Registration number: 11314902

PREPARED FOR THE REGISTRAR

AFFINITY RAIL GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2020

AFFINITY RAIL GROUP LIMITED

COMPANY INFORMATION

Directors	Mr B Lumley Mr J March Mr C Oakshett Mr G Shipley
Company secretary	MBM Secretarial Services Limited
Registered office	5 Albany Court Yard London W1J 0HF
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

AFFINITY RAIL GROUP LIMITED

(REGISTRATION NUMBER: 11314902)
BALANCE SHEET AS AT 29 FEBRUARY 2020

	Note	29 February 2020 £	(As restated) 28 February 2019 £
Fixed assets			
Tangible assets	4	2,504	-
Investments	5	4,163,366	4,631,920
		4,165,870	4,631,920
Current assets			
Debtors	6	221,490	714,708
Cash at bank and in hand		342	10,002
		221,832	724,710
Creditors: Amounts falling due within one year	7	(602,459)	(62,708)
Net current (liabilities)/assets		(380,627)	662,002
Total assets less current liabilities		3,785,243	5,293,922
Creditors: Amounts falling due after more than one year	7	(6,276,744)	(6,276,744)
Net liabilities		(2,491,501)	(982,822)
Capital and reserves			
Called up share capital		2	2
Profit and loss account		(2,491,503)	(982,824)
Total equity		(2,491,501)	(982,822)

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 06/01/21 and signed on its behalf by:

....

Mr G Shipley
Director

The notes on pages 3 to 8 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
5 Albany Court Yard
London
W1J 0HF

2 Accounting policies

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

Statement of compliance
These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation
These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern
The directors have prepared forecast information which takes into account the current COVID-19 outbreak and its potential impact on the business. Based on those forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis in preparing the financial statements. As with a number of such businesses, however, it is difficult to accurately forecast the effect that COVID-19 will have on the future performance of the company in the next 12 months.

A letter of support has been received from the ultimate controlling party, Agathos Fund One LP, which confirms that it will provide sufficient funds, if necessary, to enable the company to meet all of its financial obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Exemption from preparing group accounts
The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small group.

Prior period errors
During the year, the directors identified that in the financial statements for the period ended 28 February 2019, £182,108, representing transaction costs incurred by its parent in its acquisition of the trading subsidiaries was not included in the cost of the investment transferred to the company on a secured debenture.

These have consequently been corrected as prior period errors to restate amounts previously presented in the financial statements for the period ended 28 February 2019, as follows:

- Investments in subsidiaries with a carrying amount of £4,449,812 has been restated to £4,631,920 by the correction of the transaction costs that should have been transferred of £182,108.
- The secured debenture has been restated from £6,094,636 to £6,276,744 to reflect the correct transfer of the transaction costs of £182,108.

The effects of the above result in no change to the loss before tax for the financial period of £982,824 or the net liability position of £982,822.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Judgements
No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty
No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition
Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets
Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office equipment	Straight line over 3 years

Investments
Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

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

	Year ended 29 February 2020 No.	17 April 2018 to 28 February 2019 No.
Average number of employees	6	-

4 Tangible assets

	Land and buildings £	Office Equipment £	Total £
Cost			
At 1 March 2019	-	-	-
Additions	-	27,084	27,084
Disposals	-	(23,722)	(23,722)
At 29 February 2020	-	3,362	3,362
Depreciation			
At 1 March 2019	-	-	-
Charge for the period	-	2,863	2,863
Eliminated on disposal	-	(2,005)	(2,005)
At 29 February 2020	-	858	858
Carrying amount			
At 29 February 2020	-	2,504	2,504
At 28 February 2019	-	-	-

5 Investments

	29 February 2020 £	(As restated) 28 February 2019 £
Investments in subsidiaries	4,163,366	4,631,920

Subsidiaries	£
Cost	
At 1 March 2019	5,614,744
Additions	742,535
Disposals	(2,193,913)
At 29 February 2020	4,163,366
Amortisation	
At 1 March 2019	982,824
Eliminated on disposals	(982,824)
At 29 February 2020	-
Carrying amount	
At 29 February 2020	4,163,366
At 28 February 2019	4,631,920

6 Debtors

	29 February 2020 £	28 February 2019 £
Amounts due from related parties	211,396	692,000
Other debtors	2	-
Prepayments	9,545	22,708
Deferred tax assets	547	-
	221,490	714,708

7 Creditors

	Note	29 February 2020 £	(As restated) 28 February 2019 £
Due within one year			
Trade creditors		9,425	-
Amounts due to related parties		422,938	-
Social security and other taxes		27,169	-
Directors' current accounts		130,620	40,000
Other creditors		6,413	22,708
Accrued expenses		5,894	-
		602,459	62,708
Due after one year			
Loans and borrowings	8	6,276,744	6,276,744

8 Loans and borrowings

	29 February 2020 £	(As restated) 28 February 2019 £
Non-current loans and borrowings		
Secured debentures	6,276,744	6,276,744

The debenture is secured by a floating charge over the assets of its subsidiary and contains a negative pledge.

9 Related party transactions

Transactions with directors
At the balance sheet date the amount due to the directors was £130,620 (2019 - £95,163).

Transactions with entities under common control
During the year, management charges of £143,369 were received from an entity under common control, the entity was previously a 100% owned member of the group during the year ended 28 February 2019 and exempt from disclosing transactions with fellow group companies. The company incurred costs of £221,468 (2019 - £nil) from entities under common control. At the balance sheet date the amount due to entities under common control was £247,753 (2019 - £nil).

10 Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 7 January 2021 was Julian Gaskell, who signed for and on behalf of Hazlewoods LLP.