usage	10,242	0.00629	tCO ₂ e/m ²	1,628,299

GWI UK Acquisition Company Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Quantification and reporting methodology

GWI UK Acquisition Company Limited have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol, Corporate Standard. We have used the 2021 UK Government's Conversion Factors for Company Reporting. We have used an operational approach to define our boundary and scopes. The current target is to reduce carbon emissions by 55% from the 2020 baseline by 2030. There is also a target of net zero by 2050. The current progress has shown a 6.49% reduction in Scope 1 and Scope 2 carbon emissions against the 2020 baseline.

Scope 1 emissions relate to on-site gas usage and emissions from transport. Scope 2 relates to Electric Traction and on-site electricity usage, Electricity transmission and distribution loss associated emissions are set out in Scope 3. Further Scope 3 emissions relate to grey fleet.

Transport usage has been obtained from fuel purchasing records, fuel card usage and mileage data. Electric traction usage and emissions are calculated from metering data (EnergyX system). Mileage records for the traction comes from Network Rail Track access data for the intensity metric, Company car mileage for the intensity metric is estimated based on litres used. Company car and grey fleet emissions have been calculated on an assumed split of 70% diesel and 30% petrol. Fuelcard data has had a pro rata applied wherever there is not a full 12 month's data.

The primary source for on-site electricity and gas consumption data is supplier invoices and supplier consumption data. The Landlord supplies have been calculated from invoice costs and usage and also estimated based on historical consumption where not available. All the data used for these calculations is based on UK only information.

The Group has not obtained any independent assurances over the information reported as the SECR report is prepared internally.

GWI UK Acquisition Company Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Energy efficiency commentary

As one of the UK's leading transportation service providers, the Group recognises the importance of its environmental responsibilities and performance as part of our overall business success. The Group has an ongoing focus on increasing the sustainability of our operations and will continue to play a pivotal role in ensuring that the UK economy can fully decarbonise by 2050. The Group's Health, Safety, Security and Environment team coordinated our environmental and sustainability workstreams to ensure that the business is positioned to further enhance our environmental and sustainable performance. The SECR report will act as an evidence base, on which to set regular, achievable and effective carbon emission reduction which will lead to decarbonisation of our operations by 2050.

The G&W Group have committed to a target across the US, UK and Europe aligned to previous climate science, which required global warming to be well below 2°C.

Transport emissions have shown a decrease, this is due to rail strikes taking place in 2022 reducing the TCO2e as less train miles were covered. 2023 train miles are expected to increase assuming no further strike action, however, alternative fuels are being trialled and new technology emerging to ensure the TCO2e are kept as low as possible.

GWI UK Acquisition Company Limited engaged in several energy efficiency projects during 2022 focusing on alternative biofuels for the diesel traction locomotives, an example of this is through the use of Hydrotreated Vegetable Oil (HVO) which has been used consistently for a six-month trial with a customer. This trial has also shown the possibility of using HVO in terminal machinery in place of diesel which is an initiative that the Group will take into 2023.

The Group began the future loco strategy in 2022, reviewing the future of the current fleet of over 150 diesel freight vehicles which deliver services across Great Britain. In order to meet governmental and company decarbonisation targets we recognise that we will need to upgrade, renew or replace our diesel locomotive fleets to achieve a science-based net zero solution. We have met with locomotive manufactures, rail leasing companies and consulting bodies and asked them a set of questions around their decarbonisation strategies, and what the future loco and infrastructure will look like. From this we plan to make the decision on the future of our 150 diesel locos.

Extensive work has been done to reducing idling by implementing remote conditional monitoring (RCM) which has reduced idling significantly. Furthermore, with the goal of reducing queue times and speeding truck turnaround times at terminals, the Group have implemented a Vehicle Booking System (VBS), allowing G&W UK to proactively prepare for haulier arrivals and service trucks quickly and efficiently reducing idling on our road fleet. In addition to this, locomotive driver behaviour has been addressed, to improve the efficiency of acceleration and limiting notch 8 use to improve fuel economy. Notch 8 refers to a gear system that is used, in order to achieve optimal fuel efficiency notch 5-6 is recommended, using notch 8 results in requiring more engine power and therefore is less fuel efficient.

2022 scope 3 figures have increased in the emissions from business travel in rental cars or employee-owned vehicles, this is likely to be due to a greater granularity of detail received. An improvement in the process of calculation in 2022 included identifying each individual registration plate of the vehicles and cross referencing them with the DVLA site to establish fuel type, compared with estimates in previous years. Business travel is likely to have increased slightly given the return to business-as-usual post-pandemic. Information has been fed into Quantis in line with the Greenhouse Gas Protocol under a range of scope 3 categories to obtain a more accurate breakdown of purchased goods and services, and the correct conversion factors associated with these categories.

GWJ UK Acquisition Company Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Going concern

The UK Group's base cash forecast show that as a result of operations, discretionary capital expenditure and reasonable expected downside scenarios, the UK Group would require funding in the 12 months from signing of the financial statements. Cash flow needs for the company are managed on a UK Group basis rather than at the individual company level.

IAS 1 requires disclosure of material uncertainties relating to events or conditions which may cast significant doubt upon an entity's ability to continue as a going concern, or of significant judgements made in concluding there are no material uncertainties related to the going concern assumption.

Such uncertainties may arise from climate-related factors. For example, the introduction of legislation directly affecting an entity's business model, or giving rise to increased compliance costs, may cast significant uncertainty upon the entity's ability to continue as a going concern. Management have considered this and have exercised judgement to determine that there are no material uncertainties that cast doubt on the entity's ability to continue as a going concern.

The company plans to meet its day-to-day cash flow requirements through its cash reserves and the group borrowing facility. The group borrowing facility secured by US assets as well as the investments held by UK Holding Companies in UK/Europe group entities, which the UK Group can access through GWJ UK Acquisition Company Limited, one of the named entities to the borrowing facility. This facility will be in place for at least 12 months of the financial statements being signed. The borrowings held by the UK have banking covenants attached to them, these covenants are managed by the parent company Genesee & Wyoming Inc., this includes the effect of refinancing and any changes to covenant arrangements.

Genesee & Wyoming Inc., the immediate parent entity of the UK Group, has demonstrated to management there is significant headroom in the group borrowing facility to support the UK Group, should the need arise. Furthermore, Genesee & Wyoming Inc. has provided management a support letter confirming their intentions to provide financial assistance to the UK Group for the period of at least 12 months from the date of authorising the company's financial statements.

The directors have a reasonable expectation that the company, through group borrowing facility and the support of Genesee & Wyoming Inc., has adequate resources to continue in operational existence for at least 12 months from when these financial statements were approved. The company therefore continues to adopt the going concern basis in preparing its financial statements.

GWI UK Acquisition Company Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Directors' liabilities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. The indemnity relates to benefit for all directors of Brookfield Corporation and its subsidiaries.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditors

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The following matters have been covered in the Strategic Report:

- Future developments;
- Engagement with employees; and
- Engagement with suppliers, customers and others.

Approved by the Board on 28 September 2023 and signed on its behalf by:



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Mr William Thomas Wright
Director

GWI UK Acquisition Company Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the *directors have elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards*. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company financial statements 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 the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GWI UK Acquisition Company Limited

**Independent Auditor's Report to the Members of GWI UK Acquisition Company
Limited
Report on the audit of the financial statements**

Opinion

In our opinion:

- the financial statements of GWI UK Acquisition Company Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the notes to the financial statements 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

GWI UK Acquisition Company Limited

Independent Auditor's Report to the Members of GWI UK Acquisition Company Limited (continued)

Report on the audit of the financial statements

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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

GWI UK Acquisition Company Limited

Independent Auditor's Report to the Members of GWI UK Acquisition Company Limited (continued) Report on the audit of the financial statements

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as valuations, pensions, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud was related to the occurrence of revenue regarding manual journal entries associated to the unbilled revenue which requires a degree of estimation due to the timing of the goods or service delivered. In response to this risk we performed procedures to check the appropriateness of underlying revenue transactions combined with other manual journal entry postings which reflected managements estimates of revenue earned. We performed substantive testing through inspecting the supporting evidence on the timing of transactions and audited the source data which formed the basis of managements estimate. We further assessed the design and implementation of the internal control activities associated to the manual journal entry posting process.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

GWJ UK Acquisition Company Limited

**Independent Auditor's Report to the Members of GWJ UK Acquisition Company
Limited (continued)**

Report on the audit of the financial statements

Report on other legal and regulatory requirements

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

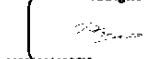
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

DocuSigned by:



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Peter Gallimore FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Statutory Auditor

Birmingham
United Kingdom

28 September 2023

GWI UK Acquisition Company Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	470,449	432,120
Cost of sales		<u>(433,427)</u>	<u>(417,458)</u>
Gross profit		37,022	14,662
Administrative expenses	5	(59,288)	(55,930)
Other operating income	6	<u>9,207</u>	<u>11,032</u>
Operating loss	7	(13,059)	(30,236)
Interest receivable and similar income	9	2,902	1,162
Other (losses) / gains	10	-	2,788
Interest payable and similar expenses	11	<u>(17,775)</u>	<u>(17,012)</u>
Loss before tax		(27,932)	(43,298)
Tax expense	14	<u>6,382</u>	<u>(18,571)</u>
Loss for the financial year attributable to owners of the Group		<u>(21,550)</u>	<u>(61,869)</u>

Turnover and operating loss are all derived from continuing operations.

GWI UK Acquisition Company Limited

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December
2022**

	Note	2022 £ 000	2021 £ 000
Loss for the year		(21,550)	(61,869)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations (net) on continuing business	30, 14	<u>78,084</u>	<u>56,558</u>
Total comprehensive income for the year attributable to the owners of the Group		<u>56,534</u>	<u>(5,311)</u>

GWI UK Acquisition Company Limited

Consolidated Balance Sheet as at 31 December 2022

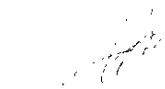
	Note	31 December 2022 £ 000	31 December 2021 £ 000
Fixed assets			
Intangible assets	17	294,350	298,716
Tangible assets	15	224,194	219,399
Right of use assets	16	316,867	321,538
Debtors: Amounts falling due after more than one year	26	122,569	118,663
		<u>957,980</u>	<u>958,316</u>
Current assets			
Stocks	19	28,393	46,167
Debtors: Amounts falling due within one year	20	179,505	123,568
Cash and bank balances	21	19,678	7,485
		<u>227,576</u>	<u>177,220</u>
Creditors: Amounts falling due within one year	16, 24, 28	(176,208)	(173,522)
Net current assets		<u>51,368</u>	<u>3,698</u>
Total assets less current liabilities		1,009,348	962,014
Creditors: Amounts falling due after more than one year	24, 16, 29	(421,214)	(362,910)
Provisions for liabilities	27	(39,221)	(24,258)
Deferred taxation	14	(76,082)	(74,231)
Net assets excluding pension liability		<u>472,831</u>	<u>500,615</u>
Net pension liability	30	3,469	87,790
Total liabilities		<u>(716,194)</u>	<u>(722,711)</u>
Net assets		<u>469,362</u>	<u>412,825</u>
Capital and reserves			
Called up share capital	22	270	270
Share premium account	23	25,687	25,687
Revaluation reserve	23	729	729
Other reserves	23	676,296	676,296
Retained earnings		<u>(233,620)</u>	<u>(290,159)</u>
Shareholders' funds		<u>469,362</u>	<u>412,823</u>

The notes on pages 31 to 95 form an integral part of these financial statements.

GWI UK Acquisition Company Limited

Consolidated Balance Sheet as at 31 December 2022 (continued)

Approved by the Board on 28 September 2023 and signed on its behalf by:



.....
Mr William Thomas Wright
Director

GWI UK Acquisition Company Limited
(Registration number: 09449366)
Company Balance Sheet as at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Fixed assets			
Investments	18	447,005	447,005
Debtors: Amounts falling due after more than one year	26	118,676	115,285
		<u>565,681</u>	<u>562,290</u>
Current assets			
Debtors: Amounts falling due within one year	20	186,609	136,386
Cash and bank balances	21	237	217
		186,846	136,603
Creditors: Amounts falling due within one year	16, 28	<u>(38,566)</u>	<u>(47,617)</u>
Net current assets		<u>148,280</u>	<u>88,986</u>
Total assets less current liabilities		713,961	651,276
Creditors: Amounts falling due after more than one year	16, 24, 29	<u>(99,374)</u>	<u>(39,000)</u>
Net assets		<u>614,587</u>	<u>612,276</u>
Capital and reserves			
Called up share capital	22	270	270
Share premium account	23	25,687	25,687
Other reserves	23	676,296	676,296
Retained earnings		<u>(87,666)</u>	<u>(89,977)</u>
Shareholders' funds		<u>614,587</u>	<u>612,276</u>

The profit attributable to the Company was £2,313k (2021: £780k).

Approved by the Board on 28 September 2023 and signed on its behalf by:

.....
Mr William Thomas Wright
Director

GWI UK Acquisition Company Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £ 000	Share premium account £ 000	Revaluation reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2021	198	580,727	729	-	(284,848)	296,806
Loss for the year	-	-	-	-	(61,869)	(61,869)
Other comprehensive income	-	-	-	-	56,558	56,558
Total comprehensive income	-	-	-	-	(5,311)	(5,311)
New share capital subscribed	72	121,256	-	-	-	121,328
Other share premium reserve movements	-	(676,296)	-	676,296	-	-
At 31 December 2021	270	25,687	729	676,296	(290,159)	412,823

	Called up share capital £ 000	Share premium account £ 000	Revaluation reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2022	270	25,687	729	676,296	(290,154)	412,828
Loss for the year	-	-	-	-	(21,550)	(21,550)
Other comprehensive income	-	-	-	-	78,084	78,084
Total comprehensive income	-	-	-	-	56,534	56,534
At 31 December 2022	270	25,687	729	676,296	(233,620)	469,362

For other information relating to other comprehensive income please refer to Note 14 and Note 30.

On 26th March 2021, a special resolution was passed for the Company so that the share premium account of the Company be reduced by £676,296,028 and the amount by which the share premium account is so reduced be credited to a reserve. This value was credited to the other reserves account.

The notes on pages 31 to 95 form an integral part of these financial statements.

GWJ UK Acquisition Company Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022 (continued)

New share capital subscribed in 2021 was issued in return for loan notes from group undertakings.

GWI UK Acquisition Company Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Share premium account £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	198	580,727	-	(90,759)	490,166
Profit for the year	-	-	-	782	782
Total comprehensive income	-	-	-	782	782
New share capital subscribed	72	121,256	-	-	121,328
Other share premium reserve movements	-	(676,296)	676,296	-	-
At 31 December 2021	270	25,687	676,296	(89,977)	612,276
	Share capital £ 000	Share premium account £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	270	25,687	676,296	(89,979)	612,274
Profit for the year	-	-	-	2,313	2,313
Total comprehensive income	-	-	-	2,313	2,313
At 31 December 2022	270	25,687	676,296	(87,666)	614,587

On 26th March 2021, a special resolution was passed for the Company so that the share premium account of the Company be reduced by £676,296,028 and the amount by which the share premium account is so reduced be credited to a reserve. This value was credited to the other reserves account.

New share capital subscribed in 2021 was issued in return for loan notes from group undertakings.

The notes on pages 31 to 95 form an integral part of these financial statements.

GWI UK Acquisition Company Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

Consolidated cash flow statement

	2022	2021
	£ 000	£ 000
Cash flow statement		
Cash flows from operating activities		
Profit loss for the year	(21,550)	(61,866)
Income tax expense	(6,382)	18,571
Profit (loss) for the year before tax	<u>(27,932)</u>	<u>(43,295)</u>
Adjustments to cash flows from non-cash items		
Profit on disposal of FGL	0	(2,788)
Depreciation of tangible fixed assets	13,800	11,723
Depreciation of right of use assets	37,034	38,347
Amortisation of intangible assets	4,390	4,537
Loss (profit) on disposal of property plant and equipment	(19)	(544)
Unrealised foreign exchange loss (gain)	275	(1,137)
Difference between pension funding contributions paid and the pension cost charge	528	2,015
Provision for impairment of trade receivables	(1,751)	2,323
Utilisation of maintenance provision	(6,532)	(6,632)
Increase in provisions	20,843	17,274
Finance income	(2,873)	(1,162)
Interest on bank overdrafts and borrowings	3,400	637
Interest on defined benefit pension obligation	1,477	1,802
Interest expense on leases (inc covid rent concessions)	12,246	14,144
Interest expense on maintenance provision	652	429
	<u>55,538</u>	<u>37,673</u>
Working capital adjustments		
Decrease (Increase) in inventories	17,774	(27,205)
(Increase) in trade and other receivables	(56,152)	(28,834)
Increase in trade and other payables	15,727	14,795
Disposal of pension liability	0	6,158
Cash generated from operations	<u>32,887</u>	<u>2,587</u>
Income taxes (paid) recovered	0	1,383
Net cash flow from operating activities	<u>32,887</u>	<u>3,970</u>

GWI UK Acquisition Company Limited

**Consolidated Statement of Cash Flows for the Year Ended 31 December 2022
(continued)**

Cash flows from investing activities		
Acquisitions of property plant and equipment	(14,899)	(43,023)
Proceeds from sale of property plant and equipment	0	1,047
Loans made	(621)	0
Proceeds of sale of subsidiary	0	3,377
Loan made re disposal of subsidiary	0	(3,377)
<i>Net cash flows from investing activities</i>	<u>(15,520)</u>	<u>(41,976)</u>
Cash flows from financing activities		
Interest expense on leases	(1,328)	(2,039)
Lease payments	(48,791)	(46,432)
Loans & borrowing - received	83,807	125,444
Loans & borrowing - repayments incl interest	(38,862)	(50,887)
<i>Net cash flows from financing activities</i>	<u>(5,174)</u>	<u>26,086</u>
 <i>Net Increase (decrease) in cash and cash equivalents</i>	 <u>12,193</u>	 <u>(11,920)</u>
 Cash and cash equivalents at 1 January	 7,485	 19,405
Cash and cash equivalents at 31 December	<u>19,678</u>	<u>7,485</u>

The above Cash Flow Statement has been prepared under the "Indirect Method" set out in IAS 7 Statement of Cash Flows and should be read in conjunction with the accompanying notes.

GWI UK Acquisition Company Limited

Company Statement of Cash Flows for the Year Ended 31 December 2022

Company Statement of Cash Flows

	2022 £ 000	2021 £ 000
Cash flow statement		
Cash flows from operating activities		
Profit for the year	2,311	782
Adjustments to cash flows from non-cash items	0	0
Unrealised foreign exchange loss (gain)	402	(649)
Finance income	(2,770)	(1,118)
Interest on bank overdrafts and borrowings	2,328	376
Income tax expense	0	0
	<u>2,271</u>	<u>(609)</u>
Working capital adjustments		
(Increase) in trade and other receivables	(50,224)	(50,278)
Increase in trade and other payables	1,451	885
<i>Cash generated from operations</i>	<u>(46,502)</u>	<u>(50,002)</u>
Income taxes (paid) recovered	0	0
<i>Net cash flow from operating activities</i>	<u>(46,502)</u>	<u>(50,002)</u>
Cash flows from investing activities		
Acquisitions of property plant and equipment	0	0
Proceeds from sale of property plant and equipment	0	0
Acquisition of intangible assets	0	0
Loans made	(601)	0
Proceeds from sale of intangible assets	0	0
<i>Net cash flows from investing activities</i>	<u>(601)</u>	<u>0</u>
Cash flows from financing activities		
Loans & borrowing - received	83,807	100,676
Loans & borrowing - repayments incl interest	(36,684)	(50,678)
<i>Net cash flows from financing activities</i>	<u>47,123</u>	<u>49,998</u>
<i>Net decrease in cash and cash equivalents</i>	20	(4)
Cash and cash equivalents at 1 January	217	221
Cash and cash equivalents at 31 December	<u>237</u>	<u>217</u>

The notes on pages 31 to 95 form an integral part of these financial statements.
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GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

GWI UK Acquisition Company Limited (the "Company") is a private company limited by share capital, incorporated in England and Wales and under the Companies Act 2006 is domiciled in the United Kingdom.

The address of its registered office is:

6th Floor The Lewis Building
35 Bull Street
Birmingham
West Midlands
B4 6EQ
United Kingdom

The principal activity of the company is that of a holding company. It holds investments in all the trading companies in the UK and therefore in the consolidated financial statements it represents the results of all entities beneath GWI UK Acquisition Company Limited in the group structure. The Directors have deemed it appropriate to also provide information around the activities of other entities within the group.

The UK group operates Rail, Road and Terminals services across Intermodal Logistics and Heavy Haul markets. Intermodal services include the trunking of shipping containers between ports in the UK and a network of inland rail freight terminals, providing storage for containers at the terminals. We operate a fleet of road vehicles which complement the rail service by offering road haulage to and from the inland terminals and ports. Additional services offered include management of container depots, container sales and conversions and specialist haulage. Heavy Haul rail operations include bulk rail haulage and infrastructure activity in support of Network Rail network maintenance. There are also various companies included within the group accounts that act as holding companies where their principal activity is to simply hold investments, these investments are not recognised under consolidated financial accounts as they are eliminated.

These financial statements were authorised for issue by the Board on 28 September 2023.

These accounts are presented in Pound Sterling which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest £000.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 General information (continued)

GWI UK Acquisition Company Limited has created a guarantee to its subsidiaries by the operation of s479C, the statement has been authenticated by the parent company and filed with the companies house including the name of the subsidiaries and their registration numbers. The parent company guarantee has been issued to cover the year ended 31 December 2022.

In the operation of s479C, the company has therefore filed a completed Companies House Form AA06 with the registrar in line with the CA2006 requirements.

For the year ending 31 December 2022 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies:

Railinvest Acquisitions Limited (Company number: 6522985)
Management Consortium Bid Limited (Company number: 02957951)
Freightliner Limited (Company number: 03118392)
Freightliner Railports Limited (Company number: 05928006)
Freightliner Heavy Haul Limited (Company number: 03831229)
UK Bulk Handling Services Limited (Company number: 08568433)
Freightliner Maintenance Limited (Company number: 05713164)
Pentalver Transport Limited (Company number: 02453541)
Pentalver Cannock Limited (Company number: 01189068)
Freightliner Middle East Limited (Company number: 07982095)

The following dormant subsidiaries of the Company have taken advantage under s480 of the Companies Act 2006 exemption from requiring an audit: These subsidiaries are exempt from the requirement to have a statutory audit by virtue of this section:

Freightliner Scotland Limited (Company number: SC181990)
Railinvest Holding Company Limited (Company number: 6522978)
Genesee & Wyoming Oman Limited (Company number: 9767255)
Freightliners Limited (Company number: 3281655)
Autoliner Limited (Company number: 3891898)
Logico Freight Limited (Company number: 4993080)
Logico Transport Limited (Company number: 4993075)
Freightliner Acquisitions Limited (Company number: 5313136)

2 Accounting policies

Statement of compliance

The group and parent company financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Summary of significant accounting policies and key accounting estimates

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.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

With the above regulations that requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The profit attributable to the Company is disclosed in the footnote to the Company's Statement of Financial Position.

Going concern

The UK Group's base cash forecast show that as a result of operations, discretionary capital expenditure and reasonable expected downside scenarios, the UK Group would require funding in the 12 months from signing of the financial statements. Cash flow needs for the company are managed on a UK Group basis rather than at the individual company level.

IAS 1 requires disclosure of material uncertainties relating to events or conditions which may cast significant doubt upon an entity's ability to continue as a going concern, or of significant judgements made in concluding there are no material uncertainties related to the going concern assumption.

Such uncertainties may arise from climate-related factors. For example, the introduction of legislation directly affecting an entity's business model, or giving rise to increased compliance costs, may cast significant uncertainty upon the entity's ability to continue as a going concern. Management have considered this and have exercised judgement to determine that there are no material uncertainties that cast doubt on the entity's ability to continue as a going concern.

The company plans to meet its day-to-day cash flow requirements through its cash reserves and the group borrowing facility. The group borrowing facility secured by US assets as well as the investments held by UK Holding Companies in UK/Europe group entities, which the UK Group can access through GWI UK Acquisition Company Limited, one of the named entities to the borrowing facility. This facility will be in place for at least 12 months of the financial statements being signed. The borrowings held by the UK have banking covenants attached to them, these covenants are managed by the parent company Genesee & Wyoming Inc., this includes the effect of refinancing and any changes to covenant arrangements.

Genesee & Wyoming Inc., the immediate parent entity of the UK Group, has demonstrated to management there is significant headroom in the group borrowing facility to support the UK Group, should the need arise. Furthermore, Genesee & Wyoming Inc. has provided management a support letter confirming their intentions to provide financial assistance to the UK Group for the period of at least 12 months from the date of authorising the company's financial statements.

The directors have a reasonable expectation that the company, through group borrowing facility and the support of Genesee & Wyoming Inc., has adequate resources to continue in operational existence for at least 12 months from when these financial statements were approved. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The acquisition method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Changes in accounting policy

Effective date of IAS 16 amendments regarding proceeds before intended use

On 14 May 2020, the IASB issued 'Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Effective date of 2018-2020 annual improvements cycle

On 14 May 2020, the IASB issued 'Annual Improvements to IFRS Standards 2018-2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Effective date of IAS 37 amendments regarding onerous contracts

On 14 May 2020, the IASB issued 'Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Effective date of IFRS 3 amendments updating a reference to the Conceptual Framework

On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to References to the Conceptual Framework in IFRS Standards

The Company has continued to adopt the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The standard which are amended are IFRS 1, IFRS 3, IFRS 4, IFRS 9, IFRS 16, IFRS 17, IAS 1, IAS 16, IAS 17, IAS 41, FRS 104, FRS 101.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

New standards, interpretations and amendments not yet effective

The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company financial statements in future:

IFRS 17 Insurance Contracts (effective 1 January 2023)

Principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective 1 January 2023)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).

IAS 12 Income Taxes (effective 1 January 2023)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2023)

Definition of Accounting Estimates (Amendments to IAS 8).

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (effective 1 January 2024)

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

IFRS 16 Leases (effective 1 January 2024)

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

IAS 1 Presentation of Financial Statements (effective 1 January 2024)

Non-current Liabilities with Covenants (Amendments to IAS 1).

IAS 21 The Effects of Changes in Foreign Exchange Rates (effective 1 January 2025)

Lack of Exchangeability (Amendments to IAS 21).

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements. The standards, interpretations and amendments effective for the first time from 1st January 2022 have been adopted on their effective date.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Revenue recognition

Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of discounts and, value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the services have transferred to the customer and the customer has control of these. This revenue is recognised in the accounting period when the goods are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. Revenue does not include material variable considerations and payment features. The nature of the business does not include obligations for returns, refunds, warranties or other similar types of obligations, the Company does have long term revenue contracts with customers which are subject to annual tariff reviews. There is no material judgment in determining the transaction price as tariffs are agreed annually with major customers, there are also no material judgments in allocating transaction price as each performance obligation is agreed and invoice separately with each customers. Revenue is recognised at a point in time with minimal judgment exercised around when the customer obtains control of services as this would be evident from delivery. The payment is typically due between 30-60 days and the contracts do not have a significant financing component.

Activities

Below are details of revenue activities performed by the company the provision of services:

- For Freight Revenue - The company generates freight turnover from the haulage of freight by rail based on a per car, per container or per ton basis. Freight turnover is recognised at the point that the rail service is complete.
- For Freight-related revenues - The company generates freight-related turnover from port terminal railroad operations and industrial switching (where the company operates trains on a contract basis in facilities it does not own), as well as demurrage, storage, car hire, trucking haulage services, track access rights, trans-loading, crewing services, traction service (or hook and pull service that requires the company to provide locomotives and drivers to move a customer's train between specified points) and other ancillary services related to the movement of freight. Freight-related turnover is recognised as services are performed or as contractual obligations are fulfilled.
- For Terminal operations - The company generates turnover from the operation of container handling facilities in the United Kingdom for external customers. Turnover is recognised as services are performed or as contractual obligations are fulfilled.
- For Waste freight-related revenue - The company generates freight-related and other ancillary turnover related to the movement of waste freight through a terminal on behalf of another group company. Freight-related turnover is recognised as services are performed or as contractual obligations are fulfilled.

Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the group has complied with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss account over the period necessary to match them with the costs that they are intended to compensate.

Finance costs policy

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

All other finance costs are recognised in the Income Statement in the period in which they are incurred.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Depreciation is charged so as to write off the cost of assets less their residual value, other than land and properties under construction over their estimated useful lives, using the straight-line method as follows:

Asset class	Depreciation method and rate
Land	Not depreciated
Buildings	20 to 50 years
Leasehold land and building	Lease term
Plant and machinery	3 to 30 years
Road fleet	3 to 10 years
Traction and rolling stock	3 to 35 years
Other assets	Various
Construction in progress	Not depreciated

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Other intangible assets

Computer software is held by the company and is amortised over 3 to 5 years. The company also holds operational rights which are being amortised over 30-100 years.

Investments (Company only)

Fixed asset investments in subsidiaries are held at cost less accumulated impairment losses. The company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the company makes an estimate of the investment's recoverable amount by assessing the fair value less costs of disposal and its value in use. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Judgement is required in assessing the level of control or influence over another entity in which the company holds an interest. Depending upon the facts and circumstances in each case, the company may obtain control, joint control or significant influence over the entity or arrangement. Transactions which give the company control of a business are business combinations. If the company obtains joint control of an arrangement, judgement is also required to assess whether the arrangement is a joint operation or a joint venture. If the company has neither control nor joint control, it may be in a position to exercise significant influence over the entity, which is then accounted for as an associate held at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is an expected credit loss. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 180 days past due.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Inventories

Stock is stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

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.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Borrowings

All borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as creditors: amounts falling due within one year unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

IBOR reform

The interest rate benchmark reform does not change the risk management strategy for G&W as the company is not subject to any fair value hedges. Uncertainty around the method and timing of transition from LIBORs to alternative risk-free rates (RFRs) may impact the assessment of whether hedge accounting can be applied to certain hedging relationships, which G&W is not part of. However, the temporary reliefs provided by IFRS 9 allow bp to assume that in the event that significant uncertainty around the reform arises:

- a. the interest rate benchmark component of fair value hedges only needs to be assessed as separately identifiable at initial designation; and
- b. the interest rate benchmark is not altered for the purposes of assessing the economic relationship between the hedged item and the hedging instrument for fair value hedges.

At 31 December 2022 the reliefs apply and GW continues to monitor regulatory and market developments as it manages the contractual transition.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Provisions

Provisions for maintenance obligations, and legal claims are recognised where the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the group to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the group has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the group has made an accounting policy election, by class of underlying asset, to account for both components as a single lease component.

Initial recognition and measurement

The group initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the group's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the group measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The group then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Sub leases

If an underlying asset is re-leased by the group to a third party and the group retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The group continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Called up 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.

Defined contribution pension obligation

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension obligation

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of post employment benefit obligations (net)'.

The cost of the defined benefit plan, recognised in the Income Statement as 'pension costs, defined contribution scheme', except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the group commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- *the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and*
- *the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:-

- *the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and*
- *the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.*

On initial recognition of an equity investments that is not held for trading, the group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

The group derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the group is recognised as a separate asset or liability.

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the group derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

- (a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.
- (b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;
- (c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined
- (d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the group recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The group recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the group recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the group recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the group recognises the lifetime ECL.

The group measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date. A default on a financial asset is when the counterparty fails to make contractual payments within 30 days of when they fall due.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the group on terms that the group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

For trade receivables, the group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment and the valuation of financial instruments, as explained in more detail below:-

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in note 2, 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.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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.

Insurance claims

The Group recognises provisions in relation to open and potential claims against the company. Management are required to estimate the likelihood of a claim crystallising and the potential exposure the company has. The entity assesses the effectiveness of its insurance policy. It recognizes the amount expected to be reimbursed (as a separate asset) when, and only when, it is virtually certain that the reimbursement will be received. Offset of a provision and the related reimbursement is never appropriate. Please see Note 27 for the carrying amount of insurance claims.

Lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). This requires judgement.

For leases of tangible assets, the following factors are normally the most relevant:

If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).

If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).

Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Management apply judgement in the determination of the incremental borrowing rate ("IBR") applied to leases. In consideration of the IBR, management consider the term of the lease, security held, and borrowing rates available to fund the asset should the asset have been purchased outright. These considerations result in an estimated implied borrowing rate.

Under certain lease agreements the company makes payments to a maintenance deposit for agreed significant future maintenance events. Where the company performs these maintenance the costs of work done is released by the lessor from the maintenance deposit. The company forecasts the maintenance obligation for estimated future maintenance costs based on the planned usage with the obligation being built over time.

Please see Note 16 for carrying amount of leases and Note 27 for carrying amount of related provisions for liabilities.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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

Identifying whether a contract includes a lease

Management will determine whether or not a lease is present within a contract in order to ensure that the accounting is in line with the relevant accounting standards. In order to do this, management will use decision trees to ensure that all aspects of the contract are taken into consideration. These are then reviewed by senior management as there can be a significant change between whether or not something is held as a finance lease asset and liability or where the assets are recognised and transactions recorded in line with other financing transactions.

Please see Note 16 for carrying amount of leases.

Impairment of investments and goodwill

Determination as to whether, and how much, an investment and goodwill is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, services profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions. If an indicator for impairment is identified, management will create a discounted cash flow model in order to perform an impairment assessment. For value in use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The pre-tax discount rate is based upon the cost of funding the group derived from an established model, adjusted to a pre-tax basis. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. In limited circumstances

where recent market transactions are not available for reference, discounted cash flow techniques are applied. Where discounted cash flow analyses are used to calculate fair value less costs of disposal, estimates are made about the assumptions market participants would use when pricing the asset, CGU or group of CGUs containing goodwill and the test is performed on a post-tax basis.

Please see Note 17 for carrying amount of goodwill and Note 18 for carrying amount of investments that relate to the Company only.

Useful life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Please see Note 15 for carrying amount of tangible assets.

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. Refer to Note 30 for the sensitivity analysis for the principal assumptions used to measure scheme liabilities.

Please see Note 30 for carrying amount of the defined benefit pension scheme.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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

Limit on defined benefit pension asset

The Company exercised judgment when considering the surplus of the DB pension scheme. The Company did not believe that it was able to recognise any refund of surplus under IAS 19. This was deemed the case as the Freightliner Shared Cost Pension Plan document sections were reviewed and it was interpreted that the plan documents indicate that it is a joint decision between the employer and the Trustee as to how a potential surplus should be used. This was agreed with the Company's local legal counsel.

Under IFRIC 14:12 "If the entity's right to a refund of a surplus depends on the occurrence or non-occurrence of one or more uncertain future events not wholly within its control, the entity does not have an unconditional right and should not recognise an asset". Therefore, the Company deemed that the surplus should not be recognised under IFRS.

Please refer to Note 30 for the impact on financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Unbilled revenue

On a timely basis, estimates are made to determine the amount of revenue that has been earned but not yet billed by the Company. Key factors within this calculation are the average rate to charge the customer based on historical revenue rates, expected revenue that is expected to be earned during the days when ledgers have been closed, this is based off management's experience with previous trading months. The potential impact on the financial statements would be that revenue and unbilled receivables could be overstated or understated.

A 10% increase/decrease in unbilled receivables would result in a £2.7m increase/decrease. The revenue recognised in the year is split out per function in Note 4. The unbilled receivables amount at the year-end is shown in Note 20.

Onerous minimum funding requirement

The Company has recognised an onerous liability as present value for excess of minimum funding requirements contributions i.e. committed payments agreed with trustees of the pension scheme and estimated future service cost calculated as per IAS19. To determine this value, assumptions used were in line with those used for determining pensions liability.

Please refer to Note 30 for impact on financial statements.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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

Defined benefit pension scheme

The cost of the benefits and the present value of the defined benefit pension obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet using an independent actuary specialist. The assumptions reflect historical experience and current trends. The pension asset is managed as part of a pooled assets scheme by the Railpen as the administrator of the scheme and on which they provide an annual independent valuation that is provided to the actuary specialist to consider in the calculation of the net benefit plan position. Please see Note 30 of the financial statements for sensitivity analysis performed on these key factors.

Open tax positions

The Group's current tax provisions also includes a position for one of its subsidiaries. Management have assessed the amount of tax payable on open tax positions where the liabilities remain to be agreed with General Authority of Zakat and Tax (GAZT), the tax authorities of Saudi Arabia. Uncertain tax items relate principally to the interpretation of tax legislation regarding arrangements entered into in the ordinary course of business. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Whilst a range of outcomes is reasonably possible, the extent of the reasonably possible range is from additional liabilities of up to £2,175k.

4 Turnover

All of the group's revenue is generated in the UK. The analysis of the group's turnover for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Rail	262,822	229,939
Road	97,892	96,724
Terminals	109,493	105,457
Other	242	-
	<u>470,449</u>	<u>432,120</u>

The Group does not have any material performance obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period.

5 Administrative expenses

The analysis of the group's administrative expenses for the year is as follows:

	2022 £ 000	2021 £ 000
Administrative expenses	<u>(59,288)</u>	<u>(55,930)</u>

Included within administrative expenses are consulting fees of £5,622k (2021: £4,334k) and IT costs of £4,685k (2021: £5,645k).

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2022	2021
	£ 000	£ 000
Government grants	7,339	7,969
Miscellaneous other operating income	<u>1,868</u>	<u>3,063</u>
	<u>9,207</u>	<u>11,032</u>

The amount earned through sub-lease income was £1,841k (2021: £2,976k). Government grants of £7,339k (2021: £7,969k) was received under the Mode Shift Revenue Support Scheme - Intermodal, designed to support the movement of intermodal containers by rail in Great Britain. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year. There are no unfulfilled conditions or other contingencies attaching to these grants. The group did not benefit directly from any other forms of government assistance.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Operating loss

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Depreciation on tangible fixed assets	13,800	11,723
Depreciation on right of use assets	37,038	38,347
Amortisation of intangibles	4,390	4,537
Loss/(profit) on disposal of assets	21	(544)
Raw materials and consumables	99,004	81,755
Loss allowance/(release) on trade receivables and on amounts due from contract assets	(1,751)	2,323
Foreign exchange losses/(gains)	117	(786)
Expense on short term leases (over one month)	<u>8,120</u>	<u>6,818</u>

8 Auditors' remuneration

During the year, the group obtained the following services from the company's auditors:

	2022 £ 000	2021 £ 000
Fees payable to the company's auditors for the audit of parent company and consolidated financial statements	500	400
Audit-related assurance services	<u>26</u>	<u>26</u>
	<u>526</u>	<u>426</u>

9 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest receivable from group undertakings	<u>2,902</u>	<u>1,162</u>

10 Other (losses)/gains

The analysis of the group's other gains and losses for the year is as follows:

	2022 £ 000	2021 £ 000
Gain on disposal of subsidiary	<u>-</u>	<u>2,788</u>

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Other (losses)/gains (continued)

On 27th August 2021, Management Consortium Bid Limited (MCB), a subsidiary of GWI UK Acquisition Company Limited transferred its pension liability of £7,618k to Freightliner Group Limited (FGL), driven by the change in participating members of the Freightliner Shared Cost Pension Scheme. In order to determine the amount of the net pension liability as at 27th August 2021, a valuation has been performed by the scheme's actuaries. This transaction has been accounted for as a debt apportionment from MCB to FGL against the P&L, where MCB derecognised its pension liability by crediting the P&L and FGL recognised a pension liability by debiting the P&L with the same amount of £7,618k.

On 21st December 2021, Freightliner Group Limited was sold to Genesee & Wyoming BV, registered in the Netherlands and as a result recognised a gain on disposal of £2,788k.

11 Interest payable and similar expenses

	£ 000	£ 000
Interest on bank overdrafts and borrowings	3,400	637
Interest on defined benefit pension obligation	1,477	1,802
Interest expense on leases	12,246	14,144
Unwinding of discount on provisions	652	429
	<u>17,775</u>	<u>17,012</u>

Included within interest expense on leases, the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions was £1,134k (2021: £2,040k).

12 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	139,971	142,475
Social security costs	15,400	15,247
Pension costs, defined contribution scheme	1,698	1,698
Pension costs, defined benefit scheme	11,837	17,324
Redundancy costs	233	1,172
	<u>169,139</u>	<u>177,916</u>

The monthly average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Production	1,856	1,866
Administration and support	726	820
	<u>2,582</u>	<u>2,686</u>

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Staff costs (continued)

The staff costs disclosure is applicable for the group only and the parent company GWI UK Acquisition Company Limited itself does not have any employees.

13 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£ 000	£ 000
Emoluments	1,837	2,258
Amounts receivable (other than shares and share options) under long-term incentive schemes	2,430	416
	<u>4,267</u>	<u>2,674</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Accruing benefits under defined benefit pension scheme	<u>2</u>	<u>1</u>

In respect of the highest paid director:

	2022	2021
	£ 000	£ 000
Remuneration	1,666	505

14 Income tax

Tax charged/(credited) in the income statement

	2022	2021
	£ 000	£ 000
Foreign tax	7	270

Deferred taxation

Arising from origination and reversal of temporary differences	<u>(6,389)</u>	<u>18,301</u>
Tax (receipt)/expense in the income statement	<u>(6,382)</u>	<u>18,571</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
Loss before tax	<u>(27,932)</u>	<u>(43,298)</u>
Corporation tax at standard rate	(5,307)	(8,227)

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Income tax (continued)

	2022 £ 000	2021 £ 000
Movement in deferred tax resulting from change in the tax rate	-	15,984
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	1,109	612
Origination and reversal of temporary timing differences	(1,337)	3,384
(Decrease)/increase arising from group relief tax reconciliation	(1,043)	648
Foreign withholding tax	7	270
Deferred tax credit from unrecognised temporary difference from a prior period	(4,704)	-
Decrease from effect non-taxable sale of subsidiary	-	(534)
Timing differences not recognised for deferred tax	4,893	6,434
Total tax (credit)/charge	<u>(6,382)</u>	<u>18,571</u>

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. The rate change was substantively enacted on 24 May 2021. Any deferred tax balances on temporary differences as at 31 December 2022 have been measured at 25% where these are expected to unwind post 1 April 2023.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Income tax (continued)

Amounts recognised in other comprehensive income

	2022			2021
	Before tax	Tax (expense)	Net of tax	Before tax
	£ 000	benefit	£ 000	£ 000
		£ 000		
Remeasurements of post employment benefit obligations (net)	86,326	(8,242)	78,084	54,919
				2021
				Net of tax
				£ 000
Remeasurements of post employment benefit obligations (net)				56,558

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Tangible assets	-	(1,984)	(1,984)
Intangible assets	-	(73,574)	(73,574)
Pension benefit obligations	-	(670)	(670)
Other items	146	-	146
	146	(76,228)	(76,082)
2021			
Tangible assets	2	-	2
Intangible assets	-	(74,424)	(74,424)
Pension benefit obligations	187	-	187
Other items	7	-	7
	196	(74,424)	(74,228)

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2022 £ 000
Tangible assets	2	(1,986)	-	(1,984)
Intangible assets	(74,424)	850	-	(73,574)
Pension benefit obligations	187	7,385	(8,242)	(670)
Other items	7	139	-	146
Net tax assets/(liabilities)	<u>(74,228)</u>	<u>6,388</u>	<u>(8,242)</u>	<u>(76,082)</u>

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Tangible assets	(2,381)	2,383	2
Intangible assets	(57,442)	(16,982)	(74,424)
Pension benefit obligations	3,999	(3,812)	187
Other items	17	(10)	7
Net tax assets/(liabilities)	<u>(55,807)</u>	<u>(18,421)</u>	<u>(74,228)</u>

There are £23,868,762 (2021: £34,373,973) of unrecognised deferred tax assets, comprising of £13,705,576 of unused tax losses (2021 - £9,750,918), £4,593,038 (2021: £3,967,959) of corporate interest restriction and £5,570,148 (2021: £20,655,096) of other assets for which no deferred tax asset is recognised in the Balance Sheet. These unrecognised deferred tax assets do not have an expiry date.

Company

There are £4,378,865 (2021: £3,654,306) of deferred tax assets, comprising of £471,459 of unused tax losses (2021 - £Nil) and £3,907,406 of corporate interest restriction (2021 - £3,654,306) for which no deferred tax asset is recognised in the Balance Sheet. This unrecognised deferred tax asset does not have an expiry date.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Tangible assets

Group

2021

Cost or valuation

At 1 January 2021

Additions

Disposals

Transfers

At 31 December 2021

Depreciation

At 1 January 2021

Charge for year

Eliminated on disposal

At 31 December 2021

Carrying amount

At 31 December 2021

At 31 December 2020

	Land and buildings £ 000	Traction and rolling stock £000	Plant and machinery £000	Other assets £000	Construction in progress £ 000	Total £ 000
At 1 January 2021	187,169	133,428	26,909	809	9,950	358,265
Additions	-	-	-	-	43,023	43,023
Disposals	(500)	-	(237)	(71)	(136)	(944)
Transfers	12,151	29,997	5,397	575	(48,119)	1
At 31 December 2021	198,820	163,425	32,069	1,313	4,718	400,345
At 1 January 2021	56,054	91,555	21,353	702	-	169,664
Charge for year	4,588	5,556	1,266	313	-	11,723
Eliminated on disposal	(346)	(39)	(76)	20	-	(441)
At 31 December 2021	60,296	97,072	22,543	1,035	-	180,946
At 31 December 2021	138,524	66,353	9,526	278	4,718	219,399
At 31 December 2020	131,115	41,873	5,556	107	9,950	188,601

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Tangible assets (continued)

2022	Land and buildings £ 000	Traction and rolling stock £000	Plant and machinery £000	Other assets £000	Construction in progress £ 000	Total £ 000
Cost or valuation						
At 1 January 2022	198,820	163,425	32,069	1,313	4,717	400,344
Additions	-	-	-	-	18,577	18,577
Disposals	(36)	(1,036)	(40)	(364)	-	(1,476)
Transfers	3,317	11,216	2,377	2,882	(19,792)	-
At 31 December 2022	202,101	173,605	34,406	3,831	3,502	417,445
Depreciation						
At 1 January 2022	60,296	97,072	22,543	1,035	-	180,946
Charge for the year	5,251	6,665	1,199	550	-	13,665
Eliminated on disposal	(9)	(947)	(40)	(364)	-	(1,360)
At 31 December 2022	65,538	102,790	23,702	1,221	-	193,251
Carrying amount						
At 31 December 2022	136,563	70,815	10,704	2,610	3,502	224,194
At 31 December 2021	138,524	66,353	9,526	278	4,717	219,398

Included within the net book value of land and buildings above is £136,563,000 (2021 - £138,524,000) in respect of freehold land and buildings. Freehold and leasehold land and buildings were professionally valued by Colliers International Valuation UK LLP on 31 December 2014, an independent valuer, to fair value of £6,402k, with subsequent additions at cost.

GW1 UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Right of use assets

Group	Leasehold land and buildings £000	Road fleet £000	Plant and machinery £000	Traction and rolling stock £000	Total £000
Cost					
At 1 Jan 2021	125,961	36,855	30,113	168,435	361,364
Additions	8,272	2,498	15,938	93,733	120,441
Disposals	(30)	(239)	(13,222)	(37,064)	(50,555)
At 31 Dec 2021	134,203	39,114	32,829	225,104	431,250
At 1 Jan 2022	134,203	39,114	32,829	225,104	431,250
Additions*	11,381	711	5,913	18,655	36,660
Disposals	(138)	(816)	(1,275)	(5,405)	(7,634)
At 31 Dec 2022	145,446	39,009	37,467	238,354	460,276
Depreciation					
At 1 Jan 2021	(8,902)	(9,518)	(13,475)	(62,789)	(94,684)
Charge	(4,893)	(4,501)	(4,578)	(24,375)	(38,347)
Disposals	(52)	633	1,956	24,718	27,255
At 31 Dec 2021	(13,847)	(13,386)	(16,097)	(62,446)	(105,776)

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Right of use assets (continued)

	Leasehold land and buildings £000	Road fleet £000	Plant and machinery £000	Traction and rolling stock £000	Total £000
At 1 Jan 2022	(13,847)	(13,386)	(16,097)	(62,446)	(105,776)
Charge	(5,855)	(7,229)	(4,176)	(19,775)	(37,035)
Disposals	135	574	999	1,630	3,338
At 31 Dec 2022	(19,567)	(20,041)	(19,274)	(80,591)	(139,473)
Provision for impairment					
At 31 Dec 2021	-	-	-	(3,936)	(3,936)
At 31 Dec 2022	-	-	-	(3,936)	(3,936)
Net Book Value					
At 31 Dec 2022	125,879	18,968	18,193	153,827	316,867
At 31 Dec 2021	120,356	25,728	16,732	158,722	321,538

*Additions include new leases entered during the reporting period, modifications to existing leases as well as remeasurements.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Right of use assets (continued)

31 December 2022

	Minimum lease payments £000	Interest £000	Present value £000
Within one year	47,173	(10,891)	36,282
One to five years	132,849	(33,408)	99,441
Over five years	351,673	(151,530)	200,143
Total	531,695	(195,829)	335,866

31 December 2021

	Minimum lease payments £000	Interest £000	Present value £000
Within one year	47,997	(10,573)	37,424
One to five years	132,392	(32,571)	99,821
Over five years	355,169	(154,619)	200,550
Total	535,558	(197,763)	337,795

Leases included in creditors

Current portion of long-term lease liabilities
Long-term lease liabilities

	2022 £000	2021 £000
Current portion of long-term lease liabilities	36,282	37,424
Long-term lease liabilities	299,585	300,373
	335,867	337,797

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Right of use assets (continued)

Total cash outflows related to leases

Payment	2022 £000	2021 £000
Principal	37,679	34,327
Interest (net of concessions)	12,246	14,144
Short-term and low-value leases	<u>8,120</u>	<u>6,818</u>
Total cash outflow	<u>58,045</u>	<u>55,289</u>

There are no lease commitments for short term leases, there are no restrictions or covenants imposed by leases and there are no residual value guarantees for leases. Some property leases contain variable payment terms that are linked to sales generated from a terminal. For individual terminal, up to 75% of lease payments are on the basis of variable payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. One of the terminals with a variable lease contract has a maximum lease payment cap of £125k, with the other terminal having no cap in place.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Intangible assets

The Group carries out an impairment test annually for intangible assets. Management have determined that there is only one Cash Generating Unit ("CGU") for the whole of the UK business. As the business is run as a whole, rather than split between entities and platforms, management has deemed that one CGU is the most appropriate method of accounting for the UK business.

Management assess whether there are any impairment indicators when completing their impairment test. These impairment indicators include but are not limited to the following: negative changes in market conditions, increases in interest rates and detrimental economic performance compared to expectation. If an impairment indicator is noted, then a discounted present value of future cash flows is completed to determine the value of the assets. The first five years in this model have been approved by the Board as part of the 5-Year Strategic Plan process. The cash flow projections beyond this on based on a growth rate that are considered to be in line with market expectations.

Under IAS 36, there are two methods for determining the estimated recoverable amount of an asset or CGU. Management has used both valuation models to determine the recoverable amount of the Group's UK business, these were the fair value less costs of disposal (FVLCD) model and the value in use (VIU) model. Management should take the model which gives the higher value, but need not calculate both if the first method used shows that the recoverable amount exceeds the carrying value. FVLCD is only determined where VIU would result in an impairment. FVLCD was calculated based on the income approach and is therefore a level 3 measurement. Levels 3 measurements are based inputs which are normally unobservable to market participants. Costs of disposal can be assumed to be 1% of expected disposal proceeds. This is consistent with the methodology used in previous years.

The key assumptions used in the fair value less costs of disposal model were the forecasted sales growth rate. This was driven by the expected increase in revenues each year as well as the terminal growth rate given the current 5-year strategic plan that has been approved by the Board of Directors. Management have ensured to use the approved figures for capital expenditure to ensure that the model aligns with current business understanding.

Management has considered compounded annual growth rate of between 3% and 5% for cash flow forecasts from FY 2028 to FY 2032, this is the industry average range. The free cash flows used in the discounted cash flow ("DCF") represent the cash flow that is available to equity holders. Therefore, the free cash flow is converted to present value through the application of the cost of equity. Discount rates are performed based on a risk free rate of interest appropriate to the geographic location of the cash flows related to the asset being tested, which is subsequently adjusted to factor in local market risks and risks specific to us and the asset itself. Post-Tax discount rates have been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, company specific risk premium and a risk adjustment (beta).

Management utilised the financial projections from FY2023 to FY2032 for the FVLCD. The cash flows utilised under FVLCD, are free cash flow to the equity ("FCFE") since the cash flows are adjusted for repayment of or drawdowns of debt along with the payment of associated interest. Management has considered exit multiple EV/EBITDA multiple of between 11 and 13, which is the industry average, this is resulting in EV. Since the cash flows pertains to equity holders, closing net debt is adjusted to bridge the gap between EV to equity value.

Management did not determine that an impairment of the intangible assets was required for the year ended 31 December 2022 (2021: No impairment). The intangible assets will be amortised to nil in 89 years.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Intangible assets (continued)

Group

	Goodwill	Computer	Other	Total
	£ 000	software	intangible	£ 000
		£ 000	assets	
			£ 000	£ 000
Cost				
At 1 January 2021	95,973	2,215	366,000	464,188
Disposals	-	(95)	-	(95)
At 31 December 2021	95,973	2,120	366,000	464,093
At 1 January 2022	95,973	2,120	366,000	464,093
Disposals	-	(167)	-	(167)
At 31 December 2022	95,973	1,953	366,000	463,926
Amortisation				
At 1 January 2021	-	1,224	22,906	24,130
Amortisation charge	-	522	4,015	4,537
Amortisation eliminated on disposals	-	(30)	-	(30)
At 31 December 2021	-	1,716	26,921	28,637
At 1 January 2022	-	1,716	26,921	28,637
Amortisation charge	-	375	4,015	4,390
Amortisation eliminated on disposals	-	(191)	-	(191)
At 31 December 2022	-	1,900	30,936	32,836
Impairment				
At 1 January 2021	95,973	-	40,767	136,740
At 31 December 2021	95,973	-	40,767	136,740
At 1 January 2022	95,973	-	40,767	136,740
At 31 December 2022	95,973	-	40,767	136,740
Carrying amount				
At 31 December 2022	-	53	294,297	294,350
At 31 December 2021	-	404	298,312	298,716

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Investments (Company only)

Summary of the company investments

	31 December 2022 £ 000	31 December 2021 £ 000
Investments in subsidiaries	447,005	447,005
Subsidiaries		£ 000
Cost		
At 1 January 2022		510,100
At 31 December 2022		510,100
Accumulated impairment loss		
At 1 January 2022		63,095
At 31 December 2022		63,095
Carrying amount		
At 31 December 2022		447,005
At 31 December 2021		447,005

Please refer to Note 33 for registered address, principal activity, registration number, voting rights held and ownership interest of all the Company's subsidiaries.

19 Stocks

	Group		Company	
	31 December 2022 £ 000	31 December 2021 £ 000	31 December 2022 £ 000	31 December 2021 £ 000
Raw materials and consumables	28,393	46,167	-	-

The cost of inventories recognised as an expense during the year was £99 million (2021: £81.8 million).

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

20 Debtors: Amounts falling due within one year

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£ 000	£ 000	£ 000	£ 000
Trade receivables	78,938	58,627	-	-
Provision for impairment of trade receivables	(2,045)	(3,315)	-	-
Net trade receivables	76,893	55,312	-	-
Receivables from related parties	56,830	18,496	186,609	136,386
Prepayments	6,092	3,470	-	-
Other receivables	12,474	10,200	-	-
Unbilled receivables	27,216	36,090	-	-
	<u>179,505</u>	<u>123,568</u>	<u>186,609</u>	<u>136,386</u>

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for both trade receivables and contract assets:

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

20 Debtors: Amounts falling due within one year (continued)

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	More than 180 days past due	Total
Expected loss rate	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%
Gross carrying amount - trade receivables	66,467	3,294	2,216	1,792	5,169	78,938
Gross carrying amount - unbilled receivables	27,216					27,216
Loss allowance	<u>385</u>	<u>14</u>	<u>9</u>	<u>7</u>	<u>21</u>	<u>436</u>

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	More than 180 days past due	Total
Expected loss rate	0.01%	0.08%	0.29%	1.26%	3.69%	1.07%
Gross carrying amount - trade receivables	51,092	3,377	1,979	574	1,605	58,627
Gross carrying amount - unbilled receivables	36,089					36,089
Loss allowance	<u>9</u>	<u>3</u>	<u>6</u>	<u>7</u>	<u>59</u>	<u>24</u>

Management have followed the Group policy as per Genesee & Wyoming Inc. to additionally create a general credit loss allowance and therefore takes the higher amount from the general credit loss allowance and expected credit loss calculations as the provision for impairment.

The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	2022 £ 000	2021 £ 000
Opening loss allowance at 1 January	3,314	1,771
Increase in loss allowance recognised in profit or loss during the year	2,800	1,633
Receivables written off during the year as uncollectible	(260)	(90)
Unused amount reversed	<u>(3,809)</u>	<u>-</u>
Closing loss allowance at 31 December	<u>2,045</u>	<u>3,314</u>

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

20 Debtors: Amounts falling due within one year (continued)

Amounts receivable from related parties are unsecured, interest free and repayable on demand. The related party transactions entered into are between two or more members of a group of which any subsidiary party to the transaction is a wholly owned member. All related subsidiaries are covered by a letter of support from Genesee & Wyoming Inc.

The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in Note 32 - Financial Instruments.

21 Cash and bank balances

	Group		Company	
	31 December 2022 £ 000	31 December 2021 £ 000	31 December 2022 £ 000	31 December 2021 £ 000
Cash at bank	19,678	7,485	237	217

The cash and bank balances disclosed above and in the statement of cash flows include £246k which are held by Freightliner Middle East Limited. These deposits are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries other than through normal dividends. Therefore these deposits are not available for general use by the other entities within the group.

22 Called up share capital

Allotted and fully paid shares

	31 December 2022		31 December 2021	
	No.	£	No.	£
A Ordinary shares of £0.01 each of £0.01 each	26,995,870	269,958.70	26,995,870	269,958.70
B Ordinary shares of £1.00 each of £1 each	26	26	26	26
	<u>26,995,896</u>	<u>269,985</u>	<u>26,995,896</u>	<u>269,985</u>

There is no limit on authorised share capital for GWI UK Acquisition Company Limited.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Reserves

Group

The Company has a share premium account which is because the amount paid for the ordinary share capital exceeded the nominal value. This account cannot be used to pay dividends, however, can be used for share issue costs and issuance of bonus shares.

The Company has other reserves which are a non-distributable reserve into which amounts have been paid into following a redemption or share buyback in accordance with CA 2006, s 733. The Company can use this reserve in order to pay up new shares to be allotted to members as fully paid bonus shares.

A revaluation reserve is created for the upward and downward adjustment of an asset's value, depending on the material changes in the asset's value. This reserve is not available for the distribution of dividends to shareholders.

24 Loans and borrowings

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£ 000	£ 000	£ 000	£ 000
Non-current loans and borrowings				
Bank borrowings	92,000	39,000	92,000	39,000
Other borrowings	22,009	23,291	-	-
	<u>114,009</u>	<u>62,291</u>	<u>92,000</u>	<u>39,000</u>
	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£ 000	£ 000	£ 000	£ 000
Current loans and borrowings				
Bank borrowings	5,000	10,000	5,000	10,000
Other borrowings	1,283	1,231	-	-
	<u>6,283</u>	<u>11,231</u>	<u>5,000</u>	<u>10,000</u>

The borrowings held by the UK have banking covenants attached to them, these covenants are managed by the parent company Genesee & Wyoming Inc., this includes the effect of refinancing and any changes to covenant arrangements. The bank borrowings are due for repayment in 2024. The other borrowings are set to be fully repaid in 2036 with monthly repayments made up until to that date.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

25 Net debt

	Liabilities from financing activities			Other assets	Sub-total
	Borrowings	Leases	Sub-total	Cash and cash equivalents	
	£000	£000	£000	£000	£000
Net debt as at 1 January 2021	(4,510)	(276,197)	(280,707)	19,405	(261,302)
Financing cash flows					
New borrowings	(125,444)	(120,441)	(245,885)		(245,885)
Payments	50,887	46,432	97,319		97,319
Interest expense	(457)	(14,144)	(14,601)		(14,601)
Interest payments	246	2,039	2,285		2,285
Other movements	240	26,444	26,684		26,684
Other cash flows				(11,920)	(11,920)
Net debt as at 31 December 2021	(79,038)	(335,867)	(414,905)	7,485	(407,420)
Financing cash flows					
New borrowings	(83,807)	(36,538)	(120,345)		(120,345)
Payments	35,808	48,791	84,599		84,599
Interest expense	(3,254)	(10,918)	(14,172)		(14,172)
Interest payments	3,050	1,328	4,378		4,378
Other movements	(425)	(4,593)	(5,018)		(5,018)
Other cash flows				12,193	12,193
Net debt as at 31 December 2022	(127,666)	(337,797)	(465,463)	19,678	(445,785)

26 Debtors: Amounts falling due after more than one year

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£ 000	£ 000	£ 000	£ 000
Loans to group undertakings	122,569	118,663	118,676	115,285

These are loans to group undertakings which are due for payment in 2024.

27 Provisions for liabilities

Group

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

27 Provisions for liabilities (continued)

	Insurance claims £ 000	Environmental provision £ 000	Other provisions £ 000	Total £ 000
At 1 January 2022	1,482	241	22,535	24,258
Additional provisions	-	-	21,565	21,565
Decrease through utilisation	(587)	-	(6,668)	(7,255)
Increase (decrease) due to unwinding of interest	-	-	653	653
At 31 December 2022	<u>895</u>	<u>241</u>	<u>38,085</u>	<u>39,221</u>
Non-current liabilities	<u>-</u>	<u>-</u>	<u>33,551</u>	<u>33,551</u>
Current liabilities	<u>895</u>	<u>241</u>	<u>4,534</u>	<u>5,670</u>

Insurance claims

The provision for insurance claims relates to amounts provided in respect of open and potential claims against the company. The provision represents the net liability and any amounts recoverable from insurance companies are shown within receivables, if applicable.

Environmental provision

The environmental provision is in respect of expected environmental related costs at operational sites.

Other provisions

Other provisions includes costs for items such as maintenance costs relates to amounts provided in respect of maintenance associated with the company's obligation under its rolling stock lease commitments. Also included within other provisions are costs which as part of its property leasing arrangements, the company has an obligation to return some properties to their original conditions. Where the company has conducted significant leasehold improvements that it has an obligation to remove. The present value of the expected cost is capitalised as a part of the leasehold improvement asset.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

28 Creditors: Amounts falling due within one year

	Group		Company (As restated)	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Trade payables	12,864	29,694	-	-
Accrued expenses	26,909	33,160	(1)	(2)
Amounts due to related parties	74,716	46,960	33,565	37,619
Social security and other taxes	7,383	8,552	-	-
Other payables	11,508	6,418	-	-
Deferred income	261	83	-	-
	<u>133,641</u>	<u>124,867</u>	<u>33,564</u>	<u>37,617</u>

Amounts payable to related parties are unsecured, interest free and repayable on demand. The related party transactions entered into are between two or more members of a group of which any subsidiary party to the transaction is a wholly owned member. All related subsidiaries are covered by a letter of support from Genesee & Wyoming Inc.

29 Creditors: Amounts falling due after more than one year

	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Other non-current financial liabilities	246	246	-	-
Amounts due to related parties	7,374	-	7,374	-
	<u>7,620</u>	<u>246</u>	<u>7,374</u>	<u>-</u>

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

30 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,698,000 (2021 - £1,698,000).

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

30 Pension and other schemes (continued)

Defined benefit pension schemes

Railway pension scheme

The company participates in a standalone shared cost final salary defined benefit pension plan (the "Plan"). The Plan is managed and administered by the Railways Pension Scheme and is overseen by trustees with professional advice from independent actuaries and other advisers. The trustees are responsible for the governance of The Plan and framework in which The Plan operates is governed by a trust deed. The Plan is a shared cost arrangement with required contributions shared between the company and its employees with the company contributing 60% and the remaining 40% contributed by active employees. The company engages independent actuaries to compute the amounts of liabilities and expenses relating to The Plan subject to the assumptions that the company selects.

The Plan's assets and liabilities are subject to fluctuation arising from market returns, future salary increases, inflation rates, mortality rates and creditworthiness of the company. Scheme assets and liabilities are recognised after considering the effects of limit on defined benefit pension asset and onerous minimum funding requirements. The Plan is subject to a triennial valuation with the next one due at 31 December 2023. On a triennial basis, the funding requirements for both employer and employee are reviewed and agreed with the Trustees and relevant unions. Further to this, any funding arrangements and funding policy that affect future contributions, the expected contributions for the next annual reporting period and information about the maturity profile of the defined benefit obligation will also be agreed on a triennial basis with the Trustees and relevant unions. The figures presented are based on the latest valuation as updated by the company's independent actuaries, XPS Pension Group. These figures represent 60% of the total scheme as 40% of the asset/liability is attributed to the employees.

Contributions payable to the pension scheme at the end of the year are £Nil (2021 - £Nil).

The expected contributions to the plan for the next reporting period are £Nil.

Risks

Investment risk

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Property market risk

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a greater deficit.

Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (in the case of fixed interest bonds) or loosely correlated with (in the case of equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy risk

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

30 Pension and other schemes (continued)

	31 December 2022 £ 000	31 December 2021 £ 000
Fair value of scheme assets	282,336	301,474
Present value of scheme liabilities	<u>(226,094)</u>	<u>(389,264)</u>
	56,242	(87,790)
Effect of onerous minimum funding requirements	(3,469)	-
Effect of limit on defined benefit pension asset	<u>(56,242)</u>	<u>-</u>
Defined benefit pension scheme deficit	<u>(3,469)</u>	<u>(87,790)</u>

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

30 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	31 December 2022 £ 000	31 December 2021 £ 000
Fair value at start of year	301,474	281,162
Interest income	5,442	3,570
Actuarial gains and losses arising from changes in financial assumptions	(25,043)	40,547
Contributions by scheme participants	11,308	9,154
Benefits paid	(9,764)	(11,938)
Administrative expenses paid	(1,081)	(1,361)
Sale of Freightliner Group Limited	-	(19,660)
Fair value at end of year	<u>282,336</u>	<u>301,474</u>

Analysis of assets

The major categories of scheme assets are as follows:

	31 December 2022 £ 000	31 December 2021 £ 000
Return seeking assets	179,309	195,308
Defensive assets	<u>103,027</u>	<u>106,166</u>
	<u>282,336</u>	<u>301,474</u>

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	31 December 2022 £ 000	31 December 2021 £ 000
Present value at start of year	389,264	421,650
Current service cost	10,755	15,968
Actuarial gains and losses arising from changes in financial assumptions	(171,080)	(16,011)
Interest cost	6,919	5,413
Benefits paid	(9,764)	(11,938)
Sale of Freightliner Group Limited	-	(25,818)
Present value at end of year	<u>226,094</u>	<u>389,264</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

30 Pension and other schemes (continued)

	31 December 2022 %	31 December 2021 %
Discount rate	5.00	2.00
Future salary increases	2.00	3.00
Future pension increases	2.00	3.00
Inflation	<u>2.00</u>	<u>3.00</u>

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

30 Pension and other schemes (continued)

Post retirement mortality assumptions

	31 December 2022 Years	31 December 2021 Years
Current UK pensioners at retirement age - male	20.50	20.50
Current UK pensioners at retirement age - female	22.80	22.60
Future UK pensioners at retirement age - male	21.40	21.50
Future UK pensioners at retirement age - female	<u>24.00</u>	<u>23.80</u>

Amounts recognised in the income statement

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts recognised in operating profit		
Current service cost	10,755	15,968
Administrative expenses paid	<u>1,081</u>	<u>1,361</u>
Recognised in arriving at operating profit	<u>11,836</u>	<u>17,329</u>
Amounts recognised in finance income or costs		
Net interest	<u>1,477</u>	<u>1,843</u>
Total recognised in the income statement	<u>13,313</u>	<u>19,172</u>

Amounts taken to the Statement of Comprehensive Income

	31 December 2022 £ 000	31 December 2021 £ 000
Actuarial gains and losses arising from changes in financial assumptions	(82,856)	(56,557)
Effect of onerous minimum funding requirements	<u>(3,469)</u>	<u>-</u>
Amounts recognised in the Statement of Comprehensive Income	<u>(86,325)</u>	<u>(56,557)</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	31 December 2022			31 December 2021		
Adjustment to discount rate	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Present value of total obligation	<u>37,643</u>	<u>-</u>	<u>37,643</u>	<u>106,159</u>	<u>-</u>	<u>106,159</u>

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

30 Pension and other schemes (continued)

	31 December 2022			31 December 2021		
Adjustment to rate of inflation	+ 0.1%	0.0%	- 0.1%	+ 0.1%	0.0%	- 0.1%
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of total obligation	34,553	-	34,553	99,407	-	99,407
	31 December 2022			31 December 2021		
Adjustment to mortality age rating assumption	+ 1 Year	None	- 1 Year	+ 1 Year	None	- 1 Year
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of total obligation	5,993	-	5,993	18,287	-	18,287

An increase of 0.1% to the discount rate would result in a reduction of liability whereas a decrease of 0.1% to the discount rate would result in increase of liability. An increase of 0.1% to the inflation rate would increase the liability whereas a decrease in inflation rate results in a reduction in liability. Increasing the mortality age by 1 year would lead to an increase in liability whereas a decrease in mortality age would lead to a reduction in liability.

31 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements relating to tangible fixed assets was £597,924 (2021 - £680,036).

Company

Capital commitments

The total amount contracted for but not provided in the financial statements relating to tangible fixed assets was £Nil (2021 - £Nil).

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

32 Financial instruments

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

32 Financial instruments (continued)

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables, cash and commercial paper in the statement of financial position.

Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

Derivatives

The company have no derivatives or similar transactions.

The Group provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, price risk and cashflow risk, market risk.

Liquidity risk:

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation through its operations and through funding facilities available from its parent entity, Genesee & Wyoming Inc. At 31 December 2022, the Group had an undrawn facility available of £239.2m, the maturity date of this facility is 30 December 2024.

Interest rate risk:

The Group has two interest-bearing liabilities in the form of loans from fellow group undertakings, which incur interest at a fixed rate. The Group also has three interest-bearing assets in the form of loans to fellow group undertakings which incur interest at a fixed rate.

Credit risk:

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

32 Financial instruments (continued)

The company's credit risk is attributable to its receivables, which are presented in the statement of financial position net of any provision for bad debts. The company only enters material transactions with reputable and established businesses. Credit risk is controlled by the regular review and setting of customer payment terms. Compliance with these limits is regularly monitored.

Price risk:

The company generally reviews pricing with customers on an annual basis. Inflationary movements that impact our cost base and are measured by metrics such as the Consumer Price Index (CPI), are used as a basis to determine a start point for customer price increase discussions, therefore mitigating this risk. We also have fuel surcharge mechanisms within our major contracts to mitigate the risk around major fuel price movements outside of inflationary measures such as CPI.

Cashflow risk:

The company's cash flow risk is based on whether the company can pay its short-term liabilities without detriment to the long-term value of the business. On a continual basis, cash flow forecasts are produced, and a robust process is in place to ensure that the company remains cash generating.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	USD 000	EUR 000
At 31 December 2022		
Trade receivables	16,293	2,290
Trade payables	(38,087)	(8,656)
	USD 000	EUR 000
At 31 December 2021		
Trade receivables	11,220	58
Trade payables	(32,627)	(6,492)

The analysis of the group's net foreign exchange gains/losses for the year is as follows:

	2022 £ 000	2021 £ 000
The aggregate net foreign exchange gains/(losses) recognised in the profit or loss were:	(117)	786

Group

Financial assets at amortised cost

Loans and receivables

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

32 Financial instruments (continued)

	Carrying value		Fair value	
	31 December 2022 £ 000	31 December 2021 £ 000	31 December 2022 £ 000	31 December 2021 £ 000
Cash and cash equivalents	19,678	7,485	19,678	7,485
Trade and other receivables	295,982	238,761	295,982	238,761

Valuation methods and assumptions

Loans and receivables: The values noted above relate to the bank accounts held by the Company, trade receivable amounts outstanding at the year end and other receivables which relates to items such as VAT receivable, employee receivables and security deposits held with lessors.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

32 Financial instruments (continued)

Financial liabilities

Financial liabilities at amortised cost

	Carrying value		Fair value	
	31 December 2022 £ 000	31 December 2021 £ 000	31 December 2022 £ 000	31 December 2021 £ 000
Trade and other payables	164,553	149,634	164,553	149,634
Borrowings	432,867	386,797	432,867	386,797
	<u>597,420</u>	<u>536,431</u>	<u>597,420</u>	<u>536,431</u>

Maturity analysis

	2022 £000	2021 £000
Within one year	176,206	173,521
One to five years	204,751	144,529
Over five years	<u>216,463</u>	<u>218,381</u>
	<u>597,420</u>	<u>536,431</u>

Description of instruments

Borrowings:

Total borrowings also includes the lease liabilities at the year end.

Valuation methods and assumptions

Financial liabilities at amortised cost: The financial liabilities noted above relate to the Company's trade payables, other payables including pension contributions outstanding and bonus payments and borrowings.

33 Related party transactions

During the year Group companies entered into the following transactions with companies classified as related parties.

Key management personnel

As defined by IAS 24 Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

33 Related party transactions (continued)

Key management compensation

	31 December 2022 £ 000	31 December 2021 £ 000
Salaries and other short term employee benefits	4,932	3,510
Other long-term benefits	2,879	955
	<u>7,811</u>	<u>4,465</u>

There are no termination benefits or share-based payments made to key management personnel.

List of subsidiaries

Direct holdings

Railinvest Holding Company (Registration number: 06522978 - Principal activity: Dormant holding company)
Pentalver Transport Limited (Registration number: 02453541 - Principal activity: Container handling)

Indirect holdings

Railinvest Acquisitions Limited (Registration number: 06522978 - Principal activity: Dormant holding company)
Freightliner Maintenance Limited (Registration number: 05713164 - Principal activity: Maintenance and repairs)
Freightliner Middle East Limited (Registration number: 07982095 - Principal activity: Technical assistance services)
UK Bulk Handling Services Limited (Registration number: 08568433 - Principal activity: Container handling)
Management Consortium Bid Limited (Registration number: 02957951 - Principal activity: Administration)
Freightliner Limited (Registration number: 03118392 - Principal activity: Rail and road haulage)
Freightliner Heavy Haul Limited (Registration number: 03831229 - Principal activity: Rail haulage)
Freightliner Railports Limited (Registration number: 05928006 - Principal activity: Terminal handling)
Pentalver Cannock Limited (Registration number: 01189068 - Principal activity: Road haulage)
Freightliner Acquisitions Limited (Registration number: 5313136 - Principal activity: Dormant holding company)
Autoliner Limited (Registration number: 03891898 - Principal activity: Dormant)
Freightliners Limited (Registration number: 03281655 - Principal activity: Dormant)
Freightliner Scotland Limited (Registration number: SC181990 - Principal activity: Dormant)
Logico Freight Limited (Registration number: 04993080 - Principal activity: Dormant)
Logico Transport Limited (Registration number: 04993075 - Principal activity: Dormant)
Genesee & Wyoming Oman Limited (Registration number: 09767255 - Principal activity: Dormant)

All subsidiaries above, except for Freightliner Scotland Limited, have the registered office of 6th Floor, The Lewis Building, 35 Bull Street, Birmingham, B4 6EQ. Freightliner Scotland Limited registered office is Freightliner Terminal, Gartsherrie Road, Coatbridge, Lanarkshire, ML5 2DR. All shares are ordinary shares. GWI UK Acquisition Company Limited owns 100% in these subsidiaries and 100% of voting rights are held by GWI UK Acquisition Company Limited.

GWJ UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

33 Related party transactions (continued)

Summary of transactions with parent entities

GWJ UK Holding Limited is the immediate parent of GWJ UK Acquisition Company Limited.

The transactions are driven by historic transactions between the entities. There are no day to day transactions or loan balances held.

Amounts receivable from related parties and payable to related parties are unsecured, interest free and repayable on demand. The related party transactions entered into are between two or more members of a group of which any subsidiary party to the transaction is a wholly owned member. All related subsidiaries are covered by a letter of support from Genesee & Wyoming Inc.

Summary of transactions with other related parties

Greenery Fuels Limited is wholly owned by Brookfield Corporation who are also the ultimate parent of GWJ UK Acquisition Company Limited. Greenery Fuels Limited is a fuel supplier to the Group business.

Freightliner Group Limited is the parent of the UK business through its ownership of GWJ Holding BV which owns GWJ UK Holding Limited.

Genesee & Wyoming UK Europe Limited has a 32% share in the UK and European business of Genesee & Wyoming.

Freightliner DE GmbH is a German subsidiary of the G&W business.

Freightliner PL is a Polish subsidiary of the G&W business.

GWJ Holding BV is a Dutch subsidiary of the G&W business and is the immediate parent of GWJ UK Holding Limited.

Rotterdam Rail Feeding BV is a Dutch subsidiary of the G&W business.

Genesee & Wyoming Inc is the ultimate US parent of the UK & Europe business.

Genesee & Wyoming Railroad Services Inc is a US subsidiary of the US G&W business and is owned by Genesee & Wyoming Inc.

For all entities except Greenery Fuels Limited, the nature of transactions are driven by management recharges. In addition, there are also two loan balances between GWJ UK Acquisition Company Limited and US counterparts. One loan is with Genesee & Wyoming Railroad Services Inc and one is with Genesee & Wyoming Inc. GWJ UK Acquisition Company Limited also has three loans with European counterparts, two of which are payables with Freightliner DE GmbH and Freightliner PL and one is a receivable with Rotterdam Rail Feeding BV.

Trading amounts receivable from related parties and amounts payable to related parties are unsecured, interest free and repayable on demand. The related party transactions entered into are between two or more members of a group of which any subsidiary party to the transaction is a wholly owned member. All related subsidiaries are covered by a letter of support from Genesee & Wyoming Inc. The loan amounts receivable from the US counterparts are due for payment in 2024. The loan amounts receivable and payable with European counterparts are due for payment in 2024.

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

33 Related party transactions (continued)

Income and receivables from related parties

	Parent £ 000	Other related parties £ 000
2022		
Management recharge	-	6,543
Amounts receivable from related party	11,059	45,981

	Parent £ 000	Other related parties £ 000
2021		
Management recharge	-	2,064
Amounts receivable from related party	9,861	8,822

Expenditure with and payables to related parties

	Parent £ 000	Other related parties £ 000
2022		
Purchase of goods	-	(13,409)
Amounts payable to related party	(13,791)	(57,004)

	Parent £ 000	Other related parties £ 000
2021		
Purchase of goods	-	(7,311)
Amounts payable to related party	(13,331)	(24,261)

Loans to related parties

	Other related parties 31 December 2022 £ 000	31 December 2021 £ 000
At start of period	118,663	-
Advanced	601	117,593
Interest charged	2,873	1,118
FX	432	(48)
At end of period	122,569	118,663

GWI UK Acquisition Company Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

33 Related party transactions (continued)

Loans from related parties

	Other related parties	
	31 December 2022	31 December 2021
	£ 000	£ 000
At start of period	(5,516)	(4,510)
Advanced	(5,807)	(4,677)
Repaid	4,586	3,433
Interest charged	(251)	(2)
FX	(386)	240
At end of period	<u>(7,374)</u>	<u>(5,516)</u>

Directors remuneration has been disclosed in Note 13 of the financial statements.

34 Parent and ultimate parent undertaking

On 30 December 2019, Genesee & Wyoming Inc., the previous ultimate parent entity, was acquired by Brookfield Infrastructure Partners, L.P. and GIC.

The company's immediate parent is GWI UK Holding Limited.

The ultimate parent is Brookfield Corporation.

The most senior parent entity producing publicly available financial statements is Brookfield Corporation. These financial statements are available upon request from Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada

The ultimate controlling party is Brookfield Corporation.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Brookfield Corporation, incorporated in Canada.

The address of Brookfield Corporation is: Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.

35 Post balance sheet events

There were no adjusting events or non adjusting events after the balance sheet date. Despite the uncertainty surrounding the current macro economic environment, the breadth of operations and stability of customers contracts, result in there being no material impact on the entity.