

# **DB Cargo Maintenance Limited**

## **Annual Report**

**For the year ended 31 December 2022**

Registered number 02234482

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# **DB Cargo Maintenance Limited**

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# DB Cargo Maintenance Limited

## Strategic report

The directors present their strategic report for the year ended 31 December 2022.

### Review of the business and future developments

The principal activities of the company are the design, refurbishment and maintenance of rail wagons, wheelsets and also fleet management services for a wide range of customers, both external and internal for DB Cargo companies.

The company's profit before taxation for the year ended 31 December 2022 was £1,974,000 (2021: £843,000). The balance sheet of the company is presented on page 10. Total shareholders' funds at 31 December 2022 were £5,370,000 (2021: £3,570,000).

There are no plans for the company to deviate from its current principal activity and it will continue to operate on the same scale as present. The external commercial environment is expected to remain competitive in the year ahead, however, the directors remain confident that the business will maintain and build on its current level of performance in the future. The company is well recognised in the industry as a leading provider of maintenance services to the UK and European rail industries. The directors are confident that the company has further opportunity to grow and increase revenues and profitability in the future with further electrification of the rail network.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

From the perspective of the company, further principal risks and uncertainties and financial risks are integrated with the principal risks and uncertainties and financial risks of DB Cargo (UK) Holdings Limited and all its subsidiary undertakings (the "DBC UK group") and are not managed separately. The principal risks and uncertainties and financial risks of the DBC UK group are disclosed in the separate financial statements of the fellow subsidiary undertaking, DB Cargo (UK) Limited.

Disruption to the global supply chain continues for materials and parts required in the course of the business however, the DB Cargo procurement department are working with suppliers to minimise this impact on the business and the internal scheduling of work has been adapted to incorporate longer supply lead times.

The directors have considered the financial position of the company as well as the 5-year mid-term plan and are confident that the company has a strong liquidity position to support future trade.

### Going concern

The company participates in cash pooling and credit facility arrangements with Deutsche Bahn AG and operates these to manage working capital. This is a long standing arrangement which the company has been party to for a number of years.

A letter of comfort has been provided by DBAG to confirm the funds in the cash pooling facility will remain available on request. Future forecasts show that the credit facilities are not required in order for the DB Cargo UK group to continue as a going concern, however a letter of support is in place across the UK group, from parent company DB Cargo (UK) Holdings Limited, if this becomes necessary.

### Management of financial risk

The major financial exposures faced by the company are to exchange rate and interest rate movements.

The directors of the DBC UK group review these risks and approve guidelines covering the use of financial instruments to manage these risks and define the overall risk limits. All the company's financial instruments are arranged through the Deutsche Bahn group treasury function and are held for risk management purposes.

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

# **DB Cargo Maintenance Limited**

## **Strategic report (continued)**

### **Key performance indicators (KPIs)**

The directors of the DBC UK group manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not appropriate for an understanding of the development, performance or position of the business of DB Cargo Maintenance Limited.

The development, performance and position of all DBC UK group companies are reported within the consolidated results of Deutsche Bahn AG, the ultimate parent company. The financial statements of Deutsche Bahn AG can be viewed at [www.db.de](http://www.db.de).

On behalf of the board



**D. Hardy**

*Director*

29 September 2023

# **DB Cargo Maintenance Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2022.

Details of future developments and the management of financial risk are included in the Strategic report starting on page 1.

### **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: £nil).

### **Going concern**

The company is a wholly owned subsidiary of DB Cargo (UK) Holdings Limited and part of the DB Cargo group of companies, of which Deutsche Bahn AG is the ultimate parent company. At 31 December 2022 the company had net assets of £5,370,000 (2021: £3,570,000).

The business is expanding and recruiting additional resources to service increased demand.

The company participates in a cash pooling arrangement operated by its ultimate parent, Deutsche Bahn AG (DBAG). This is detailed in note 13 and effectively operates in the same way as a bank account and is used to manage day to day working capital. This is a long-standing arrangement operated by DBAG to manage the liquidity needs of DBAG group companies, and the company has been party to this arrangement for several years. Under the arrangement there is a daily sweep of the company's cash balances into the DBAG cash pool which is fully ringfenced as DB Cargo UK cash.

The company also has access to a £15,000,000 credit facility provided by DBAG that allows the company to operate with a negative cash pool up to this agreed credit limit. This is detailed in note 13 and effectively operates in the same way as a bank overdraft and is used to manage day to day working capital. Any utilisation of the facility is repayable on demand. If the need for the credit facility were to arise, any demand for repayment could be funded by the DB Cargo UK Group as a whole.

Since inception of the cash pooling arrangement, the company has never experienced any issue being able to draw upon its cash balances within the group cash pool to settle its liabilities as they fall due. The company also has a unilateral right to terminate its participation in the group cash pooling arrangement by giving one month's notice to DBAG. DBAG have also provided a letter of comfort to confirm that they would not withhold any positive cash pool balances and they will remain available to the company. At the time of approval of these financial statements the combined positive cash pool balances of all companies in the UK sub-group was £8,143,000 (balance as at close of business on 27 September 2023).

The closing balance sheet position is a positive cash pool position of £1,197,000 (2021: negative balance of £229,000) and post year-end liquidity has held firm during the first half of 2023.

In completing their going concern assessment, the directors have looked at the cash flow forecast of the company, and DB Cargo UK group of companies, and have also considered the inflationary pressures especially on energy, on the company's financial position. The directors are confident that, in the event of a severe downside scenario impacting demand for maintenance services, required countermeasures could be taken, such as, curtailing discretionary expenditures. Based on the assessment the next five years are forecast to be profitable and cash generative.

The overall combined cash pool balance of the DB Cargo UK Group of companies has continued to be positive throughout the first half of 2023, with an average combined balance in excess of £22,000,000. The directors consider it a reasonable expectation that, as a group, the DB Cargo UK group of companies will not depend on utilisation of the line of credit during the going concern assessment period. A letter of support has been provided by the immediate parent company, DB Cargo (UK) Holdings Limited, confirming continuing financial support for the UK group of companies for the going concern assessment period.

# **DB Cargo Maintenance Limited**

## **Directors' report (continued)**

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

A. Rossi  
D. Hardy

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force at the date of signing the financial statements. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

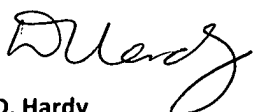
## **DB Cargo Maintenance Limited**

### **Directors' report (continued)**

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to read 'D. Hardy', with a stylized flourish at the end.

**D. Hardy**

*Director*

29 September 2023

# **DB Cargo Maintenance Limited**

## **Independent auditors' report to the members of DB Cargo Maintenance Limited**

# **Report on the audit of the financial statements**

## **Opinion**

In our opinion, DB Cargo Maintenance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2022; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.



# **DB Cargo Maintenance Limited**

## **Independent auditors' report to the members of DB Cargo Maintenance Limited (continued)**

### **Reporting on other information (continued)**

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

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

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Railways Act 1993, the Railways Regulations 2016, Health & Safety Regulations, employment law and environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and UK Tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

## **DB Cargo Maintenance Limited**

### **Independent auditors' report to the members of DB Cargo Maintenance Limited (continued)**

#### **Responsibilities for the financial statements and the audit (continued)**

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Thomas Dodd (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

29 September 2023

## DB Cargo Maintenance Limited

### Profit and loss account

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	3	<b>16,818</b>	13,991
Cost of sales		<b>(13,699)</b>	(12,179)
<b>Gross profit</b>		<b>3,119</b>	1,812
Administrative expenses		<b>(1,151)</b>	(963)
<b>Operating profit</b>	4	<b>1,968</b>	849
Interest receivable and similar income	7	<b>7</b>	-
Interest payable and similar expenses	8	<b>(1)</b>	(6)
<b>Profit before taxation</b>		<b>1,974</b>	843
Tax on profit	9	<b>(174)</b>	189
<b>Profit for the financial year</b>		<b>1,800</b>	1,032

There is no other comprehensive income in the current year or prior year other than the profit for the financial year. Accordingly, no separate statement of comprehensive income has been presented.

All of the company's activities are continuing.

# DB Cargo Maintenance Limited

Registered number: 02234482

## Balance sheet

As at 31 December 2022

		2022	2021
	Note	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	10	<u>3,623</u>	<u>3,026</u>
<b>Current assets</b>			
Stocks		-	31
Debtors	11	<u>4,019</u>	<u>2,863</u>
		<b>4,019</b>	<b>2,894</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(2,272)</b>	<b>(2,350)</b>
<b>Net current assets</b>		<u><b>1,747</b></u>	<u><b>544</b></u>
<b>Total assets less current liabilities</b>		<u><b>5,370</b></u>	<u><b>3,570</b></u>
<b>Net assets</b>		<u><b>5,370</b></u>	<u><b>3,570</b></u>
<b>Capital and reserves</b>			
Called up share capital	13	<b>8,334</b>	<b>8,334</b>
Profit and loss account		<u><b>(2,964)</b></u>	<u><b>(4,764)</b></u>
<b>Total shareholders' funds</b>		<u><b>5,370</b></u>	<u><b>3,570</b></u>

The notes on pages 12 to 21 are an integral part of these financial statements.

These financial statements were prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements on pages 9 to 21 were approved by the board of directors on 29 September 2023 and were signed on its behalf by:



**D. Hardy**  
Director

## DB Cargo Maintenance Limited

### Statement of changes in equity

For the year ended 31 December 2022

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
<b>At 1 January 2021</b>	8,334	(5,796)	2,538
Profit for the financial year	-	1,032	1,032
<b>Total Comprehensive Income for the year</b>	-	1,032	1,032
<b>At 31 December 2021 and 1 January 2022</b>	8,334	(4,764)	3,570
Profit for the financial year	-	1,800	1,800
<b>Total Comprehensive Income for the year</b>	-	1,800	1,800
<b>At 31 December 2022</b>	8,334	(2,964)	5,370

# DB Cargo Maintenance Limited

## Notes to the financial statements For the year ended 31 December 2022

### 1. General Information

DB Cargo Maintenance Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of the registered office is Lakeside Business Park, Carolina Way, Doncaster, South Yorkshire, DN4 5PN.

### 2. Accounting policies

#### Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and have been prepared under the historical cost convention. Accounting policies have been applied consistently. These financial statements are presented in Sterling which is the functional currency of the company and all values are rounded to the nearest thousand pounds, except where otherwise stated.

#### Going concern

The company is a wholly owned subsidiary of DB Cargo (UK) Holdings Limited and part of the DB Cargo group of companies, of which Deutsche Bahn AG is the ultimate parent company. At 31 December 2022 the company had net assets of £5,370,000 (2021: £3,570,000).

The business is expanding and recruiting additional resources to service increased demand.

The company participates in a cash pooling arrangement operated by its ultimate parent, Deutsche Bahn AG (DBAG). This is detailed in note 13 and effectively operates in the same way as a bank account and is used to manage day to day working capital. This is a long-standing arrangement operated by DBAG to manage the liquidity needs of DBAG group companies, and the company has been party to this arrangement for several years. Under the arrangement there is a daily sweep of the company's cash balances into the DBAG cash pool which is fully ringfenced as DB Cargo UK cash.

The company also has access to a £15,000,000 credit facility provided by DBAG that allows the company to operate with a negative cash pool up to this agreed credit limit. This is detailed in note 13 and effectively operates in the same way as a bank overdraft and is used to manage day to day working capital. Any utilisation of the facility is repayable on demand. If the need for the credit facility were to arise, any demand for repayment could be funded by the DB Cargo UK Group as a whole.

Since inception of the cash pooling arrangement, the company has never experienced any issue being able to draw upon its cash balances within the group cash pool to settle its liabilities as they fall due. The company also has a unilateral right to terminate its participation in the group cash pooling arrangement by giving one month's notice to DBAG. DBAG have also provided a letter of comfort to confirm that they would not withhold any positive cash pool balances and they will remain available to the company. At the time of approval of these financial statements the combined positive cash pool balances of all companies in the UK sub-group was £8,143,000 (balance as at close of business on 27 September 2023).

The closing balance sheet position is a positive cash pool position of £1,197,000 (2021: negative balance of £229,000) and post year-end liquidity has held firm during the first half of 2023.

In completing their going concern assessment, the directors have looked at the cash flow forecast of the company, and DB Cargo UK group of companies, and have also considered the inflationary pressures especially on energy, on the company's financial position. The directors are confident that, in the event of a severe downside scenario impacting demand for maintenance services, required countermeasures could be taken, such as, curtailing discretionary expenditures. Based on the assessment the next five years are forecast to be profitable and cash generative.

# DB Cargo Maintenance Limited

## Notes to the financial statements (continued) For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### Going concern (continued)

The overall combined cash pool balance of the DB Cargo UK Group of companies has continued to be positive throughout the first half of 2023, with an average combined balance in excess of £22,000,000. The directors consider it a reasonable expectation that, as a group, the DB Cargo UK group of companies will not depend on utilisation of the line of credit during the going concern assessment period. A letter of support has been provided by the immediate parent company, DB Cargo (UK) Holdings Limited, confirming continuing financial support for the UK group of companies for the going concern assessment period.

#### Disclosure exemptions

A summary of the disclosure exemptions adopted for the year ended 31 December 2022 is presented below. Equivalent disclosures for financial instruments and fair value measurement are included in the group consolidated financial statements allowing the exemptions to be applied.

Area	Disclosure exemption
Cash flow statements	Complete exemption from preparing a cash flow statement.
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures. Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1.134 to 136).
Related party disclosures	Exemption for related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member. Exemption from disclosure of key management personnel compensation.
Comparative information	Exemption from comparative for movements on share capital, tangible assets, intangible assets and investment property.
Presentation of Financial Statements	Exemption from statement of compliance with IFRS, cash flow information and capital management policy.
Accounting policies	Exemption from the effects of new but not yet effective International Financial Reporting Standards.
Revenue	Exemption from the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
Leases	Exemption from the requirements of paragraph 52, the second sentence of paragraph 89, and paragraph 90, 91 and 93 of IFRS 16 Leases. Exemption from the requirements of paragraph 58 of IFRS 16. Exemption from the requirements to disclose the impact of IFRS 16 has been taken in accordance with paragraph 8(i) of FRS 101.
IFRSs issued but not effective	The listing of new or revised standards that have not been adopted (and information about their likely impact) may be omitted.

#### Change of accounting policies

There are no amendments to accounting standards or IFRIC interpretations that are effective for year ended 31 December 2022 that have had a material impact on the company's financial statements.

# DB Cargo Maintenance Limited

## Notes to the financial statements (continued) For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### Use of estimates and judgement

The application of the company's accounting policies requires management to make judgement, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made, however, the nature of estimation means that actual outcomes could differ from those estimates.

There are no significant estimates and judgements that would have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

#### Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of value added taxes and represents amounts invoiced to third parties and estimates in respect of amounts not invoiced in the period. The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below.

#### *Sale of services*

Turnover and operating profit is attributable to the design, refurbishment and maintenance of rail wagons and also a fleet management services, which arises in the UK.

Turnover is stated net of value added tax and represents amounts invoiced to third parties and estimates in respect of amounts not invoiced for sales arising in the period. This is recognised at a point in time when the service is complete.

#### Tangible assets and depreciation

Tangible assets are stated at original cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided by the company on all tangible assets, other than freehold land, to write off the cost less the estimated residual value of tangible assets by equal instalments over their estimated useful economic lives from the time assets come into service as follows:

Freehold land and buildings	50 years
Plant, machinery and equipment	3 to 15 years

No depreciation is provided on freehold land.



# DB Cargo Maintenance Limited

## Notes to the financial statements (continued) For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### Foreign exchange

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contract rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward exchange contract rate and the gains and losses on translation are included in the profit and loss account.

#### Trade and other debtors

Trade debtors, which generally have 30 – 90 day terms, are measured initially at fair value and then amortised cost – where the time value of money is material, receivables are amortised using the effective interest rate method. IFRS 9's simplified approach to provisioning is used to calculate the company's lifetime expected credit risk.

#### Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantially enacted on the balance sheet date.

No provision is made for temporary differences on revaluation surpluses on fixed assets unless there is a firm commitment to sell the asset in question, nor is any provision raised on gains rolled over in replacement assets.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of profit or loss.

#### Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

#### Financial assets

Financial assets are recognised when the company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income or, amortised cost. Applying this classification to the company's financial assets does not result in changes to the accounting. Trade receivables and cash and cash equivalents continue to be recognised at amortised cost and certain other non-current financial assets continue to be recognised at fair value through profit or loss.

In respect of accounting for trade and other receivables, the company has applied IFRS 9's simplified approach to provisioning and has calculated this using lifetime expected losses. This calculation has no material impact on the financial statements.

# DB Cargo Maintenance Limited

## Notes to the financial statements (continued) For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### Financial liabilities

Financial liabilities are recognised when the company becomes party to the contracts that give rise to them and are classified as financial liabilities at fair value through profit or loss. The classification and measurement of financial liabilities and derivative instruments remains unchanged from IAS 39.

#### Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

#### Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the settlement of the obligation is expected more than one year or after the normal operating cycle of the business, the expected future cash flows are discounted, where material, using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

#### Retirement benefits

The company operates a defined contribution pension scheme for its employees and contributions to the scheme are recognised in the profit and loss account in the period in which they become payable.

### 3. Turnover

Turnover included in the Profit and loss account are analysed as follows.

	2022	2021
	£'000	£'000
Turnover	<u>16,818</u>	<u>13,991</u>

All reported turnover is attributable to the design, refurbishment and maintenance of rail wagons and also fleet management services, which arises within the UK. This is recognised at a point in time when the service is complete.

### 4. Operating profit

Operating profit is stated after charging:

	2022	2021
	£'000	£'000
Cost of stock recognised as an expense	8,032	5,512
Depreciation of tangible assets	<u>35</u>	<u>33</u>

Stock is held by a fellow group company, DB Cargo (UK) Limited, on behalf of all the companies within the DB Cargo UK group. The company receives a charge from DB Cargo (UK) Limited as stock items are consumed.

# DB Cargo Maintenance Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 4. Operating profit (continued)

The audit fee for the company is borne by DB Cargo (UK) Limited, a fellow subsidiary of the DBC UK group. The following amounts are recharged to the company for services provided by the company's auditors:

	2022 £'000	2021 £'000
Fees payable to the company's auditors for the audit of the annual financial statements of the company	25	21

### 5. Remuneration of directors

The directors received no (2021: £nil) emoluments from the company for the benefits of their services to the company in the current year. Their total emoluments are included in the aggregate of the directors' emoluments disclosed in the financial statements of a fellow subsidiary undertaking of the DBC UK group, DB Cargo (UK) Limited and are not apportioned between the companies within the group.

### 6. Staff numbers and costs

The average monthly number of persons employed by the company during the year was as follows:

	2022 No.	2021 No.
<b>By activity</b>		
Production and administration	121	120

The aggregate payroll costs of these employees were as follows:

	2022 £'000	2021 £'000
Wages and salaries	3,606	4,005
Social security costs	368	390
Other pension costs (see note 15)	215	238
	4,189	4,633

### 7. Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from group companies	7	-

### 8. Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest payable to group companies	1	6

# DB Cargo Maintenance Limited

## Notes to the financial statements (continued) For the year ended 31 December 2022

### 9. Tax on profit

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK Corporation tax - current year	174	-
UK Corporation tax - prior year	-	(189)
<b>Tax charge/(credit) on profit</b>	<b>174</b>	<b>(189)</b>

Corporation tax is calculated at 19% (2021: 19%) of the estimated tax profit (2021: tax profit) for the year.

The tax for the year is lower than (2021: lower than) the standard effective rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below.

	2021 £'000	2021 £'000
<b>Profit before taxation</b>	<b>1,974</b>	<b>843</b>
<b>Profit before taxation multiplied by the effective rate of UK corporation tax of 19% (2021: 19%).</b>	<b>375</b>	<b>160</b>
Effects of:		
Expenses not deductible for tax purposes	7	6
Use of brought forward trading losses	(208)	(166)
UK Corporation tax - prior year	-	(189)
<b>Total tax charge/(credit) for the year</b>	<b>174</b>	<b>(189)</b>

In the 2021 UK Budget on 3 March 2021, the UK Government announced that the headline rate of UK Corporation Tax will increase to 25% from 1 April 2023. Consequently, the deferred tax balances at the reporting date have been measured at 25% (2021: 25%).

# DB Cargo Maintenance Limited

## Notes to the financial statements (continued) For the year ended 31 December 2022

### 10. Tangible Assets

	Freehold land and buildings £'000	Plant, machinery and equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 January 2022	3,253	-	117	3,370
Additions	-	-	632	632
Transfers	-	137	(137)	-
At 31 December 2022	<u>3,253</u>	<u>137</u>	<u>612</u>	<u>4,002</u>
<b>Accumulated depreciation</b>				
At 1 January 2022	344	-	-	344
Charge for the year	33	2	-	35
At 31 December 2022	<u>377</u>	<u>2</u>	<u>-</u>	<u>379</u>
<b>Net book value</b>				
At 31 December 2022	<u>2,876</u>	<u>135</u>	<u>612</u>	<u>3,623</u>
At 31 December 2021	<u>2,909</u>	<u>-</u>	<u>117</u>	<u>3,026</u>

Included in freehold land and buildings is land with a value of £1,750,000 (2021: £1,750,000) which is not depreciated.

### 11. Debtors

#### a) Debtors due within one year

	2022 £'000	2021 £'000
Cash pooling account	1,197	-
Trade debtors	1,558	1,859
Amounts owed by group undertakings	1,216	988
Prepayments and accrued income	48	16
	<u>4,019</u>	<u>2,863</u>

# DB Cargo Maintenance Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 11. Debtors (continued)

The company has an agreement for both domestic and foreign currency cash pooling with Deutsche Bahn AG. Under the terms of the agreement, balances within the company's bank accounts are acquired by Deutsche Bahn AG through the following procedures:

- if the relevant bank accounts have a positive balance, the balance will be transferred to the cash pooling account; and
- if the relevant bank accounts have an overdrawn balance, the balance will be settled through a corresponding transfer from the cash pooling account.

The cash pooling account is maintained by Deutsche Bahn AG and subsequent to the monthly pooling adjustments, the company's bank accounts will have a nil balance.

The interest rate applied on the cash pooling account on positive balances is Bank of England SONIA less 0.25% p.a. and the rate applied on overdrawn balances is Bank of England SONIA plus 0.75% p.a.

Amounts owed by group undertakings are unsecured, interest free and payable in line with intercompany trading terms and conditions.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

### b) Deferred tax asset

	2022		2021	
	Recognised	Unrecognised	Recognised	Unrecognised
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	60	-	61
Losses	-	-	-	318
	<u>-</u>	<u>60</u>	<u>-</u>	<u>379</u>

\*The allocation of the deferred tax asset between accelerated capital allowances and losses has been restated for 2021 to reflect the position in the final tax computations which were agreed after the signing of the 2021 financial statements.

Deferred taxes at 31 December 2022 have been measured using a tax rate of 25% (2021: 25%).

Due to the DB Cargo UK group-wide restriction on the usage of pre-1 April 2017 losses, a deferred tax asset has not been recognised.

# DB Cargo Maintenance Limited

## Notes to the financial statements (continued) For the year ended 31 December 2022

### 12. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Overdraft	255	124
Cash pooling account	-	229
Trade creditors	799	701
Amounts owed to group undertakings	223	773
Other taxation and social security	130	156
Corporation tax payable	174	-
Accruals and deferred income	691	367
	<b>2,272</b>	<b>2,350</b>

Amounts owed to group undertakings are unsecured, interest free and payable in line with intercompany trading terms and conditions.

See note 11 for an explanation of the cash pooling account.

### 13. Called up share capital

	2022		2021	
	No.	£'000	No.	£'000
<b>Authorised</b>				
Ordinary shares of £1 each	<b>8,333,939</b>	<b>8,334</b>	<b>8,333,939</b>	<b>8,334</b>
<b>Allotted and fully paid:</b>				
Ordinary shares of £1 each	<b>8,333,939</b>	<b>8,334</b>	<b>8,333,939</b>	<b>8,334</b>

### 14. Commitments and contingent liabilities

The company had no capital commitments or contingent liabilities at the year end (2021: £nil).

### 15. Retirement benefit scheme

The company operates a defined contribution pension scheme for its employees. The cost of contributions, on a defined contribution basis, was £215,000 (2021: £238,000) for the year.

At the balance sheet date, no amounts were outstanding (2021: £28,000).

### 16. Ultimate parent company and controlling party

The immediate parent company is DB Cargo (UK) Holdings Limited, a company registered in England and Wales.

The ultimate controlling party and the smallest and largest group in which the results of the company are consolidated is that headed by Deutsche Bahn AG, which is incorporated in the Federal Republic of Germany. The financial statements of Deutsche Bahn AG can be viewed at [www.db.de](http://www.db.de) or copies can be obtained from Potsdamer Platz 2, 10785 Berlin.