Eversholt Rail Holdings (UK) Limited

Annual Financial Statements
for the year ended 31 December 2012

Registered No: 4415647

Contents

Directors' report
for the year ended 31 December 2012

Principal activity

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

The principal activity of the Company is as an investment holding company.

Business review

The business 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 13 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 Company's results for the year are as detailed in the income statement on page 6.

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 2012 (year ended 31 December 2011: 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:

M B Kenny
S F Purves

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 14.

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.

Directors' report (continued)
for the year ended 31 December 2012

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.

Auditor

KPMG Audit Plc are deemed to be reappointed in accordance with an elective resolution made under Section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements
for the year ended 31 December 2012

The Directors are responsible for preparing the 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 26 February 2013 and signed on their behalf by:

M B Kenny
Director

Registered Office
210 Pentonville Road
London
N1 9JY.

Independent auditor's report to the Members of Eversholt Rail Holdings (UK) Limited

for the year ended 31 December 2012

We have audited the financial statements of Eversholt Rail Holdings (UK) Limited for the year ended 31 December 2012 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Simon Clark (Senior Statutory Auditor) — 28 February 2013
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

Income statement
for the year ended 31 December 2012

	Notes	2012 £	2011 £
Finance lease income		**-**	562
Finance expense	**4**	**(6,193,404)**	(6,813,580)
Administrative (expense)/income	**5**	**(2,499)**	6,014
Loss before tax		**(6,195,903)**	(6,807,004)
Income tax credit	**7**	**1,517,415**	1,803,794
Loss for the year		**(4,678,488)**	(5,003,210)

There were no discontinued or discontinuing operations during the year.

The notes on pages 10 to 19 form an integral part of these financial statements.

Statement of comprehensive income
for the year ended 31 December 2012

There has been no comprehensive income or expense other than the loss for the year as shown above (year ended 31 December 2011: nil).

Statement of financial position
as at 31 December 2012

	Notes	2012 £	2011 £
Assets			
Non-current assets			
Investment in subsidiaries	9	**105,102,235**	105,102,235
Deferred tax	10	**-**	890
		105,102,235	105,103,125
Current assets			
Current tax		**785,948**	1,803,402
Total assets		**105,888,183**	106,906,527
Liabilities and equity			
Current liabilities			
Borrowings	11	**19,714,194**	39,614,101
Trade and other payables		**673**	2,467
		19,714,867	39,616,568
Non-current liabilities			
Borrowings	11	**96,786,960**	73,225,115
Total liabilities		**116,501,827**	112,841,683
Equity			
Share capital	12	**1**	1
Accumulated deficit		**(10,613,645)**	(5,935,157)
Total equity		**(10,613,644)**	(5,935,156)
Total equity and liabilities		**105,888,183**	106,906,527

The notes on pages 10 to 19 form an integral part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 26 February 2012. They were signed on its behalf by:

S F Purves
Director

Company registration number 4415647

Statement of cash flows
for the year ended 31 December 2012

	2012 £	2011 £
Loss before tax	**(6,195,903)**	(6,807,004)
Adjustments for:		
-Finance charges	**6,193,404**	6,813,580
Operating cash flows before changes in working capital	**(2,499)**	6,576
Decrease in finance lease receivable	-	15,292
Decrease in trade and other receivables	-	1,657
Decrease in trade and other payables	**(1,794)**	(7,829)
Cash generated by operating activities	**(4,293)**	15,696
Receipt in respect of group relief	**2,535,759**	361,612
Net cash generated by operating activities	**2,531,466**	377,308
Cash flow from financing activities		
Movement in working capital loan account	**7,323,193**	6,361,795
Loans raised	**798,820**	26,978,462
Loans repaid	**(4,460,075)**	(26,871,953)
Finance charges paid	**(6,193,404)**	(6,845,923)
Net cash utilised in financing activities	**(2,531,466)**	(377,619)
Net decrease in cash and cash equivalents	-	(311)
Cash and cash equivalents at beginning of the year	-	311
Cash and cash equivalents at end of the year	-	-

Statement of changes in equity
for the year ended 31 December 2012

	Share capital £	Accumulated deficit £	Total shareholders' equity £
Balance at 1 January 2011	1	(931,947)	(931,946)
Loss for the year	-	(5,003,210)	(5,003,210)
Balance at 31 December 2011	**1**	**(5,935,157)**	**(5,935,156)**
Loss for the year	-	(4,678,488)	(4,678,488)
Balance at 31 December 2012	**1**	**(10,613,645)**	**(10,613,644)**

Notes to the annual financial statements

for the year ended 31 December 2012

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 14.

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

The principal activity of the Company is set out on page 2.

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.

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 2012, there were no unendorsed standards effective for the year ended 31 December 2012 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 2012 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.

2.2 Standards and interpretations issued by the IASB

At 31 December 2012 a number of standards and interpretations, and amendments thereto, had been issued by the IASB, which are not effective for the financial statements of Eversholt Rail Holdings (UK) Limited. These include the following Standards which are relevant to the Company's financial statements.

2.2.1 IFRS 9 Financial Instruments (2009), IFRS 9 Financial instruments (2010)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2009 and 2010) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of IFRS 9 (2009 and 2010) is not expected to have an impact on the Company's financial assets or liabilities.

2.2.2 IFRS 12 Disclosure of interests in other entities

IFRS 12 *Disclosure of interests in other entities* establishes disclosure requirements for interests in other entities. This standard is effective for annual periods beginning on or after 1 January 2013 and is not expected to have a significant impact on the Company's financial statements.

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

2. Basis of Preparation (continued)

2.2 Standards and interpretations issued by the IASB (continued)

IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these investments.

2.2.3 IFRS 13 Fair Value Measurement

On 12 May 2011, the IASB issued *IFRS 13 Fair Value Measurement (IFRS 13),* which establishes guidance for fair value measurement and disclosure relating to this measurement.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013 and is not expected to have a significant impact on the Company's financial statements.

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 have been 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.

3. Summary of significant accounting policies

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

3.1 Finance income and expense

Finance income and expense for all interest bearing financial instruments is recognised in 'Finance income' and '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 income or 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 asset or 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.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period.

3.3 Dividend income

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

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

3. Summary of significant accounting policies (continued)

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 periods 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.

3.5 Financial instruments

Financial assets and 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.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL); 'held to maturity investments'; 'available for sale (AFS) financial assets' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company holds the following classes of financial assets:

3.5.1 Loans and receivables

Loans and receivables include receivables originated by the Company which are not classified either as held for trading or designated at fair value. Loans and receivables are recognised when cash is advanced to borrowers. They are derecognised when either borrowers repay their obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

3.5.2 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.

3.5.3 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.

3.5.4 Impairment of financial assets

Financial assets, other than those at FVTPL are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment losses are calculated on individual loans and on groups of loans assessed collectively. Impairment losses are recorded as charges to the income statement. The carrying amount of impaired loans on the statement of financial position is reduced through the use of impairment allowance accounts.

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

3. Summary of significant accounting policies (continued)

3.5 Financial instruments (continued)

3.5.4 Impairment of financial assets (continued)

Losses expected from future events are not recognised.

Individually assessed impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loan's current carrying amount.

Collectively assessed impairment losses are calculated on the basis of past experience, current economic conditions and other relevant factors to provide for losses not yet specifically identified.

Financial assets are written off to the extent that there is no realistic prospect of recovery.

3.5.5 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.

3.5.6 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 period in which they are declared.

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.

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

4. Finance expense

	2012 £	2011 £
Interest payable to Eversholt Rail (UK) Limited	**(335,203)**	(235,532)
Interest payable to Eversholt Funding plc	**(5,592,603)**	(5,648,683)
Finance charges payable to Eversholt Funding plc	**(265,598)**	(929,365)
	(6,193,404)	(6,813,580)

5. Administrative (expense)/income

Administrative expenses include the following:

	2012 £	2011 £
Fees payable to the company's auditor for the audit of the company's annual accounts	**(2,464)**	(2,464)
Foreign exchange gain	-	(8)

The Company has no employees and hence no staff costs (year ended 31 December 2011: nil.)

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. Income tax credit

	Note	2012 £	2011 £
Current tax			
UK Corporation tax on current year profit		**1,517,827**	1,803,401
Adjustment in respect of prior years		**478**	8
		1,518,305	1,803,409
Deferred tax			
Origination and reversal of temporary differences		-	392
Adjustment in respect of prior year	10	**(890)**	(7)
		(890)	385
Total income tax credit		**1,517,415**	1,803,794

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

	2012 £	2011 £
Taxation at corporation tax rate of 24.5% (31 December 2011: 26.5%)	**1,517,827**	1,803,856
Adjustment in respect of prior year	**(412)**	1
Change in tax rate	**(-)**	(63)
Income tax credit	**1,517,415**	1,803,794

8. Dividends

For the year ended 31 December 2012 no dividend has been paid or declared (year ended 31 December 2011: nil).

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

9. Investment in subsidiaries

	2012 £	2011 £
Cost		
Balance at 1 January and 31 December	105,102,235	105,102,235

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

Name of Undertaking	Class of Capital	Country of Incorporation	Type of business	Ownership Percentage 2012	Ownership Percentage 2011
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. Deferred tax

	2012 £	2011 £
Leasing transactions temporary differences:		
Balance at beginning of the year	890	505
Income statement (charge)/credit	(890)	385
Balance at end of the year	-	890

The Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

Since only the change in the rate to 23% had been substantively enacted at the statement of financial position date, the effect of this change only is included in these financial statements.

11. Borrowings

31 December 2012

	Current £	Non-current £	Total £
Eversholt Rail (UK) Limited	19,714,194	-	19,714,194
Eversholt Funding plc	-	96,786,960	96,786,960
	19,714,194	96,786,960	116,501,154

31 December 2011

	Current £	Non-current £	Total £
Eversholt Rail (UK) Limited	12,391,001	-	12,391,001
Eversholt Funding plc	27,223,100	73,225,115	100,448,215
	39,614,101	73,225,115	112,839,216

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

11. Borrowings (continued)

The loan from Eversholt Rail (UK) Limited is unsecured, has no fixed date for repayment and is therefore technically repayable on demand. Interest is charged at Libor plus 1.75% (31 December 2011: Libor plus 1.75%).

The loans from Eversholt Funding plc are repayable in line with the repayment terms on Eversholt Funding plc's own external debt. According to these terms, nil is repayable on demand (31 December 2011: £27,223,100). £22,763,025 is repayable in 2016, and bears interest at LIBOR +1.75% hedged to a fixed rate (31 December 2011: £nil). £19,970,486 is repayable in 2020 (31 December 2011: £19,970,486) £26,627,315 is repayable in 2025 (31 December 2011: £26,627,315) and £26,627,314 is repayable in 2035 (31 December 2011: £26,627,314). £798,820 is repayable in 2036, (31 December 2011: £nil). Interest is payable at rates varying between Libor plus 1.75% and 6.7% (31 December 2011 5.8% to 6.7%) per annum.

12. Share capital

	2012 £	2011 £
Authorised, called up and fully paid		
1 Ordinary share of £1 each	**1**	1

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

13. 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, net of deferred tax, are funded principally by borrowings from another group undertaking.

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

13. 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 £	Contractual cash flows £	On demand £	Due within 1 year £	Due between 1-5 years £	Due after 5 years £
31 December 2012						
Financial assets						
Loans and receivables						
- Current tax assets	**785,948**	**785,948**	**-**	**785,948**	**-**	**-**
Financial liabilities						
Non-derivative instruments – amortised cost						
- Trade and other payables	**(673)**	**(673)**	**-**	**(673)**	**-**	**-**
- Borrowings	**(116,501,154)**	**(184,571,087)**	**(19,714,194)**	**(5,573,257)**	**(45,286,880)**	**(113,996,756)**
	(116,501,827)	**(184,571,760)**	**(19,714,194)**	**(5,573,930)**	**(45,286,880)**	**(113,996,756)**
Total financial instruments	**(115,715,879)**	**(183,785,812)**	**(19,714,194)**	**(4,787,982)**	**(45,286,880)**	**(113,996,756)**
31 December 2011						
Financial assets						
- Current tax assets	1,803,401	1,803,401	-	1,803,401	-	-
Financial liabilities						
Non-derivative instruments – amortised cost						
- Trade and other payables	(2,467)	(2,467)	-	(2,467)	-	-
- Borrowings	(112,839,216)	(176,940,859)	(39,614,102)	(4,653,656)	(18,576,480)	(114,096,621)
	(112,841,683)	(176,943,326)	(39,614,102)	(4,656,123)	(18,576,480)	(114,096,621)
Total financial instruments	(111,038,282)	(175,139,925)	(39,614,102)	(2,852,722)	(18,576,480)	(114,096,621)

Intercompany loans with a carrying value of £74,023,935 (31 December 2011:£73,225,116) have a fair value of £90,881,488 (31 December 2011: £81,445,786) and would fall into the level one group. There are no material differences between the carrying value and the fair value of other financial assets and liabilities as at 31 December 2012 (31 December 2011:nil).

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.

	2012 £	2011 £
Financial liabilities		
Fixed rate instruments	**(74,024,607)**	(71,424,180)
Variable rate instruments	**(42,477,219)**	(39,614,101)

Interest rate Sensitivity Analysis

The impact of a 50 basis points increase in LIBOR would have resulted in an increase in interest expense of £7,997 on unhedged debt further increased by an increase in intercompany working capital interest expense of £72,733.

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

14. Related-party transactions

14.1 Identity of related parties

The Company has a related party relationship with its directors (refer page 2) 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 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 Eversholt Investment Limited. The immediate holding company is European Rail Finance (GB) Limited. The results of the Company are included in the group financial statements of Eversholt Investment Limited.

14.1 Identity of related parties

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

Block 4
Harcourt Centre
Harcourt Road
Dublin 2
Ireland

14.2 Transactions with related parties

The Company has loans with related parties, more fully described in note 11. Interest payable on these loans is more fully described in note 4.

Finance charges payable to Eversholt Funding plc are disclosed in note 4.

The Directors held the following interest in Eversholt Investment Group (Luxembourg) Sarl:

Preferred Equity Certificates	**MB Kenny**	**SF Purves**
Certificates subscribed	199,675	147,982
Certificates redeemed	(12,548)	(9,299)
Certificates held at 31 December 2011	**187,127**	**138,683**
Certificates redeemed	(7,268)	(5,386)
Certificates acquired	205,543	152,147
Certificates held at 31 December 2012	**385,402**	**285,444**
Ordinary shares held		
Shares subscribed and held at 31 December 2012	**901**	**667**
Shares subscribed and held at 31 December 2011	901	667

Notes to the annual financial statements (continued)
for the year ended 31 December 2012

15. Contingent liabilities

There were no contingent liabilities for the Company at 31 December 2012.

16. Subsequent events

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