

Train Fleet (2019) Limited

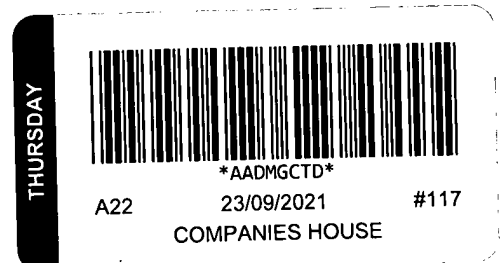
Annual Report and Financial Statements

For the period ended 31 March 2021

Company Registration Number 12000794

Registered office:

Great Minster House
33 Horseferry Road
London
SW1P 4DR
England



Contents

Company information	3
Strategic Report	4
Directors' Report	6
Corporate Governance of Train Fleet (2019) Limited	9
Independent Auditors' Report	12
Income Statement	15
Statement of Comprehensive Income	16
Statement of Financial Position	17
Statement of Cash Flows	18
Statement of Changes in Equity	19
Notes to the Financial Statements	20

Company information
at 21 July 2021

Directors

John Doughty
Richard George
David Lowrie
John MacQuarrie (appointed 04 June 2021)

Company Secretary

Craig Reside

Registered Office

Great Minster House
33 Horseferry Road
London
England
SW1P 4DR

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
29 Wellington Street
Leeds
LS1 4DL

Train Fleet (2019) Limited
Annual Report and Financial Statements – Strategic Report
For the period ended 31 March 2021

The Directors have complied with s414C of the Companies Act 2006 in preparing this strategic report for the period ended 31 March 2021. Train Fleet (2019) Limited (“the Company”) is registered in England and Wales and is 100% owned by DfT OLR Holdings Limited.

PRINCIPAL ACTIVITIES

The Company was incorporated on 16 May 2019 and started to trade on 13 August 2019 following its acquisition of its fleet of 40 “Class 365” trains. The Company’s principal activity was the rental of these trains. This activity ceased following the sale of fleet on 1 July 2021.

The Company is ultimately owned by the Secretary of State for Transport and operates via a Framework Agreement between its holding company, DfT OLR Holdings Limited (DOHL), and the Secretary of State for Transport. The Company has been funded by DOHL throughout the period.

MANAGING DIRECTOR’S OVERVIEW

Since it started trading the majority of the Company’s fleet of Class 365 trains operated in passenger traffic, earning rental income for the company. The remainder was in storage and available for rent.

Before the end of the year the Company served notice to exercise its option to sell its entire train fleet on 1 July 2021 at a predetermined price. The fleet was sold on 1 July 2021. As a result of selling the fleet the accounts show the principal activity as a discontinued operation. Since the sale the company has net cash without any debt. This position is expected to continue.

On 31 March, the company agreed to terminate the leases for its trains with its customer in the period following the year end as demand for them had fallen. However, the terms of that agreement and the sale of the trains mean that the Company was not adversely affected and that it will remain solvent.

FINANCIAL REVIEW AND DIVIDENDS

Financial performance

Total Income for the year ended 31 March 2021 was £14.4m (2020: £6.4m), which represents rental revenue earned from leasing the Class 365 fleet and the compensation for termination of the leases post year end. The operating expenditure reported in the year was £13.3m (2020: £23.4m), comprising depreciation, impairment, vehicle storage charges, management fees, and other operating costs such as finance charges.

The operating profit before taxation was £1.1m (2020: loss before taxation of £17.0m) and the profit after taxation was £0.4m (2020: loss of £16.9m).

Statement of financial position

At 31 March 2021 the Company had net liabilities of £0.4m (2020: £0.8m).

Train Fleet (2019) Limited
Annual Report and Financial Statements – Strategic Report continued
For the period ended 31 March 2021

Dividends

No dividends have been declared.

GOING CONCERN

The Company made a £0.4m profit after tax and had net liabilities of £0.4m at 31 March 2021. The Company has access to sufficient financial resources from its parent company and repaid its loan in full after the year end following the sale of its trains which resulted in it having a net cash position that is expected to continue. Therefore, the Directors believe that the Company is well placed to manage its business risks successfully in the current economic environment and has prepared these accounts as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a number of potential external and internal risk factors and uncertainties that could have an impact on the Company's performance. Our Audit and Risk committee, which includes owner representatives, plays a pivotal role working alongside the Directors in identifying and managing these principal risks.

The Company falls under the regulation of the Department for Transport (DfT), and the Office of Rail and Road (ORR). Laws and regulations are subject to alteration and amendment and the costs of compliance with new legislation and regulations may have an adverse impact on the Company's financial performance. To mitigate the risk from such changes the Company proactively engages with both Government and railway groups.

On Behalf of the Board



Richard George

Director

21 July 2021

Registered Office: England Great Minster House, 33 Horseferry Road, London, SW1P 4DR

Train Fleet (2019) Limited
Annual Report and Financial Statements – Directors' Report
For the period ended 31 March 2021

The Directors present their report, business review and the audited financial statements for the period ended 31 March 2021.

Directors

The Directors who held office during the period and up to the date of signing the financial statements are listed below:

D Bennett (resigned 04 June 2021)
J Doughty
R George
D Lowrie
J MacQuarrie (appointed 04 June 2021)

During the period, the Company did not enter any significant contract or arrangement in which any Director had a material interest.

Company Secretary

The Company Secretaries in office during the period were:

K Barnett (resigned 23 July 2020)
C Reside (appointed 29 July 2020)

Charitable and political donations

The Company made no charitable or political donations during the period ended 31 March 2021 and has a policy not to make any.

Financial Risk Management

Regular reviews are undertaken on the realisable value of the Company's assets and liabilities. Cash flow forecasts are produced to ensure the Company can meet its liabilities as they fall due.

The Company's credit risk is primarily banking counterparties. The amounts presented in the balance sheet are net of any provisions for doubtful debts. Credit risk is managed by cash being collected in advance for rents and deposits maintained with large high street financial institutions with satisfactory credit ratings. Cash flow risk is managed by cash flow budgeting and forecasting and the availability of long-term debt facilities.

Financial matters

The results for the year are given in the Income statement on page 15. No dividends were paid during the period. Further information is available within the principal accounting policies section.

Indemnification of Directors and Officers

The Company's parent maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against the directors of the Company. The parent company has indemnified each of the Company's directors and other officers of the Company against certain liabilities that may be incurred as a result of their offices.

Train Fleet (2019) Limited
Annual Report and Financial Statements – Directors' Report
For the period ended 31 March 2021

Directors' statement of disclosure of information to auditors

The Directors who held office at the date of approval of the Directors' Report confirm that insofar as the Directors are aware, there is no relevant audit information (as defined in section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and they have taken all the steps required of them as Directors in order to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act.

STATEMENT OF DIRECTORS' AND ACCOUNTING OFFICER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 UK have been followed for the company's financial statements, 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.

Accounting Officer's responsibilities

The Company operates via the Framework Agreement between its holding company, DfT OLR Holdings Limited (DOHL), and the Secretary of State for Transport. The Company's Accounting Officer is Robin Gisby. The Accounting Officer shares, on an individual basis, many of the Directors' responsibility and must adhere to the reporting requirements set out in the Government Financial Reporting Manual 2020-21 (FReM) as issued by HM Treasury, to the extent that the FReM is consistent with the requirements of the Companies Act 2006.

Directors' and Accounting Officer's confirmations

The Directors and Accounting Officer consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The financial statements on pages 15 to 27 were approved by the Board of Directors on 21 July 2021 and signed on its behalf by



Richard George

Director

21 July 2021

CORPORATE GOVERNANCE

As required by the Government Financial Reporting Manual 2020-21, the Company is required to prepare a governance statement. This Corporate Governance Report is intended to provide an understanding of the Company governance procedures and demonstrate how the Company seeks to adhere to the principles of good corporate governance where appropriate for its size and operation. The report describes how the relevant principles and provisions set out in the Corporate Governance in Central Government Departments: Code of Good Practice (Corporate Governance Code) were applied to the Company during the financial year and will continue to be relevant for the forthcoming financial year. The Company has complied with the relevant principles and provisions of the Corporate Governance Code.

The Board of Directors

The Board consisted of the Non-Executive Chairman and three other directors during the year and up to the date of signing the financial statements. It usually meets each month and is responsible for monitoring the operational and financial performance of the Company, reviewing progress against the Company's budgets and setting and reviewing its business plans.

The Directors are satisfied that the current Board has the breadth of business, financial and operational experience necessary to effectively manage an organisation of the size and type of the Company.

Information and Board development

The Board receives detailed briefing papers and reports on the business to be conducted at each meeting in advance of the meeting. These papers are provided in advance to allow appropriate time for members of the board to review and challenge the data used in the papers and reports discussed at each meeting. Each briefing paper and report are prepared by the appropriate individual who is responsible for the relevant area of the business.

All Directors have access to the advice and services of the Company Secretary who, if necessary, has access to external legal advice. Each Director can, if necessary, seek independent professional advice at the Company's expense in the furtherance of their duties.

Directors receive induction training on appointment to the Board, which is tailored to their individual needs and experience, and are offered further specialist advice as they may require. Information is provided to Directors on their responsibilities, regulations and legal obligations.

As part of development of the Company, members of the Board have met and continue to meet a range of key officials from within the Department for Transport and broader stakeholders.

Framework Agreement and Oversight Committee

A Framework Agreement exists between the Company's parent and the Secretary of State for Transport which sets out the broad framework within which the Company will operate. The document does not create legally valid, binding and enforceable obligations on the parties.

As part of the requirements of the Framework Agreement, an Oversight Committee meeting is held normally on a four weekly basis and chaired by a senior representative from the Department of Transport.

Annual Report and Financial Statements – Corporate Governance of Train Fleet (2019) Limited

For the period ended 31 March 2021

Audit and Risk Committee

The Audit and Risk Committee is chaired by Claire Bullen, an independent individual with appropriate expertise. The other directors of the company and its parent attend as appropriate.

The Committee ensures that the internal audit function has appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards, and that it has adequate standing within the Company. It considers audit reports on the Company from the internal auditors and reviews and monitors management's responsiveness to the findings and recommendations.

The Committee is responsible for making recommendations to the Board in respect of the appointment and re-appointment of the Company's external auditors and recommends to the Board the audit fee to be paid to the external auditors.

Directors and their Interests

The Directors are listed on page 6. None of the Directors have any interests, such as shares in the companies within the Group.

Financial reporting

The Directors have a commitment to best practice in the Company's financial reporting and systems. A statement of the Directors' Responsibilities for preparing the financial statements may be found on page 8.

Financial Risk Management

The Board is continually reviewing the exposure to liquidity and cash flow risk. For the year ended 31 March 2021 the Company's risk management controls operated well and the Company was not exposed to any significant risk in these areas.

Internal controls and risk management

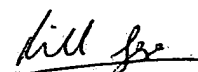
The Board is also responsible for maintaining a sound system of internal control that supports the achievement of the Company's goals and objectives. The key risks and uncertainties of the Company are noted in the Strategic Report on page 5 and the Board is satisfied that these are being satisfactorily managed. There have been no ministerial directions given, or any significant lapses of protective security in the year.

REMUNERATION AND STAFF REPORT

For other staffing support, the Company acquires management and administration services from its parent company DfT OLR Holdings Limited as part of a management fee.

During the period from 01 April 2020 to 31 March 2021, £0.3m (2020: £0.1m) for professional fees were reported in operational costs. These fees include consultant's services that support and provide guidance to the strategic and operational direction of the business.

Non-Executive directors did not receive remuneration or fees for performing their role.



Richard George
Director
21 July 2021

Independent auditors' report to the members of Train Fleet (2019) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Train Fleet (2019) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 March 2021; the Income statement, the Statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity 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.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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.

Independent auditors' report to the members of Train Fleet (2019) Limited (continued)

Reporting on other information (continued)

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 Strategic report and 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.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 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 Strategic report and 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 directors' and accounting officers's responsibilities in respect of the financial statements, 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.

Independent auditors' report to the members of Train Fleet (2019) Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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, breaches of health and safety regulations under the Health and Safety at Work etc. Act 1974 and non-compliance with tax regulations, , and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 manual journal entries to manipulate financial performance and management bias in determining significant accounting estimates. Audit procedures performed by the engagement team included:

- Obtaining supporting evidence for the significant assumptions and judgements made by management, particularly in respect of the sale of the fleet post year end;
- Identifying and testing journal entries on a sample basis;
- reviewing board meeting minutes and correspondence with associated parties in respect of the sale of the fleet post year end; and
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

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. 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.

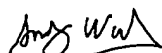
Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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.



Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
21 July 2021

Train Fleet (2019) Limited
Income statement
For the period ended 31 March 2021

		2021 Full Year £000	2020 8 Periods £000
	Note		
Revenue	2	10,950	6,387
Other operating income	3	<u>3,424</u>	<u>-</u>
Total Income		14,374	6,387
Operating costs		<u>(11,669)</u>	<u>(22,171)</u>
Operating profit/(loss)		2,705	(15,784)
Finance and similar charges	6	<u>(1,644)</u>	<u>(1,227)</u>
Profit/(loss) before taxation		1,061	(17,011)
Tax on profit	7	<u>(673)</u>	<u>85</u>
Profit/(loss) for the financial year		<u>388</u>	<u>(16,926)</u>

Following the sale of the fleet after the year end, the operations are classified as discontinued. The accompanying notes form an integral part of this income statement.

Train Fleet (2019) Limited
Statement of Other Comprehensive Income
For the period ended 31 March 2021

	2021 Full Year £000	2020 8 Periods £000
Profit/(loss) for the period on discontinued operations	388	(16,926)
Items that will not be reclassified to profit or loss:	-	-
Total items that will not be reclassified to profit or loss	388	(16,926)
Total comprehensive profit/(loss) for the year	388	(16,926)

Train Fleet (2019) Limited
Statement of Financial Position
As at 31 March 2021

		At 31 March 2021	At 31 March 2020
	Note	£000	£000
ASSETS			
Non-current assets			
Tangible assets	8	-	102,393
		-	102,393
Current assets			
Assets held for sale	9	92,800	-
Trade and other receivables: amounts due within one year	10	4,136	117
Cash at bank and in hand		7,494	4,752
		104,430	4,869
Total assets		104,430	107,262
LIABILITIES			
Current liabilities			
Trade and other payables	11	(104,868)	(823)
Non-current liabilities			
Amounts owed to group undertaking	11	-	(107,265)
		-	(107,265)
Total liabilities		(104,915)	(108,088)
Net liabilities		(438)	(826)
EQUITY			
Ordinary share capital	12	16,100	16,100
Accumulated Losses		(16,538)	(16,926)
Total shareholders' deficits		(438)	(826)

The accompanying notes form an integral part of this statement of financial position. The financial statements on pages 15 to 26 were approved by the board of Directors on 21 July 2021 and were signed on its behalf by;



Richard George
Director
21 July 2021

Train Fleet (2019) Limited
Statement of Cash Flow
As at 31 March 2021

		Year ended 31 March 2021	Year ended 31 March 2020
	Note	£000	£000
Profit/(loss) before taxation		1,061	(17,011)
Adjustments for:			
Depreciation	4	7,662	10,212
Impairment on fixed assets	4	1,931	11,034
Finance charges	6	1,644	1,227
(Increase) in trade and other receivables		(4,057)	(32)
Increase in trade and other payables		1,145	823
Cash inflow from operating activities		9,386	6,253
Purchase of fixed assets		-	(123,639)
Cash outflow from investing activities		-	(123,639)
Interest paid		(1,644)	(1,227)
Funding Loan received from parent		-	160,000
Funding Loan repaid to parent		(5,000)	(52,735)
Share capital	12	-	16,100
Cash outflow/inflow from financing activities		(6,644)	122,138
Net cash generated from activities		2,742	4,752
Net increase in cash and cash equivalents		2,742	4,752
Cash and cash equivalents at beginning of year		4,752	-
Cash and cash equivalents at end of year		7,494	4,752

Train Fleet (2019) Limited
Statement of Changes in Equity
For the year ended 31 March 2021

	Ordinary share capital £000	Accumulated Losses £000	Total shareholders' deficit £000
Loss for the period ending 31 March 2020	-	(16,926)	(16,926)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(16,926)	(16,926)
Share capital (note: 11)	16,100	-	16,100
As at 31 March 2020	16,100	(16,926)	(826)
Profit for the period on discontinued operations	-	388	388
Other comprehensive income for the period	-	-	-
Total comprehensive profit for the period	-	388	388
As at 31 March 2021	16,100	(16,538)	(438)

Train Fleet (2019) Limited
Notes to the Financial Statements
For the period ended 31 March 2021

1 Accounting policies

The Company is a private limited company limited by shares and registered in England. The address of the Company's registered office is shown on page 3 and a description of the company's principal activities are set out on page 4.

The principal accounting policies are set out below.

a) Basis of Preparation

The financial statements have been prepared on the basis that although its principal operations have discontinued, the Company is a going concern. As explained in the Strategic Report the Company has access to sufficient financial resources from its parent company and repaid its loan in full after the year end.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and the Government Financial Reporting Manual 2020-21 (FReM). The Company has adopted and interpreted the FReM, as issued by HM Treasury, to the extent that the FReM is consistent with the requirements of the Companies Act 2006. Amounts in these financial statements are rounded to the nearest thousand-pound sterling (£000) unless otherwise indicated.

Where there is a choice of accounting policy, the one judged to be most appropriate to the circumstances of the Company for the purpose of giving a true and fair view has been selected. The policies adopted by the Company are described below. They have been applied consistently to items that are considered material to the accounts.

b) Revenue

Revenue recognised from the rental income received from the operating leasing of the company's fleet of trains is credited to the income statement on a straight-line basis over the period of the lease.

c) Other Operating Income

Other operating income comprises of compensation payments agreed for early termination of the leases in advance of the disposal of the assets post year end, and the provision of goods/services to Network Rail excluding VAT.

d) Discontinued Operations

The Company's principal operations discontinued following the sale of the Class 365 fleet on 1 July 2021, so the fleet's sale value is recognised as a current asset held for sale.

e) Taxation

Tax, current and deferred, is calculated using tax rates and laws enacted or substantively enacted at the Statement of Financial Position date. Corporation tax is provided on taxable profits/losses at the current rate applicable. Tax charges and credits are accounted for through the same primary statement as the related pre-tax item.

1 Accounting policies continued

Current tax assets and liabilities are measured at the amount expected to be effectively recovered via group relief from or paid to taxation authorities using the tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date.

f) Deferred tax

Deferred tax is recognised in respect of all material temporary differences that have originated, but not reversed, by the Statement of Financial Position date. Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised where their recovery is considered more likely than not in the expectation that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

g) Tangible assets

Tangible assets are shown at their historic cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis to write off the cost or valuation less estimated residual value of fixed assets over their expected useful economic lives as follows:

Plant and equipment	1 - 25 years or expected useful life where known.
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Assets in the course of construction are not depreciated until they are available for use and on completion are transferred to the appropriate asset class.

The need for any impairment write-down is assessed by the Company at each balance sheet date to determine whether there is any indication that those assets have suffered an impairment loss by comparing the carrying value of the asset against the higher of net realisable value and the value in use. The fair value is determined by using estimated discounted net cash flows which are directly attributable to the asset.

h) Assets held for sale

Non-current assets are re-classified as current assets held for sale when the requirements of IFRS 5 have been met.

i) Provisions

Provisions for current obligations and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation at the balance sheet date; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are split between those falling due within one year and those falling due after more than one year.

Train Fleet (2019) Limited
Notes to the Financial Statements
For the period ended 31 March 2021

1 Accounting policies continued

The amount of any provision is re-assessed at each Statement of Financial Position date. Any increase or decrease required to the amount of the provision is charged or credited to the income statement.

j) Financial instruments

Financial instruments held by the Company are trade and other receivables, trade and other payables and cash. Trade receivables are recognised initially at the amount of consideration that is unconditional. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

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

k) Critical estimate and judgement

Preparation of the financial statements, in accordance with Financial Reporting Standards ("FRS") 101, requires Directors to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual outcomes could differ from those estimated. The Directors believe that the accounting policies and estimation techniques discussed below represent those that require the greatest exercise of judgement. The Directors have used their best judgement in determining the estimate and assumption used in the area, but a different set of judgements could result in material changes to the Company's reported financial performance and/or financial position.

There are no critical estimates and judgements regarded by the Directors as critical to the Company's reporting in general for the year ended 31 March 2021.

2 Revenue

All revenue originates in the United Kingdom.

The Directors consider that the main activities of the Company constituted a single class of business consisting of the ownership and rental of trains, with related activities, as disclosed in the income statement. Revenue during the comparison year to 31 March 2020 includes eight rail periods for the Company (trading from 13 August 2019).

Rental income, excluding value added tax (VAT) where applicable, is comprised of lease rentals.

	2021	2020
	£000	£000
Rental Income	<u>10,950</u>	<u>6,387</u>

Train Fleet (2019) Limited
Notes to the Financial Statements
For the period ended 31 March 2021

3 Other Operating Income

	2021	2020
	£000	£000
Other Operating Income	<u>3,424</u>	<u>-</u>

Other operating income comprises of the compensation payments agreed for termination of the leases in advance of the disposal of assets post year end and the provision of goods/services, related to the Company's trains to Network Rail, which is stated excluding VAT.

4 Operating profit/(loss)

	2021	2020
	£000	£000
Operating loss is stated after charging:		
Vehicle storage costs	1,329	644
Depreciation (note 7)	7,662	10,212
Management fees	100	62
Impairment expense	1,931	11,034
Auditors' remuneration – audit fees	27	24
Auditors' remuneration – non audit services	<u>-</u>	<u>-</u>

The sales of TF19 entire fleet on 1 July 2021 resulted in its loss after interest and tax being presented as a discontinued operations for financial year 2020-2021. A PPE impairment expense is recognised in the accounts, £1.9m (2020: £11m).

5 Directors' remuneration

None of the Directors received any remuneration from the Company.

6 Finance and similar charges

	2021	2020
	£000	£000
Finance charges		
Interest payable to group undertakings	<u>(1,644)</u>	<u>(1,227)</u>
Total finance charges	<u>(1,644)</u>	<u>(1,227)</u>

Train Fleet (2019) Limited
Notes to the Financial Statements
For the period ended 31 March 2021

7 Tax on profit

a) Tax recognised in the income statement

	2021	2020
	£000	£000
Current taxation:		
Current tax charge/(relief) on loss for the year	<u>673</u>	<u>(85)</u>
Total tax charge/(relief) reported in the income statement	<u>673</u>	<u>(85)</u>

b) Factors affecting total tax (charge)/relief for the current period

The tax assessed for the year is lower than the standard effective rate of corporation tax in the UK of 19% (2020: 19%). The current tax relief is made up as follows:

	2021	2020
	£000	£000
Profit/(loss) before taxation	<u>1,060</u>	<u>(17,011)</u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	202	(3,232)
Expenses not deductible	4	4
Group relief surrendered	-	85
Receipt for group relief	-	(85)
Exempt amounts	<u>467</u>	<u>3,143</u>
Total tax charge/(relief) for the year reported in the income statement	<u>673</u>	<u>(85)</u>

Train Fleet (2019) Limited
Notes to the Financial Statements
For the period ended 31 March 2021

8 Tangible assets

	Plant and equipment £000	Total £000
Cost		
At beginning of year	123,639	123,639
Additions	-	-
Transferred to Assets Held for Sale (note 8)	(123,639)	(123,639)
At end of year	-	-
Accumulated depreciation		
At beginning of year	21,246	21,246
Depreciation charged to the income statement	7,662	7,662
Impairment expense	1,931	1,931
Transferred to Assets Held for Sale (note 8)	(30,839)	(30,839)
At end of year	-	-
Net book value		
At beginning of year	102,393	102,393
At end of year	-	-

9 Assets Held for Sale

	Plant and equipment £000	Total £000
Cost		
At beginning of year	-	-
Transferred from Tangible Assets	92,800	92,800
At end of year	92,800	92,800

Following the sale of the Class 365 fleet on 1 July 2021 the Directors determined that the fleet should be reclassified from Non-Current Tangible Assets to Current Assets Held for Sale at its sale value, which equalled its expected Net Book Value on 1 July 2021, and that, the depreciation that would have accrued from 1 April 2021 would be recognised as an impairment on 31 March 2021.

Train Fleet (2019) Limited
Notes to the Financial Statements
For the period ended 31 March 2021

10 Trade and other receivables

	2021	2020
	£000	£000
<i>Amounts falling due within one year:</i>		
Trade receivable	4,110	-
Corporation tax	-	85
Prepayments	26	12
VAT receivable	-	20
	<u>4,136</u>	<u>117</u>

11 Trade and other payables

	2021	2020
	£000	£000
<i>Amounts falling due within one year:</i>		
Trade payables	83	9
Amounts owed to group undertakings (note 13)	103,211	381
Corporation Tax	587	-
VAT payable	668	-
Accruals	319	433
	<u>104,868</u>	<u>823</u>

Amounts owed to group undertakings falling due within one year from 31 March 2021 were unsecured and have now been repaid.

The non-current liabilities of £107.3m at 31 March 2020 solely comprised the Company's funding loan from DFT OLR Holdings Ltd (see note 13). This was moved to current liabilities, as was due within 1 year post year-end and has now been paid.

12 Ordinary share capital

	2021	2020
	£'000	£'000
Issued share capital fully paid		
Ordinary shares of £1 each	<u>16,100</u>	<u>16,100</u>

The total number of ordinary shares of £1 each is 16,100,100.

13 Reserves

A reconciliation of the movements in reserves is shown in the Statement of Changes in Equity on page 19.

The balance held in the retained earnings reserve includes the accumulated retained losses of the Company.

14 Related party disclosures

The Company is a wholly owned subsidiary of DfT OLR Holdings Limited. As at the 31 March 2021, the Company owed £103.2m (2020: £107.3m) to DfT OLR Holdings Limited including interest on a loan. Loan interest is documented and charged on an arm's length basis.

15 Post Balance Sheet Event

The Class 365 fleet was sold on 1 July 2021 for £92.8m, the fleet's expected net book value on that date. On 31 March, the company agreed to terminate the leases for its trains with its customer as demand for them had fallen, the compensation for this has been recognised in other income and current assets.

16 Ultimate parent undertakings

The Company is a wholly owned subsidiary of DfT OLR Holdings Limited, a company registered in England and Wales (number 07141122). The Company's ultimate parent undertaking and controlling party is the Secretary of State for Transport.

The financial statements of the Secretary of State for Transport can be obtained from Great Minster House, 33 Horseferry Road, London, SW1 P4DR.