

Registration number: 01189068

Pentalver Cannock Limited

Unaudited Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2023



Pentalver Cannock Limited

Contents

Company Information	1
Strategic Report	2 to 8
Directors' Report	9 to 15
Statement of Directors' Responsibilities	16
Profit and Loss Account	17
Balance Sheet	18
Statement of Changes in Equity	19
Notes to the Unaudited Financial Statements	20 to 40

Pentalver Cannock Limited

Company Information

Chief executive	Timothy Colin Shoveller
Directors	Mr Christopher Lawrenson Mr Nicholas Matthews
Company secretary	Ms Sally Jane Watts
Registered office	6th Floor The Lewis Building 35 Bull Street Birmingham B4 6EQ
Bankers	Barclays Bank PLC 1 Churchill Place London United Kingdom E14 5HP

Pentalver Cannock Limited

Strategic Report for the Year Ended 31 December 2023

The directors present their report for the year ended 31 December 2023.

Fair review of the business

Our Business: The UK group was part of Genesee & Wyoming Inc (G&W) at 31 December 2023, however there has been a subsequent group restructure, which separated the UK & European operations from US operations for G&W. This has been further explained in Note 21. G&W is a market leading owner and operator of freight railroads, owning or leasing 115 freight railroads worldwide with 7,000 employees servicing 3,000 customers across four North American regions and four Canadian provinces. Pentalver Cannock Limited forms part of the UK & Europe Group, headed by Freightliner Group Limited.

The UK group of companies operates market leading Rail, Road and Terminals services across Intermodal Logistics and Heavy Haul markets, employing 3,000 people under the Freightliner and Pentalver brands.

Through the unique combination of our owned rail, terminals and road assets, the UK group under both brands, is the UK's largest maritime intermodal logistics provider. The UK group offers Intermodal Logistics solutions for all the major shipping lines and a wide portfolio of other customers, handling container movements from all main deep-sea ports to our national network of inland terminals. This 'end to end' solution, simplifies and streamlines supply chain management for customers, with one point of contact to manage the full journey. The UK group has a capability to run more than 80 daily services and move more than 770,000 maritime containers per year, between the deep-sea ports of Felixstowe, Southampton and London Gateway to all major conurbations in the UK. Pentalver is a leading UK container logistics services provider. With over 30 years' experience, Pentalver offers a diverse range of container services, including road haulage, container storage, repairs, sales and conversions, refrigeration services and cargo handling.

Freightliner Heavy Haul rail operations include a core bulk rail haulage solution, that can be adapted and built upon to form a bespoke service to meet customer needs. Solutions developed include the use of Freightliner or customer wagons and can involve the full ownership and operation of bulk terminals on behalf of customers. The Heavy Haul division offers a maintenance service, from wagon and loco maintenance to track maintenance, including the support of Network Rail network maintenance – all designed to keep our own and our customer assets operating at peak performance.

Our Financials:

Despite strong Heavy Haul performance, overall revenue was lower year on year with Intermodal flows impacted by a challenging macro environment.

During the year, the weaker economy and trading environment resulted in reduced Intermodal market activity, flowing through to terminal and road operations. Despite this, we have held our Intermodal Rail market share during the period at ~55% (2022: 55%) and engaged in significant initiatives to drive efficiency and protect margins across the business. The company has continued to deliver strong growth in the Heavy Haul market with success during the year in a number of areas. New contracts have been signed with key customers across both Intermodal and Heavy Haul business units, in addition to the continued expansion of our customer portfolio. Activity undertaken during the year has set the business up for efficient future growth as the market strengthens.

Pentalver Cannock Limited

Strategic Report for the Year Ended 31 December 2023 (continued)

Operations: Through strong planning and communication, we were able to effectively manage the disruption caused by the Network Rail Industrial Relations activity in the early part of the year. We continue to work closely with our people to ensure any potential risk to the business is mitigated.

Delivering for our customers through high performing operations continues to be a key focus for the business. We've delivered year-on-year safety improvements to our industry leading 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 across all delivery platforms. 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.

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. This has come under even more intense scrutiny with the downturn in the UK economy as we have moved into 2024. We have been working closely with our customers and across the business to manage our way through this high inflationary, low volume environment, ensuring we continue to deliver an efficient operation that maximises market opportunities during 2024

The Company's principal key financial performance indicators are noted below and these have been discussed as part of the Business review. There are no non-financial key performance indicators upon which business performance is measured.

	Unit	2023	2022
Turnover	£'000	44,529	53,127
Gross margin	%	27	24
Net Profit/(Loss) before tax	£'000	12,159	9,895
Net Assets	£'000	35,384	23,225

The Group remains focussed on improving the long-term future of the UK & Europe business. 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 Group

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 however well placed in our markets to deliver for our customers and to continue to maximise market opportunities during 2024 in order to continue to drive our growth agenda.

During H1 2024, Genesee & Wyoming group has been restructured which separated the US and UK operations of the Genesee & Wyoming group. This has led to various organisational changes in the group structure for the UK business. The UK operations are no longer part of Genesee & Wyoming Inc. and instead lead its own UK & Europe operations, under the brand Freightliner Group Limited. Further detail can be found in the post balance sheet events section in Note 21.

Pentalver Cannock Limited

Strategic Report for the Year Ended 31 December 2023 (continued)

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk. The Company aims to minimise these risks through its forward looking strategy. These are detailed further within the principal risks and uncertainties section of the Strategic Report.

Principal risks and uncertainties

The principal risks and uncertainties of the business are detailed below:

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.

Pentalver Cannock Limited

Strategic Report for the Year Ended 31 December 2023 (continued)

Strategic and commercial risks:

UK GDP performance has been slow to recover from the pandemic with low growth forecast in the near term. We have seen high levels of inflation and interest rates, 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. Despite these economic headwinds, there are a number of factors that point towards a positive outlook for Rail freight.

The UK Transport Secretary announced a 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.

The portfolio of business activities across the group help to mitigate demand shortfalls in any area, as evidenced through the global supply chain congestion post Brexit and the pandemic.

We continue to work extremely closely with all our colleagues, customers, and suppliers, to ensure appropriate action is taken to mitigate any inflationary risk, including through positive cost and price discussion.

Through strong planning and communication internally and externally, we are able to largely mitigate the impact of industrial relations activity on the business. 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. 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.

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. Our assurance programmes within this area ensure that the systems and infrastructure within the business are adequately protected against this risk.

The conflict between Russia and Ukraine has no direct impact on UK revenues and has not had any material impact on cost base and profitability. Any impact from a higher fuel price is mitigated through contractual mechanisms and to date any impact on cost prices has been managed through to an immaterial profit impact through strong procurement processes.

The disruption to vessels caused by the recent attacks within the Red Sea will likely cause some peaks and troughs in volume as re-routed vessels are delayed into the UK. We are working with customers to protect service and provide storage capacity as required, in addition to reflecting capacity changes within our operating cost base.

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.

Pentalver Cannock Limited

Strategic Report for the Year Ended 31 December 2023 (continued)

Section 172(1) statement

The Directors must act in a way they consider would be most likely to promote the success of the Group for the benefit of its stakeholders. These stakeholders and actions taken by the Group are detailed below:

Long-term consequences of decisions – The Group aims to secure its long-term prospects and viability by seeking out strategies that provide mutual long-term benefits to its stakeholders and members. These are considered through regular meetings of the senior management team, periodic engagement with its shareholders and the formal preparation and adoption of a 5-year Strategic Plan. This includes determining the capital investment required to meet growth, customer, and safety needs. The annual review of the Group's strategy encompasses the long-term implications for stakeholders and members.

Key decisions in the year – During the year, the Directors have taken key decisions in a number of areas to strengthen the short and long term outlook of the Group. Principal decisions include a restructuring and refinancing process and an efficiency programme to drive a leaner operation and strengthen margins. While our ultimate ownership structure remains unchanged, the restructure and refinancing programme undertaken, allows us to be more agile and respond to changes in the market to achieve our growth ambitions and financial goals. Commencing in 2023, the process completed in H1 2024. Refer to Note 21 for further detail. The Directors also led a Group wide cost and efficiency review. This considered current and future activity forecasts and targets as well as ways of working, to ensure that the business is sized and operated in a way to handle short term market challenges, while remaining best placed to grow efficiently in line with targets.

Maintaining our licence to operate – The Directors have ensured that the operating licences are maintained by following the maintenance requirements and health and safety requirements.

Interest of employees – The Group's employees reflect our culture and values and are essential to delivering on our mission of developing long-term customer relationships and business growth. The Group has several means of communicating with its employees in terms of business performance and other important decisions. These communication methods include quarterly business updates from the CEO, regular internal communications on new business wins and other topics of interest to colleagues, quarterly meetings of the Senior Leadership Team (SLT) with union reps from all four unions to discuss quarterly business performance. The SLT also hold regular online townhall forums to inform employees of important developments and decisions.

The Group has a strong culture of Health & Safety and strives for zero injuries, every day. In support of our health and safety culture, the business has a comprehensive health and safety training plan that it delivers across platform and grades according to need. A freely accessible internal information hub is maintained of all policies and relevant employee information.

Need to foster the Group's business relationships – The Group's customers include large international shipping lines through to small local businesses. The Group's customers rely on us to fulfil their obligations and the Group's suppliers allow us to meet their needs.

The Group actively works towards the acquisition of new customers through a range of existing industry relationships and tendering processes. The supply of services is dependent on the continuing collaboration with a range of third-party suppliers on a long-term basis. Commercial and operational teams have regular and timely communication with key customers and suppliers to understand their needs to assist us in fulfilling their objectives.

Pentalver Cannock Limited

Strategic Report for the Year Ended 31 December 2023 (continued)

Impact on communities – We believe supporting our communities strengthens our community ties and fosters an awareness of our long-term goals. Our staff charity nomination scheme sees our employees' nominating charities, which they have a personal connection, to which donations are made. The Group, further, sponsors local sports clubs across the UK that our staff have a connection with. The UK Group made £52k of charitable donations in the current year.

Impact on the environment – As one of the UK's leading transportation service providers, we 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 Environment and Sustainability Group (ESG) coordinates our environmental and sustainability workstreams to ensure that the business is positioned to further enhance our environmental and sustainable credentials. As part of our Integrated Management System (IMS), we will develop, maintain, and continually improve an Environmental Management System (EMS) in line with the requirements of ISO 14001 and seek external accreditation for relevant operations to ensure we achieve all our compliance objectives and that our operational activities prevent pollution and embrace environmental opportunities.

High standard of business conduct – The Group and its employees are subject to the Code of Ethics of Genesee & Wyoming Inc ("Code"). The Code sets forth general guidelines of business practice and is intended to help educate our staff about the laws that affect our business; help our employees understand the type of behaviour that is expected, and to serve as a guide when we face legal or ethical questions.

The Group's internal and external policies are reviewed by the Directors and senior management to ensure compliance with anti-bribery, modern slavery, environmental, safety standards, tax and financial standards. The Group operates an internal audit program overseeing the financial and non-financial policies and procedures put in place.

To act fairly between members of the Group – The Group and its employees are subject to the Code of Ethics of Genesee & Wyoming Inc ("Code"). The Code sets forth general guidelines of business practice and is intended to help ensure fairness between members of the Group.

Stakeholder engagement- We run an Employee Pulse Survey to listen to our colleagues and take a temperature check on engagement issues that are important to them and us. The feedback identifies areas for improvement which will help to make Freightliner a great place to work. In the latest (January 2024) survey, over 1200 employees responded, of which 59% were frontline colleagues. Our Employee Net Promoter Score has improved by 11 points year on year and we have a clear view of the areas we need to focus on to improve colleague satisfaction.

Our CEO and the leadership team takes the survey results seriously and reads all the comments. A key area for improvement is the communication of change at work, which is our lowest scoring question. In addition to the survey question responses, 366 comments/questions were left as part of the responses which give us additional insights. The comments are grouped into themes which are part of an action plan for each business platform. Each theme is followed up at group level by the relevant director, and site-specific comments are followed up by location by local leaders who take responsibility for communicating the actions taken. The top 10 comment themes (highest number of comments) were: Pay and conditions, Praise, Leadership and management, Communication within team, Progression training and development, Workplace facilities, Safety, Business strategy and Communicating strategy and performance. Our CEO also uses the location feedback as preparation for site visits so he can assess progress.

The UK group has a number of ongoing projects which aim to ensure all employees are treated fairly. Refer to the Directors Report for further information.

Pentalver Cannock Limited

Strategic Report for the Year Ended 31 December 2023 (continued)

During the period the directors continued to monitor progress against the Group's strategy, as highlighted in the principal activities section of the strategic report of the company, and decisions made by the directors were in respect of operational matters.

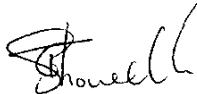
Future developments

The directors expect the road haulage industry to face challenges with continued competition in the industry including around driver resource, and the ongoing impact from events impacting global supply chains.

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

- Directors of the company;
- Principal activity;
- Employment of disabled persons;
- Employee involvement;
- Dividends;
- Social and community issues;
- Streamlined energy and carbon reporting;
- Going concern;
- Directors' liabilities;
- Disclosure of information to the independent auditors.

Approved by the Board of Directors on 25 September 2024 and signed on its behalf by:



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Timothy Colin Shoveller
Chief executive

Pentalver Cannock Limited

Directors' Report for the Year Ended 31 December 2023

The directors present their report and the unaudited financial statements for the year ended 31 December 2023.

Directors' of the company

The directors who served throughout the year, except as noted, and up to the date of this report were:

Mr Christopher Lawrenson

Mr Shaun Allen (resigned 29 September 2023)

Mr William Thomas Wright (resigned 2 May 2024)

Mr Nicholas Matthews (appointed 3 October 2023)

Timothy Colin Shoveller - Chief executive (appointed 3 October 2023)

Principal activities

The principal activity of the company is haulage contractor.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk. The Company aims to minimise these risks through its forward looking strategy. These are detailed further within the principal risks and uncertainties section of the Strategic Report.

The principal risks and uncertainties of the business are detailed below:

Future economy:

The Company has considered the impact of wider macro-economic issues that will be impacting the wider transport industry and the general economy. It is not considered that there are any factors that will affect the business other than those which will affect the wider economy such as inflationary pressures including to energy and cost of living. Management will continue to actively manage its cost base and pricing accordingly in order to mitigate this risk.

Credit risk:

The company's credit risk is attributable to its receivables, which are presented in the statement of financial position net of any provision for bad debts. The company only enters into 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.

Liquidity risk:

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation through its operations and through funding facilities available from its parent entity, Genesee & Wyoming Inc. As at 31 December 2023, the Group had an undrawn facility available of £174m. Subsequent to year-end, this facility has now been repaid and closed. As part of restructuring as explained in Note 21, Freightliner Group Limited, the parent entity for the UK & Europe group secured a new financing facility with a syndicate of banks. This facility includes a £50m 5-year term loan which was drawn on 31st May 2024 and a £50m revolving credit facility.

Dividends

The directors do not propose a dividend for the year ended 31 December 2023 (2022: £nil). There was no dividend paid during the year (2022 : £nil).

Post balance sheet events

Post balance sheet events are disclosed in Note 21

Pentalver Cannock Limited

Directors' Report for the Year Ended 31 December 2023 (continued)

Employment of disabled persons

The company is committed to equal opportunities for all in recruitment and employment. We aim for our workforce, across both our UK and European entities, 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. 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.

Employee involvement

On a monthly basis a Teams call is held with 120+ leaders in the business 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.

Pentalver Cannock Limited

Directors' Report for the Year Ended 31 December 2023 (continued)

Social and community issues

The Group'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, our operations have over 1,556 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, USA or the EU and a limited amount sourced from the Far East. Of these estimated 1,556 suppliers, 145 represent 88% of our total supplier expense with an annual spend of at least £250,000. A review of their corporate websites confirmed that 82 out of 145 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.

Streamlined Energy and Carbon Reporting

It is not possible to separate the energy usage and carbon emissions of the group of companies owned by GWI UK Holding Ltd. This report covers the energy usage and carbon emissions of all companies within the group.

This section has been prepared in compliance to the SECR Framework as implemented in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

GHG emissions and energy use data for period 1 January 2023 - 31st December 2023

	Units	1st January to 31st December 2023	1st January to 31st December 2022
Emissions from combustion of gas (Scope 1)	tCO ₂ e	318	308
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO ₂ e	153,334	153,286
Emissions from purchased electricity (Scope 2) for transport purposes	tCO ₂ e	5,369	5,717
Emissions from purchased electricity (Scope 2)	tCO ₂ e	1,967	1,783
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	622	685
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO ₂ e	127	100
Total Gross emissions	tCO₂e	161,737	161,879
Energy consumption used to calculate above emissions	kWh	685,655,736	676,541,435

The intensity ratios have been calculated for the different activities carried out within the Organisation and include all energy usage and emissions stated within the above emissions figures and the methodology.

Pentalver Cannock Limited

Directors' Report for the Year Ended 31 December 2023 (continued)

2023	Carbon Emissions (tCO2e)	Intensity Ratio	Intensity Ratio Metric	Intensity Metric
Source				
Traction	131,494	0.01670	tCO2e/mile	6,916,858
Road Haulage and Vehicles	22,078	0.00220	tCO2e/mile	9,901,901
Terminal/Site Usage	8,045	0.00490	tCO2e/m2	1,627,719
	Carbon Emissions (tCO2e)	Intensity Ratio	Intensity Ratio Metric	Intensity Metric
2022				
Source				
Traction	127,177	0.01663	tCO2e/mile	7,645,225
Road Haulage and Vehicles	25,268	0.00110	tCO2e/mile	22,776,173
Terminal/Site Usage	8,894	0.00546	tCO2e/m2	1,627,719

Quantification and reporting methodology

GWJ UK Holding Ltd and its subsidiaries including Pentalver Cannock Limited have followed the 2019 HM Government Environmental Reporting Guidelines and GHG Reporting Protocol, Corporate Standard. We have used the 2023 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 2022 report however have also included GD+ for the first time.

Scope 1 emissions relate to on-site gas usage and emissions from transport. Scope 2 relates to Electric Traction and on-site electricity usage, Electricity transmission and distribution loss associated emissions are set out in Scope 3. Further Scope 3 emissions relate to grey fleet.

Transport usage (diesel 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. 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. All the data used for these calculations is based on UK only information.

The Company has not obtained any independent assurances over the information reported as the SECR report is prepared internally.

Pentalver Cannock Limited

Directors' Report for the Year Ended 31 December 2023 (continued)

Energy efficiency commentary

As one of the UK's leading transportation service providers, the Group recognises the importance of its 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 Health, Safety, Security and Environment 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 committed to a target across the US, UK and Europe aligned to previous climate science, which required global warming to be well below 2°C. Freightliner UK have also submitted a Near-Term target to SBTi to reduce emissions by 55% by 2033 and also to be Net Zero by 2050. This will be finalised with the Science Based Targets Initiative (SBTi) in 2024. The current progress has shown a 6.8% reduction in Scope 1 and Scope 2 carbon emissions against the 2020 baseline (172,230 tCO₂e).

GWI UK Holding Ltd. engaged in several energy efficiency projects during 2022 focusing on alternative biofuels for the diesel traction locomotives, an example of this is through the use of Hydrotreated Vegetable Oil (HVO) which has been used consistently for a six-month trial with a customer. This trial has also shown the possibility of using HVO in terminal machinery in place of diesel which is an initiative that G&W will take into 2024.

The Group continued the work on the future loco strategy which commenced in 2022, reviewing the future of the current fleet of over 150 diesel freight vehicles which deliver services across Great Britain. In order to meet governmental and company decarbonisation targets we recognise that we will need to upgrade, renew or replace our diesel locomotive fleets to achieve a science-based net zero solution. We have met with locomotive manufactures, rail leasing companies and consulting bodies and asked them a set of questions around their decarbonisation strategies, and what the future loco and infrastructure will look like. From this we plan to make the decision on the future of our 150 diesel locos. Progress has been made in research and development of fuel alternatives to diesel.

Extensive work has been done to reducing idling by implementing remote conditional monitoring (RCM) which has reduced idling significantly. Furthermore, with the goal of reducing queue times and speeding truck turnaround times at terminals, G&W have implemented a Vehicle Booking System (VBS), allowing G&W to proactively prepare for haulier arrivals and service trucks quickly and efficiently reducing idling on our road fleet. In addition to this, locomotive driver behaviour has been addressed, to improve the efficiency of acceleration and limiting notch 8 use to improve fuel economy.

We are committed to a science-based reduction of our carbon emissions. We have a pathway and innovation programmes researching, trialling, and testing alternatives of fuel and assets to ensure we reduce our emissions and meet our customers' needs. We can offer our customers low carbon fuel (HVO) as an alternative to diesel to support with lower their emissions. Red Diesel/Gas Oil laws, environmental legislation including SECR (This information is provided in the financial statements) and carriage of dangerous goods regulations. If there were any breaches, then this is likely to impact the reputation of the business which could in turn lead to an impact on the profitability. However, managing this ensures that the business will remain sustainable in future years.

Pentalver Cannock Limited

Directors' Report for the Year Ended 31 December 2023 (continued)

Going concern

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. 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 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. Freightliner Group Limited (FGL), the immediate parent entity of the UK and Europe Group, has demonstrated to management there is significant headroom in the group borrowing facility to support the UK and Europe Group, should the need arise. During 2024, Freightliner Group Limited secured the new financing facility with a syndicate of banks. This facility includes a £50m 5-year term loan which was drawn on 31st May 2024 and a £50m revolving facility which expires on 31st May 2029, which at the date of signing has not been drawn.

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/EBITDA, based off the annual financial statements for Freightliner Group Limited, for which FGL must not go above 7.0x to make distributions, and a value of 9.0x to breach the covenant. As of 31st July 2024, the Group was below the 7.0x level and the Directors are confident that on 31st December 2024, 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 through to 31st December 2025.

Furthermore, Freightliner Group Limited has provided management a support letter confirming their intentions to provide financial assistance to the UK Group for at least 12 months from the date of authorising the company's financial statements.

The directors have a reasonable expectation that the company, through the group borrowing facility has adequate resources to continue in operational existence for at least 12 months from when these financial statements were approved. The directors have performed reverse stress testing to determine whether in any downside scenarios, the company would still be a going concern and the directors are comfortable that this would be the case. In this testing, the directors tested how much revenue would have to fall by to cause a breach on its covenant. Between 2023 and 2025, revenue would have to fall by 30% on 2023 levels, the possibility of this is considered by the directors to be remote. Therefore, the company continues to adopt the going concern basis in preparing its financial statements.

The following matters have been covered in the Strategic Report:

- Financial risk management objectives and policies
- Future developments
- Engagement with employees
- Engagement with suppliers, customers and others

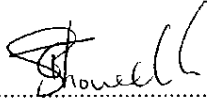
Pentalver Cannock Limited

Directors' Report for the Year Ended 31 December 2023 (continued)

Directors' liabilities

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. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Approved by the Board of Directors on 25 September 2024 and signed on its behalf by:



.....
Timothy Colin Shoveller
Chief executive

Pentalver Cannock Limited

Statement of Directors' Responsibilities

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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the 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 confirm that they have complied with these requirements. Details of the directors' assessment of going concern are provided in the directors' report.

Pentalver Cannock Limited

Profit and Loss Account for the Year Ended 31 December 2023

		(Restated)	
	Note	2023 £ 000	2022 £ 000
Turnover	5	44,529	53,127
Cost of sales		<u>(32,419)</u>	<u>(40,443)</u>
Gross profit		12,110	12,684
Administrative expenses		<u>832</u>	<u>(2,213)</u>
Operating profit	6	<u>12,942</u>	<u>10,471</u>
Interest receivable and similar income		1	-
Interest payable and similar expenses		<u>(784)</u>	<u>(576)</u>
		<u>(783)</u>	<u>(576)</u>
Profit before taxation		12,159	9,895
Tax on profit	10	<u>-</u>	<u>-</u>
Profit for the financial year		<u>12,159</u>	<u>9,895</u>

Similar to last year, there were no other comprehensive income items during the year, and thus no statement of other comprehensive income has been prepared.

Turnover and operating profit are all derived from continuing operations.

Pentalver Cannock Limited
(Registration number: 01189068)
Balance Sheet as at 31 December 2023

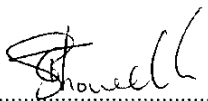
		(Restated)	
		31 December 2023	31st December 2022
	Note	£ 000	£000's
Fixed assets			
Tangible assets	11	3,686	3,972
Right of use assets	16	15,816	13,741
		<u>19,502</u>	<u>17,713</u>
Current assets			
Stocks	12	148	178
Debtors: amounts falling due within one year	13	54,594	34,307
Cash at bank and in hand	14	543	4,625
		<u>55,285</u>	<u>39,110</u>
Creditors: Amounts falling due within one year	18, 16	<u>(23,653)</u>	<u>(20,174)</u>
Net current assets		<u>31,632</u>	<u>18,936</u>
Total assets less current liabilities		51,134	36,649
Creditors: Amounts falling due after more than one year	16	(15,492)	(13,104)
Provisions for liabilities	17	<u>(258)</u>	<u>(320)</u>
Net assets		<u>35,384</u>	<u>23,225</u>
Capital and reserves			
Called up share capital	15	9	9
Profit and loss account		<u>35,375</u>	<u>23,216</u>
Shareholders' funds		<u>35,384</u>	<u>23,225</u>

For the year ending 31/12/2023 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.

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

Approved by the Board of Directors on 25 September 2024 and signed on its behalf by:



 Timothy Colin Shoveller
 Chief executive

Pentalver Cannock Limited

Statement of Changes in Equity for the Year Ended 31 December 2023

	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	9	13,321	13,330
Profit for the year	-	9,895	9,895
Total comprehensive expense	-	9,895	9,895
At 31 December 2022	9	23,216	23,225
	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2023	9	23,216	23,225
Profit for the year	-	12,159	12,159
Total comprehensive income	-	12,159	12,159
At 31 December 2023	9	35,375	35,384

The notes on pages 20 to 40 form an integral part of these financial statements.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023

1 General information

The company is a private company limited by share capital, incorporated in England and Wales 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

Principal activity

The principal activity of the company is haulage contractor.

For the year ending 31/12/2023 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.

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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 years presented, unless otherwise stated.

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 under the historical cost convention in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the Companies Act 2006.

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 (£000s), unless otherwise stated.

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets, certain related party transactions, and certain disclosure requirements in respect of leases. Where relevant, equivalent disclosures have been given in the group accounts of GWI UK Acquisition Company Limited.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

The company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements-Disclosure of Accounting Policies

The company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Pentalver Cannock Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023
(continued)**

2 Accounting policies (continued)

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

The company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a *temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.* Refer to Note 10 for further information.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates

The company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

Going concern

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. 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 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. Freightliner Group Limited (FGL), the immediate parent entity of the UK and Europe Group, has demonstrated to management there is significant headroom in the group borrowing facility to support the UK and Europe Group, should the need arise. During 2024, Freightliner Group Limited secured the new financing facility with a syndicate of banks. This facility includes a £50m 5-year term loan which was drawn on 31st May 2024 and a £50m revolving facility which expires on 31st May 2029, which at the date of signing has not been drawn.

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/EBITDA, based off the annual financial statements for Freightliner Group Limited, for which FGL must not go above 7.0x to make distributions, and a value of 9.0x to breach the covenant. As of 31st July 2024, the Group was below the 7.0x level and the Directors are confident that on 31st December 2024, 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 through to 31st December 2025.

Furthermore, Freightliner Group Limited has provided management a support letter confirming their intentions to provide financial assistance to the UK Group for at least 12 months from the date of authorising the company's financial statements.

The directors have a reasonable expectation that the company, through the group borrowing facility has adequate resources to continue in operational existence for at least 12 months from when these financial statements were approved. The directors have performed reverse stress testing to determine whether in any downside scenarios, the company would still be a going concern and the directors are comfortable that this would be the case. In this testing, the directors tested how much revenue would have to fall by to cause a breach on its covenant. Between 2023 and 2025, revenue would have to fall by 30% on 2023 levels, the possibility of this is considered by the directors to be remote. Therefore, the company continues to adopt the going concern basis in preparing its financial statements.

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. 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.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

2 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 services 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 variable considerations. The nature of the business does not include obligations for returns, refunds, warranties or other similar types of obligations and the Company does not have any long term revenue contracts with customers.

The revenue streams for the entity are derived from its management of a container depot and associated services including road transport.

Finance costs

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

All other finance costs are recognised in the Income Statement in the period in which they are incurred.

Impairment of tangible assets

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation

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

Asset class	Depreciation method and rate
Land and building	Shorter of lease term or 40 years
Plant and machinery	2 to 25 years
Vehicles	5 years
Construction in progress	Not depreciated

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

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 statement of financial position.

Tax

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

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

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

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

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.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

2 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 to be made over the lease term, discounted at the incremental borrowing rate (IBR). 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.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

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 finance cost in the income statement, 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 Property, Plant and Equipment. 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.

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.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

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 operating expenses in the income statements.

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). After classification lessor accounting is applied to the sublease.

Tangible assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

Consolidated financial statements

The company is a parent and subsidiary undertaking and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. The financial statements therefore present information about the Company as an individual undertaking.

Financial assets and liabilities

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

2 Accounting policies (continued)

Financial assets

The company classifies its financial assets at amortised cost. Subsequent to initial recognition these 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 in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets.

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 the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost using the effective interest method or at fair value through profit and loss (FVTPL).

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. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In applying the Company's accounting policies, which are described in note 2, 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.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

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

Insurance claims - key estimate

The company recognises provisions in relation to open and potential claims against the company. Management are required to estimate the likelihood of a claim crystallising and the potential exposure the company has. The company assesses the effectiveness of its insurance policy. It recognizes the amount expected to be reimbursed (as a separate asset) when, and only when, it is virtually certain that the reimbursement will be received. Offset of a provision and the related reimbursement is never appropriate.

Lease accounting - accounting judgement

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).

For leases of tangible assets, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

Management apply judgement in the determination of the incremental borrowing ("IBR") rate 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*.

Useful life of tangible assets - key estimate

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.

Unbilled revenue - estimation uncertainty

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 off management's experience with previous trading months.

4 Prior period restatement

During the year it was identified that a number of balances had been incorrectly accounted for within the financial statements in prior year. The impact of restating the comparatives has been disclosed below:

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

4 Prior period restatement (continued)

Balance Sheet	Note	As previously stated as at 31 December 2022 £ 000	Adjustment £ 000	Restated as at 31 December 2022 £ 000
Debtors: amount falling due within one year	13	34,632	(325)	34,307
Creditors: amount falling due within one year	18	(21,111)	937	(20,174)

Profit and loss account	Note	As previously stated as at 31 December 2022 £ 000	Adjustment £ 000	Restated as at 31 December 2022 £ 000
Administrative expenses		(2,639)	612	(2,213)

As a result of the pension prior year adjustment, management have recalculated the management recharge from Freightliner Group Limited to Pentalver Cannock Limited for FY22.

5 Turnover

The analysis of the company's turnover for the year by market is as follows:

	2023 £ 000	2022 £ 000
UK	44,529	53,127

6 Operating profit

Arrived at after charging/(crediting)

	2023 £ 000	2022 £ 000
Depreciation expense	684	622
Depreciation on right of use assets	2,707	2,430
Debtor impairment reversal	(91)	(331)
Inventory recognised as an expense	4,744	6,257
Foreign exchange losses/(gains)	1	21
Profit on disposal of property, plant and equipment	(3)	(186)
Lease expense (including short term and variable)	2,069	2,891

Pentalver Cannock Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023
(continued)**

7 Staff costs

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

	2023	2022
	£ 000	£ 000
Wages and salaries	7,953	8,466
Social security costs	816	887
Pension costs, defined contribution scheme	261	212
	<u>9,030</u>	<u>9,565</u>

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

	2023	2022
	No.	No.
Administration and support	59	62
Operations	161	129
	<u>220</u>	<u>191</u>

8 Directors' remuneration

During the year and in prior year, no directors received any emoluments for their services to the company.

9 Auditors' remuneration

The company no longer requires an audit due to the s479A exemption as per Companies Act 2006 and the group's audit fee is presented in the consolidated accounts of GWI UK Acquisition Company Limited

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

10 Income tax

Tax charged/(credited) in the profit and loss account

	2023	2022
	£ 000	£ 000
Current taxation		
UK corporation tax	-	-
Tax expense/(receipt) in the profit and loss account	-	-

The differences between the tax for the year at the standard rate of corporation tax in the UK of 23.50% (2022: 19%) are reconciled below:

	(Restated)	
	2023	2022
	£ 000	£ 000
Profit before tax	12,159	9,895
Corporation tax at standard rate	2,857	1,880
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	143	121
Decrease arising from group relief tax reconciliation	(3,014)	(1,860)
Impact of unrecognised deferred tax	14	(141)
Total tax charge/(credit)	-	-

A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 24 May 2021 (prior to 1 April 2023, the UK statutory corporation tax was 19%).

Any deferred tax balances on temporary differences as at 31 December 2023 have been measured at 25%.

The company operates in countries which have enacted new legislation to implement the global minimum top-up tax. The newly enacted legislation is effective from 1 January 2024 and there is no current tax impact for the year ended 31 December 2023. The global minimum top-up tax is not anticipated to have a significant impact on the financial position of the company.

Deferred tax

There are deferred tax assets of £451,755 (2022 (restated): £376,815) which is not recognised in the statement of financial position.

The group has applied the temporary exception, introduced in May 2023, from the accounting requirements for deferred taxes in IAS 12, so that the group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Pentalver Cannock Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023
(continued)**

11 Tangible Assets

	Land and building £ 000	Plant and machinery £ 000	Traction and rolling stock £ 000	Construction in progress £ 000	Total £ 000
Cost or valuation					
At 1 January 2023	12,795	1,296	-	62	14,153
Additions	-	-	-	396	396
Transfers	-	55	340	(395)	-
At 31 December 2023	<u>12,795</u>	<u>1,351</u>	<u>340</u>	<u>63</u>	<u>14,549</u>
Depreciation					
At 1 January 2023	8,930	1,250	-	-	10,180
Charge for the year	607	14	62	-	683
At 31 December 2023	<u>9,537</u>	<u>1,264</u>	<u>62</u>	<u>-</u>	<u>10,863</u>
Carrying amount					
At 31 December 2023	<u>3,258</u>	<u>87</u>	<u>278</u>	<u>63</u>	<u>3,686</u>
At 31 December 2022	<u>3,865</u>	<u>46</u>	<u>-</u>	<u>61</u>	<u>3,972</u>

12 Stocks

	31 December 2023 £ 000	31 December 2022 £ 000
Raw materials and consumables	<u>148</u>	<u>178</u>

No stocks are pledged as security at the current balance sheet date.

Pentalver Cannock Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023
(continued)**

13 Trade and other receivables

	31 December 2023 £ 000	(Restated) 31 December 2022 £ 000
Trade receivables	6,506	10,126
Provision for impairment of trade receivables	(167)	(268)
Net trade receivables	6,339	9,858
Receivables from related parties	47,694	23,879
Prepayments	549	570
Other receivables	12	-
	54,594	34,307

Amounts receivable from related parties are interest free and repayable on demand. The related party transactions entered into are between two or more members of a group of which any subsidiary party to the transaction is a wholly owned member. All related subsidiaries are covered by a letter of support from Freightliner Group Limited.

The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the credit risk note.

14 Cash at bank and in hand

	31 December 2023 £ 000	31 December 2022 £ 000
Cash at bank	543	4,625
	543	4,625

15 Called up share capital

Allotted, called up and fully paid shares

	No.	31 December 2023 £	No.	31 December 2022 £
Ordinary shares of £1 each	8,523	8,523	8,523	8,523
	8,523	8,523	8,523	8,523

Pentalver Cannock Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023
(continued)**

15 Called up share capital (continued)

All shares are treated as ordinary shares and rank equally in respect of shareholder rights. There are 10,000 authorised but uncalled ordinary shares at a par value of £1. Issued share capital is 8,523 Ordinary shares.

16 Right of use assets

The company has lease contracts for a property, fleet vehicles and equipment used in the operations. The amount recognised in the financial statements in relation to the leases are as follows:

	Leasehold land and buildings £ 000	Plant and machinery £ 000	Vehicles £ 000	Total £ 000
Cost				
At 1 January 2023	8,338	1,132	12,231	21,027
Additions	-	1,129	3,708	959
Disposals	-	(162)	(2,303)	(23)
At 31 December 2023	<u>8,338</u>	<u>2,098</u>	<u>13,638</u>	<u>24,074</u>
Depreciation				
At 1 January 2023	(720)	(387)	(6,821)	(7,958)
Charge for year	(230)	(352)	(2,169)	(2,710)
Disposals	-	162	2,248	2,410
At 31 December 2023	<u>(949)</u>	<u>(577)</u>	<u>(6,732)</u>	<u>(8,258)</u>
NBV				
At 31 December 2023	<u>7,388</u>	<u>1,521</u>	<u>6,906</u>	<u>15,816</u>
At 31 December 2022	<u>7,618</u>	<u>744</u>	<u>5,380</u>	<u>13,742</u>

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions was £nil (2022: £Nil).

Pentalver Cannock Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023
(continued)**

16 Right of use assets (continued)

Minimum lease payments	Minimum lease payments £ 000	Interest £ 000	Present value £ 000
31 December 2023			
Within one year	2,925	(824)	2,102
In two to five years	8,045	(2,452)	5,593
In over five years	16,297	(6,399)	9,899
Total	27,268	(9,674)	17,594
31 December 2022			
Within one year	2,665	(560)	2,104
In two to five years	5,769	(1,763)	4,006
In over five years	15,727	(6,629)	9,098
Total	24,160	(8,952)	15,208

Pentalver Cannock Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023
(continued)**

16 Right of use assets (continued)

Leases included in creditors

	31 December 2023 £ 000	31 December 2022 £ 000
Current portion of long term lease liabilities	2,102	2,105
Long term lease liabilities	<u>15,492</u>	<u>13,104</u>
	<u>17,594</u>	<u>15,209</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 December 2023 £ 000	31 December 2022 £ 000
Payment		
Principal payment	2,394	2,168
Interest (net of concessions)	784	576
Short term leases	<u>2,069</u>	<u>2,891</u>
Total cash outflow	<u>5,247</u>	<u>5,635</u>

17 Provisions for liabilities

	Insurance claims £ 000	Total £ 000
At 1 January 2023	320	320
Movement in provision	<u>(62)</u>	<u>(62)</u>
At 31 December 2023	<u>258</u>	<u>258</u>
Provisions	<u>258</u>	<u>258</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.

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

18 Creditors: Amounts falling due within one year

	31 December 2023 £ 000	31 December 2022 £ 000
Trade payables	970	1,049
Accrued expenses	(1,156)	(1,484)
Amounts payable to group undertakings	21,695	17,736
Social security and other taxes	(126)	540
Other payables	168	228
	<u>21,551</u>	<u>18,069</u>

Amounts owed to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The related party transactions entered into are between two or more members of a group of which any subsidiary party to the transaction is a wholly owned member. All related subsidiaries are covered by a letter of support from Freightliner Group Limited.

19 Commitments

Capital commitments

The total amount of tangible assets contracted for but not provided in the financial statements was £Nil (2022 - £Nil).

Pentalver Cannock Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2023 (continued)

20 Parent and ultimate parent undertaking

The company's immediate parent is Pentalver Transport Limited.

The address of Pentalver Transport Limited is 6th Floor The Lewis Building, 35 Bull Street, Birmingham, United Kingdom, B4 6EQ.

The ultimate parent is Brookfield Corporation.

The most senior parent entity producing publicly available financial statements is Brookfield Corporation. These financial statements are available upon request from Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada

The ultimate controlling party is Brookfield Corporation.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Brookfield Corporation, incorporated in Canada.

The address of Brookfield Corporation is:

Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada

The parent of the smallest group in which these financial statements are consolidated is GWI UK Acquisition Company Limited, incorporated in UK with the same address.

21 Post balance sheet events

Subsequent to year end, Genesee & Wyoming (G&W) group has undertaken a legal entity restructure to separate the US and UK operations of the G&W group, this restructuring completed in May 2024. This has led to various organisational changes in the group structure for the UK business. The UK operations are no longer part of Genesee & Wyoming Inc. and instead lead its own UK & Europe operations, under the brand Freightliner Group Limited. Freightliner Group Limited is the immediate parent for the UK & Europe's operations and GWI Western Europe is the new immediate parent of GWI UK Acquisition Company Limited after restructuring. This has given the UK business more autonomy over its operations, and enabled the UK & Europe operation to secure its own funding facility, which is a £50m 5-year term loan and a further £50m revolving credit facility. There has been no change to the ultimate parent entity of the company or the ultimate controlling party, which remains as Brookfield Corporation. The restructuring is a non-adjusting event for the company.