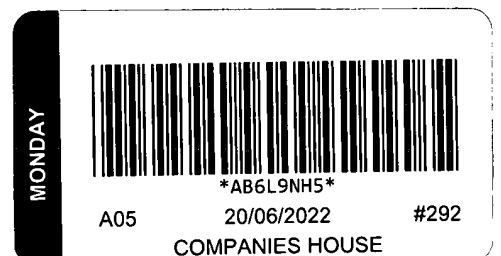


**REGISTERED NUMBER: 10854234 (England and Wales)**

**Strategic Report, Report of the Directors and**  
**Financial Statements for the Year Ended 31 December 2021**  
**for**  
**CAF Rolling Stock UK Limited**



**CAF Rolling Stock UK Limited**

**Contents of the Financial Statements  
for the Year Ended 31 December 2021**

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CAF Rolling Stock UK Limited

Company Information  
for the Year Ended 31 December 2021

**DIRECTORS:**

J V Elorza Villar  
J Esnaola Altuna  
F Fernandez Lopetegui

**REGISTERED OFFICE:**

Coventry Technocentre  
Puma Way  
Coventry  
United Kingdom  
CV1 2TT

**REGISTERED NUMBER:**

10854234 (England and Wales)

**INDEPENDENT AUDITOR:**

Mazars LLP  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

**BANKERS:**

Deutsche Bank AG  
1 Great Winchester Street  
London  
EC2N 2DB

The directors present their strategic report for the year ended 31 December 2021.

## **REVIEW OF BUSINESS**

CAF SA is a multinational group with over 100 years experience offering integrated transport systems at the forefront of technology that provide high value-added sustainable mobility.

A leader in the railway industry, it offers its customers one of the widest and most flexible product ranges in the market (both in terms of complete integrated transport systems and parts thereof) for example, rolling stock, components, infrastructure, workshops, signalling and services (maintenance, refurbishment and financial). Within the rolling stock segment, which represents its most traditional business, CAF offers a wide range of products that includes, among others, high-speed and very high-speed trains, regional and commuter trains (diesel and electric), metros, trams, LRVs and locomotives.

The principal activity of the Company is the operation of a manufacturing plant for the assembly of rolling stock, including the commissioning and testing of CAF Rolling Stock. The Company was incorporated on 6 July 2017.

The business has seen significant growth in the period with turnover of £81,834,364 (2020:£67,137,528) which represents a 22% increase, increasing manufacturing capacity in the plant and maintaining average headcount to 204.

As we move into the next reporting period, we do so with a strong order book of £155m. We now have secured contracts into 2023 which will be delivered from the Newport plant.

The company is in negotiation with Welsh Government over a funding grant last payment with commitment for providing employment opportunities for the future. Potential further funding could be claimed by March 2022 for a further £823k depending on investment in fixed assets and permanent headcount.

CAF Rolling Stock continued to operate during COVID-19 endemic, the government advice was followed, and appropriate measures were put in place to adhere to social distancing guidance and to provide a safe working environment for employees. The level of sick related absences was insignificant during the year.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company is exposed to few risks that relate predominantly to financial and supply chain factors. These arise from fluctuations in the markets and include:

- Interest rate risk; risk of fluctuations in interest rates that might give rise to changes in the Company's profit or loss and the value of its assets and liabilities.
- Foreign currency risk; risk arising from fluctuations in exchange rates that have an effect on future transactions and the valuation of assets and liabilities denominated in foreign currency.
- Global supply chain crisis; risk arising from suppliers ability to deliver on time.
- Commodity price risk; risk arising from changes in prices and market variables relating to commodities required in the businesses supply chain.

The uncertainty surrounding Brexit has gone away with trade deal achieved in Dec 2020 applying an agreement for free, fair, sustainable trade with zero tariffs. The financial cost of dealing with materials imported from EU was circa £0.1m in 2021. All expenditure incurred in customs charges getting the materials through the border.

The pandemic and coronavirus (COVID-19) remains a risk which the business continues to monitor for future impact on productivity.

The largest threats to our business appear to have passed but we can envisage further future lockdowns in the countries we import from may restrict our ability to manufacture products in our plant.

In terms of mitigation, we are working closely with suppliers to monitor provision of materials and temporary staffing should the need arise. The business is strictly following local government and public health guidelines including adopting social distancing measures at all sites. The business has performed a stress test on the business to confirm that it can continue to operate as a going concern.

In the current economic climate inflation is a risk that is being monitored for any impact on actual cost against the forecasted position.

## **Key performance indicators**

The key financial performance indicator is the order book, worth £155m. Backlog represents the volume of firm orders that will be recognised in the future as turnover. Turnover and net profit before tax are also considered to be key financial performance indicators for the business and current performance can be found in detail in the profit and loss statement on page 9. The business also measures staff retention and staff turnover as non financial performance indicators.

## **SECTION 172(1) STATEMENT**

During 2021, the board of directors consider that they have, individually and collectively, acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders.

In compliance with the Companies Act 2006, the board of directors are required to act in accordance with a set of general duties. During 2020, the board of directors consider that they have, individually and collectively, acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders, having regard to a number of broader matters including the likely consequence of decisions for the long term and the company's wider relationships. In doing so, the Board has had regard to the matters contained in section 172(1) (a)-(f) of the Companies Act 2006.

This statement focuses on matters material to the Company's ultimate shareholders; matters for the group and company are therefore identical. The group's key resources and relationships are detailed in the group's business model in the group's annual report. The board recognises the importance of building and maintaining relationships with its key stakeholders, and considering the external impact of the group's operations, to achieve long term success. The board's understanding of the interests of the group's stakeholders is informed by the board's programme of stakeholder engagement. Further details can be found in the corporate governance statement in the group's annual report.

Matters that have impacted key decisions and strategies during the year ended 31 December 2021 are set out below.

### **Business challenges**

- Uncertainty over new projects readiness after 2022 has influenced the staff availability and altered factory production capacity. To mitigate the circumstances the company has increased subcontractors' level and monitors permanent/ temporary headcount ratio regularly.
- Fostering a positive environmental protection, safety, and security culture across the premises and the suppliers the company engages with.
- Mitigation management over global supply chain crisis. All relevant suppliers have been engaged in the process.
- Project Management alignment and structure
- People strategy development to implement high level of leadership and its consistency.
- Communication strategy development to remove the bottleneck in various processes.
- Depot structure and alignment
- Plan monitoring to reduce production hours on Keolis project by 14%

### **Capital allocation and dividend policy**

Capital allocation and dividend policy did not change during the year and didn't impact key decisions and strategies. No dividends were paid during the reporting year or declared post period.

### **Culture**

The board is committed to a culture of openness and integrity by maintaining high standards of business conduct. We carefully consider how our business operations impact our local communities and the environment; details of our activities are contained within the corporate responsibility section in the group's annual report. We are confident that as a group and through our people we are fostering the right culture to make a positive impact.

CAF Rolling Stock UK Limited

Strategic Report  
for the Year Ended 31 December 2021

Further information on how the CAF Rolling Stock UK board have engaged with stakeholders can be found in the Group s.172(1) Statement, which can be found on CAF SA website <https://www.caf.net/en/accionistas-inversores/informacion-economicofinanciera/informacion-auditoria-cuentas-gestion-memoria.php?opt=2021#pestana>

**ON BEHALF OF THE BOARD:**



.....  
J V Elorza Villar - Director

Date: 7 June 2022

CAF Rolling Stock UK Limited

Report of the Directors  
for the Year Ended 31 December 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2021.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

J V Elorza Villar

J Esnaola Altuna

F Fernandez Lopetegui

**POST BALANCE SHEET EVENT**

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event.



**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivative is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks

**Cash flow risk**

The Company's activities expose it to changes in interest rates. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

**Credit risk**

The Company's principal financial assets are bank balances and trade and other debtors.

The Company's credit risk is primarily attributable to its trade debtors, including amounts recoverable on contracts. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Company has no significant credit risk, due to the risk profile of the customers being low.

**Liquidity risk**

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company used a mixture of long-term and short-term debt finance.

**DIRECTORS INDEMNITIES**

There is no Director's indemnity insurance in place.

Report of the Directors  
for the Year Ended 31 December 2021

**GOING CONCERN ASSESSMENT**

The accounts have been prepared on a going concern basis.

The business meets its day to day working capital requirements through cash generation and group support through cash pooling. The business performs SWAT analysis and a detailed stress test to confirm that the business will be able to operate for at least the following 12 months. This involves assessing the headroom against available cash balances, the assumptions used for this test were as follows:

- A moratorium on uncommitted, non-essential capital expenditure;
- Firm commitment to £0.6m in 2022 to enable the production growth
- Withdrawal of all non essential expenditure;
- Availability of credit facilities from the Group.
- Suppliers' ability to provide the materials on time

The results of the test confirmed that the Group will be able to continue to operate within its available credit facilities for at least 12 months from the date of this report. This is management's best estimate as of the date of this report which may be subject to change if the circumstances vary in the next year.

As at the date of this report, the directors have a reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**STREAMLINED ENERGY AND CARBON REPORTING**

The companies (Director's report) and Limited Liability Partnerships (Energy and Carbon report) Regulations 2018 (2018 regulations or SECR requirements) implement the government's policy on Streamlined Energy and Carbon Reporting. The regulation came into effect on 1 April 2019 and the Company is required to report the emissions and energy consumption for the year 2020.

The methodology is set out in the table below and follows the GHG Reporting Protocol and uses the 2020 Government emission conversion factors for greenhouse gas company reporting.

The company has chosen tonnes of gross CO<sub>2</sub>e per total £m sales revenue as the reported SECR intensity ratio. This serves as a consistent comparative for reporting purposes.

Scope (GHG)	Energy source and methodology	Consumption	Total Gross Emissions (tCO <sub>2</sub> e)
1	Gas - total Kwh used for the year taken from gas bills for each site (Newport and MID)	1838470 kWh	1,838,470 kWh x 0.18316 (2021 fuels, natural gas conversion factor gross CV to Kg CO <sub>2</sub> e) = 336,734 kgCO <sub>2</sub> e = 336.73 tCO <sub>2</sub> e
1	Diesel (100% mineral diesel) purchased for the track and factory testing during the year	185689.47 litres	185,689 ltrs x 2.70553 (2021 fuels, Diesel (100% mineral diesel) conversion factor litres) = 502,387 kgCO <sub>2</sub> e = 502.39 tCO <sub>2</sub> e
2	Electricity - total kWh used for the year, taken from the electricity bills for each site (Newport and MID)	1314556.8 kWh	1,314,557 kWh x 0.21233 (2021 UK Electricity conversion factor to kgCO <sub>2</sub> e) = 279,120 kgCO <sub>2</sub> e = 279.12 tCO <sub>2</sub> e

Report of the Directors  
for the Year Ended 31 December 2021

3	Water supply - total tonnes for the year taken from water bill in Newport	1.932 megaltrs	1.932 x 149 (2021 water supply conversion factor million ltrs to kg CO2e) = 287.9 kgCO2e = 0.3 tCO2e
4	waste disposal - total tonnes, data collected from waste disposal company used in Newport premises during the year for recycled wood, scrap metal and paper & board	541.8 t	541.8 x 21.294 (2021 waste disposal closed-loop, wood; scrap metal; paper and board: board conversion factor to kg CO2e) = 11,537 kgCO2e = 11.54 tCO2e
	<b>Total</b>		<b>1130.08 tCO2e</b>
	Intensity ratio: gross tCO2e per £1 m revenue		<b>13.81</b>
	Intensity ratio 2020		<b>13.14</b>

The intensity ratio has gone up by 5%, indicating our gross tCO2 emissions are growing with higher rate than revenue generating activities.

During the year, we have continued to use local supplier to handle the hazardous waste. We have also started food waste collections and can collections in the canteen. The company will be looking in other measures to reduce the carbon footprint in 2022.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

CAF Rolling Stock UK Limited

Report of the Directors  
for the Year Ended 31 December 2021

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**ON BEHALF OF THE BOARD:**



.....  
J V Elorza Villar - Director

Date: 7 June 2022

**Report of the Independent Auditor to the Members of  
CAF Rolling Stock UK Limited**

**Opinion**

I have audited the financial statements of CAF Rolling Stock UK Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. My responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of my report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the FRC's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work that we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Report of the Independent Auditor to the Members of  
CAF Rolling Stock UK Limited

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which I am required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Report of the Directors.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

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

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page nine, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Report of the Independent Auditor to the Members of  
CAF Rolling Stock UK Limited

**Auditor's responsibilities for the audit of the financial statements**

My 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 a Report of the Auditor that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which my procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK tax legislation, anti-bribery, corruption and fraud, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

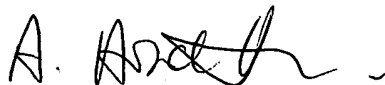
There are inherent limitations in the audit procedures described above and the primary responsibility of the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

Report of the Independent Auditor to the Members of  
CAF Rolling Stock UK Limited

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my Report of the Auditor.

**Use of my 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in a Report of the Auditor and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.



Andrew Hickson, Mazars LLP (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

Date: 16 June 2022



CAF Rolling Stock UK Limited

Statement of Comprehensive Income  
for the Year Ended 31 December 2021

	Notes	31.12.21 £	31.12.20 £
<b>TURNOVER</b>	4	81,834,364	67,376,645
Cost of sales		<u>(77,986,998)</u>	<u>(63,826,136)</u>
<b>GROSS PROFIT</b>		3,847,366	3,550,509
Administrative expenses		<u>(3,343,728)</u>	<u>(3,840,739)</u>
<b>OPERATING PROFIT/(LOSS)</b>		503,638	(290,230)
Interest payable and similar expenses	6	<u>(121,817)</u>	<u>41,989</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	7	381,821	(248,241)
Tax on profit/(loss)	9	<u>(427,656)</u>	<u>(39,547)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		(45,835)	(287,788)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(45,835)</u>	<u>(287,788)</u>

The notes form part of these financial statements

**CAF Rolling Stock UK Limited (Registered number: 10854234)**

**Balance Sheet**  
**31 December 2021**

	Notes	31.12.21 £	31.12.20 £
<b>FIXED ASSETS</b>			
Owned			
Tangible assets	10	29,269,020	30,010,154
Right-of-use			
Tangible assets	10, 15	<u>202,001</u>	<u>203,117</u>
		<u>29,471,021</u>	<u>30,213,271</u>
<b>CURRENT ASSETS</b>			
Stocks	11	2,228,398	5,796,729
Debtors	12	23,873,004	19,627,783
Cash at bank		<u>89,505</u>	<u>41,465</u>
		26,190,907	25,465,977
<b>CREDITORS</b>			
Amounts falling due within one year	1 3	(19,161,582)	(19,590,333)
		<u>7,029,325</u>	<u>5,875,644</u>
<b>NET CURRENT ASSETS</b>			
		<u>7,029,325</u>	<u>5,875,644</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		36,500,346	36,088,915
<b>CREDITORS</b>			
Amounts falling due after more than one year	1 4	(2,827,955)	(2,829,071)
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(1,062,866)</u>	<u>(604,484)</u>
<b>NET ASSETS</b>		<u>32,609,525</u>	<u>32,655,360</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	33,000,000	33,000,000
Retained earnings	18	<u>(390,475)</u>	<u>(344,640)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>32,609,525</u>	<u>32,655,360</u>

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2022 and were signed on its behalf by:

  
.....  
J V Elorza Villar - Director

The notes form part of these financial statements

CAF Rolling Stock UK Limited

Statement of Changes in Equity  
for the Year Ended 31 December 2021

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2020</b>	33,000,000	(56,852)	32,943,148
<b>Changes in equity</b>			
Total comprehensive loss	-	(287,788)	(287,788)
<b>Balance at 31 December 2020</b>	<u>33,000,000</u>	<u>(344,640)</u>	<u>32,655,360</u>
<b>Changes in equity</b>			
Total comprehensive loss	-	(45,835)	(45,835)
<b>Balance at 31 December 2021</b>	<u>33,000,000</u>	<u>(390,475)</u>	<u>32,609,525</u>

The notes form part of these financial statements

## CAF Rolling Stock UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### **1. GENERAL INFORMATION**

CAF Rolling Stock UK Limited was incorporated on 6 July 2017 and presents its financial statements for the year ended 31 December 2021. The Company is a private company, limited by shares and is registered in England and Wales. The Company's registered number is 10854234 and its registered office address is Coventry Technocentre, Puma Way, Coventry, CV1 2TT.

The principal activity of the Company is that of a manufacturing plant for the assembly of Rolling Stock, including the commissioning and testing of CAF Rolling Stock.

The financial statements have been presented in Pound Sterling as this is currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

A summary of the Company's accounting policies, which have been consistently applied, are set out below:

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' as permitted under section 390 (3) of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

**2. ACCOUNTING POLICIES - continued**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1; and
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Where relevant the equivalent disclosures have been given in the Group accounts of Construcciones y Auxiliar de Ferrocarriles S.A. (CAF SA). The Group accounts of CAF SA are available to the public and can be obtained as set out in the controlling party note.

**Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, or other sales taxes or duty.

Revenue on manufacturing / commissioning contracts and long term service agreements is recognised on the percentage of completion method; the stage of completion is assessed as the cost incurred to date as a percentage of the total budgeted cost. The excess of revenue measured at percentage of completion over the revenue recognised in prior periods is the revenue for the period. Cost of sales on construction contracts and long-term service agreements is computed on the same basis.

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The right of use assets are depreciated over the lease term.

Depreciation is provided on the following basis:

Freehold property - 3.33% - 5%  
Plant and machinery - 10%  
Fixtures and fittings - 10% - 33.33%  
Right of use - over the lease term

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

**Impairment of tangible fixed assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

The Company has implemented IFRS 9 Financial Instruments Standard and has accounted for its Financial Instruments in accordance with the standard.

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**Financial assets**

Financial assets are classified as either financial assets 'at fair value through profit or loss' (FVTPL) or loans and receivables. Financial assets are initially recognised at transaction value, except for those assets classified as at fair value through profit or loss, which are initially recognised at fair value (transaction costs are expensed in operating costs).

**Financial assets at FVTPL**

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future or it is a derivative that is not designated and effective as a hedging instrument. A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

**Loans and receivables**

Trade and other receivables, and cash and cash equivalents, that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest revenue is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest revenue over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying value of the financial asset.

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting 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 asset have been impacted.

**2. ACCOUNTING POLICIES - continued**

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Derecognition of financial assets**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership

**Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' (FVTPL) or other financial liabilities.



## **2. ACCOUNTING POLICIES - continued**

### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

### **Other financial liabilities**

Other financial liabilities, including trade and other payables and borrowings, are initially measured at transaction value. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying value of the financial liability.

### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or they expire.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2. ACCOUNTING POLICIES - continued**

**Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- o The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- o Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating income'.

**2. ACCOUNTING POLICIES - continued**

**Leased assets**

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

In the balance sheet, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other creditors.

**Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2. ACCOUNTING POLICIES - continued**

**Going concern**

The accounts have been prepared on a going concern basis.

The business meets its day to day working capital requirements through cash generation and group support through cash pooling. The business performs SWAT analysis and a detailed stress test to confirm that the business will be able to operate for at least the following 12 months. This involves assessing the headroom against available cash balances, the assumptions used for this test were as follows:

- o A moratorium on uncommitted, non-essential capital expenditure;
- o Firm commitment to £0.6m in 2022 to enable the production growth
- o Withdrawal of all non essential expenditure;
- o Availability of credit facilities from the Group.
- o Suppliers' ability to provide the materials on time

The results of the test confirmed that the Group will be able to continue to operate within its available credit facilities for at least 12 months from the date of this report. This is management's best estimate as of the date of this report which may be subject to change if the circumstances vary in the next year.

As at the date of this report, the directors have a reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Government grants**

Government grants received on capital expenditure are initially recognised within deferred income on the Company's balance sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss. The revenue is recognised once the payback period has expired.

**PROVISIONS**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**2. ACCOUNTING POLICIES - continued**

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at transaction value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**3. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**Judgements in applying the company's accounting policies**

There are no judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Company's accounting policies and that would have a significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

**Recognition of revenue - Long term contracts**

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated to reflect the proportion of work carried out at the period end, by recording turnover and related costs as contract activity progresses. Turnover is calculated on the projects as the cost incurred to date as a percentage of the total budgeted costs. Revenues derived from variations on contracts are recognised only when they have been accepted by our client. Full provision is made for losses on loss making contracts in the period in which they are first foreseee.

**4. TURNOVER**

The turnover and profit (2020 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	31.12.21	31.12.20
	£	£
Rendering of services	81,834,364	67,137,528
Furlough income	-	239,117
	<u>81,834,364</u>	<u>67,376,645</u>

All turnover arose within the United Kingdom.

**5. EMPLOYEES AND DIRECTORS**

	31.12.21	31.12.20
	£	£
Wages and salaries	8,076,479	8,451,066
Social security costs	825,047	911,819
Other pension costs	453,141	445,515
	<u>9,354,667</u>	<u>9,808,400</u>

The average number of employees during the year was as follows:

	31.12.21	31.12.20
Administration staff	21	21
Technical staff	<u>175</u>	<u>190</u>
	<u>196</u>	<u>211</u>

The Directors received no emoluments for their services to the Company in the financial period presented and were paid through CAF SA.

The Directors are considered to be the key management personnel of the Company.

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.21	31.12.20
	£	£
Other financial expenses /		
(income)	121,817	(74,840)
Group interest payable	<u>-</u>	<u>32,851</u>
	<u>121,817</u>	<u>(41,989)</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

**7. PROFIT/(LOSS) BEFORE TAXATION**

The profit before taxation (2020 - loss before taxation) is stated after charging:

	31.12.21	31.12.20
	£	£
Cost of inventories recognised as expense	56,193,772	43,462,347
Depreciation - owned assets	1,254,451	1,234,684
Depreciation - assets on finance leases	45,834	246,418
Research and development recognised as an expense	684,566	615,184
Exchange (gains)/losses	117,580	(81,650)
Interest cost on right of use assets	<u>8,732</u>	<u>6,810</u>

**8. AUDITORS' REMUNERATION**

	31.12.21	31.12.20
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	<u>45,000</u>	<u>40,000</u>

**9. TAXATION**

**Analysis of tax expense**

	31.12.21	31.12.20
	£	£
Current tax:		
Tax	(30,726)	(229,403)
Deferred tax	<u>458,382</u>	<u>268,950</u>
Total tax expense in statement of comprehensive income	<u>427,656</u>	<u>39,547</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

**9. TAXATION - continued**

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK.  
The difference is explained below:

	31.12.21	31.12.20
	£	£
Profit/(loss) before income tax	<u>381,821</u>	<u>(248,241)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	72,546	(47,166)
Effects of:		
Capital allowances for the period in excess of depreciation	177,742	141,727
Changes in provisions leading to an increase in the tax charge	249,389	42,907
Expenses not deductible for tax purposes	-	4,694
Adjustment to tax charge in respect of previous periods	21,688	(4,550)
R&D claims for previous periods	(70,706)	(98,065)
R&D claim for current period	<u>(23,003)</u>	<u>-</u>
Tax expense	<u>427,656</u>	<u>39,547</u>

**Factors that may effect future tax charges**

The are no factors that significantly effect the tax charge for the period.

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**10. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1 January 2021	29,798,762	3,193,248	374,568	33,366,578
Additions	<u>190,280</u>	<u>194,548</u>	<u>173,207</u>	<u>558,035</u>
At 31 December 2021	<u>29,989,042</u>	<u>3,387,796</u>	<u>547,775</u>	<u>33,924,613</u>
<b>DEPRECIATION</b>				
At 1 January 2021	2,431,394	614,316	107,597	3,153,307
Charge for year	<u>886,523</u>	<u>342,277</u>	<u>71,485</u>	<u>1,300,285</u>
At 31 December 2021	<u>3,317,917</u>	<u>956,593</u>	<u>179,082</u>	<u>4,453,592</u>
<b>NET BOOK VALUE</b>				
At 31 December 2021	<u>26,671,125</u>	<u>2,431,203</u>	<u>368,693</u>	<u>29,471,021</u>
At 31 December 2020	<u>27,367,368</u>	<u>2,578,932</u>	<u>266,971</u>	<u>30,213,271</u>

IFRS 16 was applied from 1 January 2019. The impact on the company is the increase in property and plant and machinery through right of use assets. The right of use assets consist of property of £447,215 (2020: £447,215) and machinery of £245,056 (2020: £245,056).

**11. STOCKS**

	31.12.21 £	31.12.20 £
Raw materials and consumables	126,623,903	72,803,532
Work-in-progress	<u>(124,395,505)</u>	<u>(67,006,803)</u>
	<u>2,228,398</u>	<u>5,796,729</u>

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.21 £	31.12.20 £
Amounts owed by group undertakings	23,487,064	18,756,248
Other debtors	52,414	106,291
Prepayments and accrued income	<u>333,526</u>	<u>765,244</u>
	<u>23,873,004</u>	<u>19,627,783</u>

Amounts owed by group undertakings are interest free and repayable on demand.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.21	31.12.20
	£	£
Trade creditors	13,285,622	8,962,017
Amounts owed to group undertakings	1,935,144	1,926,213
Other taxation and social security	2,833,645	4,341,997
Other creditors	210,164	163,768
Accruals	897,007	4,196,338
	<u>19,161,582</u>	<u>19,590,333</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.21	31.12.20
	£	£
Lease liabilities	137,955	139,071
Deferred government grants	<u>2,690,000</u>	<u>2,690,000</u>
	<u>2,827,955</u>	<u>2,829,071</u>

See note 15 for an analysis of the lease liabilities.

The deferred government grants relate to repayable business finance funding. The receipt of the funding was dependant on achieving certain targets. These targets are reviewed in future periods to determine whether they are still being met. If the targets are not still met in future periods then an amount of the funding may be required to be repaid.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

**15. LEASING**

**Right-of-use assets**

	2021 £	2020 £
Maturity analysis		
Within one year	70,068	67,266
In two to five years	<u>137,955</u>	<u>139,071</u>
Total undiscounted liabilities	<u>208,023</u>	<u>206,337</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows;

	2021 £	2020 £
Current liabilities	70,068	67,266
Non current liabilities	<u>137,955</u>	<u>139,071</u>
	<u>208,023</u>	<u>206,337</u>

Amounts recognised in profit include the following:

	2021 £	2020 £
Depreciation	45,834	246,418
Interest on lease liabilities	<u>8,732</u>	<u>6,810</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

**16. PROVISIONS FOR LIABILITIES**

	31.12.21 £	31.12.20 £
Deferred tax	<u>1,062,866</u>	<u>604,484</u>
		Deferred tax £
Balance at 1 January 2021		604,484
Effect of tax rate change		190,890
Timing differences		<u>267,492</u>
Balance at 31 December 2021		<u>1,062,866</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.21	31.12.20
			£	£
33,000,000	Ordinary	£1.00	<u>33,000,000</u>	<u>33,000,000</u>

The shares are ranked pari passu for voting, dividend and distribution rights (on winding up)

**18. RESERVES**

	Retained earnings
	£
At 1 January 2021	(344,640)
Deficit for the year	<u>(45,835)</u>
At 31 December 2021	<u>(390,475)</u>

Retained earnings represents the cumulative profits and losses of the company.

**19. POST BALANCE SHEET EVENT**

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event.

The greatest impact on the business is expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessments.

**20. PENSION COMMITMENTS**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £453,141 (2020: £445,515). Contributions totalling £62,747 (2020: £57,678) were payable to the fund at the balance sheet date and are included in creditors.

**21. RELATED PARTY TRANSACTIONS**

CAF Rolling Stock UK Limited has taken advantage of the exemption contained within paragraphs 8(k) and (j) of FRS101 and has not disclosed transactions entered into with wholly-owned group companies or key management personnel. The company has therefore not disclosed transactions or balances with entities wholly owned members of the Construcciones y Auxiliar de Ferrocarriles S.A group.

During the period the Company made purchases of £375,525 (2020 - £275,318) from BWB Consulting Limited, a company owned by the Construcciones y Auxiliar de Ferrocarriles S.A group. There was a creditor balance at the year end of £57,436 (2020: £53,335)

**22. CONTROLLING PARTY**

The immediate parent company is CAF Group UK Limited, a company registered in England and Wales. The company's registered office is Coventry Techno Centre, Puma Way, Coventry, CV1 2TT.

The ultimate parent company and controlling party is Construcciones y Auxiliar de Ferrocarriles S.A., a company incorporated in Spain. The financial statements for this company can be found at the company's registered office of C/ Jose Miguel Iturrioz, 26, 20200 Beasain, Gipuzkoa, Spain.