

# **Eversholt Rail Holdings (UK) Limited**

## **Annual report and financial statements for the year ended 31 December 2017**

**Registered No: 04415647**

**Annual report and financial statements**

for the year ended 31 December 2017

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## Strategic report

for the year ended 31 December 2017

### Business review

Eversholt Rail Holdings (UK) Limited ("the Company") forms part of the Eversholt UK Rails Group ("Group") more fully described in note 14.

In the year the Company generated a profit of £7,923,000 (2016: loss of £2,383,000). As at 31 December 2017 the Company had net assets of £1 (2016: net liabilities of £7,923,000).

During the year the Group underwent a reorganisation which included the sale for a consideration of £114,974,151 by the Company on 31 May 2017 of its interests in Eversholt Depot Finance Limited (formerly trading as Eversholt Depot Finance (UK) Limited), Eversholt Rail (365) Limited and Eversholt Rail Limited (formerly trading as Eversholt Rail (UK) Limited) to Eversholt Rail Leasing Limited (formerly trading as European Rail Finance (GB) Limited). The sole purpose of the reorganisation was to simplify the corporate structure of the Group.

The Company has no employees (2016: nil).

### Risk management

The Company has established financial risk management objectives and policies. These objectives, together with an analysis of the exposure to such risks, are set out in note 13 of the financial statements.

### Performance

The Company's results for the year are as detailed in the Income statement on page 9. The results are all derived from discontinued operations at 31 December 2017.

Performance measures for the Group are disclosed in the accounts of Eversholt UK Rails Limited.

Signed on behalf of the Board by:



**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

29 March 2018

## **Directors' report**

for the year ended 31 December 2017

The Directors present their Annual report together with the audited financial statements for the year ended 31 December 2017.

### **Directors**

The Directors who served during the year and up to the date of signing were as follows:

M B Kenny  
A J Course  
A J Wesson

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 provision 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.

### **Future developments**

It is currently anticipated that the Company will be voluntarily liquidated in 2019 at a time yet to be determined.

### **Dividends**

The Directors did not declare any dividends during the year (2016: £nil).

### **Going concern basis**

The Directors consider the results for the financial year and the year end position of the Company to be satisfactory. Following the reorganisation on 31 May 2017, the Company ceases to be a going concern. As such the financial statements have been prepared on a basis other than going concern as required by IAS 1 'Presentation of Financial Statements'.

The carrying value of the assets and liabilities held by the Company have been reassessed and recorded at their realisable value.

### **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 the Director is 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 Companies Act 2006 and should be interpreted in accordance therewith.

**Directors' report (continued)**

for the year ended 31 December 2017

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, consisting of a stylized 'M' and 'K' followed by a long horizontal line.

**M B Kenny**

Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

29 March 2018

## Statement of Directors' responsibilities

for the year ended 31 December 2017

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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 year. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the 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 29 March 2018 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 Rail Holdings (UK) Limited**

for the year ended 31 December 2017

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

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Eversholt Rail Holdings (UK) Limited (the 'Company') 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 16.

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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 2.3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

for the year ended 31 December 2017

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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



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

for the year ended 31 December 2017

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Makhan Chahal ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London,

29<sup>th</sup> March 2018

## Income statement

for the year ended 31 December 2017

	<i>Note</i>	2017 £'000	2016 £'000
Dividend income	4	-	3,438
Profit on disposal of investments	9	9,971	-
Impairment loss on investment	9	(99)	-
Finance expense	5	(2,411)	(7,272)
Administrative expense	6	(2)	(4)
<b>Profit / (loss) before tax</b>		<b>7,459</b>	<b>(3,838)</b>
Income tax credit	8	464	1,455
<b>Profit / (loss) for the year</b>		<b>7,923</b>	<b>(2,383)</b>

The above results are all derived from discontinued operations.

The notes on pages 13 to 20 form an integral part of these financial statements.

## Statement of comprehensive income

for the year ended 31 December 2017

There has been no comprehensive income or expense other than the profit for the year as shown above (2016: £nil).

## Statement of financial position

as at 31 December 2017

	<b>Note</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	<b>9</b>	-	105,102
<b>Current assets</b>			
Current tax – amounts due from group relief		-	1,455
<b>Total assets</b>		<b>-</b>	<b>106,557</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables		-	1
<b>Non-current liabilities</b>			
Borrowings	<b>11</b>	-	114,479
<b>Total liabilities</b>		<b>-</b>	<b>114,480</b>
<b>Equity</b>			
Share capital	<b>12</b>	-	-
Retained deficit		-	(7,923)
<b>Total equity</b>		<b>-</b>	<b>(7,923)</b>
<b>Total equity and liabilities</b>		<b>-</b>	<b>106,557</b>

The notes on pages 13 to 20 form an integral part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 29 March 2018. They were signed on its behalf by:



**A J Wesson**  
Director

Company registration number 04415647

**Statement of cash flows**

for the year ended 31 December 2017

	<b>Note</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
<b>Cash flow from operating activities</b>			
Profit / (loss) before tax		7,459	(3,838)
Adjustments for:			
- Finance expense	5	2,411	7,272
- Dividend income	4	-	(3,438)
- Profit on disposal of investments		(9,872)	-
<b>Operating cash flow before changes in working capital</b>		(2)	(4)
Decrease in trade and other payables		(1)	(1)
<b>Cash utilised in operating activities</b>		(3)	(5)
Receipt in respect of group relief		1,919	1,410
<b>Net cash generated by operating activities</b>		<u>1,916</u>	<u>1,405</u>
<b>Cash flow from investing activities</b>			
Dividends received		-	3,438
Disposal of investment in subsidiaries		114,974	-
<b>Cash generated by investing activities</b>		<u>114,974</u>	<u>3,438</u>
<b>Cash flow from financing activities</b>			
Movement in working capital loan with Eversholt Rail Limited	11	(114,479)	2,429
Finance expense paid		(2,411)	(7,272)
<b>Net cash utilised in financing activities</b>		<u>(116,890)</u>	<u>(4,843)</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>

# Statement of changes in equity

for the year ended 31 December 2017

		Share capital £'000	Retained deficit £'000	Total equity £'000
Balance at 1 January 2016	12	-	(5,540)	(5,540)
Total comprehensive expense		-	(2,383)	(2,383)
<b>Balance at 31 December 2016</b>		-	<b>(7,923)</b>	<b>(7,923)</b>
Total comprehensive income		-	7,923	7,923
<b>Balance at 31 December 2017</b>		-	-	-

Dividends per share paid during the year is £nil (2016: £nil per share).

## Notes to the financial statements

for the year ended 31 December 2017

### 1. General Information

Eversholt Rail Holdings (UK) Limited (the "Company"), is a private company incorporated and domiciled in England and Wales and is limited by shares (see note 12). The Company forms part of the Eversholt UK Rails Group more fully described in note 14.

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

### 2. Basis of Preparation

These financial statements are presented in £'000, unless otherwise stated.

The Company is exempt from the requirement to prepare consolidated financial statements by section 401 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking.

#### 2.1 Compliance with International Financial Reporting Standards

The financial statements of Eversholt Rail Holdings (UK) Limited have been prepared on the historical cost basis. These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union. 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 2017, there were no unendorsed standards effective for the year ended 31 December 2017 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 Company. Accordingly, the financial statements of the Company for the year ended 31 December 2017 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 IFRS Interpretations Committee and its predecessor body.

#### 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 2017, 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 2017. The following Adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption does not have a material effect on the financial statements unless otherwise indicated

- IFRS 9 Financial Instruments (mandatory for periods beginning on or after 1 January 2018).
- IFRS 15 Revenue from Contracts with Customers (mandatory for periods beginning on or after 1 January 2018).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (mandatory for periods beginning on or after 1 January 2018).
- IFRS 16 Leases (mandatory for periods beginning on or after 1 January 2019).

#### 2.3 Going concern

Following the reorganisation on 31 May 2017, the Company ceases to be a going concern. As such the financial statements have been prepared on a basis other than going concern as required by IAS 1 'Presentation of Financial Statements'.

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 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 Finance expense

Finance expense for all interest bearing financial instruments is recognised in 'Finance expense' in the Income statement using the effective interest rate method. The effective interest method is a way of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability on initial recognition. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

#### 3.2 Income tax

Income tax comprises current and deferred tax and is recognised in the Income statement.

Current tax is the tax expected to be recoverable on the taxable loss 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.

#### 3.3 Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

#### 3.4 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.

#### 3.5 Financial instruments

Financial liabilities are recognised in the Company's Statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### 3.5.1 Cash and cash equivalents

For the purpose of the Statement of cash flows, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

##### 3.5.2 Financial liabilities

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' (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.

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 3. Summary of significant accounting policies

#### 3.5 Financial instruments (continued)

##### 3.5.3 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

##### 3.5.4 Determination of fair value

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received).

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities issued. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison to similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants. Fair values are calculated by discounting future cash flows on financial instruments, using equivalent current interest rates.

#### 3.6 Statement of cash flows

The Statement of cash flows has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in intercompany transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

#### 3.7 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.

#### 3.8 Use of judgements, estimates and assumptions

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 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. There are no sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4. Dividends

The Company received no dividend income during the year (2016: £3,437,838).

The Company did not pay any dividends during the year (2016: £nil).



## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 5. Finance expense

	2017 £'000	2016 £'000
Interest payable to Eversholt Rail Limited	(2,362)	(7,165)
Finance charges payable to Eversholt Funding plc	(49)	(107)
	<u>(2,411)</u>	<u>(7,272)</u>

### 6. Administrative expense

Administrative expense includes the following:

	2017 £'000	2016 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>(2)</u>	<u>(4)</u>

The Company has no employees and hence no staff costs (2016: nil).

### 7. Directors' emoluments

The Directors have been paid by another group undertaking, Eversholt Rail Limited in the current and prior year. No specific charge has been made to the Company in this regard.

### 8. Income tax credit

	2017 £'000	2016 £'000
<b>Current tax</b>		
UK Corporation tax on current year loss	464	1,455
<b>Income tax credit</b>	<u>464</u>	<u>1,455</u>

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

	2017 £'000	2016 £'000
<b>Profit / (loss) before tax</b>	<u>7,459</u>	<u>(3,838)</u>
Taxation at corporation tax rate of 19.25% (2016: 20%)	(1,436)	768
Non-taxable income	1,900	687
<b>Income tax credit</b>	<u>464</u>	<u>1,455</u>

The corporation tax rate reduction to 19% from 1 April 2017 was substantively enacted on 18 November 2015. A further reduction to 17% from 1 April 2020 was substantively enacted on 15 September 2016. As a result of these reductions the Company's future current tax charge will reduce accordingly.

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

for the year ended 31 December 2017

**9. Investment in subsidiaries**

	2017 £	2016 £
At cost	<u>2</u>	<u>105,102,235</u>

During the year the Group underwent a reorganisation which included the sale by the Company on 31 May 2017 of its interests in Eversholt Depot Finance Limited, Eversholt Rail (365) Limited and Eversholt Rail Limited. Consideration of £114,974,151 for the sale was satisfied in the form of a loan to the purchaser, Eversholt Rail Leasing Limited. The Company recognised a profit on the disposal of £9,970,839.

During the year the Company recognised an impairment loss of £98,921 in relation to its investment in Eversholt Rail (380) Limited.

The subsidiary undertakings of the Company as at 31 December 2017 and 31 December 2016 were:

Name of Undertaking	Class of Capital	Country of Incorporation	Type of business	Ownership Percentage 2017	Ownership Percentage 2016
Eversholt Rail Limited	Ordinary Shares	England*	Management services	-	100
Eversholt Depot Finance Limited	Ordinary Shares	England*	Leasing	-	100
Eversholt Rail (365) Limited	Ordinary Shares	England*	Leasing	-	100
Eversholt Rail (380) Limited	Ordinary Shares	England*	Dormant	100	100

\*Registered office: 210 Pentonville Road, London, N1 9JY

**10. Trade and other payables**

	2017 £'000	2016 £'000
Trade and other payables	<u>-</u>	<u>1</u>

**11. Borrowings – non-current**

	2017 £	2016 £
Eversholt Rail Limited	<u>1</u>	<u>114,479,458</u>

The intragroup loan with Eversholt Rail Limited is classified as non-current as it is repayable on 4 November 2022. 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 (2016: Group's senior debt, plus margin).

**Maturity of borrowings**

The maturity profile of the carrying amount of Company's non-current borrowings at 31 December 2017 was as follows:

	2017 £	2016 £
In more than one year but not more than two years	-	-
In more than two years but not more than five years	<u>1</u>	<u>114,479,458</u>
	<u>1</u>	<u>114,479,458</u>

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

for the year ended 31 December 2017

**12. Share capital**

	2017 £	2016 £
<b>Authorised, called up and fully paid</b>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

The holder of ordinary shares is entitled to attend and vote at general meetings and receive dividends as and when declared.

**13. Risk management**

Exposure to residual capital risk, liquidity risk and market risk arises in the normal course of the Company's business. The policies for managing all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements are described in this note.

Sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 3.8.

**Capital risk management**

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

**Liquidity risk management**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a daily basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from a fellow group undertaking.

The Company's assets are funded principally by borrowings from another group undertaking.

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

	Carrying value £'000	Contractual cash flows £'000	On demand £'000	Due within 1 year £'000	Due between 2-5 years £'000	Due after 5 years £'000
<b>31 December 2017</b>						
<b>Financial liabilities</b>						
Non-derivative instruments – amortised cost						
- Intercompany working capital loan	-	-	-	-	-	-
- Trade and other payables	-	-	-	-	-	-
<b>Total financial instruments</b>	-	-	-	-	-	-
	£'000	£'000	£'000	£'000	£'000	£'000
<b>31 December 2016</b>						
<b>Financial liabilities</b>						
Non-derivative instruments – amortised cost						
- Intercompany working capital loan	114,479	114,479	-	-	114,479	-
- Trade and other payables	1	1	-	1	-	-
<b>Total financial instruments</b>	114,480	114,480	-	1	114,479	-

There are no material differences between the carrying value and the fair value of financial liabilities as at 31 December 2017 (2016: £nil).

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 13. Risk management (continued)

#### Liquidity risk management (continued)

Undiscounted cash flows in respect of the intercompany loan with Eversholt Rail Limited include the principal amount of working capital loans only, due to the 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.

#### Market risk management

##### Foreign currency risk

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

##### Interest rate sensitivity analysis

The impact of a 50 basis points increase in GBP LIBOR would have resulted in an increase in intercompany working capital interest expense of £23,997. The sensitivity analysis is applied to the borrowing rate and performed on the monthly balance of the relevant financial instrument.

### 14. Related-party transactions

#### 14.1 Identity of related parties

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

- Eversholt UK Rails Limited
- Eversholt UK Rails (Holding) Limited
- Eversholt Investment Limited
- European Rail Finance Holdings Limited
- European Rail Finance Limited
- Eversholt Finance Holdings Limited
- Eversholt Funding plc
- Eversholt Rail Limited
- Eversholt Rail Leasing Limited
- Eversholt Depot Finance 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, incorporated in Cayman Islands. The parent undertaking of the largest and smallest 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 Eversholt Rail Leasing Limited. The results of the Company are included in the Group financial statements of CK Hutchison Holdings Limited.

Copies of the Group financial statements of CK Hutchison Holdings Limited may be obtained from the following address (the registered office of the ultimate parent undertaking):

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

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

for the year ended 31 December 2017

**14. Related-party transactions (continued)**

**14.2 Transactions with related parties**

Dividend income and dividends paid are more fully described in note 4. The Company has loans with related parties, more fully described in note 11. Interest payable on these loans is more fully described in note 5.

Finance charges payable to Eversholt Funding plc and Eversholt Rail Limited are disclosed in note 5.

**15. Contingent liabilities**

There were no contingent liabilities for the Company at 31 December 2017 (2016: £nil).

**16. Subsequent events**

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