

DB Cargo (UK) Holdings Limited

Annual Report

For the year ended 31 December 2017

Registered number 03116322

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DB Cargo (UK) Holdings Limited

Annual Report

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DB Cargo (UK) Holdings Limited

Strategic report for the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Review of the business and future developments

The company is an intermediate holding company for investments in subsidiaries whose principal activities are the haulage of freight by rail and other related services within Great Britain and Europe. The company will remain as an intermediate holding company in the future. Whilst the external commercial environment is expected to remain competitive in the year ahead, there is no expectation that this will have a significant impact on the financial position of the company.

The company's profit before taxation for the year ended 31 December 2017 is £41 million (2016: £nil). The balance sheet of the company is presented on page 8. Total shareholders' funds at the year ended 31 December 2017 was £180 million (2016: £138 million).

On 10 October 2017, as part of a group corporate simplification process, the company acquired 100% of the share capital of the following DB Cargo UK Group entities (previously held through subsidiary undertakings):

- DB Cargo (UK) Limited
- Mainline Freight Limited
- Loadhaul Limited
- Marcroft Holdings Limited
- DB Cargo Services Limited
- Axiom Rail Components Limited
- Rail Terminal Services Limited
- Axiom Rail Stoke Limited
- DB Cargo International Limited
- Rail Express Systems Limited

The total consideration for the acquisitions was £190,005,583 which was paid via settlement of existing intercompany balances. On the same day the company made a capital injection of £3,044,618 in Marcroft Holdings Limited.

On 26 October 2017 the following investments held by the company entered member's voluntary liquidation as part of the group corporate simplification process;

- Mainline Freight Limited*
- Loadhaul Limited*
- Marcroft Holdings Limited
- Railway Investments Limited
- Boreal & Austral Railfreight Limited*
- RES December Limited*
- East and West Railway Limited

*Dividend income totalling £120,944,992 was received in total from these entities prior to then entering liquidation. All dividends were received via settlement of existing intercompany balances.

As a result of the investments entering voluntary liquidation, the investments were impaired to their remaining net asset values, resulting in a write down of £81,397,441.

On 18 July 2018 the liquidation process was completed and all the companies in member's voluntary liquidation were dissolved.

DB Cargo (UK) Holdings Limited

Strategic report for the year ended 31 December 2017 (continued)

Principal risks and uncertainties

The most significant risks to the profitability of DB Cargo (UK) Holdings Limited and all its subsidiary undertakings (the 'DBC UK group') are:

- (i) Loss of significant customer contracts;
- (ii) Increased employee costs;
- (iii) Exposure to foreign exchange rate movements;
- (iv) Increased track access and diesel fuel costs;
- (v) Loss of access to Network Rail infrastructure; and
- (vi) Increased Government regulation.

The directors have strategies to manage and mitigate these risks and remain confident of the continued success of the DBC UK group.

Management of financial risk

The major financial exposures faced by the company are to exchange rate and interest rate movements. The directors review these risks and approve guidelines covering the use of financial instruments to manage these risks and define the overall risk limits. All the company's financial instruments are arranged through the Deutsche Bahn group treasury function and are held for risk management purposes.

Key performance indicators (KPIs)

The directors of the DBC UK group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not appropriate for an understanding of the development, performance or position of the business of DB Cargo (UK) Holdings Limited.

The key performance indicators monitored by the directors for the DBC UK group include earnings before interest and taxation (EBIT), total revenue, net tonne kilometres, train path kilometres, tonnage and headcount.

The development, performance and position of all of the DBC UK group companies are reported within the consolidated results of Deutsche Bahn AG, the ultimate parent company. The financial statements of Deutsche Bahn AG can be viewed at www.db.de.

On behalf of the board



A. Rossi
Director
30 July 2018

Directors' report for the year ended 31 December 2017

Details of future developments and the management of financial risk are included in the Strategic report on page 1.

Dividends

The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

A. Rossi
H-G. Werner

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Statement of directors' responsibilities

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 United Kingdom Accounting Standards, comprising FRS 101, 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 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.

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.

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

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

DB Cargo (UK) Holdings Limited

Directors' report for the year ended 31 December 2017 (continued)

Independent auditors

In accordance with section 487(2) of the Companies Act 2006, the independent auditors, PricewaterhouseCoopers LLP, will continue in office.

On behalf of the board

A handwritten signature in black ink, appearing to be 'A. Rossi', written over the text 'On behalf of the board'.

A. Rossi

Director

30 July 2018

DB Cargo (UK) Holdings Limited

Independent auditors' report to the members of DB Cargo (UK) Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, DB Cargo (UK) Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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, which comprise: the balance sheet as at 31 December 2017; the profit and loss account, 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

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

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 Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

DB Cargo (UK) Holdings Limited

Independent auditors' report to the members of DB Cargo (UK) Holdings Limited (continued)

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 December 2017 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' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
30 July 2018

DB Cargo (UK) Holdings Limited

Profit and loss account for the year ended 31 December 2017

	Note	Year to 31 December 2017 <i>£ million</i>	Year to 31 December 2016 <i>£ million</i>
Administrative expenses		-	-
Operating result	3	-	-
Investment income	5	122	-
Impairment of investments	6	(81)	-
Profit/result before taxation		41	-
Tax on profit/result	7	1	-
Profit/result for the financial year		42	-

There is no other comprehensive income in the current year or prior year other than the result for the financial year, therefore no separate statement of other comprehensive income has been presented.

All of the company's activities are continuing.

There is no material difference between the profit/result before taxation and the profit/result for the financial year stated above and their historical cost equivalent.

DB Cargo (UK) Holdings Limited

Balance sheet as at 31 December 2017

Registered number: 03116322

	Note	2017 £ million	2016 £ million
Fixed assets			
Investments	8	<u>160</u>	<u>48</u>
Current assets			
Debtors	9	47	155
Creditors: amounts falling due within one year	10	<u>(27)</u>	<u>(65)</u>
Net current assets		<u>20</u>	<u>90</u>
Total assets less current liabilities		180	138
Net assets		<u>180</u>	<u>138</u>
Capital and reserves			
Called up share capital	11	44	44
Share premium account		1	1
Profit and loss account		<u>135</u>	<u>93</u>
Total shareholders' funds		<u>180</u>	<u>138</u>

The notes on pages 10 to 16 are an integral part of these financial statements.

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements on pages 7 to 16 were approved by the board of directors on 30 July 2018 and were signed on its behalf by:



A. Rossi
Director

DB Cargo (UK) Holdings Limited

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital	Share Premium account	Profit and loss account	Total shareholders' funds
	<i>£ million</i>	<i>£ million</i>	<i>£ million</i>	<i>£ million</i>
At 1 January 2016	44	1	93	138
Result for the financial year	-	-	-	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-
At 31 December 2016	<u>44</u>	<u>1</u>	<u>93</u>	<u>138</u>
Profit for the financial year	-	-	42	42
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the year	-	-	42	42
At 31 December 2017	<u>44</u>	<u>1</u>	<u>135</u>	<u>180</u>

DB Cargo (UK) Holdings Limited

Notes to the financial statements for the year ended 31 December 2017

1. General information

DB Cargo (UK) Holdings Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of the registered office is Lakeside Business Park, Carolina Way, Doncaster, South Yorkshire, DN4 5PN.

2. Accounting policies

Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). They are prepared in accordance with applicable International Financial Reporting Standards, and under the historical cost convention. Accounting policies have been applied consistently.

These financial statements are presented in Sterling and all values are rounded to the nearest million pounds, except where otherwise stated.

The company has taken advantage of the exemption from the requirement to prepare group financial statements by virtue of Section 400 of the Companies Act 2006, as the company is a wholly owned subsidiary. These financial statements therefore present information about DB Cargo (UK) Holdings Limited as an individual undertaking and not about its group.

FRS 101 requires that the statement of profit or loss and balance sheet are presented in the format requirements of the Companies Act 2006, rather than the requirements of International Accounting Standard (IAS) 1 - Presentation of Financial Statements.

A summary of the disclosure exemptions adopted for the year ended 31 December 2017 is presented below. Equivalent disclosures for financial instruments and fair value measurements are included in the group consolidated financial statements allowing the exemptions to be applied.

Area	Disclosure exemption
Cash flow statements	Complete exemption from preparing a cash flow statement.
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures. Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1.134 to 136).
Related party disclosures	Exemption for related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member. Exemption from disclosure of key management personnel compensation.
Comparative information	Exemption from comparative for movements on share capital, tangible assets, intangible assets and investment property.
Presentation of Financial Statements	Exemption from statement of compliance with IFRS, cash flow information and capital management policy.
Revenue	Exemption from the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
Leases	Exemption from the requirements of paragraph 52, the second sentence of paragraph 89, and paragraph 90, 91 and 93 of IFRS 16 Leases. Exemption from the requirements of paragraph 58 of IFRS 16.
IFRSs issued but not effective	The listing of new or revised standards that have not been adopted (and information about their likely impact) may be omitted.

DB Cargo (UK) Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

2. Accounting policies (continued)

Use of estimates and judgement

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

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

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

Taxation

Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the assets recoverable amount in order to determine the extent of the impairment loss.

Annual impairment tests for intangible assets with indefinite useful lives are based upon the future cash flows forecast by management for the following five years or other periods if it is considered appropriate.

Revenue recognition

Dividends

Dividend revenue is recognised when the company's right to receive payment is established.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Investments

Investments in associates, subsidiaries and joint ventures are stated at cost less any impairment. In accordance with International Accounting Standard No. 36, the directors consider the carrying value of investments for impairment. Any reductions in value arising from the impairment of investments are charged to the statement of profit or loss. When the directors consider that any impairment has been reversed this is credited to the statement of profit or loss.

Debtors

Debtors, which generally have 30 – 90 day terms, are recognised and carried at the lower of their original invoice value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise of cash at bank and short term deposits with original maturity of 3 months or less.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

DB Cargo (UK) Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

2. Accounting policies (continued)

Income taxes (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantially enacted on the balance sheet date.

No provision is made for temporary differences on revaluation surpluses on fixed assets unless there is a firm commitment to sell the asset in question, nor is any provision raised on gains rolled over in replacement assets.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of profit or loss.

Foreign exchange

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contract rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward exchange contract rate. All differences are taken to the profit and loss account except to the extent that they are recoverable from a third party in which case they are recorded as a debtor.

Financial assets

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

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place.

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

Financial liabilities

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

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

DB Cargo (UK) Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

2. Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the amount is material and is expected that the settlement of the obligation is more than one year or after the normal operating cycle of the business, the expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Exceptional items

The company presents as exceptional items those material items of income and expenditure which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

3. Operating (loss)/result

The audit fee for the company is borne by DB Cargo (UK) Limited, a subsidiary of DB Cargo (UK) Holdings Limited.

4. Remuneration of directors

The directors received no (2016: £nil) emoluments for the benefits of their services to the company in the current year. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of DB Cargo (UK) Limited.

The company has no employees (2016: nil).

5. Investment income

	2017	2016
	£ million	£ million
Partnership distribution	1	-
Dividends received	121	-
	<u>122</u>	<u>-</u>

During the year, as part of the group corporate simplification process, the company received dividend income of £120,944,992 from wholly owned subsidiary companies which then entered into liquidation.

During the year the company received £989,836 from Locomotive Operating Leasing Partnership, in which it holds a 5% share of the partnership.

6. Impairment of investments

	2017	2016
	£ million	£ million
Impairment of investments	81	-
	<u>81</u>	<u>-</u>

As a result of directly owned subsidiaries entering voluntary liquidation, the associated investments were impaired to their remaining net asset values, resulting in an impairment of £81,397,441.

DB Cargo (UK) Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

7. Tax on profit/result

	2017	2016
	£ million	£ million
Current tax		
UK Corporation tax credit	<u>(1)</u>	<u>-</u>

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits (2016: results) for the accounting year are taxed at an effective rate of 19.25% (2016: 20%).

The tax for the year is the lower than (2016: the same as) the standard effective rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20%). The differences are explained below.

	2017	2016
	£'000	£'000
Profit/result before taxation	<u>41</u>	<u>-</u>
Profit/result multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	8	-
Effects of:		
Net impact of non-taxable dividends and impairment costs	(8)	-
Unrecognised tax loss	<u>(1)</u>	<u>-</u>
Total taxation credit for the year	<u>(1)</u>	<u>-</u>

Corporation tax is calculated at 19.25% (2016: 20%) of the estimated taxable profit.

The UK corporation tax rate changed from 20% to 19% with effect from 1 April 2017, and a further change from 19% to 17%, substantively enacted on 6 September 2016, is effective from 1 April 2020. Deferred tax balances at the year end have been measured at the rate at which timing differences are expected to reverse.

8. Investments

	Value of investments in subsidiaries £ million
Cost and net book value	
At 1 January 2017	48
Acquisitions	193
Impairments	<u>(81)</u>
At 31 December 2017	<u>160</u>

Changes in the value of investments

On 26 October 2017 the DBC UK group underwent a corporate simplification process to reduce the number of entities in the group. As a result, the company acquired 100% of the share capital of various DBC UK Group entities (previously held through subsidiary undertakings). The total consideration was £190,005,583 which was paid via settlement of existing intercompany balances. On the same day the company made a further capital injection of £3,044,618 in Marcroft Holdings Limited.

On 26 October 2017 several of the investments held by the company entered member's voluntary liquidation, as part of the group corporate simplification process. As a result of the investments entering voluntary liquidation, the investments were impaired to their remaining net asset values, resulting in an impairment of £81,397,441.

The directors believe that the remaining carrying value of the investments is supported by their underlying assets and the expected future profits.

DB Cargo (UK) Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

8. Investments (continued)

Related undertakings	Country of registration or incorporation	Principal activity	Class and percentage of shares held / percentage of interest
**Railway Investments Limited	England & Wales	Holding company	100% £1 Ordinary
DB Cargo Services Limited	England & Wales	Provision of services to the rail industry	100% £1 Ordinary
DB Cargo Components Limited (formerly Axiom Rail Components Limited)	England & Wales	Design and supply of advanced rail freight suspension (Dormant at year end)	100% £1 Ordinary
**Marcroft Holdings Limited	England & Wales	Holding company	100% £1 Ordinary
DB Cargo Maintenance Limited (formerly Axiom Rail (Stoke) Limited)	England & Wales	Design, refurbishment and maintenance of rail wagons and fleet management services	100% £1 Ordinary
Rail Terminal Services Limited	England & Wales	Haulage of freight by rail and other rail related services	100% £1 Ordinary
**East & West Railway Limited	England & Wales	Dormant	100% £1 Ordinary
DB Cargo International Limited	England & Wales	Haulage of freight by rail	100% £1 Ordinary
**RES December Limited	England & Wales	Dormant	100% £1 Ordinary
Rail Express Systems Limited	England & Wales	Provision of charter & passenger services	100% £1 Ordinary
**Boreal & Austral Railfreight Limited	England & Wales	Dormant	100% £1 Ordinary
**Loadhaul Limited	England & Wales	Dormant	100% £1 Ordinary
**Mainline Freight Limited	England & Wales	Dormant	100% £1 Ordinary
DB Cargo (UK) Limited	England & Wales	Haulage of freight	100% £1 Ordinary
Engineering Support Group Limited	England & Wales	Provision of technical engineering consultancy services to the rail industry	100% £1 Ordinary
Railway Approvals Limited	England & Wales	Inspection & certification of rolling stock	100% £1 Ordinary
DB Cargo Information Services Limited	England & Wales	Provision of information systems & services to the rail industry	100% £1 Ordinary
New Locomotive Finance Limited	England & Wales	Dormant	100% £1 Ordinary
Locomotive Operating Leasing Partnership	England & Wales	Provision of locomotives for leasing contracts	5% Partner
*Locomotive 6667 Limited	England & Wales	Holding company	100% £1 Ordinary

* Held through subsidiary undertaking

** Entities in member's voluntary liquidation at 31 December 2017. Dissolved on 18 July 2018.

All of the above undertakings are registered at Lakeside Business Park, Carolina Way, Doncaster, South Yorkshire, DN4 5PN.

All of the above undertakings are private companies limited by shares, with the exception of Locomotive Operating Leasing Partnership which is a limited partnership.

DB Cargo (UK) Holdings Limited

Notes to the financial statements for the year ended 31 December 2017 (continued)

9. Debtors

	2017	2016
	<i>£ million</i>	<i>£ million</i>
Amounts owed by group undertakings	<u>47</u>	<u>155</u>

Amounts owed by group undertakings are unsecured, interest free and payable in line with intercompany trading terms and conditions.

10. Creditors: amounts falling due within one year

	2017	2016
	<i>£ million</i>	<i>£ million</i>
Amounts owed to group undertakings	<u>27</u>	<u>65</u>

Amounts owed to group undertakings are unsecured, interest free and payable in line with intercompany trading terms and conditions.

11. Called up share capital

	2017		2016	
	No.	<i>£ million</i>	No.	<i>£ million</i>
Authorised				
Ordinary shares of £1 each	<u>43,815,277</u>	<u>44</u>	<u>43,815,277</u>	<u>44</u>
Allotted and fully paid:				
Ordinary shares of £1 each	<u>43,815,277</u>	<u>44</u>	<u>43,815,277</u>	<u>44</u>

12. Commitments and contingent liabilities

The company had no capital commitments or contingent liabilities at the year end (2016: £nil).

13. Parent company

The immediate parent company is DB (UK) Investments Limited, a company registered in England and Wales.

The directors consider that the ultimate controlling party and the smallest and largest group in which the results of the company are consolidated is that headed by Deutsche Bahn AG, which is incorporated in the Federal Republic of Germany. The financial statements of Deutsche Bahn AG can be viewed at www.db.de.