

# **Eversholt Funding plc**

**Unaudited, condensed interim financial statements  
for the 6 months ended 30 June 2012**

**Registered No: 7329930**

Unaudited

**Condensed interim financial statements**

for the 6 months ended 30 June 2012

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Unaudited

**Condensed income statement**

for the 6 months ended 30 June 2012

		<b>6 months ended</b>	
	<b>Notes</b>	<b>30 June 2012</b>	<b>30 June 2011</b>
		<b>£</b>	<b>£</b>
<b>Revenue</b>			
Fee income		7,500	-
Finance income	<b>4</b>	<u>44,835,956</u>	<u>43,192,062</u>
		44,843,456	43,192,062
Finance expense	<b>5</b>	(45,050,647)	(42,916,875)
Net fair value (loss)/gain on derivative financial instruments		<u>(11,835,536)</u>	<u>2,329,494</u>
		(12,042,727)	2,604,681
Administrative expense		(11,805)	-
(Loss)/profit before tax		<u>(12,054,532)</u>	<u>2,604,681</u>
Taxation	<b>6</b>	1,312,086	(709,776)
<b>(Loss)/profit for the period</b>		<u>(10,742,446)</u>	<u>1,894,905</u>

There were no discontinued or discontinuing operations during the period.

**Statement of comprehensive income**

for the 6 months ended 30 June 2012

There has been no comprehensive income or expense other than the profit for the period as shown above (6 months ended 30 June 2011: nil).

**Condensed statement of financial position**  
as at 30 June 2012

	<i>Notes</i>	<b>30 June 2012 £</b>	<b>31 December 2011 £</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax	<b>7</b>	19,555,195	18,296,762
Loan receivables	<b>8</b>	1,099,999,995	1,099,999,998
		<u>1,119,555,190</u>	<u>1,118,296,760</u>
<b>Current assets</b>			
Loan receivables	<b>8</b>	553,263,663	546,964,999
Trade and other receivables		1,270	-
Current tax		53,654	-
Cash and cash equivalents	<b>10</b>	500,705	13,112,641
		<u>553,819,292</u>	<u>560,077,640</u>
<b>Total assets</b>		<u><b>1,673,374,482</b></u>	<u><b>1,678,374,400</b></u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables		6,619,893	49,005
Current tax liability		-	2,119,278
Derivative financial instruments	<b>9</b>	143,442	554,871
Borrowings	<b>11</b>	9,994,099	22,180,699
		<u>16,757,434</u>	<u>24,903,853</u>
<b>Non-current liabilities</b>			
Borrowings	<b>11</b>	1,630,767,487	1,629,125,504
Derivative financial instruments	<b>9</b>	84,879,143	72,632,179
		<u>1,715,646,630</u>	<u>1,701,757,683</u>
<b>Total liabilities</b>		<u><b>1,732,404,064</b></u>	<u><b>1,726,661,536</b></u>
<b>Equity</b>			
Share capital		50,000	50,000
Accumulated deficit		(59,079,582)	(48,337,136)
<b>Total equity</b>		<u><b>(59,029,582)</b></u>	<u><b>(48,287,136)</b></u>
<b>Total equity and liabilities</b>		<u><b>1,673,374,482</b></u>	<u><b>1,678,374,400</b></u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 August 2012. They were signed on its behalf by:



**S F Purves**  
Director

Company registration number: 7329930

**Condensed statement of cash flows**

for the 6 months ended 30 June 2012

	<i>Notes</i>	<b>6 months ended</b>	
		<b>30 June 2012</b>	<b>30 June 2011</b>
		<b>£</b>	<b>£</b>
<b>Cash generated by operating activities</b>	<b>12</b>	48,156,451	50,902,397
Group relief		(2,119,278)	(262,560)
<b>Net cash generated by operating activities</b>		<u>46,037,173</u>	<u>50,639,837</u>
<b>Investing activities</b>			
Paid to fellow subsidiaries		(18,429,973)	(118,507,800)
<b>Net cash utilised in investing activities</b>		<u>(18,429,973)</u>	<u>(118,507,800)</u>
<b>Financing activities</b>			
Borrowings repaid		-	(398,400,000)
Borrowings raised		(7,503)	492,901,152
Finance expenses paid		(40,211,633)	(28,613,591)
<b>Net cash (utilised in)/generated by financing activities</b>		<u>(40,219,136)</u>	<u>65,887,561</u>
Net decrease in cash and cash equivalents		(12,611,936)	(1,980,402)
Cash and cash equivalents at beginning of the year		13,112,641	1,980,402
<b>Cash and cash equivalents at the end of period</b>	<b>10</b>	<u>500,705</u>	<u>-</u>

**Condensed statement of changes in equity**

for the 6 months ended 30 June 2012

	Called up share capital £	Retained earnings £	Total shareholders' equity £
<b>Balance at 1 January 2011</b>	50,000	4,651,132	4,701,132
Profit for the period	-	1,894,905	1,894,905
<b>Balance at 30 June 2011</b>	<u>50,000</u>	<u>6,546,037</u>	<u>6,596,037</u>

	Called up share capital £	Accumulated deficit £	Total shareholders' equity £
<b>Balance at 1 January 2012</b>	50,000	(48,337,136)	(48,287,136)
Loss for the period	-	(10,742,446)	(10,742,446)
<b>Balance at 30 June 2012</b>	<u>50,000</u>	<u>(59,079,582)</u>	<u>(59,029,582)</u>

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2012

**1. General information**

Eversholt Funding plc is a company incorporated and domiciled in England and Wales.

The registered office of the Company is 210 Pentonville Road, London, N1 9JY.

**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 Funding plc have been prepared on the historical cost basis except for the revaluation of derivative financial instruments. The condensed interim financial report has been prepared in accordance with *IAS 34 Interim Financial Reporting* as adapted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for year ended 31 December 2011. This condensed interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

**2.2 Going concern**

The accumulated losses being greater than the called up share capital gives rise to there being an excess of liabilities over assets. The financial statements have been prepared on the going concern basis because there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

**3. Summary of significant accounting policies**

The accounting policies applied by the Company in this condensed interim financial report are the same as these applied by the Company in its financial statements for the year ended 31 December 2011.

**4. Finance income**

	<b>6 months ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>
	£	£
Interest payable from intra-group account	44,751,772	43,191,997
Interest on bank accounts	1,311	65
Interest paid by Eversholt Rail (UK) Limited	82,873	-
	<u>44,835,956</u>	<u>43,192,062</u>

**5. Finance expenses**

	<b>6 months ended</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>
	£	£
Interest payable on bank loan	(6,743,906)	(7,156,779)
Interest payable on derivative financial instrument	(3,188,307)	(4,489,566)
Interest payable on bonds	(34,820,700)	(30,946,625)
Interest payable to Eversholt Rail (UK) Limited	-	(171,007)
Fees payable	(297,734)	(152,898)
	<u>(45,050,647)</u>	<u>(42,916,875)</u>

**Notes to the condensed interim financial statements (continued)**

for the 6 months ended 30 June 2012

**6. Taxation**

		6 months ended	
		30 June 2012	30 June 2011
		£	£
	<i>Note</i>		
<b>Current tax</b>			
UK corporation tax on current period		53,653	-
<b>Deferred tax</b>			
Origination and reversal of temporary differences	7	1,258,433	(709,776)
Total income tax credit/(expense)		<u>1,312,086</u>	<u>(709,776)</u>

**7. Deferred tax**

Deferred tax arises on timing differences of a derivative financial instrument

	30 June 2012	31 December 2011
	£	£
Balance at beginning of the year	18,296,762	(1,489,284)
Income statement credit	1,258,433	19,786,046
Balance at end of the period/year	<u>19,555,195</u>	<u>18,296,762</u>

The Finance Act 2011 amended the effective rate from 1 April 2011 to 26% and amended the main rate of corporation tax to 25% effective from 1 April 2012. The Finance Act 2012 announced the main rate of corporation tax of 24% effective from 1 April 2012; 23% effective from 1 April 2013 and 22% effective from 1 April 2014.

At the date of this report, the rate of 23% had been substantively enacted and is therefore the rate used to calculate the deferred tax balances at the end of the period.



**Notes to the condensed interim financial statements (continued)**

for the 6 months ended 30 June 2012

**8. Loan receivables**

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<b>£</b>	<b>£</b>
<b>Current</b>		
European Rail Finance Limited	367,905,820	367,905,820
European Rail Finance (GB) Limited	23,555,415	23,555,413
Eversholt Rail (380) Limited	121,136,316	121,136,316
Eversholt Depot Finance (UK) Limited	5,331,000	5,331,000
Eversholt Rail Holdings (UK) Limited	27,223,100	27,223,100
Eversholt Rail (UK) Limited	<u>8,112,012</u>	<u>1,813,350</u>
	<u>553,263,663</u>	<u>546,964,999</u>
<b>Non-current</b>		
European Rail Finance Limited	915,320,344	915,320,345
European Rail Finance (GB) Limited	37,221,954	37,221,954
Eversholt Rail (380) Limited	60,076,085	60,076,087
Eversholt Depot Finance (UK) Limited	14,156,497	14,156,498
Eversholt Rail Holdings (UK) Limited	<u>73,225,115</u>	<u>73,225,114</u>
	<u>1,099,999,995</u>	<u>1,099,999,998</u>
	<u>1,653,263,658</u>	<u>1,646,964,997</u>

**9. Derivative financial instruments**

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<b>£</b>	<b>£</b>
<b>Current</b>		
Forward exchange contracts - assets	-	-
Forward exchange contracts - liabilities	143,442	554,871
<b>Non-current</b>		
Forward exchange contracts - liabilities	84,879,143	72,632,179

The Company has a number of interest rate swap contracts, which enable the Company to mitigate the risk of fluctuating interest rates on the cash flow exposures on, the issued variable rate debt.

None of the swaps were designated in hedge accounting relationships. (31 December 2011: None)

The fair value of derivative financial instruments was based on market rates on 30 June 2012.

**10. Cash and cash equivalents**

Cash and cash equivalents are analysed as:

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<b>£</b>	<b>£</b>
Bank balance	<u>500,705</u>	<u>13,112,641</u>

£500,000 of cash and cash equivalents is restricted cash in terms of the agreement with the security trustee for the Company's bond holders.

**Notes to the condensed interim financial statements (continued)**

for the 6 months ended 30 June 2012

**11. Borrowings**

	<b>30 June 2012 £</b>	<b>31 December 2011 £</b>
<b>Current</b>		
Eversholt Rail (UK) Ltd	-	12,138,811
Interest accrued	13,316,621	13,364,410
Capitalised fees	<u>(3,322,522)</u>	<u>(3,322,522)</u>
	<u>9,994,099</u>	<u>22,180,699</u>
<b>Non-current</b>		
Bank loans	546,950,000	546,950,000
Bonds	1,100,000,000	1,100,000,000
Capitalised fees	<u>(16,182,513)</u>	<u>(17,824,496)</u>
	<u>1,630,767,487</u>	<u>1,629,125,504</u>
	<u>1,640,761,586</u>	<u>1,651,306,203</u>

**12. Notes to the cash flow statement**

	<b>6 months ended</b>	
	<b>30 June 2012 £</b>	<b>30 June 2011 £</b>
(Loss)/profit before tax	(12,054,532)	2,604,681
Interest expense	45,050,647	42,916,875
Amortisation of capitalised finance charges	1,641,983	-
Unrealised loss/ (gain) on fair value adjustment of derivative financial instruments	<u>11,835,536</u>	<u>6,015,802</u>
<b>Operating cash flows before changes in working capital</b>	<u>46,473,634</u>	<u>51,537,358</u>
Adjustments for:		
- Increase/(decrease) in trade and other payables	1,684,087	(634,961)
- Increase in trade and other receivables	<u>(1,270)</u>	<u>-</u>
<b>Cash generated by operating activities</b>	<u>48,156,451</u>	<u>50,902,397</u>

**13. Transactions with related parties**

The company has loan accounts with fellow subsidiaries which are more fully described in note 8 and note 11. Interest on these accounts is more fully described in notes 4 and 5.

**14. Contingent liabilities**

There were no contingent liabilities for the Company at 30 June 2012.

**15. Subsequent events**

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