AGILITY TRAINS WEST (HOLDINGS) LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Registered Number 07930508

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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DIRECTORS AND ADVISERS

Directors

J M Commandeur	(resigned 18 December 2018)
A J Dormer	(resigned 3 April 2018)
Y Fukaya	(resigned 30 April 2019)
D M Hardy	(resigned 18 May 2018)
G S Jackson	(appointed 5 February 2019)
A V Leness	(appointed 18 December 2018)
J A Mee	
B J Moorhouse	(resigned 18 December 2018)
A K Nguyen	(appointed 22 May 2018)
H Odajima	(appointed 30 April 2019)
A S Pearson	(resigned 5 February 2019)
J Pritchard	(resigned 5 February 2019)
A G Ray	(appointed 5 February 2019)
M R Swindell	(appointed 18 December 2018)
J L Woodard	(appointed 18 May 2018)

Registered office
4th Floor
4 Copthall Avenue
London, United Kingdom

Auditor
Deloitte LLP
London, United Kingdom

Solicitors
DLA Piper UK LLP
160 Aldersgate Street
London, United Kingdom

STRATEGIC REPORT

The Directors submit their Strategic Report on the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

Agility Trains West (Holdings) Limited was incorporated on 31 January 2012. The Company is a joint venture between Apple BidCo 2 Limited (45%), Hitachi Rail Limited (25%), JLIF Holdings (ATW) Limited (15%) and InfraEquity UK Holdings (ATW) Limited (15%), all of which are incorporated in the United Kingdom and registered in England and Wales.

The principal activity of the Company is the holding of an investment in Agility Trains West (MidCo) Limited, a special purpose company whose principal activity is the holding of an investment in Agility Trains West Limited.

The principal activity of the Agility Trains West (Holdings) Limited Group, comprising Agility Trains West (Holdings) Limited, Agility Trains West (MidCo) Limited and Agility Trains West Limited, is the financing, delivery, provision and maintenance of Super Express Trains and train depots under the Great Western Network Intercity Express Programme Master Availability and Reliability Agreement (MARA) entered into with the Secretary of State for Transport on 24 July 2012, and as subsequently amended and restated (the Great Western IEP project).

BUSINESS REVIEW

On 18 May 2018 John Laing Investments Limited sold its entire 15% shareholding in Agility Trains West (Holdings) Limited to InfraEquity UK Holdings (ATW) Limited. As part of these transaction, InfraEquity UK Holdings (ATW) Limited also acquired 15% of the total loan notes issued by Agility Trains West (MidCo) Limited and rights to any associated accrued loan note interest.

On 18 December 2018 Hitachi Rail Limited sold a 30% shareholding in Agility Trains West (Holdings) Limited to Apple BidCo 2 Limited. As part of these transaction, Apple BidCo 2 Limited also acquired 30% of the total loan notes issued by Agility Trains West (MidCo) Limited and rights to any associated accrued loan note interest.

On 19 December 2018 the final Great Western Mainline Intercity Express Programme train was accepted under the terms of the MARA.

RESULTS

The profit for the year before taxation amounted to £37.4m (2018: £15.3m). After the taxation charge of £4.4m (2018: £4.9m) the profit for the year was £33.0m (2018: £10.4m).

Net liabilities decreased to £451m in 2019 (2018: £471m), primarily due to movements in the fair value of the Group's hedging derivatives and current year profits. The Group continued to invest cash in the Group's service concession financial asset, financed by the proceeds from additional borrowings.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

The Directors are not aware, at the date of this report, of any likely significant changes in the Group's or the Company's activities in the next twelve months.

On 30 April 2019 Hitachi Rail Limited sold a 15% shareholding in Agility Trains West (Holdings) Limited to Apple BidCo 2 Limited. On the same date Hitachi Rail Limited converted £42.9m of B loan notes held in Agility Trains West (MidCo) Limited into £42.9m of A loan notes, which were acquired by Apple BidCo 2 Limited, representing 15% of total loan notes issued, along with rights to any associated accrued loan note interest.

STRATEGIC REPORT (CONTINUED)

GOING CONCERN

Having made the appropriate enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have concluded that the use of the going concern basis in the preparation of the financial statements is applicable.

Further detail is provided in the Group accounting policies.

KEY PERFORMANCE INDICATORS

The Group measures its performance during the operational phase of the contract by reference to whether various deliverables (such as train availability and reliability, and the provision of required information to key stakeholders) have been, or are forecast to be, achieved in line with the various project and finance agreements entered into as part of the Great Western IEP project. The Group has continued to achieve contractual deliverables with appropriate counterparties in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has developed and applied a framework for identifying the risks that apply to each area of the business. The management of these risks is addressed through a series of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management.

Within this risk framework we have identified two principal risks:

(i) the Group is exposed to performance risk in the form of penalty deductions under the terms of the Train Availability and Reliability Agreement (TARA). To mitigate this risk the Group has passed down all train performance obligations to its train maintenance provider Hitachi Rail Limited under the Train Service Agreement (TSA); and

(ii) the Group is exposed to interest rate risk which is managed through the use of interest rate swaps, details of which are set out in note 13 to the financial statements.

On behalf of the Board

J A Mee
Director
26 June 2019

DIRECTORS' REPORT

The Directors submit their Report and the audited financial statements for the year ended 31 March 2019.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year (2018: £nil).

USE OF FINANCIAL INSTRUMENTS

As disclosed in the Strategic Report, the Group is exposed to interest rate risk which is managed through the use of interest rate swaps. Further information can be found within the Group accounting policies for the year ended 31 March 2019 and note 13 Financial Risk Management.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to be taken as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

DIRECTORS

The Directors who served throughout the year and subsequently, except where noted, are shown on page 1.

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 20.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

AUDITOR

The Board of Directors is satisfied with the quality of the external audit and proposes that Deloitte LLP are reappointed for the year ending 31 March 2020. Deloitte LLP have indicated their willingness to continue as auditor for another term. Arrangements have been made in accordance with Section 485 of the Companies Act 2006, for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board

J A Mee
Director
26 June 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 results of the Company for that period.

In preparing the Company financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:
- properly select and apply accounting policies;
- present information, including accounting polices, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILITY TRAINS WEST (HOLDINGS) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Agility Trains West (Holdings) Limited (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Group and the Parent Company which comprise:

- the Group income statement;
- the Group statement of comprehensive income;
- the Group and Company balance sheets;
- the Group and Company statements of changes in equity;
- the Group cash flow statement;
- the accounting policies; and
- the related notes 1 to 20 for the Group and 1 to 6 for the Parent Company.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 respect of these matters.

Use of our report

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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Lowes

Andrew Lowes (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 June 2019

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£'000	£'000
Continuing operations			
Revenue	1	857,654	1,099,939
Cost of sales		(804,856)	(1,051,449)
Gross profit		52,798	48,490
Administrative expenses		(240)	(279)
Operating profit	2	52,558	48,211
Investment revenues	5	163,493	66,300
Finance costs	5	(178,663)	(99,218)
Profit before tax		37,388	15,293
Tax	6	(4,362)	(4,865)
Profit for the year		33,026	10,428
Attributable to:			
Owners of the Company		33,026	10,428

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**Hedging reserve £'000**	**2019 Retained earnings £'000**	**Total £'000**
Profit for the year		-	33,026	**33,026**
Items that may be reclassified subsequently to profit or loss:				
Movement in the fair value of hedging derivatives	17	**(22,956)**	-	**(22,956)**
Deferred tax relating to hedging derivatives	6	**3,911**	-	**3,911**
Other comprehensive (expense) / income		**(19,045)**	-	**(19,045)**
Total comprehensive (expense) / income for the year		**(19,045)**	**33,026**	**13,981**

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Hedging reserve £'000	2018 Retained earnings £'000	Total £'000
Profit for the year		-	10,428	10,428
Items that may be reclassified subsequently to profit or loss:				
Movement in the fair value of hedging derivatives	17	59,855	-	59,855
Deferred tax relating to hedging derivatives	6	(10,097)	-	(10,097)
Other comprehensive income		49,758	-	49,758
Total comprehensive income for the year		49,758	10,428	60,186

GROUP BALANCE SHEET AS AT 31 MARCH 2019

	Notes	2019	2018
		£'000	£'000
Non-current assets			
Property, plant and equipment	7	**16**	34
Service concession asset	8	**2,139,899**	1,473,300
Trade and other receivables	9	**711**	-
Deferred tax asset	15	**117,470**	113,865
		2,258,096	1,587,199
Current assets			
Service concession asset	8	**14,580**	-
Trade and other receivables	9	**13,101**	37,087
Cash and cash equivalents	10	**330,438**	158,169
		358,119	195,256
Total assets		**2,616,215**	1,782,455
Current liabilities			
Trade and other payables	11	**(78,403)**	(157,838)
Current portion of interest-bearing loans and borrowings	10	**(146,895)**	(30,565)
		(225,298)	(188,403)
Net current assets		**132,821**	6,853
Non-current liabilities			
Non-current portion of interest-bearing loans and borrowings	10	**(2,197,238)**	(1,458,178)
Deferred tax liability	15	**(22,762)**	(18,705)
Derivative financial instruments	14	**(622,061)**	(587,865)
		(2,842,061)	(2,064,748)
Total liabilities		**(3,067,359)**	(2,253,151)
Net liabilities		**(451,144)**	(470,696)
Equity			
Share capital	16	**50**	50
Hedging reserve	17	**(489,621)**	(470,576)
Retained earnings / (accumulated losses)		**38,427**	(170)
Total equity		**(451,144)**	(470,696)

The financial statements of Agility Trains West (Holdings) Limited, registered number 07930508, were approved by the Board of Directors and authorised for issue on 24 June 2019. They were signed on its behalf by:

JMee

J A Mee
Director
26 June 2019

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Hedging reserve	Retained earnings / (accumulated losses)	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 April 2018	**50**	**(470,576)**	**(170)**	**(470,696)**
IFRS 9 adjustment to opening retained earnings on transition	-	-	5,571	5,571
Profit for the year	-	-	33,026	33,026
Other comprehensive (expense) / income for the year	-	(19,045)	-	(19,045)
Total comprehensive (expense) / income for the year	-	(19,045)	38,597	19,552
Balance at 31 March 2019	50	(489,621)	38,427	(451,144)

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital	Hedging reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 April 2017	50	(520,334)	(10,598)	(530,882)
Profit for the year	-	-	10,428	10,428
Other comprehensive income for the year	-	49,758	-	49,758
Total comprehensive income for the year	-	49,758	10,428	60,186
Balance at 31 March 2018	50	(470,576)	(170)	(470,696)

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Net cash inflow from operating activities	18	**263,690**	248,504
Investing activities			
Interest received		**1,017**	487
Decrease in service concession asset		**(785,975)**	(1,091,939)
Purchases of property, plant and equipment		**-**	(12)
Net cash outflow from investing activities		**(784,958)**	(1,091,464)
Financing activities			
Interest paid		**(104,841)**	(35,600)
Financing fees		**(3,176)**	(8,195)
Repayment of borrowings		**(30,172)**	-
Proceeds from borrowings		**831,726**	1,044,455
Net cash inflow from financing activities		**693,537**	1,000,660
Net increase in cash and cash equivalents		**172,269**	157,700
Cash and cash equivalents at beginning of the year		**158,169**	469
Cash and cash equivalents at the end of the year	10	**330,438**	158,169

GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

BASIS OF PREPARATION

Agility Trains West (Holdings) Limited is a private limited company incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The address of the registered office is given on page 1. The operations and principal activity of the Agility Trains West (Holdings) Limited Group are set out in the Strategic Report on pages 2 to 3.

The Group has adopted accounting policies that are compliant with International Financial Reporting Standards (IFRSs) in so far as they have been codified and endorsed by European Union member states and, therefore, these accounts comply with Article 4 of the EU IAS regulation. The financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value.

The functional currency of Agility Trains West (Holdings) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated Group financial statements are also presented in pounds sterling.

ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorisation of these financial statements, the Group adopted two new IFRS, along with a number of amendments to IFRS and interpretations that are effective (and have been endorsed for use within the EU):

Standard/amendment/interpretation
IFRS 9: Financial Instruments;
IFRS 15: Revenue from Contracts with Customers; and
IFRIC 22: Foreign Currency Transactions and Advance Consideration.
Amendments to:
IFRS 2: Classification and Measurement of Share-based Payment Transactions;
IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts; and
IAS 40: Transfers of Investment Property.
Amendments arising from the Annual Improvements to IFRS (2014 - 2016) Cycle - IFRS 1 and IAS 28 Amendments.

At the date of authorisation of these financial statements, the following standards, amendments and interpretations which have not been applied in these financial statements were in issue and relevant, but not yet effective (and in some cases had not yet been adopted by the EU):

Standard/amendment/interpretation
IFRIC 23: Uncertainty over Income Tax Treatments;
IFRS 16: Leases; and
IFRS 17: Insurance Contracts.
Amendments to:
IAS 1 and IAS 8: Definition of Material;
IAS 19: Plan Amendment, Curtailment or Settlement;
IAS 28: Long-term Interests in Associates and Joint Ventures;
IFRS 3: Definition of Business;
IFRS 9: Prepayment Features with Negative Compensation; and
IFRS 10 and IAS 28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture.
Amendments to References to the Conceptual Framework in IFRS Standards; and
Amendments arising from the Annual Improvements to IFRS (2015 - 2017) Cycle.

With the exception of IFRS 16 the Directors do not anticipate that the adoption of these standards will have a material impact on the financial statements of the Group in future reporting periods. The Directors' assessment of the impact of these standards remains ongoing. No additional IFRSs have been adopted in the year.

Impact of initial application of IFRS 9 Financial Instruments

The Group has applied IFRS 9 in the current year in accordance with the transition provisions set out in the standard under the modified retrospective approach. The transition provisions of IFRS 9 allow an entity not to restate comparative figures.

GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

IFRS 9 primarily introduced new requirements for:
1) Classification and measurement of financial assets and financial liabilities;
2) Impairment of financial assets; and
3) Hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

(a) Classification and measurement of financial assets
All recognised financial assets that fall within the scope of IFRS 9 are required to be measured at fair value on initial recognition and subsequently at amortised cost or fair value on the basis of the entity's business model for managing such financial assets and their contractual cash flow characteristics. The Group's principal financial asset is the service concession arrangement held by its subsidiary, Agility Trains West Limited, which was classified as available for sale, measured at fair value, and recognised interest income in the income statement under the effective interest rate method. Under IFRS 9 this asset is held at amortised cost which at the date of initial application of IFRS9 was materially the same as its fair value.

Other financial assets (other than cash and cash equivalents) include trade receivables which were previously classified as loans and receivables under IAS 39 and held at amortised cost. These continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows which consist solely of payments of principal and any interest on the principal amount outstanding.

(b) Classification and measurement of financial liabilities
A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as held at fair value through profit and loss (FVTPL) attributable to changes in the credit risk of the issuer. Other than derivative instruments which are accounted for in accordance with hedge accounting rules, the Group has no other financial liabilities designated as at FVTPL and therefore the application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

(c) Impairment of financial assets
IFRS 9 requires an expected credit loss model as opposed to the incurred credit loss model under IAS 39. The expected credit loss model requires the Group to assess expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group does not have material financial assets other than its service concession arrangement held by Agility Trains West Limited. Agility Trains West Limited performed a qualitative assessment of the expected credit loss on its financial asset at the year end, which concluded a £nil expected credit loss should be booked at 31 March 2019. This assessment was supported by a further quantitative assessment which calculated an immaterial impact to the expected cashflows receivable from the train operating company at 31 March 2019.

(d) Hedge accounting
The Group uses derivative financial instruments to hedge certain risk exposures, these instruments are held in subsidiaries that apply hedge accounting to its derivatives.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Group has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 April 2018. The Group's qualifying hedging relationships in place as at 1 April 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 April 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Group has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

IFRS 9 requires hedging gains and losses to be recognised as an adjustment to the initial carrying amount of non-financial hedged items (basis adjustment). In addition, transfers from the hedging reserve to the initial carrying amount of the hedged item are not reclassification adjustments under IAS 1 Presentation of Financial Statements and hence they do not affect other comprehensive income. Hedging gains and losses subject to basis adjustments are categorised as amounts that will not be subsequently reclassified to profit or loss in other comprehensive income. This is consistent with the Group's practice prior to the adoption of IFRS 9. Consistent with prior periods, when a forward contract is used in a cash flow hedge or fair value hedge relationship, the Group has designated the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument.

GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

(e) Impact of initial application of IFRS 9
The initial application of IFRS 9 has not resulted in any change in the measurement of financial assets. In July 2015, Agility Trains West Limited re-negotiated the terms on some of its senior financing facilities. Under IFRS 9 the re-negotiation is classified as a modification of debt, and required a £5.6m adjustment to retained earnings on 1 April 2018, reflecting savings on net future finance costs resulting from the re-negotiated terms.

Impact of initial application of IFRS 15 Revenue from Contracts with Customers
In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers which is effective for an annual period that begins on or after January 2018. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue along with other related interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 introduced a five-step approach to account for revenue arising from contracts with customers, requiring revenue be recognised at an amount which reflects the consideration an entity expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 requires entities to exercise judgement when applying each step of the five-step model. The standard also stipulates the accounting treatment for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has applied IFRS 15 in accordance with the modified retrospective transitional approach and the Group's accounting policies for its revenue streams are disclosed in policies c) and d) below. The Group's principal income stream is Set Availability Payments earned under the MARA, which are allocated to capital revenue, operating revenue and finance income performance obligations. The adoption of IFRS 15 has had no impact on the financial position of the Group and accounting for this revenue stream.

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The composition of the Group is disclosed in note 4 to the Company financial statements.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

b) Going concern

The Directors have considered a number of factors in determining whether the Group remains a going concern. The key factors and related conclusions are summarised below.

(i) The Directors have considered the ability of the train operating company to meet future contractual payments, as well as the robustness of the guarantee provided by the Secretary of State for Transport. The Directors have concluded that they do not currently consider this to be a material risk.

(ii) The Directors have considered the impact of changes in the performance of key subcontractors, and their ability to continue to meet contractual commitments. The Directors do not currently consider this to be a material risk.

(iii) During the year the Group drew down its final tranche of senior debt in January 2019, and cumulative funds drawn to date total £2.4bn (2018: £1.6bn). Senior debt is hedged using derivative financial instruments. The Directors regularly monitor the creditworthiness of the derivative providers, and do not currently consider this to be a material risk.

iv) The Directors have considered the Group's compliance with financial covenant requirements and are forecasting full compliance with all covenant tests.

Having considered the above factors and having reviewed the Group's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c) Accounting for service concession arrangements

The Group includes Agility Trains West Limited, a special purpose company that has been established to perform the Great Western IEP Project and has subsequently entered into agreements with the Secretary of State for Transport, finance providers and sub-contractors.

Under the terms of the Great Western IEP Project Master Availability and Reliability Agreement, the Secretary of State for Transport (as grantor) controls the services to be provided by the Group over the contract term. Based on the contractual arrangements the Group has classified the project as a service concession arrangement, and has accounted for the principal assets of, and income streams from, the project in accordance with IFRIC 12 Service Concession Arrangements.

GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

c) Accounting for service concession arrangements (continued)

Service concession asset

Under the terms of the arrangement, where the Group has the right to receive the Set Availability Payments from or at the direction of the grantor (the Secretary of State for Transport), the asset created and/or provided is accounted for as a financial asset. Revenue is recognised by allocating a proportion of the Set Availability Payment to capital revenue, operating revenue and finance income performance obligations. The consideration received is allocated by reference to the relative fair value of the services delivered, where the amounts are separately identifiable. Once the principal assets are determined to be recognised as a financial asset in accordance with IFRIC 12, the financial asset recognition falls under IFRS 9.

The Group has considered both the business model and the solely payments of principal and interest tests, and believes the sole purpose for the Group holding the financial asset is to collect contractual cashflows and that all payments received by it are principal and interest. The Group has therefore accounted for its service concession financial asset using the amortised cost method in accordance with IFRS 9.

The Great Western Mainline IEP concession will run for a period of 27.5 years from first train acceptance which was achieved on 15 October 2017. Under the terms of the MARA, Agility Trains West Limited has an obligation to make available and provide maintenance for a fleet of 57 Super Express Trains, in return for which it will receive a predetermined availability payment from the Train Operating Company (TOC). The availability payment is subject to amendment in the event of a variation to the MARA. Agility Trains West Limited has contracted Hitachi Rail Limited to provide train maintenance services, including train and depot lifecycle, over the concession period.

d) Revenue recognition

Under IFRS 15 the Group recognises revenue from the point the Secretary of State for Transport receives the benefits from the Group's performance obligations, which is over the term of the service concession from financial close through to the end of the usage guarantee period (UGP).

During the delivery phase, capital revenue is recognised at cost, plus attributable profit. Costs for this purpose include all works carried out and certified by subcontractors, and include all overheads other than those relating to the general administration of the special purpose company and are directly linked to the delivery of the asset.

During the operational phase, operating revenue is recognised upon the provision of operational maintenance services performance obligations. Costs for this purpose are directly linked to the maintenance of the assets by subcontractors, and include all overheads other than those relating to the general administration of the special purpose company. During this phase amounts received in respect of the service concession are recognised as a reduction to the service concession asset.

e) Borrowing costs

Project specific financing costs, including arrangement fees paid to secure loan facilities, commitment fees payable for reserving undrawn facilities and interest costs, are capitalised and held as a prepayment on the balance sheet. Upon utilisation of the facility, financing costs are charged to the income statement over the remaining term of the debt using the effective interest rate method.

Net interest income and expense amounts receivable or payable on interest rate derivatives are credited or charged to the income statement in the period in which they are incurred.

f) Taxation

The tax charge or credit represents the sum of current tax and deferred tax.

Current tax

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of any deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is not certain that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

g) Property, plant and equipment

Plant and equipment, including fixtures and fittings, office equipment and computer equipment, are stated at cost less accumulated depreciation and any impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful economic lives using the straight line method on the following basis:

Fixtures and fittings	5 years
Office equipment	5 years
Computer equipment	3 years

h) Derivative financial instruments - recognition and measurement

The financial risks faced by the Group in relation to the Great Western IEP contract have been hedged at the inception of the project through fixed interest rate swap agreements and interest rate cap agreements.

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently measured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

i) Derivative financial instruments - hedge designation and effectiveness testing

The Group has designated its interest rate swaps and the intrinsic value of its interest rate caps as cash flow hedges. At the inception of the hedge, the Group documents the relationship between the hedging instrument and the hedged interest payments.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset.

The instruments are tested prospectively for effectiveness at each reporting date and if results are effective then hedge accounting is applied and the hedging instruments are treated as cash flow hedges. The instruments are marked to market and the differences are taken directly to other comprehensive income.

Where ineffectiveness is judged to have occurred, either a proportion or the full amount of the ineffectiveness is taken to the Group income statement, included within finance costs or investment income, depending on the level of ineffectiveness experienced.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations. Accounting standards require that the fair value of financial instruments reflects their credit quality, and also changes in credit quality where there is evidence that this has occurred. The credit risk associated with the Group's derivatives is reflected in derivative valuations.

Hedge accounting is discontinued when the hedging instrument expires or is terminated. At that time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

The fair values of the Group's derivative instruments used for hedging purposes are disclosed in note 14. Movements in the hedging reserve in shareholders' equity are shown in note 17. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Hedge accounting

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

i) Derivative financial instruments - hedge designation and effectiveness testing (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in

Where financial instruments no longer meet the requirements of hedge accounting, they will be de-designated as hedging instruments. Cumulative gains or losses recognised within equity will subsequently be amortised through the income statement over the remaining maturity of the hedged

j) Cash and cash equivalents

Cash and cash equivalents in the Group balance sheet comprise cash at bank and short-term deposits with original maturity of six months or less. For the purposes of the Group cash flow statement, cash and cash equivalents comprise cash and short term deposits as defined above, net of bank overdrafts.

k) Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, being the proceeds received, net of direct finance costs, which are subsequently amortised using the effective interest rate method.

l) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

m) Share capital

Ordinary shares are classified as equity instruments on the basis that they evidence a residual interest in the assets of the Group after deducting all of its liabilities.

GROUP ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

n) Critical accounting judgements and sources of estimation uncertainty

The critical judgements and estimates that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are set out below.

Key sources of estimation uncertainty

Revenue recognition

The Group estimates a capital margin of 5% will be earned over the concession period and this has been applied to capital costs incurred during the year (2018: 4%) contributing to a gross capital profit of £35.7m (2018: £45.5m).

The Group estimates an operating margin of 9% will be earned over the concession period and this has been applied to operating costs incurred during the year (2018: 8%) contributing to a gross operating profit of £9.5m (2018: £3.0m).

Estimates of the levels of capital margin and operating margin over the concession period are sensitive to variances to the quantum and timing of capital and operating costs incurred as the project progresses. Gross profit margins have increased since commencement of the project delivery phase due to deferrals and savings to actual costs, which reduce project income allocated to interest income on the service concession asset. Project income is re-allocated to capital and operating activities, resulting in a change to gross profit recognised over the remaining term of the service concession, and is necessary to ensure total service concession income is allocated to services provided by the Group under the MARA.

Critical Accounting Judgements

Service concession asset

Under IFRS 9 the Group is required to determine the appropriate classification for the service concession asset. As set out further in note (c) above, the Group has made a judgement that the appropriate classification is amortised cost.

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 REVENUE

	2019	2018
	£'000	£'000
Revenue in the year is analysed as follows:		
Capital revenue	**722,337**	1,067,878
Operating revenue	**135,317**	32,061
Investment income (note 5)	**1,045**	487
Service concession asset interest (note 5)	**162,448**	65,813

All Group revenue is earned in the United Kingdom and generated from a single business segment.

2 OPERATING PROFIT

	2019	2018
	£'000	£'000
Operating profit is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**(3)**	(3)
Fees payable to the Company's auditor for other services to the Group		
- the audit of the Company's subsidiaries	**(45)**	(43)
Total audit fees	**(48)**	(46)
- tax compliance services	**(15)**	(13)
- tax advisory services	**(30)**	(53)
- audit related assurance services	**-**	(22)
Total non-audit fees	**(45)**	(88)
Payments under operating lease:		
- rental of land and buildings	**(76)**	(76)
Depreciation of property, plant and equipment	**(18)**	(43)

3 DIRECTORS' REMUNERATION

The Directors did not receive any remuneration during the year or the previous year. Fees payable to shareholding companies for the services of the Directors totalled £147k (2018: £143k).

4 EMPLOYEES

The Group has had no direct employees in the year (2018: £nil). Secondees are provided to the Group by shareholders under separate agreements.

5 INVESTMENT REVENUES AND FINANCE COSTS

	2019 £'000	2018 £'000
Investment revenues		
Investment income	1,045	487
Service concession asset interest	162,448	65,813
Total investment revenues	163,493	66,300
Finance costs		
Interest on bank and other loans, overdrafts and derivatives	(167,466)	(99,218)
Ineffectiveness of fair value loss arising from cashflow hedges	(11,197)	-
Total finance costs	(178,663)	(99,218)

6 TAX

Income tax recognised in the income statement

	2019 £'000	2018 £'000
Current tax	-	-
Deferred tax (note 15)	(4,362)	(4,865)
Total tax charge on ordinary activities	(4,362)	(4,865)

The charge for the year can be reconciled to the profit / (loss) in the income statement as follows:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	37,388	15,293
Profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 19% (2018: 19%).	(7,104)	(2,906)
Effects of:		
Revenue expenditure not recognised in the year	-	(1,990)
Income / (expenses) that are not taxable / deductible in determining taxable profit	66	(436)
Adjustments in respect of prior years	2,676	467
Total tax charge for the year	(4,362)	(4,865)

Income tax recognised in other comprehensive income

	2019 £'000	2018 £'000
Current tax	-	-
Deferred tax		
Fair value remeasurement of hedging instruments entered into for cash flow hedges	3,911	(10,097)
Total income tax recognised in other comprehensive income	3,911	(10,097)

On 26 October 2015, the Finance (No.2) Act 2015 was substantively enacted and provided for a reduction in the main rate of UK corporation tax to 19% from 1 April 2017. On 6 September 2016, the Finance Act 2016 was substantively enacted and provided for a reduction in the main rate of UK corporation tax to 17% from 1 April 2020. Where relevant the reduced rates have been reflected in the calculation of deferred tax at the balance sheet date. A deferred tax asset has been recognised in full on trading losses and other timing differences on the basis that the Company is forecasting sufficient taxable profits against which the asset can be utilised.

7 PROPERTY, PLANT AND EQUIPMENT

	Fixtures & fittings £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Original cost				
At 31 March 2017	106	44	94	244
Additions	-	-	13	13
At 31 March 2018	106	44	107	257
Additions	-	-	-	-
At 31 March 2019	**106**	**44**	**107**	**257**
Accumulated depreciation				
At 31 March 2017	(84)	(30)	(66)	(180)
Charge for the year	(22)	(9)	(12)	(43)
At 31 March 2018	(106)	(39)	(78)	(223)
Charge for the year	-	(2)	(16)	(18)
At 31 March 2019	**(106)**	**(41)**	**(94)**	**(241)**
Carrying amount at 31 March 2019	**-**	**3**	**13**	**16**
Carrying amount at 31 March 2018	-	5	29	34

8 SERVICE CONCESSION ASSET

	£'000
At 31 March 2017	400,416
Additions	1,091,938
Reductions	(84,867)
Financial asset interest	65,813
At 31 March 2018	1,473,300
Additions	**831,190**
Reductions	**(312,459)**
Service concession asset interest	**162,448**
At 31 March 2019	**2,154,479**

	2019 £'000	2018 £'000
Analysed as:		
Less than one year	**14,580**	-
Greater than one year	**2,139,899**	1,473,300
At 31 March	**2,154,479**	1,473,300

9 TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Current assets		
Trade receivables	**634**	7,462
VAT recoverable	**-**	15,946
Prepayments	**9,665**	11,591
Accrued income	**2,802**	2,088
	13,101	37,087
Non-current assets		
Prepayments	**711**	-
	711	-

10 CASH, CASH EQUIVALENTS AND BORROWINGS

	Recourse	2019 Non-recourse	Total
	£'000	£'000	£'000
Cash at bank and in hand	330,438	-	330,438
Bank and other loans falling due within one year	-	(146,895)	(146,895)
Bank and other loans falling due after more than one year	-	(2,197,238)	(2,197,238)
	330,438	(2,344,133)	(2,013,695)

	Recourse	2018 Non-recourse	Total
	£'000	£'000	£'000
Cash at bank and in hand	158,169	-	158,169
Bank and other loans falling due within one year	-	(30,565)	(30,565)
Bank and other loans falling due after more than one year	-	(1,458,178)	(1,458,178)
	158,169	(1,488,743)	(1,330,574)

Non-recourse debt is secured against assets and shares in Agility Trains West Limited, a subsidiary company.

11 TRADE AND OTHER PAYABLES

	2019	2018
	£'000	£'000
Current liabilities		
Trade payables	(23,628)	(120,982)
VAT payable	(6,728)	-
Accruals	(21,995)	(9,066)
Deferred income	(26,052)	(27,790)
	(78,403)	(157,838)

12 FINANCIAL INSTRUMENTS

a) Financial instruments by category

	Other financial assets at amortised cost	Service concession assets at amortised cost	Financial liabilities at amortised cost	Derivatives in effective hedging relationships	31 March 2019 Total
	£'000	£'000	£'000	£'000	£'000
Fair value measurement method	n/a	n/a	n/a	Level 2	
2019					
Non-current assets					
Service concession assets	-	2,139,899	-	-	2,139,899
Trade and other receivables	-	-	-	-	-
Current assets					
Service concession assets	-	14,580	-	-	14,580
Trade and other receivables	634	-	-	-	634
Cash and cash equivalents	330,438	-	-	-	330,438
Total financial assets	331,072	2,154,479	-	-	2,485,551
Current liabilities					
Trade and other payables	-	-	(71,675)	-	(71,675)
Interest-bearing loans and borrowings			(146,895)		(146,895)
Non-current liabilities					
Interest-bearing loans and borrowings	-	-	(2,197,238)	-	(2,197,238)
Derivative financial instruments	-	-	-	(622,061)	(622,061)
Total financial liabilities	-	-	(2,415,808)	(622,061)	(3,037,869)
Net financial liabilities	331,072	2,154,479	(2,415,808)	(622,061)	(552,318)

	Loans and receivables	Available for sale assets	Financial liabilities at amortised cost	Derivatives in effective hedging relationships	31 March 2018 Total
	£'000	£'000	£'000	£'000	£'000
Fair value measurement method	n/a	Level 3	n/a	Level 2	
2018					
Non-current assets					
Financial assets - available for sale	-	1,473,300	-	-	1,473,300
Trade and other receivables	-	-	-	-	-
Current assets					
Trade and other receivables	7,462	-	-	-	7,462
Cash and cash equivalents	158,169	-	-	-	158,169
Total financial assets	165,631	1,473,300	-	-	1,638,931
Current liabilities					
Trade and other payables	-	-	(157,838)	-	(157,838)
Interest-bearing loans and borrowings	-	-	(30,565)	-	(30,565)
Non-current liabilities					
Interest-bearing loans and borrowings	-	-	(1,458,178)	-	(1,458,178)
Derivative financial instruments	-	-	-	(587,865)	(587,865)
Total financial liabilities	-	-	(1,646,581)	(587,865)	(2,234,446)
Net financial liabilities	165,631	1,473,300	(1,646,581)	(587,865)	(595,515)

Assets available for sale were carried at fair value. There is no active market for PPP/PFI contract assets and no observable inputs. Accordingly the fair value was classified as falling within Level 3 of the fair value hierarchy. On the basis that the project remained in the construction phase, the fair value was taken to be cost incurred to date plus any applicable margin. Derivatives used in hedging relationships have been measured applying Level 2 of the fair value hierarchy. The fair value equals the net present value of future derivative cashflows, net of a credit value spread, and is determined by applying a forecast interest rate curve to committed nominal values as per the derivative agreements. Other financial assets with all financial liabilities (other than derivatives) are carried at amortised cost.

12 FINANCIAL INSTRUMENTS (CONTINUED)

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Available for sale assets were held at fair value, which was determined as cost plus accrued financial interest to date plus any applicable margin.

There have been no transfers between the hierarchies in the current year or prior year.

b) Interest rate profile of financial liabilities

The Group's financial liabilities at 31 March 2019 were £3,045m (2018: £2,234m), all of which were non-recourse liabilities of Agility Trains West Limited, a subsidiary project company. Within Agility Trains West Limited the lenders have recourse solely to the company with no recourse to the Group. There were no recourse borrowings as at 31 March 2019 or at 31 March 2018.

	31 March 2019			
	Interest bearing		**Non-interest**	
	Floating rate	**Fixed rate**	**bearing**	**Total**
	£'000	***£'000***	***£'000***	***£'000***
Non-recourse				
Borrowings < 1 year	**(146,895)**	**-**	**-**	**(146,895)**
Borrowings > 1 year	**(1,843,622)**	**(353,616)**	**-**	**(2,197,238)**
Total derivative liabilities	**-**	**(622,061)**	**-**	**(622,061)**
Trade and other payables	**-**	**-**	**(71,675)**	**(71,675)**
Total	**(1,990,517)**	**(975,677)**	**(71,675)**	**(3,037,869)**

	31 March 2018			
	Interest bearing		Non-interest	
	Floating rate	Fixed rate	bearing	Total
	£'000	£'000	£'000	£'000
Non-recourse				
Borrowings < 1 year	(30,565)	-	-	(30,565)
Borrowings > 1 year	(1,144,361)	(313,817)	-	(1,458,178)
Total derivative liabilities	-	(587,865)	-	(587,865)
Trade and other payables	-	-	(157,838)	(157,838)
Total	(1,174,926)	(901,682)	(157,838)	(2,234,446)

Borrowings include £144m (2018: £161m) of unamortised finance costs that have been netted off against the carrying value of the debt. Finance costs are released to the income statement using the effective interest rate method over the term of the debt.

13 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk and inflation risk), credit risk, price risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results. The Group uses derivative financial instruments to hedge interest rate risk exposures. As at 31 March 2019, 98.4% of the derivative financial instruments entered into by the Group were designated as hedging instruments and accounted for using hedge accounting (2017: 100%).

The various types of financial risk are managed as set out below.

Market risk - interest rate risk

The Group's interest rate risk arises due to fluctuations in interest rates which expose the Group to variability in interest payment cash flows on variable rate borrowings and impact the value of returns from floating rate deposits.

The Group hedges its interest rate risk on the variable rate bank financing it has secured by entering into interest rate swap and interest cap agreements. *The Group assesses the economic relationship between a hedge item and hedging instrument using the hypothetical derivative method* in its determination of hedge effectiveness. All hedging ratios are currently 1:1. Credit risk is the main source of ineffectiveness identified in its measure of hedge effectiveness; however, this is not considered to be a significant risk.

The exposure of the Group's financial assets to interest rate risk is as follows.

	31 March 2019			
	Interest bearing		**Non-interest**	**Total**
	Floating rate	**Fixed rate**	**bearing**	
	£'000	**£'000**	**£'000**	**£'000**
Service concession assets	-	**2,154,479**	-	**2,154,479**
Trade and other receivables	-	-	**634**	**634**
Cash and cash equivalents	**330,438**	-	-	**330,438**
Financial asset exposure to interest rate risk	**330,438**	**2,154,479**	**634**	**2,485,551**

	31 March 2018			
	Interest bearing		Non-interest	Total
	Floating rate	Fixed rate	bearing	
	£'000	£'000	£'000	£'000
Financial assets - available for sale	-	1,473,300	-	1,473,300
Trade and other receivables	-	-	7,462	7,462
Cash and cash equivalents	158,169	-	-	158,169
Financial asset exposure to interest rate risk	158,169	1,473,300	7,462	1,638,931

While the Group hedges interest rate cashflow risk on variable rate bank financing, movements in LIBOR impact the timing of interest charges to the income statement under the effective interest rate method. As at 31 March 2019 a 50bps increase in future LIBOR assumptions would result in an increased interest charge of £8,357k for the current year (2018: £3,181k increase), and a corresponding 50bps decrease would result in a £8,357k interest charge reduction (2018: £3,181k reduction).

The above sensitivity analysis was performed by flexing effective interest rate calculations. A flat 50bps increase and a flat 50bps decrease was added to the forecast LIBOR rates as at the year end, all other factors remaining constant.

13 FINANCIAL RISK MANAGEMENT (CONTINUED)

The interest rate on the service concession asset is 9% (2018: 9%), and the remaining amortisation period of the asset is 26 years.

The exposure of the Group's financial liabilities to interest rate risk is as follows:

	31 March 2019			
	Interest bearing		**Non-interest**	**Total**
	Floating rate	**Fixed rate**	**bearing**	
	£'000	**£'000**	**£'000**	**£'000**
Interest bearing loans and borrowings	**(1,990,517)**	**(353,616)**	**-**	**(2,344,133)**
Fair value of derivatives	**-**	**(622,061)**	**-**	**(622,061)**
Trade and other payables	**-**	**-**	**(71,675)**	**(71,675)**
Financial liability exposure to interest rate risk	**(1,990,517)**	**(975,677)**	**(71,675)**	**(3,037,869)**

	31 March 2018			
	Interest bearing		Non-interest	Total
	Floating rate	Fixed rate	bearing	
	£'000	£'000	£'000	£'000
Interest bearing loans and borrowings	(1,174,926)	(313,817)	-	(1,488,743)
Fair value of derivatives	-	(587,865)	-	(587,865)
Trade and other payables	-	-	(157,838)	(157,838)
Financial liability exposure to interest rate risk	(1,174,926)	(901,682)	(157,838)	(2,234,446)

The interest rates on the interest bearing loan and borrowing facilities are fixed using interest rate swaps. The interest rate swaps mature in 2041 and the effective interest rate is 3.8%.

Market risk - inflation risk
The revenues earned by the Group and the majority of operating costs incurred are linked to inflation indices under the terms of the Great Western IEP Network project documents. This results in the Group's operating cash flows being relatively insensitive to inflation and the Group is not therefore exposed to significant inflation risk.

Credit risk
Credit risk faced by the Group arises from a combination of the value and term to settlement of balances due and payable with counterparties for both financial and trade transactions.

In order to minimise credit risk, cash investments and derivative transactions are limited to financial institutions with an acceptable credit rating, and counterparties are carefully reviewed. The Group's cash balances are invested in line with the financing agreements which stipulate required ratings that must be achieved. The maximum exposure faced by the Group is limited to cash and the balance of receivables at the year end.

Upon delivery of the first train into service, the Group began to receive revenue from the TOC that is operating the Great Western mainline. Under the terms of the Great Western IEP Network MARA, the Secretary of State for Transport is obliged to provide a replacement in the event of a default by the TOC and as a result the Group is not exposed to significant credit risk. As such no provision for expected credit losses has been recognised.

Price risk
The revenues received by the Group from the TOC are based on a combination of pre-agreed fixed and escalating payments which are subject to poor performance adjustments. As a result the Group is not exposed to significant price risk.

Liquidity risk
The Group adopts a prudent approach to liquidity management by maintaining sufficient cash and available committed facilities to meet its current and immediate obligations.

Under the terms of the existing financing agreements the Group is required to project future cash flows and to determine the level of liquid assets necessary to meet these.

Capital management
The Group manages its capital in order to maximise the returns available to shareholders while preserving its ability to continue as a going concern. All but £50,000 of the Group's capital consists of borrowings from a combination of related parties and external lenders.

13 FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity of financial assets

The maturity profile of the Group's financial assets is as follows.

	Continuing operations 31 March 2019				
	Less than one year	**less than two years**	**Less than five years**	**Greater than five years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Service concession assets	**14,580**	**10,527**	**79,437**	**2,049,935**	**2,154,479**
Trade and other receivables	**634**	**-**	**-**	**-**	**634**
Cash and cash equivalents	**330,438**	**-**	**-**	**-**	**330,438**
Total financial assets	**345,652**	**10,527**	**79,437**	**2,049,935**	**2,485,551**

	Continuing operations 31 March 2018				
	Less than one year	less than two years	Less than five years	Greater than five years	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets - available for sale	-	-	-	1,473,300	1,473,300
Trade and other receivables	7,462	-	-	-	7,462
Cash and cash equivalents	158,169	-	-	-	158,169
Total financial assets	165,631	-	-	1,473,300	1,638,931

None of the financial assets are impaired or overdue.

The table below reflects the net present value of cash flows relating to financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows.

	31 March 2019		
	Non-recourse liabilities	**Non-recourse derivatives**	**Total**
	£'000	**£'000**	**£'000**
In one year or less, or on demand	**(146,895)**	**(27,978)**	**(174,873)**
In more than one year but less than two years	**(46,600)**	**(54,517)**	**(101,117)**
In more than two years but less than five years	**(160,019)**	**(165,567)**	**(325,586)**
In more than five years	**(1,990,619)**	**(373,999)**	**(2,364,618)**
Total	**(2,344,133)**	**(622,061)**	**(2,966,194)**

	31 March 2018		
	Non-recourse liabilities	Non-recourse derivatives	Total
	£'000	£'000	£'000
In one year or less, or on demand	(30,565)	(54,066)	(84,631)
In more than one year but less than two years	-	(48,458)	(48,458)
In more than two years but less than five years	-	(122,076)	(122,076)
In more than five years	(1,458,178)	(363,265)	(1,821,443)
Total	(1,488,743)	(587,865)	(2,076,608)

The fair value of the loans approximates the carrying value.

No capital commitments were entered into during the current or preceding year.

13 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the remaining contractual maturity of the Group's non-derivative liabilities. The table reflects the undiscounted cash flows relating to financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	In one year or less	In more than one year but less than two years	In more than two years but less than five years	In more than five years	Total
	%	£'000	£'000	£'000	£'000	£'000
31 March 2019						
Variable interest rate instruments	**3.8**	**(45,767)**	**(46,600)**	**(160,019)**	**(2,897,094)**	**(3,149,480)**
Fixed interest rate	**13.0**	**(113,852)**	**(9,257)**	**(55,351)**	**(208,865)**	**(387,325)**
Non-interest bearing instruments*	**n/a**	**(71,675)**	**-**	**-**	**-**	**(71,675)**
		(231,294)	**(55,857)**	**(215,370)**	**(3,105,959)**	**(3,608,480)**
31 March 2018						
Variable interest rate instruments	3.8	(18,292)	(27,737)	(91,177)	(1,835,375)	(1,972,581)
Fixed interest rate	13.0	(5,831)	(70,030)	(20,077)	(254,182)	(350,120)
Non-interest bearing instruments*	n/a	(157,838)	-	-	-	(157,838)
		(181,961)	(97,767)	(111,254)	(2,089,557)	(2,480,539)

* Non-interest bearing instruments relate to trade and other payables

The following table details the remaining contractual maturity of the Group's derivative instruments. The table reflects the undiscounted net cash flows relating to derivative instruments that are settled on a net basis.

	Weighted average interest rate	In one year or less	In more than one year but less than two years	In more than two years but less than five years	In more than five years	Total
	%	£'000	£'000	£'000	£'000	£'000
31 March 2019						
Net settled interest	**3.8**	**(63,183)**	**(61,498)**	**(191,070)**	**(481,963)**	**(797,714)**
Net settled interest	**0.6**	**-**	**-**	**-**	**-**	**-**
		(63,183)	**(61,498)**	**(191,070)**	**(481,963)**	**(797,714)**
31 March 2018						
Net settled interest	3.8	(30,622)	(58,591)	(147,079)	(509,291)	(745,583)
Net settled interest	0.6	-	-	-	-	-
		(30,622)	(58,591)	(147,079)	(509,291)	(745,583)

14 FAIR VALUE OF DERIVATIVES

	2019 £'000	2018 £'000
Non-current liabilities		
Interest rate swaps	**(622,061)**	(587,865)
Total fair value of derivatives	**(622,061)**	(587,865)

The derivatives have been fair valued in accordance with the Group's accounting policies. The movement in fair value reflects the changes in the forward curves of interest rates at the year-end on the derivative agreements the Group has entered into.

As at 31 March 2019, the Group had entered into nine interest rate swaps agreements in relation to the non-recourse financing of Agility Trains West Limited. The swaps were designated as cash flow hedges at inception, having met the criteria for hedge accounting. On 28 February 2019, £9.9m was recycled from the hedging reserve to the income statement following a cancellation of undrawn available financing facilities. During the year the fair value increased by £34.2m, of which £23.0m was recognised in the hedging reserve (2018: decrease of £59.8m) and ineffectiveness of £1.3m representing the movement in fair value of the de-designated swaps was recognised in the income statement (2018: £nil).

15 DEFERRED TAX

The table below shows the deferred tax asset and liabilities recognised by the Group and movements therein for the year ended 31 March 2019 and the year ended 31 March 2018.

	Cash flow hedges £'000	Service concession assets / Available for sale financial assets £'000	Tax losses £'000	Short term timing difference £'000	Total £'000
At 31 March 2017	109,070	(14,073)	15,125	-	110,122
Reallocation of tax basis		(30,954)	9,730	21,224	
Recognised in income statement	97	(3,504)	(1,458)	-	(4,865)
Recognised in other comprehensive income	(10,097)	-	-	-	(10,097)
At 31 March 2018	99,070	(48,531)	23,397	21,224	95,160
Reallocation of tax basis	-	**(2,927)**	**2,927**	-	-
Recognised in income statement	-	**(4,058)**	**6,149**	**(6,454)**	**(4,363)**
Recognised in other comprehensive income	**3,911**	-	-	-	**3,911**
At 31 March 2019	**102,981**	**(55,516)**	**32,473**	**14,770**	**94,708**

Closing deferred tax balances have been provided at 17% (2018: 17%).

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The table below provides analysis of deferred tax balances (after offset) for financial reporting purposes.

	2019 £'000	2018 £'000
Deferred tax assets	**117,470**	113,865
Deferred tax liabilities	**(22,762)**	(18,705)
	94,708	95,160

16 SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised, allotted, called up and fully paid:		
50,000 ordinary shares of £1 each issued at par	**50**	50

17 HEDGING RESERVE

	£'000
At 31 March 2017	(520,334)
Movement in fair value of hedging derivatives	59,855
Deferred tax relating to hedging derivatives	(10,097)
At 31 March 2018	(470,576)
Movement in fair value of hedging derivatives	**(22,956)**
Deferred tax relating to hedging derivatives	**3,911**
At 31 March 2019	**(489,621)**

As at 31 March 2019 the Group held nine interest rate swaps. The interest rate swaps are held to hedge against interest rate risk on four senior debt facilities. The Group commenced drawing down from the senior debt facilities in August 2014.

Ineffectiveness totalling £11.2m was recognised on cash flow hedges in the income statement for the year ended 31 March 2019. (2018: £nil).

18 NOTES TO THE GROUP CASH FLOW STATEMENT

	2019 £'000	2018 £'000
Operating profit	**52,558**	48,211
Adjustments for:		
Depreciation of plant and equipment	**18**	43
Decrease in service concession asset	**267,245**	84,867
Decrease / (increase) in receivables	**23,303**	(11,811)
(Decrease) / increase in payables	**(79,434)**	127,194
Net cash inflow from operating activities	**263,690**	248,504

19 OPERATING LEASE ARRANGEMENTS

	2019 £'000	2018 £'000
Lease payments under operating leases recognised as an expense in the year	**76**	76

	2019 £'000	2018 £'000
At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:		
In one year or less	**98**	-
In more than one year but less than two years	**98**	-
In more than two years but less than five years	**98**	-
In more than five years	**-**	-
	294	-

Operating lease payments represent rentals payable by the Group for its office premises. During the year the lease term and annual rental charge were re-negotiated.

20 TRANSACTIONS WITH RELATED PARTIES

Group

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Details of the Group and other related parties are disclosed below.

	2019 £'000	2018 £'000
Apple BidCo 2 Limited		
For the year ended 31 March		
Financing	**11,162**	-
Administration	**14**	-
	11,176	-
Balance payable at 31 March	**116,198**	-

In addition to the cash and invoice transactions, finance costs of £30.3m (2018: £nil) have been accrued and included within the carrying amount of the liabilities at the year end. The balance payable at 31 March 2019 includes loan note principal totalling £85.8m (2018: £nil). Allocated prepaid finance costs totalling £5.1m (2018: £nil) have been excluded from the carrying amount of the liabilities at the year end.

	2019 £'000	2018 £'000
Hitachi, Ltd.		
For the year ended 31 March		
Trains and depots	**790,861**	1,106,754
Operations and maintenance	**127,868**	27,405
Financing	**15,040**	737
Administration	**845**	544
	934,614	1,135,440
Balance payable at 31 March	**178,439**	340,339

In addition to the cash and invoice transactions, finance costs of £40.4m (2018: £44.7m) have been accrued and included within the carrying amount of the liabilities at the year end. The balance payable at 31 March 2019 includes loan note principal totalling £114.5m (2018: £200.3m). Allocated prepaid finance costs totalling £13.5m have been excluded from the carrying amount of the liabilities at the year end (2018: £25.5m included).

21 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

InfraEquity UK Holdings (ATW) Limited

For the year ended 31 March		
Financing	5,581	-
Administration	21	-
	5,602	-
Balance payable at 31 March	58,099	-

In addition to the cash and invoice transactions, finance costs of £15.2m (2018: £nil) have been accrued and included within the carrying amount of the liabilities at the year end. The balance payable at 31 March 2019 includes loan note principal totalling £42.9m (2018: £nil). Allocated prepaid finance costs totalling £10.1m (2018: £nil) have been excluded from the carrying amount of the liabilities at the year end.

John Laing Investments Limited	**2019**	2018
For the year ended 31 March	**£'000**	£'000
Financing	-	398
Administration	29	345
	29	743
Balance payable at 31 March	-	47,079

In addition to the cash and invoice transactions, finance costs of £nil (2018: £9.6m) have been accrued and included within the carrying amount of the liabilities at the year end. The balance payable at 31 March 2019 includes loan note principal totalling £nil (2018: £42.9m). No prepaid finance costs have been included in the carrying amount of the liabilities at the year end (2018: £5.5m included).

JLIF Holdings (ATW) Limited

For the year ended 31 March		
Financing	5,581	-
Administration	4	-
	5,585	-
Balance payable at 31 March	58,099	47,044

In addition to the cash and invoice transactions, finance costs of £15.2m (2018: £9.6m) have been accrued and included within the carrying amount of the liabilities at the year end. The balance payable at 31 March 2019 includes loan note principal totalling £42.9m (2018: £42.9m). Allocated prepaid finance costs totalling £5.1m have been excluded from the carrying amount of the liabilities at the year end (2018: £5.5m included).

As at 31 March 2019 Hitachi Rail Ltd, Apple BidCo 2 Limited, JLIF Holdings (ATW) and InfraEquity UK Holdings (ATW) Limited were the shareholders of the Company. Hitachi, Ltd. is the immediate parent undertaking of Hitachi Rail Limited. John Laing Investments Limited ceased to be a related party on 18 May 2018.

COMPANY BALANCE SHEET AS AT 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Non - current assets			
Investments in subsidiaries	4	**50**	50
Net assets		**50**	50
Equity			
Share capital	5	**50**	50
Total equity		**50**	50

As permitted by Section 408(2) of the Companies Act 2006, the Company's income statement and statement of comprehensive income are not presented in these financial statements. There was neither a profit or loss for the current or prior financial year.

The financial statements of Agility Trains West (Holdings) Limited, registered number 07930508, were approved by the Board of Directors and authorised for issue on 24 June 2019. They were signed on its behalf by:

J Mee

J A Mee
Director
26 June 2019

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital £'000	Total Equity £'000
Balance at 1 April 2017	50	50
Balance at 31 March 2018	50	50
Balance at 31 March 2019	**50**	**50**

COMPANY ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the period, is shown below.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The Company has taken advantage of FRS 101:8(h) in determining that it is exempt from the requirement to prepare a Company cash flow statement.

There were no items of comprehensive income in the course of the financial period.

SIGNIFICANT ACCOUNTING POLICIES

a) **Going concern**
The Company exists to hold investments in subsidiaries, one of which provides services under specific private finance agreements. The subsidiary has been established as a Special Purpose Company under non-recourse arrangements, and the Company has limited its exposure to the associated liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made. Having reviewed the Company's investment portfolio, including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

b) **Investments in subsidiaries**
Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

c) **Critical accounting judgements and sources of estimation uncertainty**
The Directors believe that there are no critical accounting estimates or judgements relevant to this Company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £2,500 (2018: £2,500). These were borne by Agility Trains West Limited, a fellow member of the Agility Trains West (Holdings) Limited Group.

Fees payable to Deloitte LLP for non-audit services to the Company are disclosed on a consolidated basis in the consolidated financial statements of the Agility Trains West (Holdings) Limited Group.

2 DIRECTORS' REMUNERATION

No Director received any remuneration for services provided to the Company during the year (2018: £nil).

3 EMPLOYEES

The Company had no employees during the year (2018: £nil). Management services are provided to the Company by Agility Trains West Limited.

4 INVESTMENTS IN SUBSIDIARIES

	Shares in subsidiary undertaking £'000
Cost at 31 March 2018	50
Cost at 31 March 2019	**50**
Net book value at 31 March 2018	50
Net book value at 31 March 2019	**50**

Details of the Company's subsidiaries at 31 March 2019 are as follows:

Name		**Place of incorporation and operation**	**Proportion of ownership interest %**	**Proportion of voting power held %**	**Type of shares held**
Agility Trains West (MidCo) Limited	*	United Kingdom	100	100	Ordinary
Agility Trains West Limited	**	United Kingdom	100	100	Ordinary

* Subsidiary owned directly by the Company
** *Subsidiary owned indirectly by the Company*

The subsidiary investment is stated at cost less any provision for impairment. In the opinion of the Directors the value of the subsidiary investment is not less than the amount stated in the balance sheet.

The registered office of Agility Trains West Limited and Agility Trains West (MidCo) Limited is 4th Floor, 4 Copthall Avenue, London, United Kingdom, EC2R 7DA.

5 SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised, allotted, called up and fully paid:		
50,000 ordinary shares of £1 each	**50**	50

6 ULTIMATE PARENT UNDERTAKING

As at 31 March 2019 the Company was owned by Hitachi Rail Limited (40%), Apple BidCo 2 Limited (30%), JLIF Holdings (ATW) Limited (15%) and InfraEquity UK Holdings (ATW) Limited (15%), all of which are incorporated in the United Kingdom and registered in England and Wales.

The Directors consider there to be no ultimate controlling entity.