

**CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## COMPANY INFORMATION

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**Directors**

Jed Brawley  
Thomas Crawley  
Michael Woodhead  
Allison Ingram (Appointed 15 February 2021)  
Isabelle Caumette (Appointed 13 January 2022)  
Giorgiana Wegener (Appointed 6 March 2022)

**Company number**

11078670

**Registered office**

Senator House  
85 Queen Victoria Street  
London  
England  
EC4V 4AB

**Auditor**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

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# **CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED**

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# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### Principal activities

The principal activity of the company continued to be 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 year was £123k (2020: loss of £83k).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2020: £nil).

#### Future developments

The Group is currently focused on meeting its contractual obligations, monitoring the performance of BT and CAF as they complete the manufacture of the Class 730 and Class 196 trains and preparing for the delivery of the remaining trains.

In February 2022, a war commenced in Ukraine following the Russian governments invasion of the country. The directors have assessed the potential impacts on the company and its suppliers, CAF and BT, in the construction of trains. Both BT and CAF have confirmed to the company that they do not have any suppliers in the affected regions and do not anticipate any delays to the construction of their trains as a result of this ongoing conflict. As a result the Directors do not consider that this conflict impacts on the company's ability to remain a going concern.

The Directors have assessed events following the financial year end and note that there are no post balance sheet events that require adjustment or disclosure in the financial statements.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Michele Armanini	(Resigned 6 March 2022)
Jed Brawley	
Thomas Crawley	
Hamish Mackenzie	(Resigned 15 February 2021)
Michael Woodhead	
Miguel Costa	(Resigned 13 January 2022)
Allison Ingram	(Appointed 15 February 2021)
Isabelle Caumette	(Appointed 13 January 2022)
Giorgiana Wegener	(Appointed 6 March 2022)

#### Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### Financial risk management

#### **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.

#### **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.

#### **Independent auditors**

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as independent auditors of the company will be put to the General Meeting.

#### **Statement of disclosure to independent auditors**

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor are aware of that information.

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

#### **Going concern**

The directors have assessed the company's ability to continue as a going concern for a period of at least 12 months from the date that the financial statements are approved and have concluded it remains appropriate to continue preparing the financial statements on a going concern basis and note the material uncertainties discussed in more detail in note 1.2 of the financial statements.

#### **Covid-19**

During 2021 a global pandemic, Covid-19, has led to Government advice, both in the UK and globally, that all non-essential work should be limited to reduce the spread of the virus. The Directors have reviewed the impact of the pandemic on the company's cashflow and, based on the latest assessments, the Directors do not consider that it impacts on the company's ability to remain a going concern. They continue to keep the situation under review.

On behalf of the board



Thomas Crawley  
Director

Date: 29 July 2022

# **CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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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 the law the directors have prepared the financial statements in accordance with the UK-adopted international accounting standards.

Under company law, 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 UK-adopted international accounting standards 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.

# **CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED**

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# 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 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2021; the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year 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.

### **Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. While, following the novation of a management agreement discussed in more detail in note 17, the company is not expected to incur any significant costs moving forwards, to the extent costs do arise, as the company does not generate any income, these will need to be met by the company's subsidiary, Corelink Rail Infrastructure Limited. The subsidiary has a debt facility which is due to mature on December 31, 2022 and a refinancing will be necessary for the subsidiary to pay its liabilities as they fall due. Discussions with potential lenders have started, however, as at the date of approval of the financial statements, a refinancing agreement is not in place. Consequently, the company's subsidiary may not be able to meet the company's costs if needed. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the

# **CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED**

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existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

Our evaluation of the directors' assessment of the subsidiary's ability to continue to adopt the going concern basis of accounting included:

- Discussing the basis for the directors' assessment based on progress with discussions to date, considering there is a further 5 months until the debt maturity date.
- Reviewing engagement letters and other documents demonstrating that a financial advisor has been appointed to begin the refinancing process and interactions with potential lenders are underway.
- Reviewing the Subsidiary's cash flow forecasts which demonstrate sufficient cash resources available for the Subsidiary to continue operating as planned up until the date of maturity on the current facility and to finance expected debt servicing arising from a refinancing.

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

### **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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **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 year ended 31 December 2021 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.



# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

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#### Responsibilities for the financial statements and the audit

##### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding management's internal controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Reviewing relevant board minutes

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

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## 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 obtained 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.

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Robert Hawkins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 July 2022

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## INCOME STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Note	2021 £'000	2020 £'000
Revenue	3	364	536
<b>Gross profit</b>		364	536
Operating expenses		(544)	(639)
<b>Loss before taxation</b>	4	(180)	(103)
Income tax credit	7	57	20
<b>Loss for the year</b>		(123)	(83)

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The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 13 to 23 are an integral part of the financial statements.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

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	2021 £'000	2020 £'000
Loss for the year	(123) <u>          </u>	(83) <u>          </u>
Total comprehensive expense after the loss for the year	(123) <u>          </u>	(83) <u>          </u>

The notes on pages 13 to 23 are an integral part of the financial statements.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

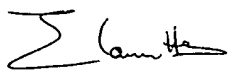
## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

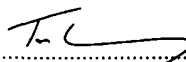
	Note	2021 £'000	2020 as restated £'000	1 Jan 2020 as restated £'000
<b>Non-current assets</b>				
Investments	13	10	10	10
Deferred tax asset	10	97	40	20
		<u>107</u>	<u>50</u>	<u>30</u>
<b>Current assets</b>				
Trade and other receivables	9	-	60	94
<b>Total assets</b>		<u>107</u>	<u>110</u>	<u>124</u>
<b>Current liabilities</b>				
Trade and other payables	11	(337)	(217)	(148)
<b>Net current liabilities</b>		<u>(337)</u>	<u>(157)</u>	<u>(54)</u>
<b>Total liabilities</b>		<u>(337)</u>	<u>(217)</u>	<u>(148)</u>
<b>Net liabilities</b>		<u>(230)</u>	<u>(107)</u>	<u>(24)</u>
<b>Equity</b>				
Called up share capital	12	100	100	100
Accumulated losses		(330)	(207)	(124)
<b>Total equity</b>		<u>(230)</u>	<u>(107)</u>	<u>(24)</u>

The notes on pages 13 to 23 are an integral part of the financial statements.

The financial statements on pages 8 to 10 were approved by the board of directors and authorised for issue on 29 July 2022 and are signed on its behalf by:



Isabelle Caumette  
Director



Thomas Crawley  
Director

Company Registration No. 11078670

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Accumulated losses	Total equity
Note	£'000	£'000	£'000
Balance at 1 January 2020	100	(124)	(24)
Year ended 31 December 2020:			
Loss and total comprehensive expense for the year	-	(83)	(83)
Balance at 1 January 2021	100	(207)	(107)
Year ended 31 December 2021:			
Loss for the year	-	(123)	(123)
Total comprehensive expense for the year	-	(123)	(123)
Balance at 31 December 2021	100	(330)	(230)

The notes on pages 13 to 23 are an integral part of the financial statements.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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		2021		2020	
	Note	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	18		-		-
			<hr/>		<hr/>
<b>Net cash outflow from operating activities</b>			-		-
			<hr/>		<hr/>
<b>Net increase in cash and cash equivalents</b>			-		-
Cash and cash equivalents at the beginning of the year			-		-
			<hr/>		<hr/>
Cash and cash equivalents at the end of the year			-		-
			<hr/>		<hr/>

The notes on pages 13 to 23 are an integral part of the financial statements.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Corelink Rail Infrastructure Holdings Limited is a private company limited by shares incorporated and domiciled in the United Kingdom. The registered office is Senator House, 85 Queen Victoria Street, London, England, EC4V 4AB. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with international accounting standards as adopted by the United Kingdom.

The financial statements are prepared in UK pound sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

Corelink Rail Infrastructure Holdings Limited is a wholly owned subsidiary of Corelink Rail Infrastructure SGP and the results of Corelink Rail Infrastructure Holdings Limited are included in the consolidated financial statements of Corelink Rail Infrastructure SGP, established in the United Kingdom.

The following new standards and amendments to standards are effective for the financial year ended 31 December 2021 onwards:

- Amendments to IFRS 4 Insurance contracts - Deferral of IFRS 9.
- Interest Rate Benchmark Reform - LIBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and FRS 16).

None of the above amendments to standards or interpretations have had a material effect on the financial statements.

#### **New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### 1.2 Going concern

While, following the novation of a management agreement discussed in more detail in note 17, the company is not expected to incur any significant costs moving forwards, to the extent costs do arise, as the company does not generate any income, these will need to be met by the company's subsidiary, Corelink Rail Infrastructure Limited. The directors recognise the existence of a material uncertainty that may cast significant doubt on the ability of the subsidiary to support the company. The subsidiary has a debt facility maturing on 31 December 2022 and a refinancing of this facility will be necessary for the ongoing operations of the subsidiary. Although the subsidiary has already appointed a financial adviser in respect of this process, and discussions with potential lenders have started, there always remains the risk that the subsidiary will be unable to raise sufficient funds to refinance this facility. The directors are confident however that the refinancing process will be successful for the following reasons:

- The financial adviser appointed by the subsidiary has a strong track record in raising debt financing in respect of UK rolling stock projects.
- The regulatory environment for UK rail continues to be stable and supportive for rolling stock financiers.
- The trains financed by the subsidiary have been specifically designed and optimised for the services on which they are operating and, as a result, are expected to form a core fleet for the duration of their economic lives resulting in highly stable and predictable long-term cashflows.
- The delivery of the trains by both manufacturers has now started and, as a result, construction risk has to a large extent been removed from the project. This is expected to increase lender appetite to participate in the refinancing.

The directors believe that the company is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the company will have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. However, the fact that a refinancing agreement for the subsidiary is not in place at the date that these financial statements are approved, and consequently the subsidiary may not be able to meet the company's costs if needed, represents a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company were unable to continue as a going concern.

The global pandemic, Covid-19, has led to Government advice, both in the UK and globally, that all non-essential work should be limited to reduce the spread of the virus. The Directors have reviewed the impact of the pandemic on the company's cashflow and, based on the latest assessments, the Directors do not consider that it impacts on the company's ability to remain a going concern. They continue to keep the situation under review.

##### 1.3 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.

##### 1.4 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

##### 1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### 1.6 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

##### Trade and other receivables

Trade and other receivables are recognised when the Company has a right to consideration that is unconditional (subject only to the passage of time before payment is due). Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any appropriate allowances for expected credit losses.

##### **Impairment of financial assets**

Allowance for lifetime expected credit losses ("ECL") is carried for trade receivables which result from transactions within the scope of IFRS 15 and which do not contain a significant financing component.

12 month ECL allowance is carried for other financial assets at amortised cost where the credit risk has not increased significantly since the initial recognition. Where credit risk has increased significantly, lifetime ECL allowance will be carried.

Financial assets for which there is objective evidence of impairment, are considered to be in default or otherwise credit impaired for disclosure purposes.

Financial assets (and the related impairment allowances) are written off, either partially or in full, when there is no realistic prospect of recovery. The amounts written off reflect the proceeds from realisation of any collateral underpinning the asset.

#### 1.7 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### Borrowings

Interest bearing borrowings are recognised initially at the present value of future payments discounted at market rate of interest. Subsequent to initial recognition interest bearing borrowings are stated at amortised cost using the effective interest method less any impairment losses.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed.

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **1.9 Taxation**

The tax income/(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 substantively 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 of 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.

#### **1.10 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.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **2 Critical accounting estimates and judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Critical judgements**

##### **Carrying value of deferred tax assets**

The Company has deferred tax assets of £97k (2020: £40k) at 31 December 2021, see note 10. The recoverability of the deferred tax asset is considered to be a critical accounting estimate. The Company has made an assessment of the recoverability of deferred tax assets based on forecast taxable profits. In the event that future taxable profits are lower than forecast the carrying value of the deferred tax asset may be impaired.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 3 Revenue

	2021 £'000	2020 £'000
<b>Revenue analysed by class of business</b>		
Management fees income from Corelink Rail Infrastructure Limited	364	536
	<u>364</u>	<u>536</u>
<b>Revenue analysed by geographical market</b>		
United Kingdom	364	536
	<u>364</u>	<u>536</u>

### 4 Operating loss

	2021 £'000	2020 £'000
Operating loss for the year is stated after charging:		
Management fees	544	639
	<u>544</u>	<u>639</u>

### 5 Auditors' remuneration

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

	2021 £'000	2020 £'000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	12	2
Audit of the financial statements of the other group companies	83	60
	<u>95</u>	<u>62</u>

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees

There are no employees other than the directors (2020:nil). The remuneration received by the directors during the year was borne by the subsidiary Corelink Rail Infrastructure Holdings Limited, and totalled £35k. Directors Remuneration also represents key management personnel compensation.

### 7 Income tax credit

	2021 £'000	2020 £'000
<b>Deferred tax</b>		
Tax losses recognised - current year	(57)	(20)

A deferred income tax asset has been recognised as of 31 December 2021 due to the anticipated future taxable Group profits arising as a result of the contractual nature of the subsidiary's management fee income.

Following the 2021 spring budget changes, UK corporation tax increases to 25% effective 1 April 2023. The deferred tax asset has therefore been calculated on this basis.

The credit for the year can be reconciled to the loss per the income statement as follows:

	2021 £'000	2020 £'000
Loss before taxation	(180)	(103)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(34)	(20)
Effect of change in UK corporation tax rate	(23)	-
<b>Taxation credit for the year</b>	<b>(57)</b>	<b>(20)</b>

### 8 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Corelink Rail Infrastructure Limited	United Kingdom	Ordinary	100.00

### 9 Trade and other receivables

	2021 £'000	2020 As restated £'000
VAT recoverable	-	60

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Deferred tax asset

The following are the deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Tax losses £'000
Deferred tax asset at 1 January 2020	(20)
<b>Deferred tax movements in prior year</b>	
Credit to profit or loss	(20)
Deferred tax asset at 1 January 2021	(40)
<b>Deferred tax movements in current year</b>	
Credit to profit or loss	(57)
Deferred tax asset at 31 December 2021	(97)

### 11 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	-	214
Amounts owed to fellow group undertakings	337	3
	<u>337</u>	<u>217</u>

Amounts owed to fellow group undertakings are interest free and repayable on demand.

The amounts owed to group undertakings referenced in the table above are in respect of management fees paid by Corelink Rail Infrastructure Limited in excess of what was charged by Corelink Rail Infrastructure Holdings Limited at the balance sheet date.

### 12 Called up share capital

	2021 £'000	2020 £'000
<b>Ordinary share capital</b>		
<b><i>Issued and fully paid</i></b>		
100,000 (2020:100,000) Ordinary of £1 each	<u>100</u>	<u>100</u>

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Financial assets

	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investments in subsidiaries	10	10	10	10
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

### 14 Fair value of financial liabilities

The Company holds the following financial liabilities:

	Carrying value		Fair value	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade and other payables	(337)	(217)	(337)	(217)
	<u>(337)</u>	<u>(217)</u>	<u>(337)</u>	<u>(217)</u>

Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

### 15 Capital risk management

The company is not subject to any externally imposed capital requirements.

The Board actively monitors the capital structure of the company to ensure that it is able to continue as a going concern and can generate attractive and predictable returns for shareholders. Consideration is given to the availability, cost and risk associated with each class of capital.

The capital structure of the company consists of debt, issued capital, reserves and retained earnings.

### 16 Controlling party

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 entity are available from 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

There is no one controlling party, instead it is 50.00% 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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Related party transactions

The ultimate holding company of Corelink Rail Infrastructure Holdings limited is Corelink Rail Infrastructure SGP.

Corelink Rail Infrastructure Holdings Limited had a management services agreement in place with Corelink Rail Infrastructure Limited. Under the terms of the agreement, Corelink Rail Infrastructure Limited agreed to pay an annual fee of £535k for these services. As of 22 September 2021, the management services agreement has been novated, and so no further management fees were charged between the related parties. In the year Corelink Rail Infrastructure Holdings Limited charged management fees of £364k and received £698k from Corelink Rail Infrastructure Limited leaving an intercompany balance at the year end of £337k (2020: £3k).

### 18 Cash absorbed by operations

	2021 £'000	2020 £'000
Loss for the year after tax	(123)	(83)
<b>Adjustments for:</b>		
Taxation credited	(57)	(20)
<b>Movements in working capital:</b>		
Decrease in trade and other receivables	60	34
Increase in trade and other payables	120	69
<b>Cash absorbed by operations</b>	<u>-</u>	<u>-</u>

### 19 Prior period adjustment

Following a review of the company's balance sheet, it was noted that historically and in the year ending 31 December 2020 the treatment of a current asset was misstated as being owed by fellow group undertakings. It has since been identified as an investment in its subsidiary, Corelink Rail Infrastructure Limited.

Therefore the company has restated the amount as being an investment in these financial statements. This has also been restated for 2019.

See the table below for the reconciliation of the impact on the statement of financial position. The Income Statement and the Statement of Changes in Equity remain unaffected following this restatement.

# CORELINK RAIL INFRASTRUCTURE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Prior period adjustment

	31 Increase/(Decrease) December 2020		31 December 2020 (Restated)	31 Increase/(Decrease) December 2019		1 January 2020 (Restated)
Balance sheet	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current</b>						
Deferred Tax Asset	40	-	40	20	-	20
Investments	-	10	10	-	10	10
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Current assets</b>						
Trade and other receivables	70	(10)	60	104	(10)	94
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Total assets</b>	110	-	110	124	-	124
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Current liabilities</b>						
Trade and other payables	(217)	-	(217)	(148)	-	(148)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Net current liabilities</b>	(147)	(10)	(157)	(44)	(10)	(54)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Total liabilities</b>	(217)	-	(217)	(148)	-	(148)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Net assets/(liabilities)</b>	(107)	-	(107)	(24)	-	(24)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Equity</b>						
Hedging reserve	100	-	100	100	-	100
Retained earnings	(207)	-	(207)	(124)	-	(124)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Total equity</b>	(107)	-	(107)	(24)	-	(24)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>