

Rock Rail East Anglia (Holdings) 2 Limited
Annual report and financial statements
31st December 2016

Registered number 9918883

Rock Rail East Anglia (Holdings) 2 Limited

Unaudited Financial Statements for the period from
16th December 2015 (date of incorporation) to 31st December 2016

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Company information

Directors

Dominic Helmsley (Chairman)
Daniel Hobson
Maciej Tarasiuk
Mark Swindell
Jonathan Ord

Appointed 19th September 2016
Appointed 19th September 2016
Appointed 19th September 2016
Appointed 19th September 2016
Appointed 19th September 2016

Company secretary

Nicholas English

Registered office

Wesley House
Bull Hill
Leatherhead
Surrey
KT22 7AH

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Solicitor

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Banker

Lloyds Bank plc
10 Gresham Street
London
EC2V 7AE

Strategic report for the period ended 31st December 2016

Review of the business

The sole activity of Rock Rail East Anglia (Holdings) 2 Limited (the "Company") is as a holding company for its subsidiary, Rock Rail East Anglia Plc (collectively the "Group") which is engaged in the funding, ownership and future leasing of a fleet of new electric multiple units and bimode unit trains manufactured by Stadler Bussnang AG ("Stadler").

On 4th October 2016 the Group entered into a manufacturing and supply agreement and loan documentation to fund the construction and delivery of the new trains and, when accepted in accordance with the documentation, to lease these trains to Abellio Greater Anglia Ltd. Abellio Greater Anglia Ltd is responsible for the maintenance of the trains.

Financial performance and position of the business

The Company made a loss before tax of £25,450 in the period ended 31st December 2016, in line with its operating budget.

Future developments

The Group is currently focussed on meeting its obligations under its contracts and monitoring the performance of Stadler as it starts to manufacturer the trains. This activity will increase throughout 2017.

Key performance indicators ("KPIs")

The main KPI is performance against operating budget. Currently the business is in its pre delivery phase as discussed above so costs are incurred in line with the operating budget.

Principle risks and uncertainties


The principle current risk of the business is the timely delivery of trains. This is the responsibility of Stadler and is monitored by Rock Rail East Anglia Management Limited on behalf of the Group.

Upon the leasing of the trains the main risk for the business will relate to the credit of the counterparty and the market rental rates prevailing at that time which will influence the rental that the business can charge.

Financial risk management

The obligations to fund the purchase of the trains has been fully met through fixed rate loans, either provided or committed to be provided. Cashflow is carefully monitored against the operating budget and the available financing.

By order of the board


Dominic Helmsley
Registered number: 9918883

8 June 2017

Directors' Report for the period ended 31st December 2016

Registered no. 9918883

The Directors present their report and the unaudited financial statements for Rock Rail East Anglia (Holdings) 2 Limited (the "Company") for the period 16th December 2015, date of incorporation, to 31st December 2016.

Directors

The Directors of the Company at 31st December 2016 and subsequent to the period end are listed on page 3.

Dividend

The Directors do not recommend the payment of a dividend.


Political and charitable donations

The Company made no political or charitable donations during the period.

Going concern

The accounts have been prepared on a going concern basis as set out in the note on page 11.

By order of the board



Dominic Helmsley
Wesley House
Bull Hill
Leatherhead
Surrey
KT22 7AH

8 June 2017

Statement of Directors' responsibilities in respect of the Directors report and the financial statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable laws and regulations.

The Directors have decided to prepare non-statutory accounts in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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; and
- prepare the non-statutory accounts 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. They 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.

Profit and Loss Account and Other Comprehensive Income

for the period from 16th December 2015 to 31st December 2016

	2016
	£
Operating expenses	(25,450)
Operating loss	(25,450)
Interest payable and similar charges	(822,408)
Interest receivable and similar income	822,408
Loss on ordinary activities before taxation	(25,450)
Tax on loss	-
Loss for the period	(25,450)
Total comprehensive income	(25,450)

There have been no recognised gains or losses during the period other than as recorded in the profit and loss account.

The notes on pages 11 to 14 form an integral part of the financial statements.

Statement of Changes in Equity

for the period from 16th December 2015 to 31st December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
On incorporation at 16 th December, 2015	-	-	-
Subscription of share capital	50,000	-	50,000
Loss for the financial year	-	(25,450)	(25,450)
Balances at 31st December 2016	50,000	(25,450)	24,550

The notes on pages 11 to 14 form an integral part of the financial statements.

Balance Sheet

at 31st December 2016

	Notes	2016 £
Fixed assets		
Investment in subsidiary	4	50,000
Loan to subsidiary	4	88,164,824
Total Fixed Assets		<u>88,214,824</u>
Current assets		-
Creditors amounts falling due within one year		-
Net current assets		-
Creditors amounts falling due after more than one year	5	<u>88,190,274</u>
Net assets		<u><u>24,550</u></u>
Capital and reserves		
Called up share capital		50,000
Profit and loss account		<u>(25,450)</u>
Shareholders' funds		<u><u>24,550</u></u>

The notes on pages 11 to 14 form an integral part of the financial statements.

The financial statements were approved by the board of Directors on and authorised for issue on 8th June 2017 and are signed on its behalf by:



Dominic Helmsley

Registered number 9918883

Cash Flow Statement

for the period from 16th December 2015 to 31st December 2016

	2016
	£
Cash flow from operating activities	
Loss on ordinary activities after taxation	(25,450)
Increase in creditors	25,450
Net cash flow from operating activities	-
Cashflow from investing activities	
Loan to subsidiary	(87,820,447)
Interest received	428,031
Net cashflow from investing activities	(87,392,416)
Cashflow from financing activities	
Proceeds from loan from shareholders	87,770,447
Proceeds from issue of share capital	50,000
Interest paid	(428,031)
Net cashflow from financing activities	87,392,416
Increase in cash and cash equivalents in the period	-
Cash at 31st December 2016	-

The notes on pages 11 to 14 form an integral part of the financial statements

Notes to the financial statements

1. Accounting policies

(a) General information and basis of preparation

Rock Rail East Anglia (Holdings) 2 Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK.

These non-statutory financial statements are the financial statements of Rock Rail East Anglia (Holdings) 2 Limited for the period from 16th December 2015 to 31st December 2016.

As at 31st December 2016, Rock Rail East Anglia (Holdings) 2 Limited had one wholly-owned subsidiary Rock Rail East Anglia plc ("RREA plc"), which provides all of the Group's operations. RREA plc's accounting reference date is 31st December 2017 and as such accounts are not required to be provided for the period to 31st December 2016.

The unaudited financial information set out herein does not constitute the Company's statutory financial statements for the period ended 31st December 2016 within the meaning of Section 434 of the Companies Act 2006.

The non-statutory financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

(b) Going concern

The Directors have prepared the non-statutory financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have reviewed the cash flow projections of the Company taking into account:

- the forecast revenue and operating cash flows from the underlying operations;
- the forecast level of capital expenditure; and
- the Company's funding structure and the facilities that are available - see note 5.

As a result of the review, having made appropriate enquiries of management and allowing for headroom to accommodate a reasonable downside scenario, the Directors have a reasonable expectation that sufficient funds are available to meet the funding requirement over a period of at least 12 months from the date of the financial statements. Accordingly the Directors have a reasonable expectation that the will continue as a going concern and the non-statutory financial statements have been prepared on that basis.

Notes to the financial statements (continued)

1. Accounting policies (continued)

(c) Interest receivable and interest payable

Interest payable relates to interest due on loans from shareholders borrowed to finance the manufacturing of the trains. Other interest receivable and similar income include interest receivable on loans to group undertakings.

Interest income and interest payable are recognised in profit and loss as they accrue, using the effective interest method.

(d) Basic financial instruments.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

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

(e) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2. Staff numbers and costs

The Group had no employees during the period.

3. Director's remuneration

The remuneration received by the Directors during the period in relation to the services that the Directors provide was not material.

Notes to the financial statements (continued)

4. Fixed asset investment

	Shares at cost
	£
As at 16 th December 2015	-
Additions	50,000
At 31 st December 2016	<u>50,000</u>
	Loan at cost
	£
Loan notes in Rock Rail East Anglia Plc	88,164,824

The Company has a greater than 20% interest in the following entity:

	Percentage held	Nature of business	Country of Registration
Rock Rail East Anglia Plc	100%	Rolling stock lessor	England and Wales

5. Creditors: amounts falling due after more than one year

	2016
	£
Interest bearing loans and borrowings	88,164,824
Amounts owed to group undertakings	25,450
	<u>88,190,274</u>

Amounts owed to group undertakings are subject to a rate of interest at 6% per annum.

Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings which are measured at amortised cost.

	Nominal interest rate	Year of maturity	Repayment schedule	2016
Shareholder loan notes	2% rising to 7%	2045	36 instalments commencing March 2020	88,164,824

Notes to the financial statements (continued)

6. Financial Instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016
	£
Assets measured at amortised cost	88,164,824
Liabilities measured at amortised cost	88,164,824
Liabilities measured at fair value	25,450

(b) Financial risk management

Liquidity Risk

The company manages its liquidity risk by monitoring detailed cash flow forecasts which highlight liquidity issues to ensure funds are available when required.

Interest rate risk

The company utilises fixed senior debt and fixed shareholder debt financing to mitigate its exposure to interest rate risk.

7. Subsequent events

There have been no material events or circumstances that have occurred after the balance sheet date, but prior to the signing of the financial statements that require disclosure or adjustment to balances and transactions that existed at the balance sheet date.

8. Ultimate controlling party

The Company is a subsidiary of Rock Rail (Holdings) 1 Ltd. The ultimate controlling party as at 31st December 2016 was Standard Life Plc, by virtue of its indirect shareholding in the general partner of SL Capital Infrastructure I LP.