Trainline.com Limited

Annual report and Financial Statements as of and for the year ended

28 February 2021

Registered number: 03846791

Annual report and Financial Statements

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Strategic Report

The Directors present their Annual Report and the audited Financial Statements for the year ended 28 February 2021.

Principal activity

The Company's principal activity during the period was that of rail and coach ticket retail, fulfilment, distribution and information service provision on behalf of Train Operating Companies (TOCs) and rail and coach customers with ancillary services being offered in conjunction with the core rail journey.

Review of the business

Key Performance Indicators

Rail ticket sales of £563 million was 17% of the prior year ticket sales of £3,246 million. Company revenue of £57.9 million was 24% of the prior year revenue of £238.2 million.

Adjusted EBITDA loss (loss before tax, net finance income, depreciation and amortisation, exceptional items and share-based payment charges) was £19.6 million (FY 2020: profit of £92.3 million).

Operating loss of £59.3 million in the current year, down £115.0 million on the prior year.

UK industry eticket penetration (an internally calculated value of eticket sales as a percentage of total rail ticket sales value for the UK rail industry) increased to 30% in the current year (FY 2020: 21%).

The retained loss for the year of £42.6 million (FY 2020: profit of £56.4 million) has been taken to reserves.

Review of the business

The past year has been unprecedented. COVID-19 continues to cause significant disruption to the rail and coach industry with regional and national lockdowns in place across Europe. However, the Trainline Group has taken quick and decisive steps to scale back on cash outflows and secured financing to provide additional liquidity, protecting the business in an extended COVID-19 downturn scenario while giving greater flexibility to invest in future growth opportunities.

There remains a significant growth opportunity for online and mobile ticketing. In the UK, industry penetration of mobile ticketing has grown to 30.4% in the last year, up from 29%, with eticket availability at c.75%, up from 21%. The opportunity for Trainline to share a more seamless, online ticketing experience with customers, supported by a consumer need for ever greater convenience, flexibility and best value ticketing, remains. Our expectation is that both online sales and etickets will continue to grow across our markets, furthered by the impacts of COVID-19.

Strategic report *(continued)*

Principal risks and uncertainties

Risk	Mitigation
Market shock/economic disruption Exposure to market risks including foreign currency rates, general market sentiment and the risk of global market shocks, including a recession. COVID-19 has influenced trading across Trainline's markets. Significant market events could damage Trainline's competitiveness, creditworthiness and the spending power of our customers, ultimately impacting our financial results and the success of our product offering.	As part of our operations, we conduct detailed and careful analysis and modelling of cash balances and debt levels to ensure Trainline's liquidity, access to financial facilities and sustainable business operations, all support our long-term growth. Through this analysis, we create forecasts and projections, including contingencies that help us cater for any negative impacts on our business - operationally or financially. Trainline has a large and diverse portfolio of investors, allowing us to maintain access to global capital markets and funding.
Prolonged COVID-19 Exposure to and effect of COVID-19, notably as a result of lockdown measures taken by most governments, particularly by the UK, Europe and USA. Restrictions on domestic leisure and commuter travel, as well as cross-border travel into and around Europe and international in-bound travel into the UK and Europe from overseas. Over the last 12 months, Trainline has seen a downturn in traffic on all platforms, on ticket purchases and on ancillary revenue in all markets as a result of the impact of COVID-19. The onset of COVID-19 saw a significant drop in bookings due to national and localised lockdowns, a significant increase in the number of customers contacting Trainline to refund or exchange tickets and the closure of our offices. A further prolonged COVID-19 heightens the need for Trainline to carefully manage its operations to sustain a profitable and stable business in the longer term.	Throughout COVID-19 Trainline's priorities have remained the safety and wellbeing of our people, supporting our customers and engaging with industry and governments to plan and support growth post-pandemic. Protecting our shareholders against the economic impact of COVID-19 has also been a huge priority for us, and we've taken several actions to leverage the Group's financial position. At the onset of the pandemic, we swiftly transitioned all of our teams to work from home with minimal disruption to our business and we continue to support them whilst they work remotely. In addition, we have managed unprecedented levels of inbound customer service requests, as a result of repeated local and national lockdowns and continued disruption to travel. To ensure we provide as seamless customer experience as possible, we have worked to improve our customer self-serve functionality so that customers can access simple, automated change and refund processes via our website and app, whilst also working with the wider rail industry for more favourable refund terms and conditions for rail travellers. We monitor customer feedback daily and work closely to make sure our customers stay updated via our social media channels and through CRM, as well as through notifications in-app. To mitigate the impact of COVID-19 on Trainline's business in the longer term, we have undertaken the following actions: • Evaluated and reduced operating costs and cash outflows • Paused marketing and other discretionary spend • Paused recruitment of new team members and evaluated back-fill positions across FY 2021 • Deferred pay reviews for all staff for FY 2020 • Voluntary salary reductions of the Management Team and Board of Directors, including our CEO during FY 2021 • Effective management of our working capital • Secured leverage covenant waivers from Lenders • the ultimate parent company, Trainline plc has issued a convertible bond to value of £150 million to provide additional liquidity

	At Trainline, the wellbeing of our team is our highest priority. We continue to work hard to ensure that we have key touchpoints between all staff and the Management Team. We have increased wellbeing activities for all team members, including online fitness sessions and activities including regular and frequent all-company meetings, virtual wellbeing sessions; meditation and yoga, 24 hour, free, confidential, one-on-one counselling and coming together once a week to celebrate achievements and progress during these times. We continue to monitor developments closely and adapt our responses accordingly, to make sure we are best placed for COVID-19 recovery and longer term growth, once restrictions are lifted.
IT security and cybercrime As an online, digital platform, Trainline could suffer a major breach in security as a result of identity fraud, theft, hacking, phishing or an information security incident which could adversely impact our business operations, reputation and/or our competitive position and expose the Group to litigation or other regulatory action.	By selling rail and coach tickets to customers in over 45 countries through our digital offering, Trainline is a processor of large amounts of customer data. Trainline has a best-in-class Security & Privacy team supporting business growth and commercial efficiency through a service-orientated model. All key business units including Finance, Legal and Technology are instrumental in adopting a pragmatic, risk-based approach to security and risk management. Security and privacy remain front and centre Board level considerations. Trainline performs regular independent assessments to assess the effectiveness of protective measures and systems. Industry best practice and frameworks are used to deliver a robust, privacy and customer-first security strategy across all parts of the organisation. The company continues to adhere to GDPR and our privacy office maintains good relationships with key EU supervisory and privacy authorities. Trainline is also certified PCI compliant. During this financial year we have also appointed a new Chief Information Security Officer to continue to ensure we protect each of our customers.
People Trainline's business depends on hiring and retaining first class talent in the highly competitive tech industry. Inability to attract and retain critical skills and capabilities could hinder our ability to deliver on our strategic objectives.	In order for Trainline to deliver on its ambition and strategic objectives, attracting, nurturing and retaining first-class talent and building a pioneering team is critical. We invest heavily in building our team with the best skills we can find, ensuring that all new joiners are carefully screened and recruited by our in-house talent team. Once onboard, each member is encouraged and nurtured to develop their skills, through a wide range of resources, tools and mentoring. We work hard to develop and sustain our highly collaborative, agile and innovative culture, which incorporates the wellbeing and professional development of team members across each site. At Trainline we also ensure that we actively monitor and engage with our people, to help ensure that we flourish and successfully deliver against our operational and strategic objectives. We regularly engage with our teams through employee engagement surveys to make sure that our people are motivated and professionally and personally looked after, and

	we continuously strive to improve our engagement results, year-on-year. Organisation design reviews, talent reviews and succession planning processes are undertaken on a regular basis, as well as regular benchmarking and remuneration reviews to ensure that we remain competitive. Through COVID-19 and the shift of our teams to working from home, we continue to place a high priority on the mental health and wellbeing of our people, through our well-developed wellbeing initiative. We offer one-on-one counselling sessions, fitness and yoga, workshops, mentoring, access to a free, confidential, 24 hour employee assistance hotline and a wealth of health and wellbeing advice through our health portal.
Competitive landscape Ensuring that Trainline meets the needs of its consumers, both B2C and Trainline Partner Solutions customers, is of paramount importance in building, growing and sustaining a healthy business. Failure to ensure our technology and user-experience meets those needs and that Trainline's offering remains ahead of competitor products could have an adverse impact on our future results.	At Trainline, we recognise the importance of building and sustaining both a strong team and strong relationships. Our leadership, exceptional team, strong industry networks and agile way of working helps to ensure that we stay ahead of our competitors, up-to-date and innovative. With over 300 tech specialists, we use our skills and experience across our product and tech teams, to innovate for, engage with and listen to our customers, so that we may continue to provide an accessible, world-class, user-friendly and seamless experience for rail and coach travel. We also undertake regular market and competitor analysis to understand potential competitive threats and opportunities for partnerships and growth.
Compliance Trainline is a listed company, with business operations in the UK and France. The Group also works with various licences and licensing bodies and regulatory structures in order that it may retail rail and coach tickets to customers across the world. Examples include anti-bribery and corruption legislation, tax laws, legal and governance requirements of Trainline operating as a publicly listed company and retail licenses that Trainline holds with carrier partners across the UK and Europe. Should Trainline not comply with licenses, legislation, regulatory requirements or other such frameworks, this could affect the reputation of the Group and the Group's ability to conduct business operations. Non-compliance could also result in legal or financial penalties, the inability to retail rail and coach tickets and the loss of revenue.	At Trainline, we take an uncompromising approach to compliance, which is overseen by the Audit & Risk Committee, our Board and by our Management, Legal, Finance, Technology and Security teams on an operational basis. We have dedicated resources and training, to ensure that each member of our team is appropriately trained on compliance topics. Security, privacy and data, as well as corporate hospitality, bribery, gifting and political and charitable donation compliance training being mandatory for all at Trainline. All policies are also included in our Staff Handbook which is shared with all employees. We also ensure that extra training is given to team members, relative to their roles at Trainline. At Trainline, we operate a whistleblowing policy, whereby any member of our team is able to quickly and confidentially raise concerns and feedback through an appropriate, procedural channel. We employ dedicated staff members and teams who help to track and monitor legal, contractual and regulatory compliance requirements. Where required annual assessments are performed and reported to the relevant party on compliance. Under some contracts and regulations Trainline is subject to

	third party review on either a regular or ad-hoc basis to assess its compliance with the underlying the requirements and the results of such reviews are reported to the relevant third party.
General supply Trainline retails rail and coach tickets across many countries and to customers across the world. We therefore rely on performing and operationally safe rail and coach operators and systems. A unilateral termination or variation by a rail or coach carrier of its licence terms with Trainline including a significant reduction in the levels of commissions Trainline receives, or a significant or prolonged disruption to traveller services or systems such as: prolonged bad weather; industrial action or a pandemic, such as COVID-19; would have an adverse impact on Trainline's results. In order to ensure a superior customer experience for our customers, we also rely on accurate and relevant information and data from carrier partners. Lack of or incomplete information would also impede Trainline's ability to offer a useful product to meet the needs of customers.	By working closely with our carrier partners and by remaining actively engaged with the industry across all geographies in which we have supply, we ensure we are as up to date as possible on any industry or service issues. We also believe relevant competition laws may limit the scope of carriers' abilities to amend or otherwise treat Trainline unfairly. By continuing to expand our supply portfolio we reduce our reliance on any one carrier and are able to offer our customers greater choice, better value and an overall more useful experience for booking and travelling by rail and coach. Our focus is to make rail and coach travel easier for our customers and whilst disruptions, delays and prolonged suppression of rail travel as a result of recent lockdown measures are out of Trainline's control, our continued and relentless focus on offering a seamless customer experience means we provide our customers with relevant, timely and useful updates and alternative travel options, whether normal services are running smoothly or not. As a result of COVID-19, domestic, cross-border and international travel has decreased significantly due to ongoing local and national lockdowns. We continue to work closely with our industry and carrier partners to help support the return to growth once the effect of COVID-19 on travel has lessened.
Regulatory and political environment Trainline's operations could be affected by changes to government policy or regulation, whether in the UK or Europe, domestically or cross-border (for example Brexit) and such changes could result in unfavourable changes to carrier licence terms, such as reductions to commission levels. Similarly, changes to state-owned carriers, which operate in most geographies in continental Europe, as a result of government activity in their respective jurisdictions could also affect Trainline's operation and/or financial prospects, in the short to medium term.	We recognise the importance of developing and supporting partnerships and collaborative relations across the industry and with governments. Trainline remains actively engaged with the UK and other EU national governments, institutions and carrier partners to stay abreast of legislative activity and policy-making as far as possible and in order to ensure that potential impacts on Trainline's business, customers, staff and partners are minimised. We also ensure that we actively engage in scenario-planning and regular risk management processes, to help us fully understand and plan for potential outcomes.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a Director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this section 172 requires a Director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the Company.

The Directors understand that how we behave matters not only to our people but also to the many stakeholders who have an interest in our business. We believe that productive business relationships with our suppliers, customers and other key stakeholders are key to the success of the Company and that the interests of relevant parties should be considered when making decisions that may impact them. Though engagement is carried out at a Trainline Group level by those most relevant to the stakeholder or issue in question, the Directors receive updates on the engagement that has been undertaken, the reoccurring questions, concerns raised and the feedback provided by the Company's key stakeholders. For details on the some of the engagement that took place with the Company's stakeholders please see pages 46 to 49 of the Trainline plc FY 2021 Annual Report.

When making decisions the Directors takes the course of action that they consider best leads to the success of the Company over the long-term, and when doing so also consider the interests of the stakeholders that we interact with. The Directors acknowledge that every decision made will not necessarily result in a positive outcome for all our stakeholders but by considering the Company's purpose and values together with its strategic priorities the Directors aim to make sure its decision is consistent and predictable.

DocuSigned by:
Shaun McCabe
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Shaun McCabe
Director

120 Holborn
LONDON
EC1N 2TD
6 May 2021

Directors' Report

Directors

The Directors who held office during the year were as follows:

Clare Gilmartin (resigned 28 February 2021)
Shaun McCabe
Mark Holt (resigned 18 December 2020)
Lisa Hillier (appointed 29 January 2021)
Peter Wade (appointed 29 January 2021)
Champa Magesh (appointed 29 January 2021)
Robin Hancock (resigned 5 February 2021)
Jody Ford (appointed 28 February 2021)
Neil Murrin (Company Secretary)

Dividends

Dividends paid during the year amounted to £148 million (FY 2020: £nil).

Employees

In considering applications for employment from disabled people, the Company seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the jobs for which he or she has applied. Employees who become temporarily or permanently disabled are given individual consideration and where possible, equal opportunities for training, career development and promotions.

Environmental Policy

The Company recognises that its day-to-day operations and other responsibilities can impact upon the environment in many ways. We are committed to promoting good environmental performance, reducing pollution, actively recycling and minimising, so far as is reasonably practicable, adverse environmental impact. We also recognise the overall positive impact on the environment made by rail travel when compared to other travel modes, resulting in less pollution. We will encourage growth in rail travel by improving our retailing and information services so as to make buying and selling rail travel easy.

To support the above policy, the Company will work with employees, customers and suppliers to identify practicable ways of reducing its environmental impact.

Political and Charitable Donations

The Company did not make any political donations (FY 2020: £nil) or incur any political expenditure during the year (FY 2020: £nil). During the year the Company made charitable donations totalling £75,285, of which £70,000 was donated to the National Emergencies Trust for COVID-19, in addition to charitable donations via matched funding under the reporting threshold to support the charitable fund raising efforts of our people.

Research and Development

During the year £24.0 million (FY 2020: £24.5m) of development costs were capitalised as intangible fixed assets. These costs arise from work in relation to development of the Company's website and mobile apps and relating technology platform.

Directors' Report *(continued)*

Directors' Indemnity Insurance

The Group has taken out Directors' indemnity insurance on the Directors' behalf which will remain in place to the date of these Financial Statements.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Audit & Risk Committee of the ultimate parent company, Trainline plc has undertaken a competitive external audit tender and, following their advice, the Board recommend to shareholders that PwC be appointed for the FY 2022 audit and future audits. A resolution to appoint PwC as external auditor for FY 2022 will be put to shareholders at our forthcoming AGM.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out within the strategic report.

Notwithstanding the Company's net current liabilities of £26.8 million as at 28 February 2021 and a loss for the year then ended of £42.6 million, the Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate Parent Company, Trainline plc, to meet its liabilities as they fall due for that period.

Those forecasts for the Company are dependent on Trainline plc and its subsidiaries not seeking repayment of the amounts currently due to the Group, which at 28 February 2021 amounted to £323.9 million, and providing additional financial support during that period. Trainline plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

By order of the Board

DocuSigned by:
Neil Murrin
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Neil Murrin
Company Secretary

120 Holborn
LONDON, EC1N 2TD
6 May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAINLINE.COM LIMITED

Opinion

We have audited the Financial Statements of Trainline.com Limited ("the Company") for the year ended the 28th February 2021 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 28th February 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud including the Company's channel for "whistleblowing" as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

- Considering remuneration incentive schemes and performance targets for management and Directors including the EPS target for management remuneration.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provision for impairment and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue recognised lacks material judgment and as such the opportunity to commit fraud is lacking. Alongside this given the pandemic the incentives to commit fraud are also significantly diminished.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user and those posted with descriptions that could be indicative of a risk of fraud.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Financial Statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate in the rail market. We identified the following areas as those most likely to have such an effect: anti-bribery, employment law, regulatory capital and liquidity and certain aspects of Company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the Financial Statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the Directors are responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Anna Jones
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Anna Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London,
E14 5GL.
6 May 2021

Profit and loss account

For the year ended 28 February 2021

	Notes	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
Total Net Ticket Sales*		563,435	3,246,450
Revenue	2	57,854	238,188
Cost of sales		(15,092)	(52,871)
Gross profit		**42,762**	**185,317**
Administrative expenses		(102,105)	(130,029)
Adjusted EBITDA*	***1f (ii)***	**(19,645)**	**92,316**
Share-based payments	*18*	(6,292)	(9,653)
Exceptional items	*4*	(924)	(242)
Depreciation and amortisation	*9,10*	(32,482)	(27,133)
Operating (loss)/profit		**(59,343)**	**55,288**
Finance income	*6*	18,098	14,624
Finance costs	*7*	(13,191)	(7,262)
Net finance income		**4,907**	**7,362**
(Loss)/profit before tax		**(54,436)**	**62,650**
Income tax benefit/(expense)	*8*	11,795	(6,238)
(Loss)/profit for financial year		**(42,641)**	**56,412**

The notes on pages 18 to 38 form part of these Financial Statements.

* Non-GAAP measure – for further details please refer to note 1f

Other comprehensive income

For the year ended 28 February 2021

	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
(Loss)/Profit for the financial year	(42,641)	56,412
Other comprehensive income		
Other comprehensive income to be subsequently reclassified	-	-
Total comprehensive (loss)/income	**(42,641)**	**56,412**

The notes on pages 18 to 38 form part of these Financial Statements.

Balance Sheet

At 28 February 2021

	Notes	**28 February 2021**	**29 February 2020**
		£'000	**£'000**
Non-current assets			**Restated**[1]
Intangible assets	*9*	59,129	63,099
Deferred tax asset	*8*	6,634	950
Property, plant and equipment	*10*	22,626	16,449
Investments	*13*	669	669
		89,058	**81,167**
Current assets			
Inventories	*11*	-	26
Trade and other receivables	*12*	294,363	459,493
Cash and cash equivalents		25,507	64,352
Current tax receivable		7,624	-
		327,494	**523,871**
Current liabilities			
Trade and other payables	*14*	(351,362)	(355,473)
Current tax payable	*8*	-	(561)
Loans and borrowings	*16*	(2,891)	(2,010)
		(354,253)	**(358,044)**
Net current (liabilities)/ assets		**(26,759)**	**165,827**
Total assets less current liabilities		**62,299**	**246,994**
Non-current liabilities			
Provisions	*15*	(850)	(681)
Loans and borrowings	*16*	(15,759)	(9,949)
		(16,609)	**(10,630)**
Net assets		**45,690**	**236,364**
Equity			
Share capital	*17*	1,131	1,131
Other reserves	*17*	-	-
Retained earnings		44,559	235,233
		45,690	**236,364**

[1] Restatement is due to a change in accounting policy. See note 1i for further details.

The notes on pages 18 to 38 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 6 May 2021 and were signed on its behalf by:

DocuSigned by:
Shaun McCabe
AECF177EAB10413...

Shaun McCabe
Director
Company registration number: 03846791

Statement of changes in equity

As at 28 February 2021

	Share capital	Other reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
Balance as at 1 March 2019	**1,131**	**3,565**	**174,114**	**178,810**
IFRS 16 adjustment	-	-	1,142	1,142
Adjusted balance as at 1 March 2019	**1,131**	**3,565**	**175,256**	**179,952**
Capital contributions	-	-	5,736	5,736
Transfer to retained earnings	-	(3,565)	3,565	-
Total comprehensive income for the year	-	-	56,412	56,412
Balance as at 29 February 2020	**1,131**	**-**	**240,969**	**242,100**
Change in accounting policy[1]	-	-	(5,736)	(5,736)
Restated total equity as at 29 February 2020	**1,131**	**-**	**235,233**	**236,364**
Dividend paid	-	-	(148,033)	(148,033)
Loss for the year	-	-	(42,641)	(42,641)
Balance as at 28 February 2021	**1,131**	**-**	**44,559**	**45,690**

[1] Restatement is due to a change in accounting policy. See note 1i for further details.

The notes on pages 18 to 39 form part of these Financial Statements.

Notes *(forming part of the Financial Statements)*

1. General information

Trainline.com ('the Company') is a Company incorporated in England and Wales.

The Financial Statements presented herein is for the period 1 March 2020 to 28 February 2021.

The Company is a private limited company incorporated and domiciled in the UK under the Companies Act 2006. The address of the registered office is 120 Holborn, London, EC1N 2TD.

a) Basis of preparation

These Financial Statements were prepared and approved by the Directors in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

These Financial Statements were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) no 1606/2002 as it applies in the European Union. The Company has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

At 1 March 2019, the immediate parent undertaking was Trainline Holdings Limited, a Company incorporated and registered in the United Kingdom. On 17 February 2020, Trainline Holdco Limited, a Company incorporated in the United Kingdom, became the immediate parent company. The Company's ultimate parent undertaking, Trainline plc, includes the Company in its consolidated Financial Statements. The consolidated Financial Statements of Trainline plc are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and are available to the public and may be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- the effects of new but not yet effective IFRSs;
- maturity analysis of lease liabilities;
- disclosures in respect of the compensation of Key Management Personnel;
- related party transactions; and
- share-based payments

Accounting policies have been applied to all periods presented.

b) Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following:

- Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell
- Derivative financial instruments are measured at fair value
- Financial instruments at fair value through the income statement are measured at fair value

The accounting policies set out in the sections below have, unless otherwise stated, been applied consistently to all periods presented within the Financial Statements.

Notes *(continued)*

General information *(continued)*

c) Functional and presentation currency

These Financial Statements are presented in pounds sterling. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Going concern

Notwithstanding the Company's net current liabilities of £26.8 million as at 28 February 2021 and a loss for the year then ended of £42.6 million, the Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these Financial Statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate Parent Company, Trainline plc, to meet its liabilities as they fall due for that period.

Those forecasts for the Company are dependent on Trainline plc and its subsidiaries not seeking repayment of the amounts currently due to the Group, which at 28 February 2021 amounted to £323.9 million, and providing additional financial support during that period. Trainline plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

e) Cost of sales

Costs of sales include costs in relation to the provision of rail tickets, ancillary services, settlement and fulfilment costs and are recognised as incurred (at the point of sale).

f) Non-GAAP measures

When discussing and assessing performance of the Company Management use certain measures which are not defined under IFRS, referred to as 'Non-GAAP measures'. These measures are used as they are considered to be indicators of the underlying performance and success of the Company. Non-GAAP Measures should be considered in addition to, not as a substitute for, or as superior to, measures reported in accordance with IFRS.

The Non-GAAP measures used within these Financial Statements are:

(i) Net Ticket Sales

Net ticket sales represent the gross value of ticket sales to customers, less the value of refunds issued, during the accounting period. The Company acts as an agent in these transactions. Net ticket sales do not represent the Company's revenue.

Management believe Net Ticket Sales are a meaningful measure of the Company's operating performance and size of operations.

Notes *(continued)*

General information *(continued)*

(ii) Adjusted EBITDA

Management believe that Adjusted EBITDA is a meaningful measure of the Company's operating performance without regard to amortisation and depreciation methods which can differ significantly.

Adjusted EBITDA is calculated as profit/(loss) after tax before net financing income/(expense), tax, depreciation and amortisation, exceptional items and share-based payment charges.

Exceptional items are excluded as management believe their nature could distort trends in the Company's underlying earnings. This is because they are often one off in nature and, not related to underlying trade and amounts can be material. Share-based payment charges are also excluded as they can fluctuate significantly year on year.

(iii) Group Liquidity

The Group use liquidity as a measure of liquidity and to monitor its compliance with the liquidity requirement on the Revolving Credit Facility ("RCF"). The liquidity headroom is cash and cash equivalents plus the undrawn, unencumbered balance on the Group's RCF. The Group is required to maintain a liquidity headroom of £75 million on a monthly basis until February 2022 under the terms of the current covenant waiver.

g) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

General information *(continued)*

h) Use of judgements and estimates

In preparing these Financial Statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates is recognised prospectively.

Management do not consider any of the estimates made in these Financial Statements are likely to lead to a material adjustment in the next financial year, as such none are deemed significant estimates, however there are other estimates which involve estimation uncertainty as described below:

- **Note 9 - Useful life of intangible assets, including related deferred tax liabilities**

  Intangible assets that are developed or acquired by the Company have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. The estimated useful lives which are used to calculate amortisation are based on length of time these assets are expected to generate income and be of benefit to the Company. Judgement is required when estimating the length of the useful life of assets, particularly in relation to software assets which can often have varying expected useful lives dependent on the type of asset and speed of technological development.

i) Change in accounting policy

The Company has changed its accounting policy in respect to the recharge of share-based payment ("SBP") charges from Trainline plc to the Company, the Company's ultimate parent undertaking. This recharge relates to shares in Trainline plc which the Company's employees will become entitled to as part of SBP arrangements. The Company previously recognised the recharge as a capital contribution. On 1 March 2020, the Company elected to change its accounting policy in relation to the recharge to now treat the charge as an amount owed to Group undertakings instead of a capital contribution. This policy is considered by the Directors to better reflect the operational nature of the costs incurred and the expectation that the recharge will be repaid to Trainline plc in the future. In the prior year Financial Statements, the SBP recharge of £5.7 million was shown as a capital contribution. In these Financial Statements, the comparative information has been restated to show the FY 2020 SBP recharge of £5.7 million as amounts owed to Group undertakings. The FY 2020 retained earnings have accordingly decreased by £5.7 million and trade and other payables increased by £5.7 million. There is no impact on the net assets prior to FY 2020 as the reallocation of SBP charges only commenced in FY 2020, being Trainline plc's first year of incorporation. The change in accounting policy has no impact on the profit and loss account and is a non-cash adjustment.

j) New standards and interpretations adopted

There were no new standards effective from 1 March 2020 which have a material effect on the Company's Financial Statements.

Notes *(continued)*

2. Revenue

All revenue of the Company relates to the rail industry, and as such revenue has not been disaggregated into categories. Revenue is accounted for as follows:

Consumer

Commission revenue earned from carriers on net ticket sales and service charges billed to customers. Each sales or refund transaction represents a separate performance obligation and the related revenue is recognised at the time of the sale or refund. The Group acts as an agent in these transactions, as it does not control the services prior to transferring them to its customers.

Trainline Partner Solutions (formerly T4B, Trainline for Business)

Revenue earned from branded travel portal platforms is recognised in three key elements represented by bespoke feature builds, monthly maintenance and contribution earned per transaction processed, each of these elements represent a separate performance obligation. Revenue is recognised over time for maintenance and connections to existing features and point in time for bespoke builds and contributions earned per transaction.

Revenue is derived from contracts with customers and disaggregated by the timing of revenue recognition.

	Year Ended 28 February 2021	**Year Ended 29 February 2020**
Timing of revenue recognition		
At point in time	55,286	235,629
Over time	2,568	2,559
	57,854	**238,188**

Contract balances

Contract balances consist of trade receivables, contract assets and contract liabilities. Trade receivables are disclosed in note 12.

The contract assets primarily relate to the Company's rights to consideration for services provided but not invoiced at the reporting date, recorded as accrued income. The contract assets are transferred to receivables when invoiced. The Company's contract assets amounted to £0.3 million (FY 2020: £0.8 million) which are included within the Prepayments and accrued income in note 12.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised when the services are deemed to be provided. The contract liabilities amounted to £0.2 million (FY 2020: £2.9 million) which are included within the Accruals and deferred revenue in note 14.

Notes *(continued)*

3. Auditor remuneration

	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
Audit of Financial Statements	20	19
	20	**19**

Amounts receivable by the Company's auditor and its associates in respect of the audit of Financial Statements of associated pension schemes is £nil (FY 2020: £nil).

Fees payable to the Group's auditor and its associates for services other than the statutory audit of the Company are not disclosed in Trainline.com Limited's accounts since the consolidated accounts of Trainline.com Limited's ultimate parent, Trainline plc, are required to disclose non-audit fees on a consolidated basis.

4. Exceptional items

Exceptional items are costs or credits that, by virtue of their nature and incidence, have been disclosed separately in order to improve a reader's understanding of the Financial Statements. Exceptional items are one off in nature and are not considered to be part of the Company's ongoing operating activities.

	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
IPO transaction costs	-	242
Strategic restructuring costs	924	-
	924	**242**

IPO transaction costs
Fees and costs, including one off bonuses, in relation to the IPO process.

Strategic restructuring costs
Restructuring costs incurred were part of a strategic/management reorganisation.

Notes *(continued)*

Employee benefit expenses *(continued)*

5. Employee benefit expenses

This note details the number of employees across the Company, staff costs relating to these persons and remuneration of Key Management Personnel of the Company.

The average number of full-time equivalent employees of the Company (including Directors) during the year analysed by category was as follows:

	Year Ended 28 February 2021	Year Ended 29 February 2020
Sales and marketing	90	103
Operations	116	103
Technology and product	290	251
Management and administration	97	102
	593	**559**

The table below presents the staff costs of these persons, including those in respect of the Directors, recognised in the income statement.

	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
Wages and salaries	38,218	38,938
Social security costs	5,065	4,687
Pension costs	1,684	1,514
Share-based payments	6,292	9,653
	51,259	**54,792**

Staff costs presented in this note reflect the total wage, tax, pension and share-based payment cost relating to employees of the Company. These costs are allocated between administrative expenses or capitalised where appropriate as part of Software Development intangible assets. The allocation between these areas is dependent on the area of business the employee works in and the activities they have undertaken.

Key Management Personnel - Directors of the Company

The aggregate emoluments of Directors paid by the Company were £2,131,196 (FY 2020: £1,402,967). The number of Directors accruing benefits under a defined contribution pension scheme was two (FY 2020: two).

The aggregate emoluments and Group pension contributions of the highest paid Director was £623,413 (FY 2020: £3,698,259).

Staff costs in relation to Directors were borne by the Company and then subsequently part recharged to Group members as a part of the overall management fee.

Notes *(continued)*

6. Other interest and similar income

	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
Bank interest	14	596
Receivable from other group companies	17,950	14,028
Foreign exchange gain	134	-
Finance income	**18,098**	**14,624**

7. Interest payable and similar charges

	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
Payable to other group companies	12,660	6,525
Other interest expense	46	69
Interest on lease liability	485	668
Finance costs	**13,191**	**7,262**

8. Taxation

This note analyses the tax expense for this financial year, which includes both current and deferred tax. It also details tax accounting policies and presents a reconciliation between profit before tax in the income statement multiplied by the UK rate of corporation tax and the tax expense for the year.

The deferred tax section provides information on expected future tax charges and sets out the assets and liabilities held by the Company.

Accounting Policy

Income tax expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Notes *(continued)*

Taxation *(continued)*

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

• temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable in the income statement;

• temporary differences related to investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

• taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Amounts will be recognised first to the extent that taxable temporary differences exist and it is considered probable that they will reverse and give rise to future taxable profits against which losses or other assets may be utilised before their expiry. Assets will then be recognised to the extent that forecasts or other evidence support the availability of future profits against which assets may be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Amounts recognised in the income statement

	Year Ended 28 February 2021 £'000	**Year Ended 29 February 2020 £'000**
Current tax (credit)/expense		
Current year	(3,286)	7,398
Adjustment for prior years	(2,608)	(2,081)
Total current tax (credit)/expense	**(5,894)**	**5,317**
Deferred tax		
Current year	(7,413)	(1,188)
Adjustment in respect of prior years	1,512	2,109
Total deferred tax (credit)/expense	**(5,901)**	**921**
Tax (credit)/expense	**(11,795)**	**6,238**

Notes *(continued)*

Taxation *(continued)*

Corporation tax was calculated at 19% (FY 2020: 19%) of the taxable profit for the year. The total tax credit of £11.8 million (FY 2020: charge of £6.2 million) is made up of a current corporation tax credit of £5.9 million (FY 2020: charge £5.3 million) arising in the UK, and a deferred tax credit of £5.9 million (FY 2020: charge of £0.9 million).

The current corporation tax credit primarily relates to the FY 2021 losses being carried back to offset against the taxable profits in FY 2020. The deferred tax credit in FY 2021 primarily relates to the trading losses arising as a result of the impact of COVID-19 that can be used to offset the tax charge for the Group in future periods. The deferred tax credit in FY 2021 also includes the deferred tax on equity-settled share-based payment charges.

The deferred tax adjustment in respect of prior periods is in respect of intangible assets that qualified for Research and Development Corporation Tax relief on submission of the FY 2020 tax return. The timing of the tax deductions in respect of expenditure incurred on these assets differs from the amortisation profile of the assets giving rise to deferred tax liabilities.

The tax on the company loss before tax differs from the theoretical amount that would arise using the effective tax rate applicable to profits of the Group as follows:

Reconciliation of effective tax rate

	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
(Loss) / Profit before tax	(54,436)	62,650
(Loss) / Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**(10,343)**	**11,904**
Non-deductible expenses	3	706
Group relief claimed	-	(6,126)
Other	(360)	(287)
Adjustments in respect of prior year	(1,095)	41
Total tax (credit) / charge	**(11,795)**	**6,238**
Effective Tax rate	**22%**	**10%**

Deferred tax asset

	Total £'000
At 29 February 2020	950
Adjustments posted through equity	(217)
Current period credit to profit and loss	5,901
At 28 February 2021	**6,634**

Notes *(continued)*

Taxation *(continued)*

Corporation tax receivable/(payable)

Corporation tax receivable/(payable) at each year end was as follows:

	Year Ended 28 February 2021 £'000	Year Ended 29 February 2020 £'000
Corporation tax receivable /(payable)	**7,624**	**(561)**

Corporation tax receivable at the end of the year reflects the tax credit for the year, less corporation tax payments on account made during the year. The FY 2021 receivable represents a loss carry back claim to FY 2020 and prior period adjustment as a result of a Research and Development claim.

The Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. This rate change is not included above as the Finance Bill 2021 has not been substantively enacted.

9. Intangible assets

Intangible assets predominantly arise on software development. These intangible assets are amortised and tested for impairment when an indicator of impairment exists.

Accounting Policy

(i) *Software development costs*

Expenditure on research activities is recognised in the income statement as incurred.

External and internal development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the income statement as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Internal development expenditure is managed by the development team and the amount capitalised is monitored through time charged to projects.

(ii) *Other intangible assets*

Other intangible assets that are acquired by the Company have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

Notes *(continued)*

Intangible assets *(continued)*

(v) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in the income statement.

The estimated useful lives are as follows:

Software development	3 – 5 years
Other intangibles	5 – 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	Software development £'000	Other intangibles £'000	Total £'000
Cost:			
At 29 February 2020	100,376	1,279	101,655
Additions	23,996	205	24,201
At 28 February 2021	**124,372**	**1,484**	**125,856**
Accumulated amortisation and impairment:			
At 29 February 2020	(37,803)	(753)	(38,556)
Amortisation	(28,074)	(97)	(28,171)
At 28 February 2021	**(65,877)**	**(850)**	**(66,727)**
Carrying amounts:			
At 28 February 2021	**58,495**	**634**	**59,129**
At 29 February 2020	62,573	526	63,099

Amortisation

The amortisation of intellectual property and software development is included in the depreciation and amortisation charge.

Other intangibles are related to domain name acquisitions and associated brand trademark.

Notes *(continued)*

Tangible assets *(continued)*

10. Tangible fixed assets

This note details the physical assets used by the Company in running its business.

Accounting Policy

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the income statement. The Company tests the carrying value of assets including right-of-use ("ROU") assets for impairment if there is an indicator of impairment.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the income statement. The estimated useful lives of property, plant and equipment are as follows:

Plant and equipment	3-7 years
Leasehold improvements	3-10 years/remaining lease life if shorter
Right-of-use assets	Lease length

	Plant and equipment £'000	Leasehold improvements £'000	Right-of use-asset £'000	Total £'000
Cost:				
At 29 February 2020	7,533	4,448	13,791	25,772
Additions	1,319	-	4,948	6,267
Other movements[1]	-	-	4,221	4,221
Disposals	-	-	-	-
At 28 February 2021	**8,852**	**4,448**	**22,960**	**36,260**
Accumulated depreciation and impairment:				
At 29 February 2020	(5,725)	(1,446)	(2,152)	(9,323)
Depreciation	(1,127)	(444)	(2,740)	(4,311)
Disposals	-	-	-	-
At 28 February 2021	**(6,852)**	**(1,890)**	**(4,892)**	**(13,634)**
Carrying amounts:				
At 28 February 2021	**2,000**	**2,558**	**18,068**	**22,626**
At 29 February 2020	1,808	3,002	11,639	16,449

[1] Other movements relates to lease extensions which do not constitute a new lease addition pursuant to IFRS 16.

Notes *(continued)*

11. Inventories

	28 February 2021 £'000	29 February 2020 £'000
Cost		
Finished goods and goods for resale	-	26

12. Trade and other receivables

Trade and other receivables include amounts due from credit card companies for consumer ticket sales, amounts due from business customers and Train Operating Companies on account, and intercompany balances.

Receivables are held with the objective to collect the contractual cash flows and are therefore recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the expected loss on trade receivables is established at inception. This is modified when there is a change in the credit risk. The amount of the expected loss is considered immaterial for the Company.

	28 February 2021 £'000	29 February 2020 £'000
Trade receivables	7,037	38,061
Other receivables	564	2,265
Prepayments and accrued income	5,638	5,082
Amounts due from Group undertakings	281,124	414,085
	294,363	**459,493**

13. Investments

	28 February 2021 and 29 February 2020 £'000
Investments	**669**

On 15 August 2019, the Company purchased 100% of the shares in Railguard Limited. The address of the registered office of Railguard is 120 Holborn, London, England, EC1N 2TD. The nature of this Company is a trading entity.

Notes *(continued)*

14. Trade and other payables

Trade and other payables include liabilities for ticket sale monies to be passed on to carriers, as well as accounts payable and accruals for general business expenditure and deferred revenue.

	28 February 2021 £'000	29 February 2020 £'000 Restated[1]
Amounts owed to Group undertakings	323,932	211,808
Trade and other payables	13,723	115,592
Accruals and deferred revenue	13,707	28,073
	351,362	**355,473**

[1] Restatement is due to a change in accounting policy. See note 1i for further details.

15. Provisions

The Company holds provisions in relation to dilapidations.

Accounting policy

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The Company provides for the cost of dilapidations in relation to the London and Edinburgh offices over the minimum term of the leases. It is expected that the cash flows in relation to provisions will occur at the end of the lease terms, between 2026 – 2030.

Dilapidation provisions are capitalised as part of the Right-of-use assets at inception.

	Dilapidation £'000	Total £'000
As at 29 February 2020	681	681
Provisions made during the year	130	130
Unwinding of discount	39	39
As at 28 February 2021	**850**	**850**

Notes *(continued)*

16. Loans and Borrowings

The Company has loans and borrowings in relation to the ROU liability recognised under IFRS 16.

Accounting policy

Borrowings are recognised initially at fair value less attributable transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. At the date borrowings are repaid any attributable transaction costs are released as an exceptional finance cost.

	28 February 2021 £'000	29 February 2020 £'000
Current liabilities		
Lease liabilities	2,891	2,010
Non-current liabilities		
Lease liabilities	15,759	9,949

17. Capital and reserves

Share Capital

	28 February 2021		29 February 2020	
	Number	£'000	Number	£'000
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1,130,864	1,131	1,130,864	1,131
	1,130,864	**1,131**	**1,130,864**	**1,131**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Other Reserves

Other reserves primarily consisted of capital contributions. In FY 2020, the Company reconsidered the presentation in regards to capital contributions, as these are realised profits they are permitted to be transferred into retained earnings.

Dividends

During the year, the Company made a distribution of £148,033,159 in specie of an intercompany receivable from Victoria Investments Finco Limited to Trainline Holdco Limited. The receivable distributed to New Holdco Limited has been offset against New Holdco's payable to Finco, which as a result is treated as paid. Prior to making this dividend there were sufficient positive distributable reserves.

Notes *(continued)*

18. Share-based payments

Directors and Employees of the Company participated in share-based payment arrangements of the Group's ultimate parent company, Victoria Investments S.C.A., until the Initial Public Offering ('IPO') when Trainline plc became the Group's ultimate parent Company. The cost of the pre-IPO share-based payments were recorded in administrative expenses. Following the IPO, the Group established five new equity-settled schemes in FY 2020 and one scheme in FY 2021 that Directors and Employees of the Company participate in.

Accounting policy

Equity-settled share-based payments to employees are initially measured at fair value at the grant date and recognised as a charge in the income statement over the vesting period based on the Group's estimate of the share that will eventually vest and adjusted for the effect of non-market vesting conditions. A corresponding increase in reserves is also recognised in equity.

Share-based payment charges to 28 February 2021

	28 February 2021 £'000	29 February 2020 £'000
Income statement		
Pre IPO schemes	-	3,332
Post IPO schemes	6,292	6,321
Total income statement impact	**6,292**	**9,653**

Pre IPO Scheme

Joint Share Ownership Plan ("JSOP")
The JSOP was a share ownership scheme under which the employee and Equity Trust (Jersey) Limited, the EBT Trustee, held a joint interest in Class A shares. Interests under the JSOP took the form of restricted interests in Class A shares in the former parent Company of the Group. An interest permitted a participant to benefit from the increase if any in the value of a number of Class A shares over specified threshold amounts. In prior years the fair value of interests awarded was determined using a Monte Carlo option pricing model. The final IPO value was based on the market value of the shares within the IPO funds flow.

The movements in these share awards can be summarised as follows:

Outstanding	**JSOP interests Number**
At 1 March 2019	38,918
Granted	-
Forfeited	-
Exercised	(38,918)
At 29 February 2020	-

Notes *(continued)*

Share-based payments *(continued)*

Post IPO Schemes

Following the IPO the Group operates six equity-settled share-based payment schemes with a £nil exercise price.

1,000 RSU IPO Award

The 1,000 restrictive stock unit (RSU) IPO award was offered to all Company staff employed at both 26 June 2019 and 31 July 2019, being the IPO date and grant date respectively. The awards vested on 31 July 2020, all employees that have not opted out or left the business between 26 June 2019 and 31 July 2020 were entitled to 1,000 RSUs which each represent the right to receive one ordinary share in Trainline plc.

Share incentive plan

The share incentive plan (SIP) was offered to all UK Company staff employed at both 26 June 2019 and 31 July 2019, being the IPO date and grant date respectively. The awards will vest on 31 July 2022, all employees that have not opted out or left the business between 26 June 2019 and 31 July 2022 will be entitled to shares in Trainline plc worth £3,600 at vesting date.

12-month RSU IPO award

The 12-month RSU IPO award was offered to certain members of the executive team and senior management. The awards vested on 26 June 2020, all participants that had not left the business at this date were entitled to RSUs which each represent the right to receive one ordinary share in Trainline plc.

Annual RSU award

The annual RSU Award is offered to certain members of the executive team and senior management. The annual RSU award - 2019 will vest in three tranches: 20% on 28 February 2021, 40% on 28 February 2021, and 40% on 28 February 2022. The annual RSU award - 2020 will vest in three tranches: 33.33% on 28 February 2021, 33.33% on 28 February 2022 and 33.33% on 28 February 2023. All participants that have not left the business on these dates will be entitled to RSUs which each represent the right to receive one ordinary share in Trainline plc. Future RSU awards will vest in three equal tranches over three years. In November 2020 additional shares were granted to specific new joiners as per the grant deed. These shares will vest under the same tranches as the original shares issued under the scheme.

Annual performance share plan award

The annual performance share plan (PSP) award is offered to certain members of the Board and executive team. The annual PSP award 2019 will vest on 28 February 2022 and the PSP award 2020 will vest on 22 May 2023, with subsequent awards vesting 3 years after the grant date. Subject to the Company meeting specified performance conditions relating to earnings per share and total shareholder returns, all participants that have not left the business at the vesting date will be entitled to PSPs which each represent the right to receive one ordinary share in Trainline plc. In November 2020 additional shares were granted to specific new joiners as per the grant deed. These shares will vest under the same tranches as the original shares issued under the scheme.

Notes *(continued)*

Share-based payments *(continued)*

Matching shares

As of 20 April 2020, all Company employees are entitled to one free Matching Share for every one Partnership Share they purchase under the Share Incentive Plan (SIP), subject to remaining employees for the three-year vesting period.

Key assumptions used in valuing the share-based payments were as follows:

	1,000 RSU IPO award	**Share incentive plan**	**12 month RSU IPO award**	**Annual RSU award**	**Annual PSP award**	**Matching share award**
Exit date	31 July 2020	31 July 2022	26 June 2020	3 years after grant date	3 years after grant date	3 years after grant date
Attrition rate	24%	24%	25%	12-30%	19%-53%	24%
Weighted average fair value	£4.28	£4.20	£3.50	£4.28-£5.12	£3.66-£5.12	£3.60-£4.83

19. Capital commitments

This note details any capital commitments in contracts that the Company has entered into which have not been recognised as liabilities on the balance sheet

The Company entered into contracts in relation to office refurbishments and is committed to incurring £2,375,481 as of 28 February 2021 (FY 2020: £nil). These commitments are expected to be settled in FY 2022.

20. Leases

Accounting policy

At inception of a contract, Trainline assesses whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract Trainline recognises a right- of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes *(continued)*

Leases *(continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Trainline's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. If there is an extension on the lease term that is not considered a new lease, the lease liability is remeasured using revised payments and a revised discount rate at the date of the modification. A corresponding adjustment is made to the right-of-use asset.

Trainline presents right-of-use assets in property, plant and equipment and lease liabilities in loans and borrowings in the statement of financial position. Trainline has applied the recognition exemption of low value leases. For these leases, the lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Trainline's leases assets including land and buildings that are held within property, plant and equipment. Information about leases for which Trainline is a lessee is presented below.

a) Right -of-use assets

Details of the right-of-use is shown on note 10.

b) Amounts charged in the income statement

	28 February 2021 £'000	**29 February 2020 £'000**
Depreciation expense of right-of-use assets	2,740	2,152
Interest expense in lease liabilities	485	668
	3,225	**2,820**

21. Government grants

Accounting policy

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants that compensate the Company for expenses incurred are recognised in the profit or loss in the periods in which the expenses are recognised and are presented as a deduction from the related expense..

The Coronavirus Job Retention Scheme ("CJRS"), is the UK government's support measure for organisations during the COVID-19 pandemic. The Company participated in the CJRS and received a grant aggregating to £528,581. There are no unfulfilled conditions or contingencies attached to this grant.

The Company voluntarily repaid all amounts claimed under the CJRS in February 2021.

Notes *(continued)*

22. Related parties

In accordance with FRS 101, the Company is exempt from the requirement to disclose related party transactions with Trainline plc and its subsidiary undertakings on the grounds that it is a wholly owned subsidiary of Trainline plc who prepare the consolidated Financial Statements of the Group.

23. Immediate and ultimate parent Company

At 1 March 2019, the immediate parent undertaking was Trainline Holdings Limited, a Company incorporated and registered in England and Wales. On 17 February 2020, the Company was sold to Trainline Holdco Limited, a Company incorporated in England and Wales, which became the immediate parent Company at this date.

At 1 March 2019, the ultimate parent of the Company was Victoria Investments S.C.A, a partnership limited by shares incorporated in the Grand-Duchy of Luxembourg. On 26 June 2019 the Group listed its shares on the London Stock Exchange in an Initial Public Offering. The steps to restructure the Group had the effect of the newly formed entity Trainline plc acquiring the Group's ultimate parent company, Victoria Investments S.C.A, as a result the Group's ultimate parent company became Trainline plc on 26 June 2019. The address of the registered office of Trainline plc during the year ended 28 February 2021 was 120 Holborn, London, EC1N 2TD. Copies of the Group Financial Statements of Trainline plc can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

24. Post balance sheet events

There have been no material post balance sheet events between 28 February 2021 and the date of the approval of these Financial Statements.