

Eversholt Rail (UK) Limited

**Unaudited, condensed interim financial statements
for the 6 months ended 30 June 2015**

Registered No: 06953114

Condensed interim financial statements

for the 6 months ended 30 June 2015

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Condensed income statement

for the 6 months ended 30 June 2015

		6 months ended	
	Notes	30 June 2015 £'000	30 June 2014 £'000
Revenue			
Maintenance income		39,935	30,833
Service charge income		8,042	6,624
Other income		527	403
Total income		<u>48,504</u>	<u>37,860</u>
Maintenance expense		<u>(32,174)</u>	<u>(27,390)</u>
Gross profit		16,330	10,470
Finance income	4	44,731	39,977
Finance expense	5	(42,319)	(37,676)
Loss on fair value adjustment of derivative financial instrument		(81)	-
Pension finance expense		(40)	-
Loss on disposal of property, plant and equipment		(163)	-
Administrative expense	6	<u>(10,579)</u>	<u>(7,844)</u>
Profit before tax		7,879	4,927
Taxation		<u>(1,900)</u>	<u>(1,163)</u>
Profit for the period		<u>5,979</u>	<u>3,764</u>

There were no discontinued or discontinuing operations during the period.

The notes on pages 6 to 10 form an integral part of these financial statements.

Condensed statement of comprehensive income

for the 6 months ended 30 June 2015

		6 months ended	
		30 June 2015 £'000	30 June 2014 £'000
Profit for the period		5,979	3,764
Other comprehensive expense			
Actuarial losses on defined benefit scheme	14	(735)	-
Tax in respect of actuarial losses on defined benefit scheme		149	-
Total comprehensive income for the period		<u>5,393</u>	<u>3,764</u>

Condensed statement of financial position

as at 30 June 2015

		30 June 2015 £'000	31 December 2014 £'000
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment	7	735	1,113
Deferred tax	8	1,451	1,077
Loans receivable	9	<u>1,442,707</u>	<u>1,529,919</u>
		<u>1,444,893</u>	<u>1,532,109</u>
Current assets			
Inventory		1,458	1,562
Trade and other receivables	10	30,537	17,847
Cash and cash equivalents		<u>48,700</u>	<u>10,382</u>
		<u>80,695</u>	<u>29,791</u>
Total assets		<u>1,525,588</u>	<u>1,561,900</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	11	13,769	11,655
Current tax		2,488	2,830
Borrowings	12	40,505	84,224
Provisions		<u>1,338</u>	<u>1,185</u>
		<u>58,100</u>	<u>99,894</u>
Non-current liabilities			
Borrowings	12	1,351,882	1,351,702
Deferred revenue	13	6,571	7,554
Derivative financial instrument		131	50
Retirement benefit obligations	14	<u>3,497</u>	<u>2,686</u>
		<u>1,362,081</u>	<u>1,361,992</u>
Total liabilities		<u>1,420,181</u>	<u>1,461,886</u>
Equity			
Share capital		100,000	100,000
Retained earnings		<u>5,407</u>	<u>14</u>
Total equity		<u>105,407</u>	<u>100,014</u>
Total equity and liabilities		<u>1,525,588</u>	<u>1,561,900</u>

The notes on pages 6 to 10 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 24 August 2015. They were signed on its behalf by:



D G Stickland
Director

Company registration number: 06953114

Condensed statement of cash flows

for the 6 months ended 30 June 2015

	6 months ended	
	30 June 2015	30 June 2014
	£'000	£'000
Cash flows from operating activities		
Profit before tax	7,879	4,927
Adjustments for:		
- Depreciation	299	268
- Write down in the value of inventory	103	115
- Loss on fair value of derivative financial instruments	81	-
- Loss on disposal of property, plant and equipment	163	-
- Adjustment for non-cash element of pension charge	76	-
- Finance income	(44,731)	(39,977)
- Finance expense	42,319	37,676
Operating cash flow before changes in working capital	6,189	3,009
Increase in trade and other receivables	(12,690)	(1,758)
Increase in trade and other payables	2,114	726
(Decrease)/increase in deferred revenue	(983)	69
Increase in provision	153	-
Cash (utilised in)/generated by operating activities	(5,217)	2,046
Tax (paid)/ received	(2,466)	85
Net cash (utilised in)/generated by operating activities	(7,683)	2,131
Investing activities		
Acquisition of property, plant and equipment	(84)	-
Net cash utilised in investing activities	(84)	-
Financing activities		
Loans raised	-	1,383,202
Finance income received	44,731	39,977
Finance expense paid	(42,319)	(37,676)
Movement in working capital loan accounts	78,883	(1,396,188)
Term loan repaid to Eversholt Funding plc	(35,000)	-
Intercompany interest accrued	(210)	-
Net cash generated by/(utilised in) by financing activities	46,085	(10,685)
Net increase/(decrease) in cash and cash equivalents	38,318	(8,554)
Cash and cash equivalents at beginning of the period	10,382	60,449
Cash and cash equivalents at end of the period	48,700	51,895

Condensed statement of changes in equity

for the 6 months ended 30 June 2015

	Called up Share capital £'000	Retained earnings £'000	Total shareholders' equity £'000
Balance at 1 January 2014	100,000	18,968	118,968
Profit for the year	-	10,127	10,127
Dividend paid	-	(27,300)	(27,300)
Actuarial losses on defined benefit scheme after tax		(1,781)	(1,781)
Balance at 31 December 2014	<u>100,000</u>	<u>14</u>	<u>100,014</u>

	Share capital £'000	Retained earnings £'000	Total shareholders' equity £'000
Balance at 1 January 2015	100,000	14	100,014
Profit for the period	-	5,979	5,979
Actuarial losses on defined benefit scheme	-	(586)	(586)
Balance at 30 June 2015	<u>100,000</u>	<u>5,407</u>	<u>105,407</u>

Notes to the condensed interim financial statements

for the 6 months ended 30 June 2015

1 General information

Eversholt Rail (UK) Limited (the "Company") is a company incorporated and domiciled in England and Wales.

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

2 Basis of preparation

These financial statements are presented in £'000. In 2015, the financial statements have been converted from £ to £'000. All amounts have been rounded to the nearest thousand, unless otherwise indicated. In the opinion of the Directors, the conversion was required to become clearer to the reader of these financial statements.

2.1 Compliance with International Financial Reporting Standards

The financial statements of Eversholt Rail (UK) Limited have been prepared on the historical cost basis.

The condensed interim financial report has been prepared in accordance with *IAS 34 Interim Financial Reporting* as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for year ended 31 December 2014. This condensed interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the financial statements for the year ended 31 December 2014.

2.2 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3 Summary of significant accounting policies

The accounting policies applied by the Company in this condensed interim financial report are the same as those applied by the Company in its financial statements for the year ended 31 December 2014.

4 Finance income

	6 months ended	
	30 June 2015	30 June 2014
	£'000	£'000
Interest on working capital loans	44,605	39,805
Bank interest	126	171
Other interest	-	1
	<u>44,731</u>	<u>39,977</u>

5 Finance expense

	6 months ended	
	30 June 2015	30 June 2014
	£'000	£'000
Finance charge payable to Eversholt Funding plc	(42,304)	(37,676)
Other interest	(15)	-
	<u>(42,319)</u>	<u>(37,676)</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2015

6 Administrative expense

Administrative expenses include the following:

	6 months ended	
	30 June 2015	30 June 2014
	£'000	£'000
Depreciation	(299)	(268)
Audit fees	(11)	(10)

7 Property, plant and equipment

	Fixtures and fittings £'000	Equipment £'000	Total £'000
Cost			
Balance at 1 January 2014	1,196	1,498	2,694
Additions	29	409	438
Disposals	-	-	-
Balance at 31 December 2014	1,225	1,907	3,132
Additions	-	84	84
Disposals	-	(397)	(397)
Balance at 30 June 2015	1,225	1,594	2,819
Depreciation			
Balance at 1 January 2014	757	709	1,466
Charge for the year	244	309	553
Balance at 31 December 2014	1,001	1,018	2,019
Charge for the period	123	176	299
Disposals	-	(234)	(234)
Balance at 30 June 2015	1,124	960	2,084
Net carrying value			
Carrying value at 30 June 2015	101	634	735
Carrying value at 31 December 2014	224	889	1,113

8 Deferred tax

	30 June 2015 £'000	31 December 2014 £'000
Balance at beginning of the period/year	(1,077)	(348)
Income statement credit	(225)	(242)
Other comprehensive income: actuarial movement on retirement benefit obligations	(149)	(487)
Balance at end of the period/year	(1,451)	(1,077)

Temporary differences relate principally to accelerated capital allowances, depreciation and the actuarial adjustment in relation to the defined benefit pension scheme.

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 30 June 2015 has been calculated based on the rates of 20% substantively enacted at the reporting date.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2015

8 Deferred tax (continued)

Further reductions to 19% from 1 April 2017 and 18% from 1 April 2020 were announced in the budget of 8 July 2015 and are expected to be substantially enacted in Autumn 2015. These announcements will be incorporated in the results when Royal Assent is given and therefore will reduce the Company's future current tax charge accordingly.

9 Loans receivable

	30 June 2015 £'000	31 December 2014 £'000
Non-current		
European Rail Finance Holdings Limited	2,249	1,845
Eversholt Finance Holdings Limited	8	7
European Rail Finance Limited	973,353	1,061,495
Eversholt Rail Holdings (UK) Limited	108,471	105,932
Eversholt Investment Limited	52,458	52,977
Eversholt Rail (365) Limited	17,565	17,004
Eversholt Depot Finance (UK) Limited	17,495	18,410
Eversholt Funding plc	8,327	8,873
European Rail Finance (GB) Limited	110,884	108,706
Eversholt Rail (380) Limited	151,897	154,670
	<u>1,442,707</u>	<u>1,529,919</u>

The intragroup working capital loans with other entities are classified as non-current as they are repayable on 4 November 2018. Borrowing entities may prepay and redraw loans until the repayment date. Interest on the loans is receivable monthly at a floating rate, which substantially matches the rate of the Group's senior debt, plus margin (2014: senior debt plus margin).

10 Trade and other receivables

	30 June 2015 £'000	31 December 2014 £'000
Receivables no later than one year:		
Trade receivables	85	6
Other receivables	159	171
Maintenance prepayment	21,908	15,490
VAT	1,458	1,745
Overheads prepayment	486	435
Amounts receivable from European Rail Finance Limited	6,103	-
Amounts receivable from Eversholt (380) Limited	338	-
	<u>30,537</u>	<u>17,847</u>

11 Trade and other payables

	30 June 2015 £'000	31 December 2014 £'000
Trade payables	4,418	1,183
Maintenance and administrative accruals	7,916	9,891
Other payables	927	581
Amounts payable to Eversholt Investment Limited	508	-
	<u>13,769</u>	<u>11,655</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2015

12 Borrowings

	Current 30 June 2015 £'000	Non - current 30 June 2015 £'000	Current 31 December 2014 £'000	Non - current 31 December 2014 £'000
European Rail Finance (2) Limited	-	1,882	-	1,702
Eversholt Funding plc – term loan	-	1,350,000	35,000	1,350,000
Eversholt Rail (365) Limited	27,541	-	36,050	-
Intercompany internal accrued interest	12,964	-	13,174	-
	<u>40,505</u>	<u>1,351,882</u>	<u>84,224</u>	<u>1,351,702</u>

The loan with European Rail Finance (2) Limited is repayable on demand but with a contractual final maturity of 2018. Interest on the loan is receivable monthly at a floating rate based on LIBID less margin.

The loan with Eversholt Funding plc mirrors the terms of the Company's external debt.

The loan with Eversholt Rail (365) Limited is unsecured, has no fixed repayment terms and is therefore technically repayable on demand. The loan is interest free.

13 Deferred revenue

	30 June 2015 £'000	31 December 2014 £'000
Arising in respect of maintenance contracts	6,252	7,220
Maintenance reserve	319	334
	<u>6,571</u>	<u>7,554</u>

Rentals received in relation to future maintenance costs are deferred and released when these costs are incurred.

The deferred revenue arises in respect of the Company obligations in respect of maintenance contracts in certain leases.

14 Retirement benefit obligations

	30 June 2015 £'000	31 December 2014 £'000
Opening Net Defined Benefit Liability	2,686	300
Employer's share of pension expense	221	433
Employer contributions	(145)	(315)
Total loss recognised in statement of comprehensive income	735	2,268
Closing Defined Benefit Liability	<u>3,497</u>	<u>2,686</u>

	30 June 2015 £'000	31 December 2014 £'000
Loss/(gain) due to liability experience	275	2,095
Loss due to liability assumption changes	1,177	1,265
Return on plan assets greater than discount rate	(717)	(1,092)
Total loss recognised in statement of comprehensive income	<u>735</u>	<u>2,268</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2015

15 Related party transactions

The Company has entered into the following transactions with related parties:

Service charge income includes the following management fees receivable:

	6 months ended	
	30 June	30 June
	2015	2014
	£'000	£'000
European Rail Finance (GB) Limited	1,043	900
European Rail Finance Limited	6,103	5,339
Eversholt Rail (380) Limited	491	432
Eversholt Rail (365) Limited	338	266
Eversholt Depot Finance (UK) Limited	68	60

Maintenance income includes the following fees receivable for the procurement of maintenance:

	6 months ended	
	30 June	30 June
	2015	2014
	£'000	£'000
European Rail Finance Limited	22,469	23,124
European Rail Finance (GB) Limited	4,830	6,130
Eversholt Rail (365) Limited	4,800	3,170

Loan accounts are more fully described in notes 9 and 12. Interest receivable/(payable) on these loan accounts is described in notes 4 and 5.

Trade receivable and trade payable balances with related parties are more fully described in notes 10 and 11, respectively.

Nothing is payable to Eversholt Funding plc for funding services (6 months ended 30 June 2014: £7,500).

16 Contingent liabilities

There were no contingent liabilities for the Company at 30 June 2015.

17 Subsequent events

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

