

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

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

**Registered No: 04415647**

# Eversholt Rail Holdings (UK) Limited

## **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 Rail Holdings (UK) 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 13.

The Company is an investment holding company and is funded principally by group undertakings through borrowings.

The Company has no employees.

### 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 12 of the financial statements.

The principal business risk for the Company is the risk of diminution in the value of the investment in subsidiaries.

### Performance

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual group cash flows in comparison with the planned cash flows determined at the inception of the lease transactions. Monthly management accounts are prepared at a group level and reviewed by the Directors. The Company's results for the year are as detailed in the Income Statement on page 7.

Signed on behalf of the Board by:



**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

22 February 2015

## **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 did not declare any dividends during the year (2014: £20,000,000).

### **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:

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 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, their interests in the holding company are more fully described in note 13.

### **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 therefore 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 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.

Eversholt Rail Holdings (UK) Limited

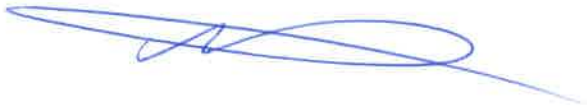
**Directors' report (continued)**

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

Date: 22 February 2016

## Statement of Directors' responsibilities

for the year ended 31 December 2015

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 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 Rail Holdings (UK) Limited**

We have audited the financial statements of Eversholt Rail Holdings (UK) 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 15. 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 Auditor**

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 Rail Holdings (UK) 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

25th February 2016



## Eversholt Rail Holdings (UK) Limited

### Income statement

for the year ended 31 December 2015

	<i>Note</i>	2015 £'000	2014 £'000
Dividend income	4	-	34,800
Finance expense	5	(6,960)	(7,492)
Administrative expense	6	(3)	(2)
<b>(Loss)/profit before tax</b>		<b>(6,963)</b>	<b>27,306</b>
Income tax credit	8	1,410	1,611
<b>(Loss)/profit for the year</b>		<b>(5,553)</b>	<b>28,917</b>

There were no discontinued or discontinuing operations during the year.

The notes on pages 11 to 20 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 or expense other than the loss for the year as shown above (2014: nil).

Eversholt Rail Holdings (UK) Limited

**Statement of financial position**

as at 31 December 2015

	<i>Note</i>	2015 £'000	2014 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	9	<u>105,102</u>	105,102
<b>Current assets</b>			
Current tax – amounts due from group relief		1,410	844
<b>Total assets</b>		<u><u>106,512</u></u>	<u><u>105,946</u></u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables		<u>2</u>	1
<b>Non-current liabilities</b>			
Borrowings	10	112,050	105,932
<b>Total liabilities</b>		<u><u>112,052</u></u>	<u><u>105,933</u></u>
<b>Equity</b>			
Share capital	11	-	-
(Accumulated deficit)/retained earnings		<u>(5,540)</u>	13
<b>Total equity</b>		<u><u>(5,540)</u></u>	<u><u>13</u></u>
<b>Total equity and liabilities</b>		<u><u>106,512</u></u>	<u><u>105,946</u></u>

The notes on pages 11 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 22 February 2016. They were signed on its behalf by:



**D G Stickland**  
Director

Company registration number 04415647

Eversholt Rail Holdings (UK) Limited

**Statement of cash flows**

for the year ended 31 December 2015

	2015 £'000	2014 £'000
<b>Cash flow from operating activities</b>		
(Loss)/profit before tax	(6,963)	27,306
Adjustments for:		
-Finance charges	6,960	7,492
-Dividends receivable	-	(34,800)
<b>Operating cash flow before changes in working capital</b>	<u>(3)</u>	<u>(2)</u>
Increase in trade and other payables	1	1
<b>Cash utilised in operating activities</b>	<u>(2)</u>	<u>(1)</u>
Receipt in respect of group relief	844	1,544
<b>Net cash generated by operating activities</b>	<u>842</u>	<u>1,543</u>
<b>Cash flow from investing activities</b>		
Dividends received	-	34,800
<b>Cash generated by investing activities</b>	<u>-</u>	<u>34,800</u>
<b>Cash flow from financing activities</b>		
Movement in working capital loan account	6,118	72,895
Loans repaid	-	(81,746)
Finance charges paid	(6,960)	(7,492)
Dividends paid	-	(20,000)
<b>Net cash utilised in financing activities</b>	<u>(842)</u>	<u>(36,343)</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 Rail Holdings (UK) Limited

### Statement of changes in equity

for the year ended 31 December 2015

	Share capital £'000	Retained deficit £'000	Total shareholders' equity £'000
Balance at 1 January 2014	-	(8,904)	(8,904)
Profit for the year		28,917	28,917
Dividends paid	-	(20,000)	(20,000)
<b>Balance at 31 December 2014</b>	-	13	13
Loss for the year	-	(5,553)	(5,553)
<b>Balance at 31 December 2015</b>	-	<b>(5,540)</b>	<b>(5,540)</b>

Dividends per share paid during the year is nil (2014: £20,000,000 per share).

## Notes to the financial statements

for the year ended 31 December 2015

### 1. General Information

Eversholt Rail Holdings (UK) Limited (the "Company"), is a company incorporated and domiciled in England and Wales. The Company forms part of the Eversholt Rail Group more fully described in note 13.

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 400 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 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 Company. Accordingly, the financial statements of the Company 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 IFRS Interpretations Committee and its predecessor body.

The Company is exempt from the requirement to prepare group financial statements.

#### 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 financial statements (continued)

for the year ended 31 December 2015

### 2. Basis of Preparation (continued)

#### 2.3 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 has been assessed in conjunction with its immediate parent, European Rail Finance (GB) 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 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 subsidiary's recoverable amount since the last impairment loss was recognised.

## Notes to the financial statements (continued)

for the year ended 31 December 2015

### 3. Summary of significant accounting policies (continued)

#### 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 '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.

##### 3.5.3 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.

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

for the year ended 31 December 2015

**3. Summary of significant accounting policies (continued)**

**3.8 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 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. Dividends**

The Company did not receive any dividend income during the year (2014: £34,800,000).

The Company did not pay any dividends during the year (2014: £20,000,000).

**5. Finance expense**

	2015 £'000	2014 £'000
Interest payable to Eversholt Rail (UK) Limited	(6,790)	(7,276)
Finance charges payable to Eversholt Funding plc	(170)	(216)
	<u>(6,960)</u>	<u>(7,492)</u>

**6. Administrative expense**

Administrative expenses include the following:

Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>(3)</u>	<u>(2)</u>
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The Company has no employees and hence no staff costs (2014: nil).

**7. Directors' emoluments**

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

**8. Income tax credit**

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK Corporation tax on current year profit	1,410	1,611
<b>Total income tax credit</b>	<u>1,410</u>	<u>1,611</u>



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

for the year ended 31 December 2015

**8. Income tax credit (continued)**

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

	2015 £'000	2014 £'000
Taxation at corporation tax rate of 20.25% (2014: 21.50%)	1,410	(5,871)
Non-taxable income	-	7,482
Income tax credit	<u>1,410</u>	<u>1,611</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: 21.50%).

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

**9. Investment in subsidiaries**

	2015 £'000	2014 £'000
<b>Cost</b>		
Balance at 1 January and 31 December	<u>105,102</u>	<u>105,102</u>

The subsidiary undertakings of the Company at the end of the reporting year were:

Name of Undertaking	Class of Capital	Country of Incorporation	Type of business	Ownership Percentage 2015	Ownership Percentage 2014
Eversholt Rail (UK) Limited	Ordinary Shares	England and Wales	Management services	100	100
Eversholt Depot Finance (UK) Limited	Ordinary Shares	England and Wales	Leasing	100	100
Eversholt Rail (365) Limited	Ordinary Shares	England and Wales	Leasing	100	100
Eversholt Rail (380) Limited	Ordinary Shares	England and Wales	Leasing	100	100

**10. Borrowings – non-current**

	2015 £'000	2014 £'000
Eversholt Rail (UK) Limited	<u>112,050</u>	<u>105,932</u>

The intragroup loan with Eversholt Rail UK Limited is classified as non-current as it is repayable on 4 November 2020. 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 financial statements (continued)**

for the year ended 31 December 2015

**10. Borrowings – non-current (continued)**

**Maturity of borrowings**

The maturity profile of the carrying amount of Company's non-current borrowings at 31 December 2015 was as follows:

	2015 £'000	2014 £'000
In more than one year but not more than two years	-	-
In more than two years but not more than five years	112,050	105,932
In more than five years	-	-
	<u>112,050</u>	<u>105,932</u>

**11. Share capital**

	2015 £	2014 £
<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.

**12. Risk management**

**Capital risk management**

The Board actively monitors the capital structure of the Company to ensure that the Company is able to continue as a going concern. Consideration is given to the costs and risks associated with each class of capital and to maximising the return to stakeholders through the optimisation of the debt to equity ratio.

Exposure to 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.

**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.

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

for the year ended 31 December 2015

**12. Risk management (continued)**

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 2015</b>						
<b>Financial liabilities</b>						
Non-derivative instruments – amortised cost						
- Borrowings	112,050	112,050	-	-	112,050	-
- Trade and other payables	2	2	-	2	-	-
<b>Total financial instruments</b>	<b>112,052</b>	<b>112,052</b>	<b>-</b>	<b>2</b>	<b>112,050</b>	<b>-</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>31 December 2014</b>						
<b>Financial liabilities</b>						
Non-derivative instruments – amortised cost						
- Borrowings	105,932	105,932	-	-	105,932	-
- Trade and other payables	1	1	-	1	-	-
<b>Total financial instruments</b>	<b>105,933</b>	<b>105,933</b>	<b>-</b>	<b>1</b>	<b>105,932</b>	<b>-</b>

There are no material differences between the carrying value and the fair value of financial 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.

**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.

	2015 £'000	2014 £'000
<b>Financial liabilities</b>		
Variable rate instruments	112,050	105,932

**Interest rate Sensitivity Analysis**

The impact of a 50 basis points increase in GBP LIBOR would have resulted in a decrease in Intercompany working capital interest expenses of £51,780. The sensitivity analysis is applied to the borrowing rate and performed on the monthly balance of the relevant financial instrument.

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

for the year ended 31 December 2015

**13. Related-party transactions**

**13.1 Identity of related parties**

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

- Eversholt Investment Limited
- European Rail Finance Holdings Limited
- European Rail Finance Limited
- Eversholt Finance Holdings Limited
- Eversholt Funding plc
- Eversholt Rail (UK) Limited
- European Rail Finance (GB) 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. It was previously Eversholt Investment Group (Luxembourg) sarl. 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 (GB) 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

**13.2 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 10. Interest payable on these loans is more fully described in note 5.

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

The Directors held 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>

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

for the year ended 31 December 2015

**14. Contingent liabilities**

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

**15. Subsequent events**

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