

Bombardier Transportation (Investment) UK Limited

**Directors' report, Strategic report and financial
statements**

For the year ended 31 December 2021

Registered number 09863932



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Company Information

Directors	P Allmer	(Resigned 31 August 2021)
	A Zoratti	(Resigned 30 June 2021)
	D Di Perna	(Resigned 21 December 2021)
	A Bloemen	(Appointed 27 January 2022)
	D A Johnston	(Appointed 29 January 2021)
	S J R MacLeod	(Appointed 22 December 2021)
	D Desjardins	(Resigned 29 January 2021)
	L S West	(Resigned 29 January 2021)
	A Tremblay	(Resigned 29 January 2021)
	J J Rawding	(Resigned 29 January 2021)
Secretary	M Heath	(Appointed 6 May 2021)
	L S West	(Resigned 29 January 2021)
Registered Office	8 th Floor The Place 175 High Holborn London WC1V 7AA	
Registered Number	09863932	
Auditor	Mazars LLP One St. Peters Square Manchester M2 3DE	
Principal Bankers	Deutsche Bank AG London 6 Bishopsgate London EC2P 2AT United Kingdom	
Solicitors	Hogan Lovells Atlantic House Holborn Viaduct London EC1A 2FG	
	Pinsent Masons LLP 30 Crown Place London EC2A 4ES	

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2021.

The profit for the year, after taxation, amounted to €33.6m (2020 loss: €3,213.2m). Included in the loss for the year is a charge of €Nil in respect of charges for impairment of investments (2020: €3,469.2m).

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

Going concern

As of 31 December 2021, the Company had net current assets of €2.5m (2020 – €2.5m) and net assets of €2,895.8m (2020: €2,862.2m). There were current liabilities of €0.1m (2020: €0.1m) at the end of the period. The cash balance at the year end was €2.4m (2020: €2.5m) and there has been an insignificant movement in this balance in the period up to the date of signing of these financial statements. The Directors have reviewed cash-flow projections to 30 June 2023 which show that the Company has sufficient cash to settle its liabilities as they fall due.

On this basis, the Directors consider that the Company has adequate funds to meet its liabilities for a period of at least twelve months from the date of approval of the financial statements.

Events since the balance sheet date

There are no events since the balance sheet date.

Future developments

The Directors consider that the business will continue to operate as previously. There are no events, of which the Directors are currently aware, that will affect the manner in which the Company operates.

Directors

The directors, who served during the year and subsequently, are noted on the Company Information page.

The Company has granted an indemnity to one or more of its directors against any liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provisions remains in force as at the date of approving the Directors' Report.

Political and charitable donations

No political contributions or charitable donations were made during the year.

Disclosure of information to the auditors

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

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption provided by section 414B (b) of the Companies Act 2006.

On behalf of the Board,



S.J.R MacLeod
Director
12 August 2022

Strategic Report

The directors have pleasure in presenting their Strategic Report for the year ended 31 December 2021.

Principal activities and business review

The principal activity of the Company is that of a holding Company. The company is the immediate parent company of Bombardier Transportation (Global Holding) UK Limited. The main activities of the Company's subsidiaries are the manufacture and servicing of railway rolling stock, rolling stock equipment and the provision of signalling and infrastructure solutions.

Results for the year

The profit for the year, after taxation, amounted to €33.6m (2020 loss: €3,213.2m). Included in the loss for the year is a charge of €Nil in respect of charges for impairment of investments (2020: €3,469.2m). No dividends were paid during the year (2020: €nil).

Principal risks and uncertainties

Liquidity risk

The main risk arising from the Company's financial instruments is liquidity risk. However, the Company has access to borrowing facilities provided by ALSTOM Holdings SA, which ensures that the Company always has immediate access to cash funds in order to settle its liabilities as they fall due.

On behalf of the Board,



S J R MacLeod
Director

12 August 2022

Statement of Directors' Responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 a going concern basis unless they consider that to be inappropriate.

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.

Opinions

We were engaged to audit the financial statements of Bombardier Transportation (Investment) UK Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet and the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Disclaimer of Opinion on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity

We do not express an opinion on the accompanying Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide an audit opinion on the financial performance of the entity.

Opinion on the Balance Sheet

In our opinion, the Balance Sheet:

- gives a true and fair view of the state of the company's affairs as at 31 December 2021;
- has been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- has been prepared in accordance with the requirements of the Companies Act 2006.

Basis for disclaimer of opinion on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity

The audit report on the prior year financial statements included a disclaimer of opinion as the predecessor auditor was unable to confirm or verify that the impairment charge of €3,469,232,000 against the carrying value of investments was correctly recorded in the statement of profit or loss and other comprehensive income for the year ended 31 December 2020. As a consequence of this disclaimer of the audit opinion on the balance sheet at 31 December 2020 it has not been possible to determine the appropriateness of the opening carrying value of investments for the year ended 31 December 2021 and we were unable to satisfy ourselves by alternative means whether the impairment of investment carrying value was attributable to events that occurred before or after 31 December 2020.

Basis for opinion – Balance Sheet

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

Conclusions relating to going concern

In auditing the Balance Sheet, we have concluded that the director's use of the going concern basis of accounting in the preparation of the Balance Sheet is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Inspection of predecessor audit procedures over going concern and the prior year financial statements;
- Obtaining an understanding of the matters which resulted in a disclaimer of opinion over going concern in the prior year financial statements, and the relevance of those matters to the year ended 31 December 2021;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which considered severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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

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

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 Balance Sheet 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.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the Basis for disclaimer of opinion on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity section of our report, we have been unable to form an opinion whether based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

Notwithstanding our disclaimer of opinion on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' Report.

Relating only to the basis of the disclaimer referred to above:

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page [4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, and the Bribery Act.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

Auditor's responsibilities for the audit of the financial statements (continued)

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates. In particular we evaluated the assumptions made in determining the valuation of investments relating to the significant risk of investment carrying value, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

Tim Hudson

Timothy Hudson (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

12 August 2022

Bombardier Transportation (Investment) UK Limited

Directors' report, Strategic report and financial statements for the year ended 31 December 2021

Statement of Profit or Loss and Other Comprehensive Income

For the years ended 31 December 2021 and 31 December 2020

	Note	2021 €'m	2020 €'m
Administrative expenses		-	-
OPERATING LOSS		-	-
Impairment of fixed asset investments	9	-	(3,469.2)
Changes in fair value	5	33.6	256.0
PROFIT/(LOSS) BEFORE TAX		33.6	(3,213.2)
Taxation on Profit/(Loss)	8	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		33.6	(3,213.2)

In the current year the Company had no discontinued operations.

The notes on pages 13 to 23 form part of these financial statements.

Bombardier Transportation (Investment) UK Limited**Directors' report, Strategic report and financial statements for the year ended 31 December 2021**

Statement of Changes in Equity

For the years ended 31 December 2021 and 31 December 2020.

	Share Capital €'m	Share Premium Account €'m	Retained Earnings €'m	Total Equity €'m
At 1 January 2020	-	5,006.0	319.4	5,325.4
Total comprehensive loss for the year	-	-	(3,213.2)	(3,213.2)
Share Premium on issue of share capital	-	750.0	-	750.0
At 1 January 2021	-	5,756.0	(2,893.8)	2,862.2
Total comprehensive income for the year	-	-	33.6	33.6
At 31 December 2021	-	5,756.0	(2,860.2)	2,895.8

The notes on pages 13 to 23 form part of these financial statements.

Bombardier Transportation (Investment) UK Limited**Directors' report, Strategic report and financial statements for the year ended 31 December 2021**

Balance Sheet

As at 31 December 2021 and 31 December 2020

	<i>Note</i>	2021 €'m	2020 €'m
Fixed Assets			
Investments	9	2,893.3	2,893.3
Current assets			
Debtors due within one year	10	0.2	0.1
Cash and cash equivalents		2.4	2.5
Total current assets		2.6	2.6
Total assets		2,895.9	2,895.9
Current liabilities			
Creditors due within one year	11	(0.1)	(0.1)
Total assets less current liabilities		2,895.8	2,895.8
Non-Current liabilities			
Creditors due after more than one year	11	-	(33.6)
Net assets		2,895.8	2,862.2
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	5,756.0	5,756.0
Profit and loss account	13	(2,860.2)	(2,893.8)
Shareholders' funds		2,895.8	2,862.2

The notes on pages 13 to 23 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of directors on the date shown below and were signed on its behalf by:

S J R MacLeod
Director

12 August 2022

Company Registration No: 09863932

Notes to the Financial Statements

Notes to the Financial Statements

At 31 December 2021

1. Authorisation of financial statements and compliance with FRS 101

The financial statements of Bombardier Transportation (Investment) UK Limited (the "Company") for the year ended 31 December 2021 were authorised and issued by the Board of directors as indicated on page 12. Bombardier Transportation (Investment) UK Limited is incorporated and domiciled in England and Wales. The Company is privately held limited by shares.

These financial statements are presented in Euro and all values are rounded to the nearest million Euro, except where otherwise stated. The Company principal investment is in a subsidiary company which has a functional currency of Euro, and it would expect to periodically receive dividends in Euro from its subsidiary. Its cash holdings are also denominated in Euro. As such this indicator determined that the functional currency of this Company should be Euro.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards.

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

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

2.1 Basis of preparation

The Company prepares its accounts in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared under the historical cost convention, in accordance with applicable International Financial Reporting Standards with the exception of the financial derivative which is prepared on a fair value basis.

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

The Company has taken advantage of the exemption from the requirement to prepare consolidated accounts by virtue of Section 401 of the Companies Act 2006. These financial statements therefore present information about Bombardier Transportation (Investment) UK Limited as an individual undertaking and not about its Group. The Company accounts are wholly consolidated as part of ALSTOM SA, a company incorporated in France. Its address is 48, rue Albert Dhalenne, 93842 Saint-Ouen, France.

Notes to the Financial Statements

2.1 Basis of preparation (continued)

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

Area	Disclosure exemption
Cash flow statements	Complete exemption from preparing a cash flow statement
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1.134 to 136)
Comparative information	Exemption from comparative for movements on share capital, tangibles, intangibles and investment property
Related party disclosures	Exemption from the disclosure requirements of IAS 24 paragraph 17
Presentation of financial statements	Exemption from statement of compliance with IFRS, cashflow information and capital management policy

Going Concern

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

As of 31 December 2021, the Company had net current assets of €2.5m (2020 – €2.5m) and net assets of €2,895.8m (2020: €2,862.2m). There were current liabilities of €0.1m (2020: €0.1m) at the end of the period. The cash balance at year end was €2.4m (2020: €2.5m) and there has been an insignificant movement in this balance in the period up to the date of signing of these financial statements. The Directors have reviewed cash-flow projections to 30 June 2023 which show that the Company has sufficient cash to settle its liabilities as they fall due.

On this basis, the Directors consider that the Company has adequate funds to meet its liabilities for a period of at least twelve months from the date of approval of the financial statements.

2.2 International Financial Reporting Standards issued but not effective

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

2.3 Income recognition

Income from dividends is recognised when the Company's right to receive payment is established.

2.4 Investments

Investments are stated at historical cost less any provision for impairment. In accordance with International Accounting Standard 36, the Directors consider the carrying value of investments for impairment. Any reductions in value arising from the impairment of investments are charged to the Statement of Profit or Loss and Other Comprehensive Income. When the directors consider that an impairment of an investment has been reversed this is credited to the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements

2.5 Use of estimates and judgement

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

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

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

CDPQ equity and derivative liability components

The derivative liability component has been fully written off through the P&L in 2021 (£33.6m) as the CDPQ ownership changed when Alstom purchased all the shares of the company, the circumstance for the derivative is removed.

In respect the judgements impacting the prior year financial statements

On the 11th February 2016 a deal was completed where Caisse de dépôt et placement du Québec (CDPQ) became a 30% shareholder of the Company in exchange for 600,000 convertible shares. The convertibles shares issued to CDPQ contained no obligation for the Company to deliver cash or other financial assets to CDPQ. Judgment was used to conclude that the CDPQ's convertible share investment in the company was considered a compound instrument comprised of an equity component, representing the discretionary dividends and liquidation preference, and a liability component that reflected a derivative to settle the instrument by delivering a variable number of common shares of the Company, as opposed to the entire instrument being characterised as a liability. The Company presents convertible shares in its equity and derivative component as a liability. CDPQ were a shareholder in the company until 29th January 2021 when Alstom purchased all the shares of the Company.

The fair value of the convertible shares at issuance in 2016 was assigned to its respective equity and derivative liability components so that no gain or loss arose from recognising each component separately, the fair value of the derivative liability was established first and the residual amount was allocated to the equity component.

The liability component was remeasured quarterly using the Company's best estimate of the present value of the settlement amount. The Company used an internal valuation model based on stochastic simulations to estimate the fair value of the conversion option embedded in the Company's convertible shares. The fair value of the embedded conversion option was based on the difference in value between the convertible shares' accrued liquidation preference based on the minimum return entitlement and the fair value of the common shares on an as converted basis.

This value was dependent on Bombardier Transportation segment meeting the performance incentives agreed upon with the CDPQ and the timing of exercise of the conversion rights and the applicable conversion rate.

The simulation model generated multiple Bombardier Transportation performance scenarios over the expected term of the option, using the best estimate of Bombardier Transportation's expected results over the remaining term of the instrument and a standard deviation derived from historic results.

Fair value of the shares on an as-converted basis was calculated using an EBIT multiple, which was based on market data, to determine the enterprise value. The discount rate used was also determined using market data. The Company used internal assumptions to determine the term of the instrument and the future performance of Transportation, derived from the budget and strategic plan.

Notes to the Financial Statements

2.5. Use of estimates and judgement (continued)

Investment impairment - Impairment of investments is considered in accordance with IAS 36 Impairment of Assets. The impairment test methodology is based on a comparison between the recoverable amount of an asset and its net carrying value. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. Management re-define cash generating units and assess investments for any indications of impairment annually. If any indication of impairment is identified, an impairment test is performed to estimate the recoverable amount. If the recoverable amount of an asset (or cash-generating unit) is estimated to be below the carrying value, the carrying value is reduced to the recoverable amount and the impairment loss recognised as an expense. The recoverable amount is the higher of value in use or fair value less costs to sell, if this is readily available. The value in use is the present value of future cash flows using a pre-tax discount rate that reflects the time value of money and the risk specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be below the carrying value, the carrying value is reduced to the recoverable amount and the impairment loss recognised as an expense. The recoverable amount is the higher of value in use or fair value less costs to sell, if this is readily available. The value in use is the present value of future cash flows using a pre-tax discount rate that reflects the time value of money and the risk specific to the asset.

During the year, the Directors conducted an impairment test of its investments. The recoverable amount of the investments was calculated based on the value in use of its immediate subsidiary undertaking, Bombardier Transportation (Global Holding) UK Limited as 31 December 2021, which amounted to 2,920.7m Eur, compared to an investment carrying value of 2,893.3m Eur. No charge for impairment was therefore required.

2.6 Taxation

Taxation, comprised of current and deferred tax, is charged or credited to the profit and loss account unless it relates to items in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

2.7 Financial Assets and Liabilities

2.7.1 Financial assets

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

Notes to the Financial Statements

2.7 Financial Assets and Liabilities (continued)

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

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

2.7.2 Loans and receivables

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

2.7.3 Financial liabilities

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

3. Changes in accounting policies

There have been no changes in the accounting policies during the year which impact the financial statements.

4. Dividends

There was no dividend income received during the year ended 31 December 2021 (2020: Nil).

5. Changes in fair value

	2021	2020
	€'m	€'m
Change in fair value of derivative liabilities	33.6	256.0
Total change in fair value	33.6	256.0

Changes in fair value represents the movement in the fair value estimate of the derivative created from the convertible shares issued to CDPQ.

The derivative liability component has been fully written off through the P&L in 2021 (£33.6m) as the CDPQ ownership changed when Alstom purchased all the shares of the company, the circumstance for the derivative is removed.

Notes to the Financial Statements

6. Staff costs and directors' emoluments

a) Staff costs

There are no staff nor staff costs in the Company, other than those Directors and Directors' emoluments per note 6b. The Directors are stated on page 1.

b) Directors' emoluments

	2021 €'m	2020 €'m
Aggregate emoluments in respect of qualifying services	-	0.2

In respect of the current year, the Directors did not receive any remuneration in respect of services provided to the Company.

7. Auditor remuneration

The auditor's remuneration in 2021 was borne by a fellow group company (2020:€0.2m). There were no non-audit services received in the current and prior year.

8. Taxation

a) Analysis of taxation

	2021 €'m	2020 €'m
Current income taxation:		
Current year tax credit	-	-
Taxation on profit/(loss)	-	-

b) Reconciliation of the total tax credit

Profit/(loss) before taxation	33.6	(3,213.2)
Profit/(loss) before taxation multiplied by standard rate of corporation taxation in the UK of 19.00% (2020: 19.00%)	6.4	(610.5)
Effects of:		
Investment impairment not deductible for taxation purposes	-	659.2
Change in fair value of embedded derivatives	(6.4)	(48.7)
Total tax credit for the year	-	-

On 3 March 2021 the Chancellor announced that the tax rate would increase from 19% to 25% with effect from 1 April 2023.

Notes to the Financial Statements

9. Investments

	Investments in subsidiary undertakings €'m
Cost	
At 1 January 2021	6,362.5
Disposals	-
At 31 December 2021	6,362.5
Depreciation	
At 1 January 2021	3,469.2
Charge for the year	-
Disposals	-
At 31 December 2021	3,469.2
Net book value	
At 31 December 2020	2,893.3
At 31 December 2021	2,893.3

The table below includes the principal investments held by the Company as at 31 December 2021. Certain non-trading and dormant companies have been excluded.

Name of company	Country of registration	Voting rights	Shares held	Nature of business
Investments directly held:				
Bombardier Transportation (Global Holding) UK Limited	UK	100%	Ordinary	Holding company

Investments indirectly held:

Name of company	Country of registration	Voting rights	Shares held	Nature of business
Bombardier TransEd GP Inc.	Canada	100%	Ordinary	Local project support
Bombardier TransEd GP Manitoba Inc.	Canada	100%	Ordinary	Local project support
Bombardier TransEd Holdings LP	Canada	100%	Ordinary	Local project support
Bombardier Transportation Canada Inc.	Canada	100%	Ordinary	Operation, maintenance and servicing
Bombardier Transportation Canada Participation Inc.	Canada	100%	Ordinary	Holding company

Bombardier Transportation (Investment) UK Limited

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Notes to the Financial Statements

Investments indirectly held:

Name of company	Country of registration	Voting rights	Shares held	Nature of business
Bombardier Western Pacific Enterprises Electrical Installation General Partnership	Canada	51%	Ordinary	Electrical installation
TransEd O&M Partners General Partnership	Canada	60%	Partnership Units	Local project support
TransEd Partners General Partnership	Canada	10%	Partnership Units	Local project support
Bombardier Transportation Canada Holding Inc.	Canada	100%	Ordinary	Holding company
Bombardier Transportation (Management) Canada Inc.	Canada	100%	Ordinary	Holding Company
Bombardier Transportation (Capital) Canada Inc.	Canada	100%	Ordinary	Holding Company
Bombardier Transportation Treasury Canada Inc.	Canada	100%	Ordinary	Group Treasury Company
Bombardier Transportation (Chile) S.A.	Chile	100%	Ordinary	Local project support
Bombardier Investment Management and Consulting (Beijing) Co., Limited	China	100%	Ordinary	Holding company
CRRC Puzhen Bombardier Transportation Systems Limited	China	50%	Ordinary	Manufacture and servicing of rolling stock and equipment.
Bombardier Transportation Gulf DMCC	Dubai - UAE	100%	Ordinary	Regional hubco providing project support
Bombardier Transportation Egypt, LLC	Egypt	100%	Ordinary	Manufacture and servicing of rolling stock and equipment.
Bombardier Saudi Arabia Ltd	Kingdom of Saudi Arabia	51%	Ordinary	To perform local work on Saudi contracts
Bombardier Transportation Luxembourg Capital S.à r.l.	Luxembourg	100%	Ordinary	Holding company
Bombardier Transportation Mexico, S.A. de C.V.	Mexico	100%	Ordinary	Vehicle manufacture
BT Ensamblés México, S. de R.L. de C.V.	Mexico	100%	Ordinary	Manufacturing and maintenance services
BT México Controladora, S. de R.L. de C.V.	Mexico	100%	Ordinary	Holding company
BT Personal México, S. de R.L. de C.V.	Mexico	100%	Ordinary	Management of personnel
Bombardier Transportation Global Holding SE	Netherlands	100%	Ordinary	Holding company
Bombardier Transportation (Participations) Netherlands B.V.	Netherlands	100%	Ordinary	Holding company
First Locomotive Company LLC	Russian federation	15%	Ordinary	Manufacture of rolling stock
Bombela Electrical and Mechanical Works (Pty) Ltd.	South Africa	90%	Ordinary	Design, manufacture and installation of railway components
Bombela Maintenance (Pty) Ltd.	South Africa	90%	Ordinary	Maintenance and repair of rolling stock

Bombardier Transportation (Investment) UK Limited

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Notes to the Financial Statements

Investments indirectly held:

Name of company	Country of registration	Voting rights	Shares held	Nature of business
Bombela TKC (Proprietary) Limited	South Africa	25%	Ordinary	Rail system delivery management
Isithimela Rail Services (Pty) Ltd	South Africa	50%	Ordinary	Construction of track works
First Locomotive Holding AG	Switzerland	15%	Ordinary	Holding company
Bombardier Transportation UK Ltd	UK	100%	Ordinary	Design, manufacture and maintenance of rolling stock and signalling systems.
Bombardier Transportation (Rolling Stock) UK Ltd.	UK	100%	Ordinary	Maintenance and repair of rolling stock
Bombardier Transportation UK Pension Trustee Limited	UK	100%	Ordinary	Corporate pension trustee
Bombardier Transportation VP Pension Trustee Limited	UK	100%	Ordinary	Corporate pension trustee
Crossfleet Limited	UK	100%	Ordinary	Provision of infrastructure and rolling stock
Infrasig Ltd.	UK	100%	Ordinary	Vehicle to perform work under ETCS framework agreement
Prorail Limited	UK	100%	Ordinary	Holding company
WhereIsMyTransport Ltd	UK	2%	Ordinary Preference	Business and domestic software development

10. Debtors

	2021	2020
	€'m	€'m
Debtors due within one year		
Amounts owed by Group undertakings	0.1	-
Group relief receivable	0.1	0.1
Total debtors	0.2	0.1

Notes to the Financial Statements

11. Creditors

	2021 €'m	2020 €'m
a) Creditors due within one year		
Accruals and deferred income	0.1	0.1
	0.1	0.1
b) Creditors due after one year		
Derivative financial liabilities	-	33.6
	0.1	33.6
Total creditors	0.1	33.7

The derivative liability component has been fully written off through the P&L in 2021 (£33.6m) as the CDPQ ownership changed when Alstom purchased all the shares of the company, the circumstance for the derivative is removed.

12. Share capital

	2021 No.	2021 €'m	2020 No.	2020 €'m
Authorised, Allotted, called up and fully paid:				
Ordinary shares of €0.01 each	1,440,770	-	1,400,770	-
Ordinary B shares of €0.01 each	600,405	-	-	-
Class B redeemable shares of €0.01 each	-	-	40	-
Convertible shares of €0.01 each	-	-	600,365	-
Total share capital	2,001,175	-	2,001,175	-

On 8 June 2021, the Company converted 40 B Redeemable shares of EUR 0.01 each to 40 Ordinary B shares of EUR 0.01 each and converted 600,365 convertible shares of EUR 0.01 each to 600,365 Ordinary B shares of EUR 0.01 each.

13. Reserves

	Share Capital €'m	Share Premium Account €'m	Retained Earnings €'m	Total Equity €'m
At 1 January 2020	-	5,006.0	319.4	5,325.4
Total comprehensive loss for the year	-	-	(3,213.2)	(3,213.2)
Share Premium on issue of share capital	-	750.0	-	750.0
At 1 January 2021	-	5,756.0	(2,893.8)	2,862.2
Total comprehensive income for the year	-	-	33.6	33.6
At 31 December 2021	-	5,756.0	(2,860.2)	2,895.8

14. Dividends

No dividends were paid during the financial year (2020: Nil).

Notes to the Financial Statements

15. Events since the balance sheet date

There were no events occurring since the balance sheet date requiring to be disclosed.

16. Related parties

The Company has not disclosed transactions with other wholly owned group companies, as it has taken advantage of the exemption conferred by Financial Reporting Standard No. 101.

17. Parent company

The Company's immediate parent company and controlling party is ALSTOM Holdings SA, which is incorporated in France.

Until 29 January 2021, the Company's ultimate parent company and controlling party was Bombardier Inc., which is incorporated in Canada.

Subsequent to this date, the company's ultimate parent undertaking and ultimate controlling party is ALSTOM SA, a company incorporated in France, and which is both the smallest and the largest group of undertakings for which group accounts are drawn up and of which the Group is a member. Its address is 48, rue Albert Dhalenne, 93842 Saint-Ouen, France.