

Registration number: 03118392

Freightliner Limited

Annual Report and Unaudited Financial Statements

For the Year Ended 31 December 2024

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Freightliner Limited

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Freightliner Limited

Company Information

Directors	Mr Christopher Ray Lawrenson Mr David James Penney Mr Timothy Colin Shoveller
Company secretary	Ms Sally Jane Watts
Registered office	6th Floor, The Lewis Building 35 Bull Street Birmingham B4 6EQ United Kingdom
Bankers	Barclays Bank PLC 1-3 Haymarket Towers Humberstone Gate Leicester LE87 2BB United Kingdom
Registration number	03118392

Freightliner Limited

Strategic Report for the Year Ended 31 December 2024

The Directors present their Strategic Report for Freightliner Limited ('the Company') for the year ended 31 December 2024.

Business review and future developments

The principal activity of the Company is a provider of trunk rail services between United Kingdom ('UK') southern ports and a network of inland rail freight interchanges (terminals). The Company operates a fleet of road vehicles that complement the rail service by offering local road haulage to and from the inland terminals. The Directors do not currently anticipate any changes in the nature of the Company's principal activity.

The Company is a leading provider of critical rail transport across the UK with an irreplaceable network of terminals, assets, and operating personnel moving containers, primarily from the UK's largest ports to inland terminals and on to customer locations.

Freightliner Limited's core purpose is to be the safest and most respected transportation service provider in the UK.

Prior to 2024, the Company was part of the Genesee & Wyoming Inc. group ('G&W group'), a US company. During 2024, G&W group undertook a legal entity restructure completing in May 2024. Following this, the UK and European operations were no longer part of the G&W group structure. The Company now forms part of the UK & Europe group, headed by Freightliner Group Limited ('the Group').

The restructure has given the UK and European business more autonomy over operations, including securing a new funding facility. There has been no change to the ultimate parent entity of the Company or the ultimate controlling party, which remains as Brookfield Corporation.

On 5 July 2024, the Company acquired the trade and assets of Freightliner Railports Limited, a fellow subsidiary undertaking of Freightliner Group Limited for consideration of £4,665,000. An accounting policy choice has been made to follow predecessor accounting and therefore all assets and liabilities have been transferred to the Company at a book value of £4,665,000. See Note 15 for further details.

Delivering for customers through high performing operations continues to be a key focus for the business. We've delivered year-on-year improvements to our industry leading safety performance, investing in training and maintaining assets to the highest standards. The relentless focus on both service and efficiency have supported our growth agenda, while significant 'back office' enhancements to both process and systems have made it significantly easier for our customers, suppliers, and ourselves to work together.

Following the positive improvements delivered, we continue to invest heavily in future growth. At our port and inland Terminals, our investment in a Vehicle Booking System and automated terminal gates allows for industry leading terminal turnaround times; on Road and Rail we are investing in new technologies to support a safe and efficient operation, while the ability to track and trace containers for the full journey gives real time information to our customers, allowing best-in-class supply chain management.

We continue to pioneer the shift from road to rail, driving a more efficient and sustainable service in support of a reduced carbon footprint for ourselves and our customers. We acknowledge our responsibility in contributing to the delivery of net carbon zero status and are committed to investing in a sustainable future through informed data, alternative fuels, and innovative decarbonisation technologies.

Freightliner Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Business review and future developments (continued)

Financial Highlights

The Company's key financial performance indicators are noted below. There are no non-financial key performance indicators upon which business performance is measured.

	Unit	2024	2023
Turnover	£ 000	188,946	188,097
Gross profit	£ 000	7,313	11,853
Gross profit margin	%	4	6
Loss before taxation	£ 000	(23,184)	(32,619)
EBITDA	£ 000	7,169	(5,786)
Net assets	£ 000	88,081	102,303
Net assets excluding pension asset	£ 000	70,008	91,653

EBITDA (Earnings before interest, taxation, depreciation and amortisation) is calculated by taking operating loss of £17,849,000 (2023: loss of £28,238,000) and adding back depreciation of £7,541,000 (2023: £7,253,000) and depreciation of right-of-use assets of £17,477,000 (2023: £15,199,000).

The Company's turnover is broadly flat year on year (£188,097,000 in 2023 to £188,946,000 in 2024) with the difficult trading environment experienced, limiting business growth. Cost of sales have increased by 3%, causing a reduction in gross profit margin from 6% to 4%. The net loss before taxation has moved to a loss of £23,184,000 in 2024 from a loss of £32,619,000 in 2023, which is primarily due to a non-strategic terminal sale driving a benefit. EBITDA has increased from a loss of £5,786,000 in 2023 to £7,169,000 in 2024, with business efficiencies and the non-strategic terminal sale. The net assets have decreased to £88,081,000 in 2024 from £102,303,000 in 2023, primarily driven by the loss for the year, offset by an increase in the defined benefit pension asset.

Tough economic conditions at the beginning of the year resulted in reduced Intermodal market activity. Volumes strengthened through H2, with Intermodal Rail market share held during the period at ~55% (2023: 55%), with significant initiatives delivered to drive efficiency and protect margins across the business. The Company has continued to deliver growth through the second half of the year, securing new contracts with key customers in addition to the continued expansion of our customer portfolio. During the course of the year, the business saw increased volumes, benefiting from increased margins in the second half of the year, as efficiencies were realised. Activity undertaken during the year has set the business up for efficient future growth.

In addition to operating efficiencies, the Directors engaged in a restructure that made changes to reporting lines and income statement ownership. Together with a cost reduction exercise, the benefit was seen in the second half of the year as volume and profitability saw improvements.

During the year the business disposed of a non-strategic terminal.

Subsequent to year end, the Intermodal business completed a significant project to support a large customer to move port operations from Felixstowe to London Gateway. This combined with a new customer contract provides the Company with a strong platform for growth in 2025 and beyond.

Freightliner Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Business review and future developments (continued)

Our markets

The Company operates in markets where there are significant barriers to entry given the capital deployed, operational expertise, and customer relationships required to operate. However, the markets we operate in remain highly competitive, with our pricing and cost base under constant review to ensure we are balancing service and cost effectively for our customers. We are well placed to deliver for our customers and to continue to maximise market opportunities during 2025 in order to continue to drive our growth agenda.

Market tailwinds linked to the government modal shift drive from road to rail, the growth agenda and forecast economic recovery across our markets, and investments made in technology and operational improvements, leave the Company well placed to grow.

We have seen weaker economic growth than previously forecast through the early part of FY25 but are maintaining share in key markets and we continue to monitor the impact of trade tariffs on the markets in which we operate and on the global economy.

Our strategy

Our core purpose is to be the safest and most respected transportation service provider in the world. The Directors remains focussed on improving the long-term future of the Company. To support this, its approach to allocation of capital is to prioritise the following:

- Investment in growth through capital and operating expenditure to drive increased revenue and margin
- Continued investment in employees through regular training programmes
- Utilise cash to meet the working capital requirements of the Company

Our business model

Freightliner is the UK's largest maritime intermodal logistics operator, transporting containers from all major deep-sea ports to our national network of inland terminals. Through the unique combination of our own rail, terminals and road assets, Intermodal Logistics is the offer end-to-end logistics solutions in the UK:

1. Rail

Our award-winning rail services keep businesses throughout the UK ticking over, day and night. The power of our locomotives combined with the expertise of our team, means we can offer our customers the reliable rail service they need and deserve.

2. Terminals

An integral part of Intermodal Logistics is our strategically placed inland container terminals. With full UK coverage, we have the capability to move, store, repair and maintain our customers' containers - servicing more than 2 million maritime container every single year.

3. Road

From port to the final mile of our customers' journeys, our road transportation offering allows us to deliver the complete logistics package to any destination.

The Company remains focussed on improving the long-term future of the UK business.

Freightliner Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Principal risks and uncertainties

Health and Safety:

Health and Safety is an integral part of the Company's philosophy. It forms the foundation of each and every decision made. The Company has robust Health and Safety systems ensuring facilities, equipment and culture of the company continuously uphold and assess safety risks.

Changes in global trade tariffs:

Recent developments in the form of the introduction of a new tariff regime in the US and around the world could impact the business. While there is little anticipated direct impact from the US tariffs on UK operations, there is a risk of a global recession which could reduce volumes in the business.

Economic conditions:

We have seen high levels of inflation and interest rates in the UK in recent months, coupled with an erosion in real terms income despite high wage growth. Household consumption, a major driver of intermodal volumes, has also underperformed total GDP growth. The Company monitors economic conditions on an ongoing basis. Despite these economic headwinds, there are a number of factors that point towards a positive outlook for Rail freight.

Rail Reform:

A limit to the Company's ability to grow Rail Freight business in the long term, is capacity on the Rail Freight network. We are actively engaged with the UK government on rail reform and the creation of Great British Railways (GBR). We believe that the role of freight rail in the UK economy will not only be protected but enhanced when the final rail policies are implemented. A new UK policy focus on freight rail will further enhance our current drive to win new business.

The UK Government has committed to target 75% minimum increase in rail freight volumes by 2050. Rail freight also continues to be recognised as one of the most carbon efficient transport forms, supporting the ongoing decarbonisation agenda for customers. Our focused efforts on customer proposition and delivering effective business solutions, allows us to protect and grow market share in a competitive environment and continue to deliver against our business growth strategy in both Intermodal and Heavy Haul markets

Wage inflation & National insurance costs:

As a large employer, staff costs represent a significant cost base. Increases to staff wages and employee-related taxes can negatively impact the profitability of the Company. We are working extremely closely with our colleagues to ensure we continue to provide a great place to work and a highly competitive reward structure. Through strong planning and communication internally and externally, we are able to largely mitigate the impact of industrial relations activity on the business. In an industry where key skills shortages are prevalent, we have a strong track record of recruiting, developing, and retaining great people and believe we will continue to do so through our continued investment in this area.

Cyber risk:

As we invest in new technologies to support our growth strategy, including delivering an efficient back office, we are mindful of the growing cyber security risk, including cyber attack, loss of sensitive data leading to lack of customer confidence, or failures of IT systems leading to a failure to operate certain routes or operations of the business. Our assurance programmes within this area ensure that the systems and infrastructure within the business are adequately protected against this risk.

The strategies taken by the company to manage the risks faced by the company have reduced the likelihood of risks having a significant impact on the business. We remain confident that our strategy, people, and organisational resilience, position us well to make continued progress.

Freightliner Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Section 172(1) statement

The Directors are aware of their duty under s172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole, and in doing so, to have a regard (amongst other matters) to:

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

The Directors of the Company consider that they have regard in material respects to the factors set out above. This statement explains how the Board complies with its obligations under s172(1) of the Companies Act 2006.

The Company is a UK subsidiary of Freightliner Group Limited. The Group's Board determines the strategic objectives of the Group to best support the delivery of long-term value, providing overall strategic direction within an appropriate framework of controls, delegated authority, and rewards. The Company follows the Group policies and procedures, including those relating to standards of business conduct, employees, customers, suppliers, the environment, the communities in which we operate, and other stakeholders such as regulatory bodies and non-government organisations. Stakeholder engagement takes place at a Group level and the Company looks to the Group initiatives for guidance and takes them into account in its decision making. The full s172(1) statement of the Group, including the duties of the Directors of the Company are disclosed within the Freightliner Group Limited financial statements.

The Company delegates authority for day-to-day management to the Group's senior leadership team, who set, approve and oversee the execution of the Company's activities. Board meetings are held ad-hoc, where the Directors consider Company business, such as appointment of Directors, approval of accounts, approval of dividends, guarantees and other strategic decision relating to business operations. In considering items of business the Company makes autonomous decisions on each item's own merits, after due consideration of the long-term success of the Company, Section 172 factors, where relevant, and the stakeholders impacted.

Freightliner Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Streamlined Energy and Carbon Reporting

It is not possible to separate the energy usage and carbon emissions of the group of Companies owned by Freightliner Group Limited. This report covers the energy usage and carbon emissions of all companies within the Group. The section has been prepared in compliance to the Streamlined Energy and Carbon Reporting ('SECR') Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Emissions and energy consumption

Summary of scope 1 (direct) greenhouse gas emissions for the year ended 31 December 2024:

	Unit of measurement	2024	2023
Emissions from combustion of gas (Scope 1)	tCO ₂ e	106	316
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO ₂ e	144,947	151,759
		145,053	152,075

Summary of scope 2 (indirect) greenhouse gas emissions for the year ended 31 December 2024:

	Unit of measurement	2024	2023
Emissions from purchased electricity (Scope 2) for transport purposes	tCO ₂ e	6,708	5,369
Emissions from purchased electricity (Scope 2)	tCO ₂ e	1,823	1,892
		8,531	7,261

Summary of scope 3 (other indirect) greenhouse gas emissions for the year ended 31 December 2024:

	Unit of measurement	2024	2023
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3)	tCO ₂ e	754	622
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO ₂ e	61	128
Emissions from well to tank (WtT) of fuel for transport purposes	tCO ₂ e	35,301	36,899
		36,116	37,649

Freightliner Group Limited and its subsidiaries including Freightliner Limited have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol, Corporate Standard. We have used the 2024 UK Government's Conversion Factors for Company Reporting. We have used an operational approach to define our boundary and scopes and they have remained the same from the 2023 report.

Scope 1 emissions relate to on-site gas usage and emissions from transport. Transport usage (diesel & HVO traction, road haulage, company owned vehicles and terminal fuel usage) has been obtained from fuel purchasing records, fuel card usage and mileage data. The primary source for on-site gas consumption data is supplier invoices and supplier consumption data. The Landlord supplies have been calculated from invoice costs and usage and also estimated based on historical consumption where not available.

Freightliner Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Streamlined Energy and Carbon Reporting (continued)

Scope 2 relates to electric traction and purchased electricity for on-site usage. Electric traction usage and emissions are calculated from metering data (EnergyX system). Mileage records for the traction comes from Network Rail Track access data for the intensity metric. The primary source for on-site electricity consumption data is supplier invoices and supplier consumption data. The Landlord supplies have been calculated from invoice costs and usage and also estimated based on historical consumption where not available.

Electricity transmission and distribution loss associated emissions are set out in Scope 3. Further Scope 3 emissions relate to grey fleet including transport by employees in personal cars, company cars and hired cars. Personal car and company car mileage was extracted from the Concur system for recording expenses.

Additionally, changes have been made to the intensity calculations for the 2024 report with changes made to previously reported figures and metrics. Changes include the additional reporting of Well to Tank Scope 3 emissions for liquid fuel consumption. This has been amended following an internal review of reporting boundaries to Scope 1 and Scope 2 and assessment against ISO 14064-part 3. This is part of the continual improvement and increased maturity of Freightliner Group Limited in its reporting across its net value chain. Alignment of intensity metrics has been made closer to the external disclosures including Freightliner Group Limited CDP disclosures. This alignment enables a completeness of disclosing intensity metrics across the variety of external disclosures Freightliner Group Limited makes.

2024 Source	Carbon Emissions (tCO ₂ e)	Intensity Ratio 2024	Intensity Ratio Metric	Intensity Metric
Traction- Diesel and HVO	153,319	0.0243	tCO ₂ e/mile	6,320,776
Traction- Electricity	7,300	0.0092	tCO ₂ e/mile	791,657
Road Haulage and Vehicles	19,446	0.0014	tCO ₂ e/mile	14,058,003
Terminal/Site Usage	9,572	0.0059	tCO ₂ e/m ²	1,627,719

2023 Source	Carbon Emissions (tCO ₂ e)	Intensity Ratio 2023	Intensity Ratio Metric	Intensity Metric
Traction	131,494	0.0167	tCO ₂ e/mile	6,916,858
Road Haulage and Vehicles	22,078	0.0022	tCO ₂ e/mile	9,901,901
Terminal/Site Usage	8,045	0.0049	tCO ₂ e/m ²	1,627,719

As one of the UK's leading transportation service providers, the Group take our environmental responsibilities seriously and recognise the importance of our environmental performance as part of our overall business success. The Group has an ongoing focus on increasing the sustainability of our operations and will continue to play a pivotal role in ensuring that the UK economy can fully decarbonise by 2050. The Group's UK's Safety and Sustainability Team coordinated our environmental and sustainability workstreams to ensure that the business is positioned to further enhance our environmental and sustainable performance. The SECR report will act as an evidence base, on which to set regular, achievable and effective carbon emission reduction which will lead to decarbonisation of our operations by 2050.

The Group have submitted a Near-Term target to SBTi to reduce emissions by 55% by 2033 and also to be Net Zero by 2050. These targets have been officially approved by The Science Based Targets Initiative as of February 2025.

Freightliner Limited

Strategic Report for the Year Ended 31 December 2024 (continued)

Streamlined Energy and Carbon Reporting (continued)

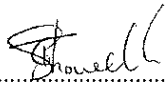
HVO has been used for customers wishing to reduce supply chain carbon emissions. This has been welcomed by Freightliner in an attempt to increase volumes of low carbon and renewable feedstocks in replacement of diesel as a primary fuel source. Plans to increase the volumes of HVO in the future feed into the decarbonisation plan among other efficiency targets such as maintaining a high capacity on trains and driver behaviour. Analysis is being completed to identify the key customers to partner with a potential low carbon solution beneficial both for Freightliner and customers. Innovation trials continue in the pursuit of alternative fuel sources.

The following matters have been covered in the Directors' Report:

- Directors of the Company;
- Dividends;
- Financial risk management objectives and policies;
- Political donations;
- Charitable donations;
- Employment of disabled persons;
- Gender diversity;
- Employee engagement;
- Social and community issues;
- Research and development;
- Going concern;
- Post balance sheet events; and
- Directors' indemnities.

The Strategic report was approved by the Board on 30 September 2025.

Approved by the Board and signed on its behalf by:



.....
Mr Timothy Colin Shoveller
Director

Freightliner Limited

Directors' Report for the Year Ended 31 December 2024

The Directors present their report with the unaudited financial statements of Freightliner Limited (the 'Company') for the year ended 31 December 2024.

As permitted by Section 414C(11) of the Companies Act 2006, some of the matters required as part of the Directors report have been instead included in the Strategic report on pages 2 to 9, as the Board considers them to be of strategic importance. Specifically, these are:

- Business review and future developments;
- Engagement with suppliers, customers and others in a business relationship with the Company; and
- Total greenhouse gas emissions and carbon reporting (see Streamlined Energy and Carbon Reporting on pages 7 to 9).

Directors of the Company

The Directors, who held office during the year and up to the date of this report, were as follows:

Mr Christopher Ray Lawrenson

Mr David James Penney (appointed 1 May 2024)

Mr Timothy Colin Shoveller

Mr William Thomas Wright (resigned 2 May 2024)

Dividends

No dividends were declared or paid by the Company in either the current or preceding period.

Financial risk management objectives and policies

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation through its operations and through the Group's funding facilities available. During the year the Group refinanced, securing a £50.0 million term loan, and a £50.0 million revolving credit facility, with a syndicate of banks, expiring on 31 May 2029. As at 31 December 2024, the Group had an undrawn facility available of £47.0 million. The Company also participates in supply chain financing arrangements (SCF) with the principal purpose of improving working capital.

Interest rate risk

Following the refinancing, the Group has a drawn £50.0 million, 5-year term loan which has a variable interest rate. The Group have entered into interest rate swaps (floating to fixed) for the full nominal value to mitigate any risks associated with the potential changes in interest rate. The Group is exposed to variable interest, linked to SONIA rates for amounts drawn on the revolving credit facility. The Group reviews the risk continually and will look to mitigate risk of significant variable interest with interest rate swaps as required.

Credit risk

The Company's credit risk is attributable to its receivables, which are presented in the balance sheet net of any provision for bad debts. The Company only enters material transactions with reputable and established businesses. Credit risk is controlled by the regular review and setting of customer payment terms. Compliance with these limits is regularly monitored.

Freightliner Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Financial risk management objectives and policies (continued)

Price risk

The Company generally reviews pricing with customers on an annual basis. Inflationary movements that impact our cost base and are measured by metrics such as the Consumer Price Index (CPI), are used as a basis to determine a start point for customer price increase discussions, therefore mitigating this risk. We also have fuel surcharge mechanisms within our major contracts to mitigate the risk around major fuel price movements outside of inflationary measures such as CPI.

Cash flow risk

The Company's cash flow risk is based on whether the Company can pay its short-term liabilities without detriment to the long-term value of the business. On a continual basis, cash flow forecasts are produced, and a robust process is in place to ensure that the Company remains cash generating.

Political donations

During the year, the Company made no political donations (2023: none).

Charitable donations

During the year, the Company made no charitable donations (2023: none).

Employment of disabled persons

The Company is committed to equal opportunities for all in recruitment and employment. We aim for our workforce to be truly representative of all sections of society, of the geographies in which we operate, and of our customer base. Our aim is that all employees feel respected at work so that they can give of their best and aims to create an environment which enables them to work effectively as part of the Company. Full consideration is given to the training, career development and promotion of disabled persons, subject only to their aptitudes and abilities. We aim to ensure that the Company, and our people as representatives of the Company, do not unlawfully discriminate in contravention of the Equality Act 2010 on the grounds of age, disability, gender, race, religion/belief or sex/sexual orientation, or any other protected characteristic.

In situations where one of our employees becomes disabled, either under the statutory definition, or are unfit for their allocated duties, then our policy is to look to accommodate those individuals in their current role by making reasonable adjustments, or by identifying alternative employment/roles that they can do. We will also adapt working hours (part time or flexible to suit their needs under our Flexible Working Policy) or offer Hybrid working under our Hybrid working policy if it means they can continue in active employment with us. In cases of long-term illness/disability, we work with our employees to accommodate phased returns to work, provide support via occupational health and Employee Assistance Programme (EAP) and, where there is a need to redeploy to a role of lesser monetary value then we have processes to do this on a phased basis. During 2024 we have also sought to educate our employees and management team on diversity and inclusion in the workplace and to promote and educate on neuro diversity.

Freightliner Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Gender diversity

The Company is committed to encouraging equality, diversity and inclusion among our workforce, and eliminating unlawful discrimination. Since privatisation from British Rail and for the last 20 years, the Company's overall proportion of women to men has always hovered around 8% - 10%. The Rail and Road industries have always had a heavy male bias especially in the operational or traditional "blue collar" roles.

While the gender split within the business may be considered within the normal levels for the transport and logistics industry, this is not to suggest that the numbers are acceptable. The Company and the industry as a whole, have a lot of work to do to encourage and attract more diverse talent. The Company has begun that journey by engaging in a number of projects including:

- Reviewing and benchmarking family friendly/health and well-being policies;
- Reviewing culture, policies and process to embed inclusive values;
- Training to reinforce culture change as well as specific training in removing unconscious bias;
- Targeted recruitment to attract women into historically male dominated roles;
- Large financial investment in updating and unifying systems and technology across the Company which will allow much greater control and analysis of our staff metrics; and
- Ramping up of the diversity and equal opportunity agenda including the involvement of the relevant unions to look at an industry leading standard.

These are already beginning to pay dividends with nearly 25% of our graduate driver intake for the last 12 months being female. Once qualified as competent drivers, this will increase our number of female drivers by nearly 200%.

At 31 December 2024 there were 3 male, 0 female Directors of the Company (2023: 3 male, 0 female).

In addition to the Directors of the Company, the Senior Management team was comprised of a further 3 male, and 2 female employees of the Company (2023: 4 male, 2 female).

At 31 December 2024 there were 850 male and 73 female employees in the Company.

Employee engagement

On a monthly basis a Teams call is held with 120+ leaders in the Group to update on business financial and safety performance and to highlight other topics of note or interest. These calls are recorded and subsequently disseminated post meeting, along with briefing notes, so that all leaders can then cascade via their teams. On a quarterly basis, a similar "All employee" call is held with the same purpose. Employees are given an opportunity to raise any questions either in advance of the call, via chat on Teams during the call, or subsequently via a dedicated email address. All staff pulse surveys are undertaken at least once a year, with feedback provided via the all staff call and via local management. Questions raised are responded to either directly where an email address has been provided or where there are themes to issues raised via dedicated "You Said, We Did" updates. You Said, We Did boards also operate locally at the majority of our sites. Additionally, Executive team members will routinely undertake site visits, engage with local staff and do town halls as appropriate. Most of our operational staff are covered by union agreements and regular local council, business council and joint safety committee meetings are held to ensure that all and any issues raised are addressed locally in so far as possible, and timely. Quarterly update meetings are also held with Union representatives and members of the Executive to update on business performance and key initiatives.

Freightliner Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Social and community issues

The Company's core values relate to respect and integrity, the Company is committed to implementing and enforcing effective policies, systems and controls to ensure that slavery and human trafficking is not taking place anywhere in our business operations or our supply chains. We will continually review our systems and controls to assess how effective we have been in meeting this commitment.

In the United Kingdom, the Group have over 1,525 suppliers across a wide range of sectors, including the rail infrastructure operator (Network Rail), engineering suppliers, fuel suppliers, road transport suppliers, port companies, asset lessors, information technology service providers, insurance, and facilities management companies. In addition, the firm works with a number of professionals, consultants and contractors.

The Group procure material globally, with the majority based either within the UK or the EU and a limited amount sourced from the Far East. Of these estimated 1,525 suppliers, 126 represent 88% of our total supplier expense with an annual spend of at least £250,000. A review of their corporate websites confirmed that 73 out of 126 published modern slavery/human trafficking statements.

Our supplier terms & conditions, used for all major suppliers of goods, now clearly state the firm's intention to step away (without penalty) if any occurrences of non-compliance with modern slavery is found.

Research and development

The Company is innovative and invests in research and development. During 2024 the following key projects were announced:

New booking service allowing customers to choose a carbon reduced option for individual container rail movements

During the year the Company introduced a new ECO90 booking service offering customers the ability to move as little as one container, across any rail route, on a carbon reduced service utilising alternative fuels. The Company are the first rail freight provider to offer a more sustainable solution at a single container level, giving customers, no matter their size or scale, complete flexibility and control to manage and reduce their own carbon emissions.

New digital signalling

The Company entered into a pioneering partnership to fit their First-in-Class ('FiC') locomotive; 66591 in-house with European Train Control System ('ETCS') equipment to allow the 'next generation' of digital signalling. The introduction of in-cab signalling will ultimately improve the network's reliability supporting the movement of freight onto rail - taking lorries off Britain's roads and reducing carbon emissions.

The Company will retrofit ETCS equipment to its FiC 66V locomotive, number 66591.

This is one of the first of hundreds of freight locos that will be fitted with the technology, many of which will be required to deliver 'no signals' operations through the East Coast Digital Programme ('ECDP') which forms the foundation for the progressive roll out of digital signalling on the rail network.

Freightliner Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

Going concern

Cash flow needs for the Company are managed by Freightliner Group Limited on a UK and Europe Group basis rather than at the individual company level. The UK and Europe Group's base cash forecast show that as a result of operations and discretionary capital expenditure, the UK and Europe Group would not require funding in the 12 months from signing of the financial statements.

The Company has creditors falling due within one year of £158,191,000 and creditors falling due after more than one year of £105,215,000. The Company maintains a strong overall financial position with net assets of £88,081,000. The Company plans to meet its day-to-day cash flow requirements through its cash reserves and the Group borrowing facility. The UK and Europe group borrowing facility can be accessed by the UK and Europe Group through Freightliner Group Limited, the entity named on the borrowing facility. The facility is secured by the investments held by UK Holding Companies in the UK and Europe group entities.

During 2024, Freightliner Group Limited (FGL) secured a new financing facility with a syndicate of banks. This facility includes a £50.0 million 5-year term loan which was drawn on 31 May 2024 and a £50.0 million revolving facility which expires on 31 May 2029. At the date of signing the Group financial statements, there have been three draws on the revolving facility totalling £20.0 million. At the date of signing the Group financial statements, the Group had access to an undrawn facility of £27.0 million. Since signing the Group financial statements, there has been a further drawdown of £5.0 million on 27 August 2025, bringing the Group's access to the undrawn facility down to £22.0 million.

The borrowing facilities are secured by a covenant, for which Freightliner Group Limited cannot breach to continue using the facilities. The metric used is net debt/ adjusted EBITDA, based on the annual consolidated financial statements for Freightliner Group Limited, for which the Group must not go above 7.0x to make distributions, and a value of 9.0x to breach the covenant. In the highly unlikely event that covenants are breached, the Group has the ability to cure any shortfall with an equity injection, which can be made up to 20 business days after the covenant compliance certificate is due, therefore it is unlikely that any outstanding balance would turn to short term liabilities and the Group's Directors do not expect such an event to affect the going concern conclusion.

In line with the banking agreement adjusted EBITDA has been used to monitor compliance with the banking covenant. Adjusted EBITDA is a non-IFRS measure and has been arrived at by adjusting for any liabilities relating to maintenance provision and any extraordinary, non-recurring, gains or losses deemed by management to be 'exceptional items'. For the purpose of the 2024 covenant calculation, the adjusted EBITDA is statutory operating loss excluding depreciation and amortisation, additions to maintenance provision, gain on sale of Coatbridge terminal, and restructuring and technology transformation costs included within operating expenses.

As of 31 December 2024, the Group was below the 7.0x level and the Group's Directors are confident that the Group will remain below the level required to breach the covenants for the remainder of the facility term.

In the Group's base case scenario, it is forecast that the Group will not need to access cash over and above the facilities currently available to it, and that the Group will have headroom versus the covenant levels for at least 12 months from signing the financial statements.

Based on these considerations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Post balance sheet events

Post balance sheet events are disclosed in Note 28.

Freightliner Limited

Directors' Report for the Year Ended 31 December 2024 (continued)

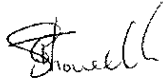
Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity provision which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity provision was in force throughout the last financial year and is currently in force.

The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. The insurance relates to benefit for all directors of Brookfield Corporation and its subsidiaries.

The financial statements of Freightliner Limited (registered number 03118392) were approved by the Board and authorised for issue on 30 September 2025.

Approved by the Board and signed on its behalf by:



.....
Mr Timothy Colin Shoveller
Director

Freightliner Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report and Directors' report that comply with that law and those regulations.

Freightliner Limited

Profit and Loss Account for the Year Ended 31 December 2024

	Note	2024 £ 000	2023 £ 000
Turnover	3	188,946	188,097
Cost of sales		<u>(181,633)</u>	<u>(176,244)</u>
Gross profit		7,313	11,853
Administrative expenses		(43,746)	(47,894)
Other operating income	4	<u>18,584</u>	<u>7,803</u>
Operating loss		(17,849)	(28,238)
Interest receivable and similar income	6	865	177
Interest payable and similar charges	7	<u>(6,200)</u>	<u>(4,558)</u>
Loss before taxation		(23,184)	(32,619)
Tax on loss	10	<u>2,546</u>	<u>179</u>
Loss for the financial year attributable to equity shareholders		<u><u>(20,638)</u></u>	<u><u>(32,440)</u></u>

The above results were derived wholly from continuing operations.

The notes on pages 22 to 55 form an integral part of these financial statements.

Freightliner Limited

Statement of Comprehensive Income for the Year Ended 31 December 2024

	Note	2024 £ 000	2023 £ 000
Loss for the financial year		<u>(20,638)</u>	<u>(32,440)</u>
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain/(loss) on retirement benefit obligations	23	8,555	(20,710)
Tax (charge)/credit on remeasurement on retirement benefit obligations	10	<u>(2,139)</u>	<u>5,177</u>
		<u>6,416</u>	<u>(15,533)</u>
Total comprehensive loss for the year		<u><u>(14,222)</u></u>	<u><u>(47,973)</u></u>
Total comprehensive loss attributable to:			
Equity shareholders of the Company		<u><u>(14,222)</u></u>	<u><u>(47,973)</u></u>

Freightliner Limited

(Registration number: 03118392) Balance Sheet as at 31 December 2024

		31 December 2024	31 December 2023
	Note	£ 000	£ 000
Fixed assets			
Intangible assets	11	558	-
Tangible assets	12	107,965	113,657
Right-of-use assets	13	123,746	127,637
Investments	14	-	-
Other financial assets	16	3,895	-
		<u>236,164</u>	<u>241,294</u>
Current assets			
Stocks	17	2,311	2,022
Debtors	18	107,536	125,356
Cash at bank and in hand	19	14,607	5,834
		<u>124,454</u>	<u>133,212</u>
Creditors: amounts falling due within one year	13, 20	<u>(158,191)</u>	<u>(144,128)</u>
Net current liabilities		<u>(33,737)</u>	<u>(10,916)</u>
Total assets less current liabilities		202,427	230,378
Creditors: amounts falling due after more than one year	13, 21	(105,215)	(113,558)
Provisions for liabilities	22	(27,204)	(25,016)
Deferred taxation	10	-	(151)
Net pension asset	23	18,073	10,650
		<u>88,081</u>	<u>102,303</u>
Net assets		<u>88,081</u>	<u>102,303</u>
Capital and reserves			
Called up share capital	24	20	20
Revaluation reserve	25	87,292	87,292
Other reserves	25	26,573	26,573
Profit and loss account		<u>(25,804)</u>	<u>(11,582)</u>
Shareholders' funds		<u>88,081</u>	<u>102,303</u>

For the year ended 31 December 2024, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

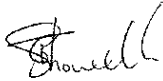
The notes on pages 22 to 55 form an integral part of these financial statements.

Freightliner Limited

(Registration number: 03118392)

Balance Sheet as at 31 December 2024 (continued)

The financial statements on pages 17 to 55 of Freightliner Limited (registered number: 03118392) were approved by the Board and authorised for issue on 30 September 2025 and signed on its behalf by:



.....
Mr Timothy Colin Shoveller
Director

Freightliner Limited

Statement of Changes in Equity for the Year Ended 31 December 2024

	Called up share capital £ 000	Revaluation reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2023	20	87,292	26,573	36,391	150,276
Loss for the year	-	-	-	(32,440)	(32,440)
Other comprehensive expense	-	-	-	(15,533)	(15,533)
Total comprehensive expense	-	-	-	(47,973)	(47,973)
At 31 December 2023	<u>20</u>	<u>87,292</u>	<u>26,573</u>	<u>(11,582)</u>	<u>102,303</u>

	Called up share capital £ 000	Revaluation reserve £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2024	20	87,292	26,573	(11,582)	102,303
Loss for the year	-	-	-	(20,638)	(20,638)
Other comprehensive income	-	-	-	6,416	6,416
Total comprehensive expense	-	-	-	(14,222)	(14,222)
At 31 December 2024	<u>20</u>	<u>87,292</u>	<u>26,573</u>	<u>(25,804)</u>	<u>88,081</u>

The notes on pages 22 to 55 form an integral part of these financial statements.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024

1 Principal accounting policies

The Company is a private company limited by shares incorporated and domiciled in United Kingdom.

The address of its registered office is:

6th Floor, The Lewis Building
35 Bull Street
Birmingham
B4 6EQ
United Kingdom

The Company's principal place of business is the same as its registered office address.

The Company is a provider of trunk rail services between United Kingdom southern ports and a network of inland rail freight interchanges (terminals). The Company operates a fleet of road vehicles that complement the rail service by offering local road haulage to and from the inland terminals. In addition, the Company also provides storage for containers at its inland freight terminals. The Company was formed on 20 October 1995 with registration number: 03118392.

Audit exemption

For the year ended 31 December 2024, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of accounts.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') (applicable accounting standards).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

These financial statements have been prepared in accordance with The Companies Act 2006, as applicable to companies using FRS 101.

The financial statements have been prepared on a going concern basis, under the historic cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The financial statements are presented in pounds sterling which is the Company's presentation and functional currency. All amounts presented have been rounded to the thousand (£ 000), unless otherwise stated.

The financial statements of the Company for the year ended 31 December 2024 were authorised for issue by the Board of Directors and the Balance Sheet was signed on the board's behalf by Mr Timothy Colin Shoveller.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Summary of disclosure exemptions

As permitted by FRS 101, the following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of the Company financial statements.

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS)
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79 (a) (iv) of IAS 1 'Presentation of financial statements' and Paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' in relation to standards not yet effective.
- Deferred taxes in IAS 12 in relation to Pillar Two income taxes.
- Paragraph 17 and 18A of IAS 24, 'Related Party Disclosures'.
- IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- Paragraph 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c)-135(e) of IAS 36, 'Impairment of Assets'.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraph 91-99 of IFRS 13, 'Fair value measurement'.

The Company is eligible to apply the above exemptions as it is included in the consolidated financial statements of Freightliner Group Limited which prepared financial statements under IFRS and include the above disclosures.

Consolidated financial statements

These financial statements are separate financial statements. The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare consolidated financial statements, because it is included in the group financial statements of Freightliner Group Limited. Details of the parent in whose consolidated financial statements the Company is included are shown in Note 27 to the financial statements.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Going concern

Cash flow needs for the Company are managed by Freightliner Group Limited on a UK and Europe Group basis rather than at the individual company level. The UK and Europe Group's base cash forecast show that as a result of operations and discretionary capital expenditure, the UK and Europe Group would not require funding in the 12 months from signing of the financial statements.

The Company has creditors falling due within one year of £158,191,000 and creditors falling due after more than one year of £105,215,000. The Company maintains a strong overall financial position with net assets of £88,081,000. The Company plans to meet its day-to-day cash flow requirements through its cash reserves and the Group borrowing facility. The UK and Europe group borrowing facility can be accessed by the UK and Europe Group through Freightliner Group Limited, the entity named on the borrowing facility. The facility is secured by the investments held by UK Holding Companies in the UK and Europe group entities.

During 2024, Freightliner Group Limited (FGL) secured a new financing facility with a syndicate of banks. This facility includes a £50.0 million 5-year term loan which was drawn on 31 May 2024 and a £50.0 million revolving facility which expires on 31 May 2029. At the date of signing the Group financial statements, there have been three draws on the revolving facility totalling £20.0 million. At the date of signing the Group financial statements, the Group had access to an undrawn facility of £27.0 million. Since signing the Group financial statements, there has been a further drawdown of £5.0 million on 27 August 2025, bringing the Group's access to the undrawn facility down to £22.0 million.

The borrowing facilities are secured by a covenant, for which Freightliner Group Limited cannot breach to continue using the facilities. The metric used is net debt/ adjusted EBITDA, based on the annual consolidated financial statements for Freightliner Group Limited, for which the Group must not go above 7.0x to make distributions, and a value of 9.0x to breach the covenant. In the highly unlikely event that covenants are breached, the Group has the ability to cure any shortfall with an equity injection, which can be made up to 20 business days after the covenant compliance certificate is due, therefore it is unlikely that any outstanding balance would turn to short term liabilities and the Group's Directors do not expect such an event to affect the going concern conclusion.

In line with the banking agreement adjusted EBITDA has been used to monitor compliance with the banking covenant. Adjusted EBITDA is a non-IFRS measure and has been arrived at by adjusting for any liabilities relating to maintenance provision and any extraordinary, non-recurring, gains or losses deemed by management to be 'exceptional items'. For the purpose of the 2024 covenant calculation, the adjusted EBITDA is statutory operating loss excluding depreciation and amortisation, additions to maintenance provision, gain on sale of Coatbridge terminal, and restructuring and technology transformation costs included within operating expenses.

As of 31 December 2024, the Group was below the 7.0x level and the Group's Directors are confident that the Group will remain below the level required to breach the covenants for the remainder of the facility term.

In the Group's base case scenario, it is forecast that the Group will not need to access cash over and above the facilities currently available to it, and that the Group will have headroom versus the covenant levels for at least 12 months from signing the financial statements.

Based on these considerations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Revenue recognition

Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services performed, stated net of discounts and, value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the services have transferred to the customer and the customer has control of these. This revenue is recognised in the accounting period when the goods are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. Revenue does not include material variable considerations and payment features. The nature of the business does not include obligations for returns, refunds, warranties or other similar types of obligations, the Company does have long term revenue contracts with customers which are subject to annual tariff reviews. There is no material judgment in determining the transaction price as tariffs are agreed annually with major customers, there are also no material judgments in allocating transaction price as each performance obligation is agreed and invoice separately with each customers. Revenue is recognised at a point in time around when the customer obtains control of services as this would be evident from delivery. The payment is typically due between 30-60 days and the contracts do not have a significant financing component.

Activities

Below are details of revenue activities performed by the Company in the provision of services:

- For intermodal revenue - The Company generates intermodal revenue from the haulage of freight by rail based on a per car, per container or per ton basis. Intermodal turnover is recognised at the point that the rail service is complete.
- For intermodal-related revenues - The Company generates intermodal-related revenue from ancillary services not covered above including port, terminal, railroad operations and industrial switching (where the Company operates trains on a contract basis in facilities it does not own), as well as demurrage, storage, car hire, trucking haulage services, track access rights, trans-loading, crewing services, traction service (or hook and pull service that requires the Company to provide locomotives and drivers to move a customer's train between specified points) and other ancillary services related to the movement of freight. Intermodal-related turnover is recognised as services are performed, or as contractual obligations are fulfilled.

Government grants

Grants from the government are recognised at their fair value in the Profit and Loss Account where there is a reasonable assurance that the grant will be received and the Company has complied with all attached conditions.

Government grants relating to costs are deferred and recognised in the Profit and Loss Account over the period necessary to match them with the costs that they are intended to compensate.

Unbilled revenue

On a timely basis, estimates are made to determine the amount of revenue that has been earned but not yet billed by the Company. Key factors within this calculation are the average rate to charge the customer based on historical revenue rates, expected revenue that is expected to be earned during the days when ledgers have been closed, this is based on management's experience with previous trading months.

Interest receivable and similar income

Interest receivable is recognised in the Profit and Loss Account using the effective interest method so that the amount recognised is at a constant rate on the carrying amount.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Interest payable and similar charges

Interest payable 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.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. These gains or losses are presented in the Profit and Loss Account as a foreign exchange gain.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 generally 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.

In assessing the recoverability of deferred tax assets, the Company considers the availability of deferred tax liabilities that are expected to reverse in the same period as the deductible temporary differences or in periods into which a tax loss can be carried back or forward.

Where sufficient taxable temporary differences exist, deferred tax assets are recognised without the need for further evidence of future taxable profits. If no such taxable temporary differences exist, deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Taxation (continued)

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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the Profit and Loss Account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Separately acquired access rights are initially recognised at cost. Access rights have a finite useful life and are carried at cost less accumulated amortisation.

Amortisation

Amortisation is calculated using the straight-line method to allocate the cost of access rights over their remaining useful life at date of recognition:

Asset class	Amortisation method and rate
Access rights	30 years

Tangible assets

Tangible assets are presented in the Balance Sheet at cost, net of any accumulated depreciation and accumulated impairment losses incurred subsequently. The cost of tangible assets includes all directly attributable incremental costs necessary for their acquisition and installation.

Any increase in value resulting from the revaluation of land and buildings classified as tangible assets is credited to the revaluation reserve, except where it reverses a previous revaluation decrease for the same asset that was recognised as an expense. In such cases, the increase is recognised in the Profit and Loss Account to the extent of the previously expensed decrease.

A decrease in the carrying amount arising from the revaluation of land and buildings is recognised as an expense to the extent that it exceeds any balance held in the revaluation reserve related to a previous upward revaluation of that asset.

The estimated useful lives, residual values, and depreciation methods of tangible assets are reviewed at the end of each reporting period. Any changes in estimates are accounted for prospectively.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected from its continued use. The resulting gain or loss from the disposal or retirement of an asset is calculated as the difference between the proceeds from sale and the asset's carrying amount, and is recognised in the Profit and Loss Account.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets less their residual value over their estimated useful lives, using the straight-line method as follows:

Asset class	Depreciation method and rate
Leasehold buildings	Lease term
Plant and machinery	3 to 30 years
Road fleet	3 to 10 years
Traction and rolling stock	3 to 35 years
Construction in progress	Not depreciated

Investments

Fixed asset investments in subsidiaries are held at cost less accumulated impairment losses. The Company assesses investments for an impairment indicator annually. If any such indication of possible impairment exists, the Company makes an estimate of the investment's recoverable amount by assessing the fair value less costs of disposal and its value in use. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.

Business combinations under common control

When the Company undertakes an acquisition for a fellow subsidiary within the Freightliner Group, an accounting policy choice has been made to apply the predecessor accounting method. Under this method all assets and liabilities are transferred at book value and the transfer is accounting for from the date control passes. Any difference between the consideration and the book value of the assets and liabilities transferred is taken to equity.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis.

At each reporting 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 the Profit and Loss Account.

Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual provisions of the instrument. Financial instruments are derecognised when they are discharged or when the contractual terms expire.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Recognition and measurement

The Company classifies its financial assets at amortised cost. After initial recognition, these assets are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented within other income/(expense), together with any foreign exchange gains/(losses). Impairment losses are presented as a separate line item in the profit or loss.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the number of days past due.

The Company classifies its financial liabilities as liabilities measured at amortised cost. Financial liabilities at amortised cost, including bank borrowings, are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. These interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that interest expense over the repayment period is recognised at a constant rate on the carrying amount of the liability.

Cash at bank and in hand

Cash at bank and in hand comprise cash on hand and call 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.

Debtors

Debtors represent amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection is expected within one year, or within the normal operating cycle of the business (if longer), they are classified as current assets. Otherwise, they are presented as fixed assets on the Balance Sheet.

Debtors are initially recognised at the transaction price and subsequently measured at amortised cost, less any provision for impairment. A provision for the impairment of debtors is recognised when there is an expected credit loss (ECL). The Company applies the simplified approach under IFRS 9, measuring the loss allowance for debtors at an amount equal to lifetime ECL.

Expected credit losses are estimated using a provision matrix, based on historical default experience, the current financial position of the debtor, industry-specific economic conditions, and both current and forecasted economic trends at the reporting date.

The Company writes off a debtor when there is evidence of severe financial difficulty and no realistic prospect of recovery - such as liquidation or bankruptcy proceedings. Indicators of no reasonable expectation of recovery include failure to engage in a repayment plan or failure to make contractual payments for more than 180 days past due.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as creditors: amounts falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors: amounts falling due after more than one year.

Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable.

Borrowings are classified as creditors: amounts falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Supplier financing arrangements

The Company participates in supply chain financing arrangements for premiums on our insurance policies. Under the arrangement, financing entities agree to pay amounts to our insurance providers in respect of invoices owed by the Company and receives settlement from the Company later in monthly instalments, with interest accrued and paid on these amounts.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Revaluation reserve

The revaluation reserve represents unrealised gains arising from the revaluation of leasehold property.

Other reserves

Other reserves include amounts arising from capital contributions from the parent undertaking.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset (“the underlying asset”) for a period of time in exchange for consideration. Further, the contract must convey the right to the Company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset; and
- Direct the use of the underlying asset (eg direct how and for what purpose the asset is used).

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e. non-lease components), the Company has made an accounting policy election, by class of underlying asset, to account for both components as a single lease component.

Initial recognition and measurement

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments at the incremental borrowing rate (IBR) to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company’s initial direct costs (e.g. commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in interest payable in the Profit and Loss Account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible assets. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Leases (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g. reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e. short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in administrative expenses in the Profit and Loss Account.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Leases (continued)

Sub leases

If an underlying asset is re-leased by the Company to a third party and the Company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease.

Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

Provisions

Provisions for maintenance obligations, and legal claims are recognised where the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. When payments are eventually made, they are charged to the provision carried in the Profit and Loss Account.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Defined contribution pension obligation

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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

1 Principal accounting policies (continued)

Defined benefit pension obligation

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the IFRS fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement gains/(loss) on retirement benefit obligations.

The cost of the defined benefit plan, recognised in the Profit and loss account as 'pension costs, defined contribution scheme', except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Balance sheet as 'Interest payable and similar expenses'.

Impact of Virgin media ruling on DB Scheme

The Company is aware of the UK High Court ruling in June 2023 in the case between Virgin Media Limited and NTL Pension Trustees II Limited which determined that certain historic amendments to defined pension scheme rules were void unless accompanied by actuarial confirmation. The legal ruling was subsequently upheld by the UK Court of Appeal in July 2024. The Trustee, in conjunction with its lawyers and the Scheme Actuary, is confident that it had a robust governance process in place between 1993 and 6 April 2016 to ensure that certificates were obtained from the Scheme Actuary in compliance with Section 37 of the Pension Schemes Act 1993 prior to the execution of any rule amendments which affected members with contracting-out benefits.

The Company, together with the trustee of the UK pension plan, has assessed the impact of the ruling and considered the validity and impact of any rule amendments within the relevant period. As of 31 December 2024, it is confirmed that there is no evidence that liabilities in any shared cost section of the Scheme are understated as a result of non-compliance with s37 PSA 1993 during the period 6 April 1997 to 5 April 2016.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2024, have had a material impact on the Company.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 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 the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Lease accounting

Lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). This requires judgement to be exercised by management.

Discount rate:

Management also apply judgement in the determination of the incremental borrowing rate ("IBR") applied to leases. In consideration of the IBR, management consider the term of the lease, security held, and borrowing rates available to fund the asset should the asset have been purchased outright. These considerations result in an estimated implied borrowing rate.

Refer to Note 13 for further details.

Recognition of defined benefit pension asset

The Company has exercised judgement in recognising the pension surplus asset applying the principle as per IFRIC 14 and assuming that the Company will be able recover the pension asset by way of gradual settlement of the plan liabilities over time. Hence it was concluded that the pension asset should be recognised based on the unconditional right to a refund as per IFRIC 14.11 (b).

Therefore, the Company has recognised a surplus for the year ended 31 December 2024, for further detail refer to Note 23.

Useful life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Refer to Note 12 for carrying amount of tangible assets.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Defined benefit pension scheme

The cost of the benefits and the present value of the defined benefit pension obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet using an independent actuary specialist. The assumptions reflect historical experience and current trends. The pension asset is managed as part of a pooled assets scheme by Railpen as the administrator of the scheme and on which they provide an annual independent valuation that is provided to the actuary specialist to consider in the calculation of the net benefit plan position.

Refer to Note 23 of the financial statements for sensitivity analysis performed on these key factors.

Maintenance provision

The Company have used real cash flows in the model for determining maintenance provision and hence to determine the present value of these obligation management has applied real discount rate in line with IAS 37.47. In order to determine the appropriate discount rate management have used the risk-free rate adjusted to long term inflation of 2.9% to arrive at real discount rate and used this to determine the present value of maintenance obligation. A change in discount rate of 1% would lead to a £487,940 change in provision.

Refer to Note 22 for the maintenance provision values.

Management has not made any other judgements, estimates or assumptions in preparing these financial statements that materially affects the application of policies or the reported amounts of assets, liabilities, income or expenses.

3 Turnover

The Company's revenue is generated in the United Kingdom. The Company's revenue disaggregated by type is as follows:

	2024 £ 000	2023 £ 000
Intermodal	<u>188,946</u>	<u>188,097</u>

The Company's revenue disaggregated by primary geographical markets is as follows:

	2024 £ 000	2023 £ 000
UK	<u>188,946</u>	<u>188,097</u>

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

4 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2024	2023
	£ 000	£ 000
Government grants	8,622	7,683
Sub lease rental income	131	120
Profit on disposal of tangible assets	9,980	-
Other losses	(149)	-
	<u>18,584</u>	<u>7,803</u>

The amount earned through sub-lease income was £131,000 (2023: £120,000). Government grants of £8,622,000 (2023: £7,683,000) was received under the Mode Shift Revenue Support Scheme - Intermodal, designed to support the movement of intermodal containers by rail in Great Britain. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year. There are no unfulfilled conditions or other contingencies attaching to these grants. The Company did not benefit directly from any other forms of government assistance.

In the current year, profit on disposal of tangible assets has been classified from the operating loss note to the other operating income note to better reflect the nature of the transaction.

5 Operating loss

Arrived at after charging/(crediting):

	2024	2023
	£ 000	£ 000
Depreciation on tangible assets (Note 12)	7,541	7,253
Depreciation of right-of-use assets (Note 13)	17,477	15,199
Raw materials and consumables recognised as an expense	25,175	27,394
Bad debt expense	326	(210)
Foreign exchange loss	159	68
Profit on disposal of tangible assets	-	(1,594)
Expenses related to short term and low value leases	1,402	2,633
Staff costs (Note 8)	<u>74,566</u>	<u>68,183</u>

In the current year, profit on disposal of tangible assets has been classified from the operating loss note to the other operating income note to better reflect the nature of the transaction.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

6 Interest receivable and similar income

	2024	2023
	£ 000	£ 000
Interest on bank deposits	274	177
Interest on defined benefit pension obligation	591	-
	865	177

7 Interest payable and similar charges

	2024	2023
	£ 000	£ 000
Interest on bank overdrafts and borrowings	877	931
Interest on defined benefit pension obligation	-	96
Interest expense on leases	4,398	3,254
Unwinding of discount on provisions	925	277
	6,200	4,558

8 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2024	2023
	£ 000	£ 000
Wages and salaries	62,838	56,404
Social security costs	5,871	6,077
Pension costs, defined contribution scheme	841	796
Pension costs, defined benefit scheme	4,115	4,034
Redundancy costs	901	872
	74,566	68,183

The monthly average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2024	2023
	No.	No.
Production	757	707
Administration and support	276	286
	1,033	993

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

9 Directors' remuneration

During the current or preceding period, no Director received any remuneration in respect of their services to the Company. The services provided to the Company were considered to represent an insignificant proportion of their time and as such, the Directors received no remuneration in respect of their services to the Company.

10 Tax on loss

Analysis of tax charge in the period

	2024	2023
	£ 000	£ 000
Foreign tax	6	6
Total current tax	6	6
Deferred taxation		
Deferred tax - current period	(2,555)	-
Deferred tax - adjustment in respect of previous period	3	(185)
Total deferred tax	(2,552)	(185)
Tax credit	(2,546)	(179)

Tax on items charged/(credited) to other comprehensive income

	2024	2023
	£ 000	£ 000
Deferred tax charge/(credit) on remeasurement gain/(loss) on retirement benefit surplus	2,139	(5,177)
Total deferred tax charged/(credited) to other comprehensive income	2,139	(5,177)

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

10 Tax on loss (continued)

The taxation charge for the period is higher (2023: higher) than the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%). The differences are explained below:

	2024	2023
	£ 000	£ 000
Loss before taxation	<u>(23,184)</u>	<u>(32,619)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 25.0% (2023: 23.5%)	(5,796)	(7,666)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(1,006)	438
Effect of foreign tax rates	6	6
Acquired deferred tax (see Note 15)	(262)	-
Deferred tax credit from unrecognised temporary difference from a prior period	3	(185)
Movement in unrecognised deferred tax	<u>4,509</u>	<u>7,228</u>
Total charge/(credit)	<u><u>(2,546)</u></u>	<u><u>(179)</u></u>

A UK corporation tax rate of 25.0% (effective 1 April 2023) was substantively enacted on 24 May 2021 (prior to 1 April 2023, the UK statutory corporation tax was 19%). Deferred tax at the balance sheet date has been measured using these enacted tax rates and reflected in these financial statements.

International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12 - Income Taxes)

Effective 1 January 2023, the Company adopted Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules. The amendments to IAS 12 consist of a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rule, as well as disclosure requirements applicable to annual reporting periods. The Company operates in a country which has enacted new legislation to implement the global minimum top-up tax. The Company has applied a temporary mandatory relief from recognising and disclosing information related to the top-up tax and will account for it as a current tax when it is incurred. The newly enacted legislation is effective from 1 January 2024. Based on a preliminary review and a dry run of the Pillar II rules using FY2023 financial information applicable to the Company, the Company do not expect top up tax is required for the twelve months ended 31 December 2024.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

10 Tax on loss (continued)	At 1 January 2024 £ 000	Recognised in Profit and Loss Account £ 000	Recognised in other comprehensive income £ 000	Acquired from Freightliner Railports Limited £ 000	At 31 December 2024 £ 000
Deferred tax					
Deferred tax movement during the year:					
Accelerated tax depreciation	1,751	1,279	-	-	3,030
Pension benefit obligations	(2,662)	283	(2,139)	19	(4,499)
Defined contribution scheme	65	(39)	-	14	40
Other	695	1,029	-	(295)	1,429
	<u>(151)</u>	<u>2,552</u>	<u>(2,139)</u>	<u>(262)</u>	<u>-</u>
Deferred tax movement during the prior year:					
Accelerated tax depreciation		At 1 January 2023 £ 000	Recognised in Profit and Loss Account £ 000	Recognised in other comprehensive income £ 000	At 31 December 2023 £ 000
Pension benefit obligations		1,964	(214)	-	1,751
Defined contribution scheme		(7,644)	(196)	5,178	(2,662)
Other		44	21	-	65
		<u>121</u>	<u>574</u>	<u>-</u>	<u>695</u>
		<u>(5,515)</u>	<u>185</u>	<u>5,178</u>	<u>(151)</u>

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

10 Tax on loss (continued)

The Company has £15,085,863 (2023: £11,414,330) of deductible temporary differences primarily in respect of tangible assets and losses, for which no deferred tax has been recognised. No deferred tax has been recognised due to the uncertainty regarding the timing and manner of reversal of these underlying temporary differences and the uncertainty around the availability of future taxable profits against which these temporary differences can be utilised.

11 Intangible assets

	Access rights £ 000	Total £ 000
Cost		
At 1 January 2024	-	-
Business restructure (Note 15)	558	558
At 31 December 2024	558	558
Amortisation		
At 1 January 2024	-	-
Amortisation charge	-	-
At 31 December 2024	-	-
Carrying amount		
At 31 December 2023	-	-
At 31 December 2024	558	558

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

12 Tangible Assets	Leasehold land and building £ 000	Plant and machinery £ 000	Road fleet £ 000	Traction and rolling stock £ 000	Construction in progress £ 000	Total £ 000
Cost						
At 1 January 2024	85,705	14,149	10	137,988	807	238,659
Additions	-	-	-	-	8,148	8,148
Disposals	(11,413)	(302)	-	(51)	-	(11,766)
Transfers	(21)	310	-	7,803	(8,092)	-
Business restructure (Note 15)	29	-	-	-	-	29
At 31 December 2024	74,300	14,157	10	145,740	863	235,070
Depreciation						
At 1 January 2024	(21,719)	(12,796)	(10)	(90,477)	-	(125,002)
Charge for the year	(1,314)	(248)	-	(5,979)	-	(7,541)
Eliminated on disposal	5,100	299	-	37	-	5,436
At 31 December 2024	(17,933)	(12,743)	(10)	(96,419)	-	(127,105)
Net book value						
At 31 December 2023	63,986	1,353	-	47,511	807	113,657
At 31 December 2024	56,367	1,414	-	49,321	863	107,965

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

13 Leases

Right-of-use assets

	Leasehold land and buildings £ 000	Plant and machinery £ 000	Road Fleet £ 000	Traction and rolling stock £ 000	Total £ 000
Cost					
At 1 January 2024	71,687	16,407	28,924	96,003	213,021
Additions	192	-	284	9,197	9,673
Modifications	996	-	-	317	1,313
Disposals	(939)	(1,535)	(3,563)	(2,720)	(8,757)
Business restructure (Note 15)	4,732	-	117	-	4,849
At 31 December 2024	<u>76,668</u>	<u>14,872</u>	<u>25,762</u>	<u>102,797</u>	<u>220,099</u>
Depreciation					
At 1 January 2024	(9,560)	(8,335)	(17,484)	(50,005)	(85,384)
Charge for year	(1,320)	(2,955)	(2,407)	(10,795)	(17,477)
Modifications	(565)	-	-	-	(565)
Disposals	46	967	3,340	2,720	7,073
At 31 December 2024	<u>(11,399)</u>	<u>(10,323)</u>	<u>(16,551)</u>	<u>(58,080)</u>	<u>(96,353)</u>
Net book value					
At 31 December 2023	<u>62,127</u>	<u>8,072</u>	<u>11,440</u>	<u>45,998</u>	<u>127,637</u>
At 31 December 2024	<u>65,269</u>	<u>4,549</u>	<u>9,211</u>	<u>44,717</u>	<u>123,746</u>

	31 December 2024 £ 000	31 December 2023 £ 000
Lease liability		
At beginning of period	107,097	105,720
Additions	9,763	15,433
Terminations	(2,484)	(84)
Modifications	769	4
Payments	(20,043)	(17,230)
Interest expense	4,398	3,254
Business restructure (Note 15)	1,864	-
At end of period	<u>101,364</u>	<u>107,097</u>

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

13 Leases (continued)

	Minimum lease payments £ 000	Interest £ 000	Present value £ 000
31 December 2024			
Within one year	19,360	(3,684)	15,676
In two to five years	39,595	(8,813)	30,782
In over five years	159,447	(104,541)	54,906
Total	<u>218,402</u>	<u>(117,038)</u>	<u>101,364</u>
31 December 2023			
Within one year	18,092	(3,880)	14,212
In two to five years	45,613	(9,830)	35,783
In over five years	162,265	(105,163)	57,102
Total	<u>225,970</u>	<u>(118,873)</u>	<u>107,097</u>
Leases included in creditors			
	31 December 2024 £ 000	31 December 2023 £ 000	
Current portion of long term lease liabilities	15,676	14,212	
Long term lease liabilities	85,688	92,885	
	<u>101,364</u>	<u>107,097</u>	
Total cash outflows related to leases			
	31 December 2024 £ 000	31 December 2023 £ 000	
Payment			
Principal payment	15,645	13,976	
Interest (net of rent concessions)	4,398	3,254	
Short term and low value leases	1,402	2,633	
Total cash outflow	<u>21,445</u>	<u>19,863</u>	

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

14 Investments

	£
Cost	
At 1 January 2024 and 31 December 2024	100

The Directors believe that the carrying value of the investment is supported by their underlying net assets.

Details of the subsidiaries as at 31 December 2024 are as follows:

Name of subsidiary	Principal activity	Registered office	Number of shares	Value
		6th Floor The Lewis Building		
Freightliner Railports Limited	Terminal handling	35 Bull Street Birmingham United Kingdom	100	£1 ordinary shares

The shareholding held of the direct subsidiary is 100% by the Company. For further details regarding the number of issued shares held, refer to Freightliner Group Limited consolidated financial statements.

15 Business restructure

	Book value
	£ 000
Intangible assets	558
Tangible fixed assets	29
Right-of-use assets	4,849
Stock	37
Cash at bank and in hand	61
Other working capital	1,257
Lease liabilities	(1,864)
Deferred taxation	(262)
Net assets acquired	4,665
Satisfied by:	-
Intercompany loan	4,665
Total consideration	4,665

On 5 July 2024, the Company acquired the trade and assets of Freightliner Railports Limited, a fellow subsidiary undertaking of Freightliner Group Limited for consideration of £4,665,000. An accounting policy choice has been made to follow predecessor accounting and therefore all assets and liabilities have been transferred to the Company at a book value of £4,665,000. There was no difference between the book value of assets acquired and the consideration received.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

16 Other financial assets

	31 December	31 December
	2024	2023
	£ 000	£ 000
Other financial assets	3,895	-

Other financial assets consist of maintenance reserve deposits on Locos.

In the current year, other financial assets has been classified from other receivables to better reflect the nature of the transaction. As at 31 December 2023, the balance was £4,176,264 and is included within other receivables in Note 18.

17 Stocks

	31 December	31 December
	2024	2023
	£ 000	£ 000
Raw materials and consumables	2,311	2,022

The cost of stocks recognised as an expense in the year amounted to £25,175,000 (2023: £27,394,000). This is included within Cost of sales.

18 Debtors

	31 December	31 December
	2024	2023
	£ 000	£ 000
Current		
Trade receivables	21,025	33,891
Provision for impairment of trade receivables	(420)	(733)
Net trade receivables	20,605	33,158
Amounts receivable from group undertakings	76,353	86,492
Unbilled receivables	7,216	-
Prepayments	3,270	1,346
Other receivables	92	4,360
	107,536	125,356

Amounts receivable from group undertakings are unsecured, interest free and repayable on demand.

Expected credit losses in respect of amounts receivable from group undertakings was £Nil at 31 December 2024 (2023: £Nil).

In the current year, other financial assets has been classified from other receivables and unbilled receivables have been classified from trade receivables to better reflect the nature of the transaction.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

19 Cash at bank and in hand

	31 December	31 December
	2024	2023
	£ 000	£ 000
Cash at bank	14,607	5,834

20 Creditors: amounts falling due within one year

	31 December	31 December
	2024	2023
	£ 000	£ 000
Trade payables	6,398	3,539
Accrued expenses	15,603	11,016
Amounts due to group undertakings	110,633	110,567
Social security and other taxes	3,231	3,471
Other payables	2,357	(81)
Loans and borrowings	4,002	1,336
Deferred income	291	68
	142,515	129,916

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

Included in loans and borrowings is £2,610,466 (2023: £Nil) relating to the premiums prepaid for two insurance policies through supplier financing arrangements. The first insurance premium arrangement incurs an interest rate of 1% over a six-month period, and the second insurance premium arrangement incurs an interest rate of 3.62% over a ten-month period.

21 Creditors: amounts falling due after more than one year

	31 December	31 December
	2024	2023
	£ 000	£ 000
Loans and borrowings	19,281	20,673
Other non-current financial liabilities	246	-
	19,527	20,673

The loans and borrowings amount relates to the purchase of 115 FFA-G wagons through a sale and leaseback arrangement with Beacon Rail Leasing Ltd. The total amount owed as at 31 December 2024 is £23,283,000 (2023: £22,009,000), of which £4,002,000 (2023: £1,336,000) is classified within Creditors: amounts falling due within one year.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

22 Provision for liabilities

	Insurance claims £ 000	Environmental provision £ 000	Maintenance Provision £ 000	Total £ 000
At 1 January 2024	375	52	24,589	25,016
Additional provisions	-	-	5,079	5,079
Provisions used	(43)	(52)	(3,721)	(3,816)
Increase due to passage of time or unwinding of discount	-	-	925	925
At 31 December 2024	<u>332</u>	<u>-</u>	<u>26,872</u>	<u>27,204</u>
Non-current liabilities	<u>-</u>	<u>-</u>	<u>21,822</u>	<u>21,822</u>
Current liabilities	<u>332</u>	<u>-</u>	<u>5,050</u>	<u>5,382</u>

Insurance claims

The provision for insurance claims relates to amounts provided in respect of open and potential claims against the Company. The provision represents the net liability and any amounts recoverable from insurance companies are shown within receivables, if applicable. The amount and timing of insurance provisions are dependent on the outcome of claims against the Company.

Environmental provision

The environmental provision is in respect of expected environmental related costs at operational sites. The amount of environmental provisions can be reasonably estimated and the timing is dependent on when operational sites are vacated.

Maintenance provisions

Maintenance provision includes costs provided in respect of maintenance associated with the Company's obligation under its rolling stock lease commitments. The amount and timing of maintenance costs are dependent on the timing of maintenance events as well as the level of maintenance required. Management have used real cash flows in the model and discounted these at a real cash flow discount rate. To arrive at this real cash flow discount rate, management have used the borrowing rate applicable to leases per asset category in the maintenance provision, adjusted for the long term inflation rate of 2.9%. Based on the Company's current lease portfolio, the final maintenance event is expected to be in 2037. Refer to Note 2 for the sensitivity analysis in case of any change in inflation or discount rate which has been considered as a key assumption.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

23 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £841,000 (2023: £796,000).

Defined benefit pension schemes

Railway pension scheme

The Company participates in a standalone shared cost final salary defined benefit pension plan (the "Plan"). The Plan is managed and administered by the Railways Pension Scheme and is overseen by trustees with professional advice from independent actuaries and other advisers. The trustees are responsible for the governance of The Plan and framework in which The Plan operates is governed by a trust deed. The Plan is a shared cost arrangement with required contributions shared between the Company and its employees with the Company contributing 60% and the remaining 40% contributed by active employees. The Company engages independent actuaries to compute the amounts of liabilities and expenses relating to The Plan subject to the assumptions that the Company selects.

The Plan's assets and liabilities are subject to fluctuation arising from market returns, future salary increases, inflation rates, mortality rates and creditworthiness of the company. Scheme assets and liabilities are recognised after considering the effects of limit on defined benefit pension asset and onerous minimum funding requirements. The Plan is subject to a triennial valuation, with the next one due at 31 December 2025. On a triennial basis, the funding requirements for both employer and employee are reviewed and agreed with the Trustees and relevant unions. Further to this, any funding arrangements and funding policy that affect future contributions, the expected contributions for the next annual reporting period and information about the maturity profile of the defined benefit obligation will also be agreed on a triennial basis with the Trustees and relevant unions. The figures presented are based on the latest valuation as updated by the company's independent actuaries, XPS Pension Company. These figures represent 60% of the total scheme as 40% of the asset/liability is attributed to the employees.

The Company's defined benefit pension plan may impact the future cash flows of the business as the contributions required to be paid into the Plan are revised every three years as part of the triennial valuation. As a result, this may lead to an unexpected increase or decrease in the contributions required that may not have been forecast previously by the business and would result in a fluctuation to the Company's future cash flows.

The split of the Section's accounting liabilities as at 31 December 2024 by membership type is: Active - 34%, Deferred - 20% and Pensioners - 46%. The average of the membership (weighted by accounting liability) is 61 years old and the cashflow profile of the pension scheme is 15 years.

Contributions payable to the pension scheme at the end of the year are £Nil (2023 - £Nil).

The expected contributions to the plan for the next reporting period are £3,759,401 of which £1,605,758 are employer contributions.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

23 Pension and other schemes (continued)

Risks

Investment risk

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Asset risk

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a greater deficit.

Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (in the case of fixed interest bonds) or loosely correlated with (in the case of equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy risk

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	31 December 2024	31 December 2023
	£ 000	£ 000
Fair value of scheme assets	159,442	169,387
Present value of scheme liabilities	<u>(141,369)</u>	<u>(158,738)</u>
Defined benefit pension scheme surplus	<u>18,073</u>	<u>10,649</u>

Scheme assets

Changes in the fair value of scheme assets are as follows:

	31 December 2024	31 December 2023
	£ 000	£ 000
Fair value at start of year	169,387	168,722
Interest income	7,582	6,391
Return on plan assets, excluding amounts included in interest income/(expense)	(11,629)	(3,483)
Contributions by scheme participants	2,392	4,913
Benefits paid	(7,892)	(6,694)
Administrative expenses paid	<u>(398)</u>	<u>(462)</u>
Fair value at end of year	<u>159,442</u>	<u>169,387</u>

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

23 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	31 December 2024 £ 000	31 December 2023 £ 000
Return seeking assets	97,763	112,032
Defensive assets	61,679	57,355
	159,442	169,387

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	31 December 2024 £ 000	31 December 2023 £ 000
Present value at start of year	158,738	138,151
Current service cost	3,716	3,567
Actuarial (gains) and losses arising from changes in demographic assumptions	(757)	(2,087)
Actuarial (gains) and losses arising from changes in financial assumptions	(19,136)	11,262
Actuarial (gains) and losses arising from experience adjustments	(291)	8,052
Interest cost	6,991	6,487
Benefits paid	(7,892)	(6,694)
Present value at end of year	141,369	158,738

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the balance sheet date are as follows:

	31 December 2024 %	31 December 2023 %
Discount rate	5.50	4.50
Future salary increases	2.60	2.40
Future pension increases	2.80	2.60
Inflation	2.80	2.60

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

23 Pension and other schemes (continued)

Post retirement mortality assumptions

	31 December 2024 Years	31 December 2023 Years
Current UK pensioners at retirement age - male	19.90	20.10
Current UK pensioners at retirement age - female	22.20	22.20
Future UK pensioners at retirement age - male	20.80	21.00
Future UK pensioners at retirement age - female	23.40	23.40

Amounts recognised in the profit and loss account

	31 December 2024 £ 000	31 December 2023 £ 000
Amounts recognised in operating loss		
Current service cost	3,716	3,567
Administrative expenses paid	398	462
Recognised in arriving at operating loss	4,114	4,029
Amounts recognised in interest receivable and payable		
Net finance (income)/costs	(591)	96
Total cost recognised in the Profit and Loss Account	3,523	4,125

Amounts taken to the Statement of Comprehensive Income

	31 December 2024 £ 000	31 December 2023 £ 000
Actuarial (gains) and losses arising from changes in demographic assumptions	(757)	(2,087)
Actuarial (gains) and losses arising from changes in financial assumptions	(19,136)	11,262
Actuarial (gains) and losses arising from experience adjustments	(291)	8,052
Return on plan assets, excluding amounts included in interest income/(expense)	11,629	3,483
Amounts recognised in the Statement of Comprehensive Income	(8,555)	20,710

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

23 Pension and other schemes (continued)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	31 December 2024		31 December 2023	
	+ 0.1% £ 000	- 0.1% £ 000	+ 0.1% £ 000	- 0.1% £ 000
Adjustment to discount rate				
Impact on total obligation	<u>22,213</u>	<u>22,213</u>	<u>27,791</u>	<u>27,791</u>
	31 December 2024		31 December 2023	
	+ 0.1% £ 000	- 0.1% £ 000	+ 0.1% £ 000	- 0.1% £ 000
Adjustment to rate of inflation				
Impact on total obligation	<u>20,121</u>	<u>20,121</u>	<u>25,342</u>	<u>25,342</u>
	31 December 2024		31 December 2023	
	+ 1 Year £ 000	- 1 Year £ 000	+ 1 Year £ 000	- 1 Year £ 000
Adjustment to mortality age rating assumption				
Impact on total obligation	<u>4,069</u>	<u>4,069</u>	<u>4,784</u>	<u>4,784</u>

24 Called up share capital

Allotted and fully paid shares

	31 December 2024		31 December 2023	
	No.	£	No.	£
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

Issued share capital at 31 December 2024 is 20,000 ordinary shares of £1 each. There is no limit on authorised share capital. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The ordinary shares rank equally in respect of rights to dividends and distributions.

25 Reserves

Revaluation reserve

The revaluation reserve represents the surplus arising from the revaluation of leasehold property.

Other reserves

The other reserves relate to £24,451,000 created at vesting and a capital contribution of £2,122,000.

Freightliner Limited

Notes to the Financial Statements for the Year Ended 31 December 2024 (continued)

26 Commitments

Capital commitments

The total amount of tangible assets contracted for but not provided in the financial statements was £40,000 (2023: £Nil).

27 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Management Consortium Bid Limited. The Company's ultimate holding company and controlling party is Brookfield Corporation.

The parent company of the largest group in which the financial statements of the Company are consolidated is Brookfield Corporation, a company incorporated in Canada. The address of Brookfield Corporation is Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada.

The parent company of the smallest group in which the financial statements of the Company are consolidated is Freightliner Group Limited, a company incorporated in the United Kingdom with the same registered address as the Company.

28 Post balance sheet events

Impact of US tariff announcement

Following the announcement on 2 April 2025 by the US government that a set of tariffs are to be introduced on all foreign goods imported into the US from 5 April 2025, the Directors have considered the impact that this has on the Company. The risk is related to the customer base being affected by the tariffs and therefore shipping less which would result in a fall in demand for services. There is also a risk on an increase in operating costs subject to inflationary pressures. This could impact the performance of underlying subsidiaries and could impact on the recoverability of investments. This could also impact the performance of group undertakings and could impact the recoverability of the Company's intercompany receivables.

At the time of signing these financial statements, the Directors believe the investments and receivable amounts are still recoverable.

Contribution of Pentalver Transport Limited

Subsequent to year end, on 25 July 2025, Management Consortium Bid Limited contributed its entire investment in Pentalver Transport Limited to the Company. The consideration payable by the Company to Management Consortium Bid Limited for the beneficial interest in the shares was to be satisfied by the issue of the shares at a price of £85,657,896.04, being the book value of the shares held by Management Consortium Bid Limited (£1.00 being nominal value and £85,657,895.04 being the share premium).

Sale and Purchase Agreement for the purchase of Freightliner Limited

On 20 September 2025, a Sale and Purchase Agreement was signed between Management Consortium Bid Limited and CMA CGM for the purchase of the Company and all subsidiary undertakings. Completion of this purchase is dependent upon approval from the UK Competition and Markets Authority, clearance under the National Security and Investment Act 2021 ('NSIA') and other regulatory approvals from the Office of Rail and Road ('ORR'). This process is expected to be completed within the next 3 to 6 months and no change of control has taken place as at the date of signing these financial statements.