

# **Eversholt Finance Holdings Limited**

**Annual report and financial statements**  
for the year ended 31 December 2015

**Registered No. 07327371**

**Annual report and financial statements**  
for the year ended 31 December 2015

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**Strategic report**

for the year ended 31 December 2015

**Business review**

Eversholt Finance Holdings Limited (the "Company"), is incorporated and domiciled in England and Wales. The Company forms part of the Eversholt Rail Group ("ERG" or "Group") more fully described in note 12.

The Company continues to hold its investment in Eversholt Funding plc.

The Company has no employees.

**Risk management**

The Company is subject to the risk management objectives and policies for the Group.

The principal business risk for the Company is diminution in the value of the investment in Eversholt Funding plc.

**Performance**

The Company's results for the year are as detailed in the Income statement on page 8.

Signed on behalf of the Board by:



**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

22 February 2016

## **Directors' report**

for the year ended 31 December 2015

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2015.

### **Future developments**

The Company will continue to act as an investment holding company.

### **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: nil).

### **Going concern basis**

The financial statements are prepared on the going concern basis, because the Directors are satisfied that the Company, through the support of the Group and expected future dividend receipts from subsidiaries, has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions.

### **Directors**

The Directors who served during the year were as follows:

#### **Name**

M B Kenny

A J Course

D G Stickland

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors. The Directors have no interests in the share capital of the Company and their interests in the holding company are more fully described in note 12.

### **Capital management**

The Company is not subject to externally imposed capital requirements and is dependent on the Eversholt Rail Group to provide the necessary capital resources which are managed on a group basis.

It is the Group's objective to maintain a strong capital base to support the development of its business.

### **Disclosure of information to the auditor**

Each person who is a director at the date of approval of this report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to Section 418 of the UK Companies Act 2006 and should be interpreted in accordance therewith.

Eversholt Finance Holdings Limited

**Directors' report (continued)**  
for the year ended 31 December 2015

**Auditor**

KPMG LLP have resigned as auditor of the Company. Pursuant to Section 487 of the Companies Act 2006, Deloitte LLP have been appointed as auditor.

Signed on behalf of the Board by:



**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom  
22 February 2016

## Statement of Directors' responsibilities

for the year ended 31 December 2015

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Company's annual financial statements were approved by the Board of Directors on 22 February 2016 and signed on their behalf by:



**M B Kenny**  
Director

**Registered Office:**  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

## **Independent Auditor's report to the Members of Eversholt Finance Holdings Limited**

We have audited the financial statements of Eversholt Finance Holdings Limited for the year ended 31 December 2015 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's report to the Members of Eversholt Finance Holdings Limited  
(continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Makhan Chahal (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor

2 New Street Square  
London EC4A 3BZ  
United Kingdom

25<sup>th</sup> February 2016



Eversholt Finance Holdings Limited

**Income statement**

for the year ended 31 December 2015

	<i>Notes</i>	2015 £	2014 £
Finance expense		(486)	(349)
Administrative expenses	4	<u>(2,592)</u>	<u>(2,465)</u>
<b>Loss before tax</b>		<b>(3,078)</b>	<b>(2,814)</b>
Income tax credit	5	623	605
<b>Loss after tax</b>		<b><u>(2,455)</u></b>	<b><u>(2,209)</u></b>

The notes on pages 12 to 17 form an integral part of these financial statements

**Statement of comprehensive income**

for the year ended 31 December 2015

There has been no comprehensive income and expense other than the loss for the year as seen above (2014:nil)

**Statement of financial position**

as at 31 December 2015

	<i>Notes</i>	2015 £	2014 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	7	<u>50,000</u>	<u>50,000</u>
<b>Current assets</b>			
Current tax – amounts due from group relief		<u>623</u>	<u>305</u>
<b>Total assets</b>		<u><b>50,623</b></u>	<u><b>50,305</b></u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	8	<u>2,529</u>	<u>1,200</u>
<b>Non-current liabilities</b>			
Borrowings	9	<u>8,405</u>	<u>6,961</u>
<b>Total liabilities</b>		<u><b>10,934</b></u>	<u><b>8,161</b></u>
<b>Equity</b>			
Share capital	10	<u>50,000</u>	<u>50,000</u>
Accumulated deficit		<u>(10,311)</u>	<u>(7,856)</u>
<b>Total equity</b>		<u><b>39,689</b></u>	<u><b>42,144</b></u>
<b>Total equity and liabilities</b>		<u><b>50,623</b></u>	<u><b>50,305</b></u>

The notes on pages 12 to 17 form an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 22 February 2016. They were signed on its behalf by:



**D G Stickland**

Director

Company registration number 07327371

**Statement of cash flows**

for the year ended 31 December 2015

	2015 £	2014 £
<b>Cash flow from operating activities</b>		
Loss before tax	(3,078)	(2,814)
<b>Operating cash flow before changes in working capital</b>	<u>(3,078)</u>	<u>(2,814)</u>
Increase in trade and other payables	1,329	529
<b>Cash utilised in operating activities</b>	<u>(1,749)</u>	<u>(2,285)</u>
Group relief received	305	596
<b>Net cash utilised in operating activities</b>	<u>(1,444)</u>	<u>(1,689)</u>
 <b>Cash flow from financing activities</b>		
Movement in working capital loan account	1,444	1,689
<b>Net cash generated in financing activities</b>	<u>1,444</u>	<u>1,689</u>
 Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
<b>Cash and cash equivalents at end of the year</b>	<u>-</u>	<u>-</u>

Eversholt Finance Holdings Limited

**Statement of changes in equity**  
for the year ended 31 December 2015

	Share capital £	Accumulated deficit £	Total shareholder's equity £
Balance at 1 January 2014	50,000	(5,647)	44,353
Loss for the year	-	(2,209)	(2,209)
<b>Balance at 31 December 2014</b>	<b>50,000</b>	<b>(7,856)</b>	<b>42,144</b>
Loss for the year	-	(2,455)	(2,455)
<b>Balance at 31 December 2015</b>	<b>50,000</b>	<b>(10,311)</b>	<b>39,689</b>

## Notes to the annual financial statements

for the year ended 31 December 2015

### 1 General Information

Eversholt Finance Holdings Limited (the "Company"), is incorporated and domiciled in England and Wales. The registered office of the Company is 210 Pentonville Road, London, N1 9JY. The principal activity of the Company is to operate as an investment holding company.

### 2 Basis of Preparation

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates.

#### 2.1 Compliance with International Financial Reporting Standards

The financial statements of Eversholt Finance Holdings Limited have been prepared on the historical cost basis. These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at this point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2015, there were no unendorsed standards effective for the year ended 31 December 2015 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the financial statements of the Company. Accordingly, Eversholt Finance Holdings Limited's financial statements for the year ended 31 December 2015 are prepared in accordance with IFRSs as issued by the IASB and endorsed by the EU.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

The Company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. The financial statements present information about the Company as an individual undertaking.

#### 2.2 Standards and Interpretations issued by the IASB

During the year, the Company adopted a number of interpretations and amendments to standards which had an insignificant effect on the financial statements. At 31 December 2015, a number of standards and amendments to standards have been issued by the IASB, which are not effective for the Company's financial statements as at 31 December 2015. The following Adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- IFRS 14 Regulatory Deferral Accounts (mandatory for periods beginning on or after 1 January 2016).
- Amendments to IFRS 11 Joint Arrangements (mandatory for periods beginning on or after 1 January 2016).
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (mandatory for periods beginning on or after 1 January 2016).
- Amendments to IAS 27 Consolidated and Separate Financial Statements (2008) (mandatory for periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers (mandatory for periods beginning on or after 1 January 2018).
- IFRS 9 Financial Instruments (mandatory for periods beginning on or after 1 January 2018).
- IFRS 16 Leases (mandatory for periods beginning on or after 1 January 2019).
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (mandatory for periods beginning on or after 1 January 2017).

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2015

**2 Basis of Preparation (continued)**

**2.3 Going concern**

The financial statements has been assessed in conjunction with its immediate parent, European Rail Finance Holdings Limited, as its viability is dependent upon the ability of the Group companies to provide funds for the Company when required. As a result and having made appropriate enquiries, reviewed forecasts and having the commitment of support from the parent, the Directors consider it reasonable to assume that the company has adequate resources to continue for the foreseeable future and on this basis the accounts have been prepared on a going concern basis.

**3 Summary of significant accounting policies**

The principal accounting policies adopted are set out below and have been applied consistently to all years presented in these financial statements.

**3.1 Income taxes**

Income tax comprises current tax and is recognised in the Income statement. Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the end of the reporting period and any adjustment to tax payable in respect of previous years.

**3.2 Financial liabilities**

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other' financial liabilities.

Financial liabilities are initially measured at fair value less any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. The Company derecognises the financial liability when the obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

**3.3 Subsidiaries**

The Company classifies investments in entities which it controls as subsidiaries. The Company's investments in subsidiaries are stated at cost less any impairment losses. Any impairment loss recognised in prior years shall be reversed through the Income statement if, and only if, there has been a change in the estimates used to determine the investment in the subsidiary's recoverable amount since the last impairment loss was recognised.

**3.4 Share capital**

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Dividends payable in relation to equity shares are recognised as a liability in the year in which they are declared.

**3.5 Use of assumptions and estimates**

In the application of the Company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation.

**4 Administrative expenses**

	2015 £	2014 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	(2,592)	(2,465)

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2015

**5 Income tax credit**

	2015 £	2014 £
Current tax	<u>623</u>	<u>605</u>

The following table reconciles the tax credit which would apply if all profits had been taxed at the corporation tax rate:

	2015 £	2014 £
Taxation at corporation tax rate of 20.25% (2014: 21.49%)	<u>623</u>	<u>605</u>

The corporation tax rate of 21% effective from 1 April 2014 reduced further by 1% to 20% for the tax year beginning 1 April 2015. Further reductions to 19% from 1 April 2017 and 18% from 1 April 2020 were substantively enacted on 18 November 2015. This reduction in the corporation tax rate from 21% to 20% results in weighted average rate of 20.25% (2014: 21.49%).

As a result of this reduction the Company's future current tax charge will reduce accordingly.

**6 Directors' emoluments**

The Directors have been paid by another Group undertaking. No specific charge has been made to the Company in this regard.

**7 Investment in subsidiary**

	2015 £	2014 £
At cost	<u>50,000</u>	<u>50,000</u>

Name of Undertaking	Class of Capital	Country of Incorporation	Type of business	Ownership Percentage	Ownership Percentage
				2015	2014
Eversholt Funding plc	Ordinary Shares	England and Wales	Provision of finance	100%	100%

**8 Trade and other payables**

	2015 £	2014 £
Accruals	<u>2,529</u>	<u>1,200</u>

**9 Borrowings – non-current**

	2015 £	2014 £
Eversholt Rail (UK) Limited	<u>8,405</u>	<u>6,961</u>

The intragroup loan with Eversholt Rail UK Limited is classified as non-current as it is repayable on 4 November 2018. Borrowing entities may prepay and redraw loans until the repayment date. Interest on the loan is payable monthly at a floating rate, which substantially matches the rate of the Group's senior debt, plus margin (2014: Group's senior debt, plus margin).

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2015

**10 Share capital**

	2015 £	2014 £
<b>Authorised, allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

**11 Risk management****Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged for 2015.

The capital structure of the Company consists of equity attributable to equity holders of the parent, comprising issued share capital.

The Company is not subject to any externally imposed capital requirement.

The following is an analysis of undiscounted cash flows by remaining contractual maturities at the end of the reporting period:

	Carrying value £	Contractual cash flows £	On demand £	Due within 1 year £	Due between 1-5 years £	Due after 5 years £
<b>31 December 2015</b>						
<b>Financial liabilities</b>						
Non-derivative instruments – amortised cost						
- Borrowings	8,405	8,405	-	-	8,405	-
- Trade and other payables	2,529	2,529	-	2,529	-	-
<b>Total financial instruments</b>	<u>10,934</u>	<u>10,934</u>	<u>-</u>	<u>2,529</u>	<u>8,405</u>	<u>-</u>
	£	£	£	£	£	£
<b>31 December 2014</b>						
<b>Financial liabilities</b>						
Non-derivative instruments – amortised cost						
- Borrowings	6,961	6,961	-	-	6,961	-
- Trade and other payables	1,200	1,200	-	1,200	-	-
<b>Total financial instruments</b>	<u>8,161</u>	<u>8,161</u>	<u>-</u>	<u>1,200</u>	<u>6,961</u>	<u>-</u>

There are no material differences between the carrying value and the fair value of other financial assets and liabilities as at 31 December 2015 (2014: nil).

Undiscounted cash flows in respect of the intercompany loans with Eversholt Rail UK Limited include principle amount only, due to uncertainty of working capital movements and of interest estimation. Interest on working capital loans is settled as part of working capital cash movements and not accrued.



## Notes to the annual financial statements (continued)

for the year ended 31 December 2015

### 11 Risk management (continued)

#### Market risk management

##### Foreign currency risk

The Company is not exposed to foreign exchange risk in its financial liabilities.

##### Interest rate risk

The Company has exposure to fluctuations in interest rates. This exposure is managed at a Group level through the use of interest rate swaps. The cost or benefit derived from the use of swaps is taken into account in determining the interest on the loan accounts.

	2015 £	2014 £
<b>Financial liabilities</b>		
Variable rate instruments	<u>8,405</u>	<u>6,961</u>

##### Interest rate sensitivity analysis

The impact of a 50 basis points increase in LIBOR would have resulted in a decrease in intercompany working capital interest expense of £4. The sensitivity analysis is applied to the borrowing rate and performed on the monthly balance of the relevant financial instrument.

### 12 Related party transactions

#### 12.1 Identity of related parties

The Company has a related party relationship with its directors (refer to page 3) and with other entities in the Eversholt Rail Group, namely:

- Eversholt Investment Limited
- European Rail Finance Holdings Limited
- European Rail Finance Limited
- European Rail Finance (GB) Limited
- Eversholt Rail Holdings (UK) Limited
- Eversholt Funding plc
- Eversholt Rail (UK) Limited
- Eversholt Depot Finance (UK) Limited
- Eversholt Rail (380) Limited
- Eversholt Rail (365) Limited
- European Rail Finance (2) Limited

The ultimate parent undertaking (which is the ultimate controlling party) is CK Hutchison Holdings Limited. The parent undertaking of the largest group of undertakings for which Group financial statements are drawn up and of which the Company is a member is CK Hutchison Holdings Limited. The immediate holding company is European Rail Finance Holdings Limited. The results of the Company are included in the Group financial statements of CK Hutchison Holdings Limited.

Copies of the Group financial statements may be obtained from the following address:

PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2015

**12 Related party transactions (continued)**

**12.2 Transactions with related parties**

The Company has a loan account with a fellow Group undertaking more fully described in note 9. Interest on this account for the year amounted to an expense of £486.

The Directors hold the following interest in Eversholt Investment Group (Luxembourg) sarl:

<b>Preferred Equity Certificates</b>	<b>MB Kenny</b>
<b>Certificates held at 31 December 2013</b>	<b>365,626</b>
Certificates redeemed	<u>(44,058)</u>
<b>Certificates held at 31 December 2014</b>	<b>321,568</b>
Certificates redeemed	<u>(321,568)</u>
<b>Certificates held at 31 December 2015</b>	<u><u>-</u></u>
 <b>Ordinary shares held</b>	
<b>Shares held at 31 December 2013 and 2014</b>	<b>901</b>
Shares redeemed	<u>(901)</u>
<b>Shares held at 31 December 2015</b>	<u><u>-</u></u>

**13 Contingent liabilities**

There were no contingent liabilities for the Company at 31 December 2015 (2014: nil).

**14 Subsequent events**

There are no subsequent events requiring disclosure in the financial statements.