

Corelink Rail Infrastructure Holdings Limited
Annual report and financial statements
for the period ended 31 December 2018



Corelink Rail Infrastructure Holdings Limited

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Corelink Rail Infrastructure Holdings Limited

Directors and advisers

Directors

Michele Armanini
Jed Brawley
Thomas Crawley
Hamish Mackenzie
Andrew Matthews
Miguel Costa (appointed 5 March 2018)
Harold D'Hauteville (resigned 5 March 2018)

Registered number

11078670

Registered office

Suite 1, 3rd Floor,
11-12 St. James's Square
London
SW1Y 4LB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6R

Corelink Rail Infrastructure Holdings Limited

Directors' report for the period ended 31 December 2018

The directors present their Annual report and the audited financial statements of the company for the period from the date of incorporation, 23 November 2017, to 31 December 2018.

Principal activity

The company was incorporated on 23 November 2017, and commenced trading on this date as a holding company.

The company's principal activity during the period was that of a holding company for its subsidiary Corelink Rail Infrastructure Limited (collectively the "Group") which is engaged in the funding, ownership and leasing of fleets of Class 730 electric trains manufactured by Bombardier Transportation UK Limited ("BT") and Class 196 diesel trains manufactured by Construcciones y Auxiliar de Ferrocarriles S.A. ("CAF").

Results and dividends

The loss for the financial period was £38,000.

The directors do not recommend a payment of a final dividend.

Future developments

The Group is currently focused on meeting its contractual obligations and monitoring the performance of BT and CAF as they begin to manufacture the Class 730 and Class 196 trains. This activity will continue during 2019 ahead of the scheduled delivery of the trains in 2020.

Financial risk management

Interest rate risk

The company has no debt and thus has no exposure to interest rate risk.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its obligations under a contract.

The company manages credit risk by carrying out regular reviews of counterparties to assess and evaluate their financial stability.

Liquidity and cash flow risk

Liquidity risk is the risk that the company is unable to meet its obligations as they fall due.

The company monitors its cash flow requirements on a monthly basis and compares expected cash flow obligations with expected cash flow receipts to ensure that they are appropriately aligned.

Going concern

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing of this report and confirm that the funding that is available to the company is sufficient to support the company's operations over this period. Consequently, the directors have prepared these financial statements on a going concern basis.

Directors

The directors who served during the period and up to the date of approval of the financial statements are shown on page 1.

Corelink Rail Infrastructure Holdings Limited

Directors' report for the period ended 31 December 2018 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 financial statements, the directors are required to:

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

The directors are 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

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

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf.



Michele Armanini
Director

26 July 2019

Corelink Rail Infrastructure Holdings Limited

Independent auditors' report to the members of Corelink Rail Infrastructure Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Corelink Rail Infrastructure Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss and cash flows for the period from 23 November 2017 to 31 December 2018 (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of comprehensive income, Cash flow statement, the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and qualifying partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Corelink Rail Infrastructure Holdings Limited

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of director's responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Ian Benham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London
29 July 2019

Corelink Rail Infrastructure Holdings Limited

Income statement for the period ended 31 December 2018

	Note	Period ended 31 December 2018 £'000
Revenue	2	572
Operating expenses	3	(520)
Loss on disposal of preference shares	4	(90)
Operating Loss		(38)
Loss before taxation		(38)
Income tax credit	7	-
Loss for the financial period		(38)

Statement of comprehensive income for the period ended 31 December 2018

	Period ended 31 December 2018 £'000
Loss for the financial period	(38)
Other comprehensive expense	-
Total comprehensive expense for the period	(38)

The notes on pages 10 to 15 are an integral part of these financial statements.

Corelink Rail Infrastructure Holdings Limited

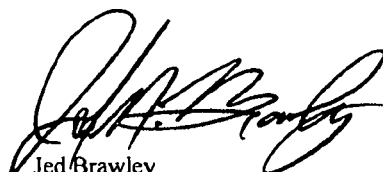
Statement of financial position as at 31 December 2018

	Note	Period ended 31 December 2018 £'000
Current assets		
Trade and other receivables	8	127
Total current assets		127
Total assets		127
Liabilities		
Current liabilities		
Trade and other payables	9	(65)
Total current liabilities		(65)
Net assets		62
Equity		
Share capital	11	100
Accumulated losses		(38)
Total equity		62

The notes on pages 10 to 15 are an integral part of these financial statements.

The financial statements on pages 6 to 15 were authorised for issue by the Board of directors on 26 July 2019 and were signed on their behalf by:


Michele Armanini
Director


Jed Brawley
Director

Corelink Rail Infrastructure Holdings Limited

Statement of changes in equity for the period ended 31 December 2018

	Share capital £'000	Accumulated losses £'000	Total equity £'000
At 23 November 2017 (date of incorporation)	-	-	-
Loss for the financial period	-	(38)	(38)
Total comprehensive expense for the financial period	-	(38)	(38)
Total transactions with owners in their capacity as owners:	-	-	-
Issue of ordinary shares	100	-	100
At 31 December 2018	100	(38)	62

The notes on pages 10 to 15 are an integral part of these financial statements.

Corelink Rail Infrastructure Holdings Limited

Cash flow statement for the period ended 31 December 2018

	Note	2018 £'000
Cash flows from operating activities		
Cash used in operations	12	(100)
Net cash used in operating activities		(100)
Cash flows from financing activities		
Proceeds from issuing shares	11	100
Net cash generated from financing activities		100
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period		-

The notes on pages 10 to 15 are an integral part of these financial statements.

Corelink Rail Infrastructure Holdings Limited

Notes to the financial statements for the period ended 31 December 2018

1 Accounting policies

General information

The company's principal activity during the period was that of a holding company. The company was incorporated on 23 November 2017 and commenced trading on this date.

The financial statements are presented in UK pound sterling. Corelink Rail Infrastructure Holdings Limited is a private limited company incorporated and domiciled in the United Kingdom. The registered address is Suite 1, 3 Floor, 11-12 St James's Square, London, SW1Y 4LB.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements of Corelink Rail Infrastructure Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and with the Companies Act 2006 as applicable.

The financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Management has concluded that there are no critical assumptions, estimates or judgements involving a high degree of judgment or complexity which require further disclosure. The company's accounting policies and estimates are detailed below.

The financial statements contain information about Corelink Rail Infrastructure Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its immediate parent entity Corelink Rail Infrastructure SGP, established in the United Kingdom (see note 13).

New standards, amendments and interpretations effective in the period to 31 December 2018

The accounting policies set out below are those that the company has adopted under International Financial Reporting Standards as adopted by the European Union for the period ended 31 December 2018.

Standards, amendments and interpretations that are not yet effective and have not been adopted early by the company

The following new standards, new interpretations, and amendments to standards and interpretations that are not yet effective and have not been adopted early by the company:

IFRS 9, 'Financial instruments' (effective 1 January 2018)

IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)

Amendment to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments' (1 January 2018)

Amendment to IFRS 9, 'Financial instruments', on general hedge accounting (effective 1 January 2018)

Amendments to IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)

IFRS 16 (Leases) (1 January 2019)

The introduction of these new standards, interpretations and amendments is not expected to have a material impact on the company.

Corelink Rail Infrastructure Holdings Limited

Notes to the financial statements for the period ended 31 December 2018 (continued)

1 Accounting policies (continued)

Standards, amendments and interpretations that are not yet effective and have not been adopted early by the company (continued)

Financial assets

The company classifies all 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 are included in current assets, except for maturities greater than 12 months after the Statement of financial position date. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of financial position.

Revenue

Revenue relates to fees earned for management services and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue from a contract to provide management services is recognised in the period in which the services are provided.

Trade and other 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 period 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 fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other payables

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

Corelink Rail Infrastructure Holdings Limited

Notes to the financial statements for the period ended 31 December 2018 (continued)

1 Accounting policies (continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of financial position date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amounts paid by, or amounts received by, the company in respect of group relief that represent the tax benefit surrendered/received are recorded as an income tax expense/credit in the statement of comprehensive income. Where the amounts paid by, or amounts received by, the company exceed the tax benefit surrendered/received, the excess is recorded directly in equity as a movement in other comprehensive income.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2 Revenue

The company had revenue of £572,000 during the period to 31 December 2018 representing management fee income from its subsidiary Corelink Rail Infrastructure Limited.

3 Breakdown of operating loss by nature

The operating loss consists of £520,000 in respect of management fees payable by the company.

4 Loss on transfer of preference shares

In July 2018 the company disposed of 90,000 non-voting redeemable preference shares of £1 each in Corelink Rail Infrastructure Limited to the Corelink Trust for nil consideration.

5 Employees

There are no employees other than the directors. The company's directors were not remunerated for their services to the company.

Corelink Rail Infrastructure Holdings Limited

Notes to the financial statements for the period ended 31 December 2018 (continued)

6 Audit fees

The audit fee for the company was borne by Corelink Rail Infrastructure Limited, and is included in their financial statements.

7 Income tax credit

The company has a £7,000 tax credit which has not been recognised in the accounts as there is insufficient certainty around the future profitability of the company.

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2018 £'000
Loss before income tax	(37)
Income tax credit at the UK standard rate of 19%	7
Effects of:	
Unrecognised tax losses	(7)
Income tax credit	-

8 Trade and other receivables

	2018 £'000
Current	
Amounts owed by group undertakings	10
Other tax and social security	25
Prepayments	92
	127

9 Trade and other payables

	2018 £'000
Amounts owed to group undertakings	65

The amounts referenced in the table above are in respect of management fees due to Corelink Rail Infrastructure Limited.

Corelink Rail Infrastructure Holdings Limited

Notes to the financial statements for the period ended 31 December 2018 (continued)

10 Deferred income tax liabilities

The gross movement on the deferred income tax account is as follows:

	2018 £'000
At 23 November 2017	-
Credited to the Income statement	-
At 31 December 2018	-

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets/(liabilities)	Other temporary differences £'000	Accelerated capital allowances £'000	Total £'000
At 23 November 2017			
Credited to the Income statement	-	-	-
At 31 December 2018	-	-	-

11 Share capital

	2018 £'000
Allotted and fully paid	
100,000 Ordinary shares of £1 each	100

On 23 November 2017, 100,000 shares were issued for a nominal value of £1 each.

12 Cash used in operations

	2018 £'000
Loss before income tax	(38)
Adjustments for:	
Movement in trade and other receivables	(127)
Movement in trade and other payables	65
Cash used in operations	(100)

Corelink Rail Infrastructure Holdings Limited

Notes to the financial statements for the period ended 31 December 2018 (continued)

13 Ultimate controlling party and related party transactions

The parent of the smallest and largest group undertaking which produces consolidated financial statements, and of which the company is a member, is Corelink Rail Infrastructure SGP, incorporated in the United Kingdom. Group financial statements for this company are available from 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

There is no one controlling party, instead it is 50% owned by Infracapital Greenfield Partners I LP, 32.28% owned by Pan European Infrastructure II LP and 17.72% owned by Pan European Infrastructure II SCS (in combination the "shareholders").

Corelink Rail Infrastructure Holdings Limited ("CRIHL") has a management services agreement in place with Corelink Rail Infrastructure Limited ("CRIL") under which CRIL has agreed to pay an annual fee of £535,000. In the period to 31 December 2018 CRIL incurred management fees of £572,000 and paid CRIHL £637,000 leaving an intercompany balance at the end of the year of £65,000.