

Eversholt Rail (UK) Limited

Annual Financial Statements for the year ended 31 December 2012

Registered No: 06953114

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

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Directors' report (continued)

for the year ended 31 December 2012

Principal activities

Eversholt Rail (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 23.

The principal activity of the Company is the provision of support services to the Group including managing the maintenance of rolling stock, seeking new business, negotiating and agreeing terms and arranging the execution of all lease documents on behalf of the Group.

Risk management

Underpinning all of the Group's activities is the primary requirement to effectively manage safety risks and the risk that issues for which the Group is responsible could lead to a safety incident. The Company employs competent engineers to manage safety risks in accordance with guidance provided by specialists who monitor safety performance and legislative requirements.

The principal commercial risk for the Company arises in respect of its fixed rate, long term maintenance contracts. This risk is managed by close monitoring of maintenance expenditure incurred.

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 22 of the financial statements.

Performance

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

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual cashflows in comparison with the planned cashflows. Monthly management accounts are prepared and reviewed by the Directors.

Future developments

No further significant developments are currently anticipated, but the Directors keep opportunities under regular review.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2012 (31 December 2011: nil). Dividend payments will be reflected in the financial statements in the period in which they are declared.

Going concern basis

The financial statements are prepared on a going concern basis, because the Directors are satisfied that the Company 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 provisions 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 23.

Directors' report (continued)

for the year ended 31 December 2012

Supplier payment policy

The Company does not currently subscribe to any code or standard on payment practice. It is the Company's policy, however, to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

Capital management

The Company is not subject to externally imposed capital requirements and is dependent on the Eversholt Rail Group to provide 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.

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 IFRSs as adopted by the 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 (UK) Limited
for the year ended 31 December 2012

We have audited the financial statements of Eversholt Rail (UK) Limited for the year ended 31 December 2012 set out on pages 6 to 27. 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 web site 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 profit 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)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

28 February 2013

One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

Income statement

for the year ended 31 December 2012

	<i>Notes</i>	2012 £	2011 £
Revenue			
Maintenance income		62,350,132	75,494,872
Service charge income		13,088,710	13,710,000
Other income		269,794	18,409
Total income		75,708,636	89,223,281
Maintenance expense		(54,072,470)	(69,285,082)
Gross Profit		21,636,166	19,938,199
Finance income	4	1,373,500	1,983,295
Finance expense	5	(823,853)	(1,053,767)
Pension finance credit	22	374,000	350,000
		22,559,813	21,217,727
Administrative expense	6	(13,501,775)	(12,089,783)
Profit before tax		9,058,038	9,127,944
Income tax credit/(expense)	9	10,723	(2,899,490)
Profit for the year		9,068,761	6,228,454

There were no acquisitions, discontinued or discontinuing operations during the year.

The notes on pages 10 to 27 form an integral part of these financial statements.

Statement of comprehensive income

for the year ended 31 December 2012

	<i>Note</i>	2012 £	2011 £
Profit for the year		9,068,761	6,228,454
Other comprehensive expense			
Actuarial losses on defined benefit scheme	22.5	(946,000)	(953,000)
Tax in respect of actuarial losses on defined benefit scheme		231,615	262,325
		(714,385)	(690,675)
Total comprehensive income for the year		8,354,376	5,537,779

Statement of financial position
as at 31 December 2012

	Notes	2012 £	2011 £
Assets			
Non-current assets			
Property, plant and equipment	11	1,377,578	1,723,613
Deferred tax	19	174,188	-
		<u>1,551,766</u>	<u>1,723,613</u>
Current assets			
Inventory	12	2,021,812	2,252,058
Trade and other receivables	13	23,220,721	23,423,169
Loans receivable	14	703,778,771	98,251,656
Cash and cash equivalents	15	113,875,705	152,366,811
		<u>842,897,009</u>	<u>276,293,694</u>
Total assets		<u>844,448,775</u>	<u>278,017,307</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	16	9,817,106	9,255,352
Current tax		2,420,953	2,430,576
Borrowings	17	695,276,720	133,683,092
Provisions	18	83,562	239,125
		<u>707,598,341</u>	<u>145,608,145</u>
Non-current liabilities			
Borrowings	17	1,798,350	-
Deferred tax	19	-	89,665
Provisions	18	83,562	-
Deferred revenue	20	16,036,567	21,741,918
		<u>17,918,479</u>	<u>21,831,583</u>
Total liabilities		<u>725,516,820</u>	<u>167,439,728</u>
Equity			
Share capital	21	100,000,002	100,000,002
Retained earnings		18,931,953	10,577,577
Total equity		<u>118,931,955</u>	<u>110,577,579</u>
Total equity and liabilities		<u>844,448,775</u>	<u>278,017,307</u>

The notes on pages 10 to 27 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 2013. They were signed on its behalf by:



S F Purves
Director

Company registration number: 06953114

Statement of cash flows

for the year ended 31 December 2012

	<i>Note</i>	2012 £	2011 £
Profit before tax		9,058,038	9,127,944
Adjustments for:			
- Depreciation		450,151	434,556
- Disposal of Property, plant and equipment		-	6,617
- Adjustment for non-cash element of pension charge		(457,000)	(411,000)
Operating cash flows before working capital		9,051,189	9,158,117
- Change in inventory		230,246	248,719
- Change in trade and other receivables		(286,553)	(9,658,988)
- Change in trade and other payables		(1,719,913)	(3,781,658)
- Change in deferred revenue		(5,705,351)	4,338,950
- Change in provision		(72,001)	(121,563)
Cash flow generated by operating activities		1,497,617	183,577
Tax paid		(31,137)	(2,092,302)
Net cash flow generated by/(utilised in) operating activities		1,466,480	(1,908,725)
Cash flow from investing activities			
Acquisition of property, plant and equipment		(104,116)	(205,133)
Net cash utilised in investing activities		(104,116)	(205,133)
Cash flow from financing activities			
Movement in working capital loan accounts		(25,853,470)	106,615,814
Borrowings repaid		(15,798,350)	-
Borrowings raised		1,798,350	635,383
Net cash generated by/(utilised in) financing activities		(39,853,470)	107,251,197
Net (decrease)/increase in cash and cash equivalents		(38,491,106)	105,137,339
Cash and cash equivalents at beginning of the year		152,366,811	47,229,472
Cash and cash equivalents at end of the year	15	113,875,705	152,366,811

Statement of changes in equity

for the year ended 31 December 2012

	Share capital £	Retained earnings £	Total shareholders' equity £
Balance at 1 January 2011	100,000,002	5,039,798	105,039,800
Profit for the year	-	6,228,454	6,228,454
Actuarial losses on defined benefit scheme after tax	-	(690,675)	(690,675)
Balance at 31 December 2011	100,000,002	10,577,577	110,577,579
Profit for the year	-	9,068,761	9,068,761
Actuarial losses on defined benefit scheme after tax	-	(714,385)	(714,385)
Balance at 31 December 2012	100,000,002	18,931,953	118,931,955

Notes to the Annual Financial Statements

for the year ended 31 December 2012

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.

The principal activities of the Company and the Group are set out on page 2.

2 Basis of Preparation

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2.1 Compliance with International Financial Reporting Standards

The financial statements of Eversholt Rail (UK) Limited have been prepared on the historical cost basis. These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). 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.

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 (UK) Limited. These include the following Standards which are relevant to the Company's financial statements.

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

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 (2010 and 2009) 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 Group's financial assets or liabilities.

2.2.2 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.

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)

2.2.3 IAS 16 Property, plant and equipment

As part of the Annual Improvement 2009 – 2011 Cycle, amendments were made to the recognition and classification of servicing equipment.

These amendments are effective for annual periods beginning on or after 1 July 2013 and are not expected to have a significant impact on the Company's financial statements.

2.2.4 IAS 19 Employee Benefits

On 16 June 2011, the IASB published the amended *IAS 19 Employee Benefits* (IAS 19) Statement. These amendments require recognition of changes in the net defined benefit liability /asset including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements. The amended standard introduces changes to the accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and changes to the recognition and measurement of termination benefits. The amendments to the standard have provided clarification on a number of issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk sharing and conditional indexation features. IAS 19 is applicable on a modified retrospective basis to annual periods beginning on or after 1 February 2013 and is not expected to have a significant impact on the financial statements.

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

3.1 Maintenance income and costs

Income received for the procurement of maintenance is recognised by reference to the timing of the related expenditure and is deferred to the extent that it relates to future maintenance procurement costs for the current contract.

Maintenance procurement costs are written off when incurred, except to the extent that they are in respect of future maintenance procurement costs during the current contract.

3.2 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.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

3 Summary of significant accounting policies (continued)

3.2 Finance income and expense (continued)

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.

3.3 Fees and commission income

Income earned on the execution of a significant act is recognised as revenue when the act is completed. Income earned from the provision of services is recognised as revenue as the services are provided. Income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recorded in 'Finance income'.

3.4 Income tax

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

Current tax is the tax expected to be payable on the taxable profit for the period, 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.

3.5 Property, plant and equipment

Equipment, fixtures and fittings are stated at cost less any impairment losses and depreciation calculated on a straight line basis to write off the assets over 5 years.

The depreciation charge is included within administrative expense in the Income statement.

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

At each reporting date, the Company reviews the carrying value of its property, plant and equipment to determine whether there is any indication that the assets have suffered an impairment loss. If there is an indication that impairment exists, the recoverable amount of the asset is estimated to determine the extent of the impairment.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

3 Summary of significant accounting policies (continued)

3.5 Property, plant and equipment (continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. The impaired loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised immediately in profit or loss.

3.6 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:

3.6.1 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.

3.6.2 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 a year's maturity from the date of acquisition, and include cash.

3.6.3 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. Losses expected from future events are not recognised.

Notes to the Annual Financial Statements (continued)
for the year ended 31 December 2012

3 Summary of significant accounting policies (continued)

3.6 Financial instruments (continued)

3.6.3 Impairment of financial assets (continued)

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.

3.6.4 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.

3.6.5 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.

3.6.6 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.

3.7 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.

3.8 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.

Notes to the Annual Financial Statements (continued)
for the year ended 31 December 2012

3. Summary of significant accounting policies (continued)

3.9 Use of assumptions and estimates

In the application of the Company's accounting policies, the Directors 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies.

The following are the critical judgements and estimates that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

3.9.1 Depreciation

Depreciation is recognised so as to write off the cost of assets over their useful lives. In making their judgement of the useful life, management have considered the effect of wear and tear and maintenance of the asset.

3.9.2 Valuation of defined benefit pension obligation

In making the assessment of the valuation of the defined benefit pension obligation, management have made a number of assumptions more fully described in note 22.

3.10 Retirement benefit obligations

The Company provides defined benefit and defined contribution schemes on behalf of directors and staff. The defined benefit scheme is funded by contributions partly from the employees and partly from the Company at rates assessed by independent actuaries. These contributions are invested separately from the Company's assets.

The defined benefit pension costs and the present value of defined benefit obligations are calculated at the reporting date by the scheme's actuaries using the Projected Unit Credit Method. The net charge to the Income statement mainly comprises the current service cost, plus the unwinding of the discount rate on plan liabilities, less the expected return on plan assets, and is presented in operating expenses. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in actuarial assumptions. Actuarial gains and losses are recognised in other comprehensive income in the period in which they arise. The defined benefit asset recognised in the Statement of financial position represents the fair value of plan assets less present value of defined benefit obligations adjusted for unrecognised past service costs. Any net defined benefit surplus is limited to unrecognised past service costs plus the present value of available refunds and reductions in future contributions to the plan.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

3.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The provision is recognised as the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

Notes to the Annual Financial Statements (continued)
for the year ended 31 December 2012

4 Finance income

	2012 £	2011 £
Bank interest	1,372,741	646,349
Interest income on working capital deposits	-	1,128,970
Other interest	759	207,976
	<u>1,373,500</u>	<u>1,983,295</u>

5 Finance Expense

	2012 £	2011 £
Finance charge payable to Eversholt Funding plc	573,106	1,053,767
Interest on working capital loans	244,165	-
Other interest	6,582	-
	<u>823,853</u>	<u>1,053,767</u>

6 Administrative expense

Administrative expenses include the following:

	2012 £	2011 £
Depreciation	680,397	683,275
Fees payable to the company's auditor for the audit of the company's annual accounts	22,391	20,536
Fees payable to the company's auditor and its associates for other services		
- Tax services	27,350	30,000
- Other services	20,950	-
Bad debt	3,058	-

7 Staff numbers and costs

The average number of persons employed by the Company, including directors during the year was as follows:

	2012	2011
Directors	2	2
Operations	50	47
Administration	40	39
	<u>92</u>	<u>88</u>

The aggregate payroll costs of these persons were as follows:

	2012 £	2011 £
Wages and salaries	7,423,319	6,690,095
Social security costs	883,663	810,550
Contributions to defined contribution pension scheme	389,080	800,056
Expenses related to defined benefit pension scheme	23,000	35,000
	<u>8,719,062</u>	<u>8,335,701</u>

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

8 Directors' emoluments

	2012 £	2011 £
Directors' emoluments for services to the Company	<u>890,834</u>	<u>860,847</u>
Number of directors who are members of a defined benefit pension scheme	<u>1</u>	<u>1</u>
The emoluments of the highest paid director, including benefits in kind were £495,710 (31 December 2011:£484,463).		

The pension contributions paid by the Company in respect of the highest paid director for the year were £33,377 (31 December 2011:£38,266)

None of the Directors have any share options or interests in the share capital of the Company. Their interest in the holding company is more fully disclosed in note 23.

9 Income tax credit/(expense)

	Note	2012 £	2011 £
Current tax			
UK Corporation tax on current year profit		(2,092,744)	(2,311,856)
Group relief for nil consideration		1,083,510	-
Adjustment in respect of prior year		<u>987,719</u>	<u>(437,325)</u>
		<u>(21,515)</u>	<u>(2,749,181)</u>
Deferred tax			
Origination and reversal of temporary differences	19	(69,274)	(139,868)
Adjustment in respect of prior year		<u>101,512</u>	<u>(10,441)</u>
		<u>32,238</u>	<u>(150,309)</u>
Total income tax credit/(expense)		<u>10,723</u>	<u>(2,899,490)</u>

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

	2012 £	2011 £
Taxation at UK corporation tax rate at 24.5% (31 December 2011 of 26.5%)	(2,108,601)	(2,418,905)
Amounts not deductible for tax purposes	(41,495)	(32,347)
Group relief for no consideration	1,083,510	-
Adjustment in respect of prior year	1,089,231	(447,766)
Change in tax rates	<u>(11,922)</u>	<u>(472)</u>
Income tax credit/(expense)	<u>10,723</u>	<u>(2,899,490)</u>

In addition to the amount charged to the income statement, the aggregate amount of current and deferred tax relating to components of other comprehensive income resulted in a £231,615 (year ended 31 December 2011: £262,325) increase in total comprehensive income.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

10 Dividends

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

11 Property, plant and equipment

	Fixtures and fittings £	Equipment £	Total £
Cost			
Balance at 01 January 2011	1,107,983	954,784	2,062,767
Additions	46,340	158,793	205,133
Disposal	-	(7,635)	(7,635)
Balance at 31 December 2011	1,154,323	1,105,942	2,260,265
Additions	62,195	41,921	104,116
Balance at 31 December 2012	1,216,518	1,147,863	2,364,381
Depreciation			
Balance at 1 January 2011	55,399	47,715	103,114
Disposal	-	(1,018)	(1,018)
Charge for the year	228,760	205,796	434,556
Balance at 31 December 2011	284,159	252,493	536,652
Charge for the year	228,824	221,327	450,151
Balance at 31 December 2012	512,983	473,820	986,803
Net carrying value			
Carrying value at 31 December 2012	703,535	674,043	1,377,578
Carrying value at 31 December 2011	870,164	853,449	1,723,613

12 Inventory

	2012 £	2011 £
Rolling stock spares	2,021,812	2,252,058

Write down in the value of inventories recognised within cost of sales in the Consolidated Income statement is an expense amounted to £230,246 (31 December 2011: £248,719).

13 Trade and other receivables

	2012 £	2011 £
Receivable no later than one year:		
Trade receivables	384,334	359,970
VAT	3,655,833	916,536
Maintenance prepayment	19,180,554	21,657,663
Retirement benefit asset	-	489,000
	23,220,721	23,423,169

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

14 Loans Receivable

	2012 £	2011 £
European Rail Finance Holdings Limited	3,300	-
European Rail Finance (2) Limited	664,629,910	-
Eversholt Rail (380) Limited	-	5,951,755
Eversholt Rail Holdings (UK) Limited	19,714,194	12,391,001
Eversholt Investment Limited	19,431,367	67,770,090
Eversholt Funding plc	-	12,138,810
	703,778,771	98,251,656

These loans are unsecured, have no fixed date for repayment and are therefore technically repayable on demand. Interest is charged at Libor plus 1.75% (31 December 2011: Libor plus 1.75%) per annum.

15 Cash and cash equivalents

Cash and cash equivalents are analysed as:

	2012 £	2011 £
Interest bearing	113,875,705	152,366,811

All funds are held in bank deposit accounts and liquidity funds with a maximum term to maturity of less than a year as at 31 December 2012.

16 Trade and other payables

	2012 £	2011 £
Trade payables	3,712,865	2,260,678
Other payables	316,768	271,641
Maintenance and administrative accruals	5,781,473	6,723,033
Retirement benefit liabilities	6,000	-
	9,817,106	9,255,352

Included above are intercompany service charges received in advance of £2,846,667 (31 December 2011: £2,281,667).

17 Borrowings

	Current 2012 £	Non - current 2012 £	Current 2011 £	Non - current 2011 £
European Rail Finance (GB) Limited	834,434	-	19,564,301	-
European Rail Finance Holdings Limited	446,080,423	-	2,272,562	-
European Rail Finance Limited	212,171,788	-	68,265,370	-
Eversholt Depot Finance (UK) Limited	1,551,434	-	432,485	-
Eversholt Funding plc	2,416,962	-	1,813,350	-
Eversholt Funding plc – term loan	-	1,798,350	-	-
Eversholt Investment Limited	-	-	14,000,000	-
Eversholt Rail (365) Limited	19,561,004	-	27,280,858	-
Eversholt Rail (380) Limited	12,660,675	-	54,166	-
	695,276,720	1,798,350	133,683,092	-

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

17 Borrowings (continued)

The loan with Eversholt Investment Limited was unsecured, interest free and had no fixed repayment terms and was therefore technically repayable on demand.

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.

All other loans are unsecured, have no fixed date for repayment and are therefore technically repayable on demand. Interest is charged at Libor plus 1.75% (31 December 2011: Libor plus 1.75%) per annum.

18 Provisions

	2012 £	2011 £
Payable no later than one year: Engineering costs	83,562	239,125
Payable later than one year and not later than five years: Engineering costs	83,562	-
	<u>167,124</u>	<u>239,125</u>

Provision for engineering costs relates to the cost of endemic faults to rolling stock. The projects to rectify these faults are ongoing and are expected to be completed by 2015.

	2012 £	2011 £
Balance at beginning of the year	239,125	360,688
Utilised	(27,970)	(19,842)
Provision released	(44,031)	(101,721)
Balance at end of year	<u>167,124</u>	<u>239,125</u>

19 Deferred tax

	2012 £	2011 £
Balance at beginning of the year	89,665	201,681
Income statement (credit)/charge	(32,238)	150,309
Other comprehensive income: actuarial movement on retirement benefit obligations	(231,615)	(262,325)
Balance at end of the year	<u>(174,188)</u>	<u>89,665</u>

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

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.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

20 Deferred revenue

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

	2012 £	2011 £
Deferred revenue		
Arising in respect of maintenance contracts	14,195,590	21,741,918
Maintenance reserve	1,840,977	-
	<u>16,036,567</u>	<u>21,741,918</u>

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

21 Share capital

	2012 £	2011 £
Authorised, allotted, called up and fully paid		
100,000,002 Ordinary shares of £1 each	<u>100,000,002</u>	<u>100,000,002</u>

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

22 Retirement benefit obligations

22.1 General description of scheme

Final salary pension

The Company provides a defined benefit pension scheme to its employees.

The Eversholt Rail (UK) Limited section (the "Section") is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the Scheme.

The Section is a shared cost arrangement whereby the Company is only responsible for a share of the cost. The figures reported below therefore represent only the Company's share of the cost, except that the tables reconciling the Section liabilities and assets from the start to the end of the year are presented before the deduction of the members' share of the defined benefit cost, or the surplus or deficit. This is for simplicity of presentation and for consistency, with the liabilities and assets quoted in the table showing the pension scheme liability or asset at the end of the year.

Employer contributions for the year ending 31 December 2012 are 19.1% (31 December 2011: 27.84%) of Section Pay.

The Section is open to new members.

22.2 Membership data

	31 December 2012	31 December 2011
Active members		
Number	32	35
Annual payroll (£)	2,153,000	2,013,000
Average age	49	48.9
Deferred members		
Number	49	49
Total deferred pensions (£)	303,000	289,000
Average age	49.6	48.6
Pensioner members (including dependants)		
Number	34	30
Annual pension payroll (£)	806,000	687,000
Average age	63.7	63.7

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

22 Retirement benefit obligations (continued)**22.3 Summary of assumptions**

	31 December 2012 %pa	31 December 2011 % pa
Discount rate	4.3	4.8
Expected return on Section assets	***N/A	**6.9
Price inflation (RPI measure)	2.9	3.1
Increases to deferred pensions (CPI measure)	1.9	2.1
Pension increases (CPI measure)	1.9	2.1
Salary increases *	4.4	4.6

* plus 0.4% pa promotional salary scale.

** The expected return on Section assets assumption was determined as the average of the expected returns on the assets held by the Section on the accounting date. The rates of return for each class are set out in the table below and were determined as follows:

- **Equities and property:** The rate adopted is consistent with the median assumption used in the Asset Liability Modelling work carried out by our advisers,
- **Bonds:** The overall rate has been set to reflect the yields on the bond holdings, adjusted where appropriate for the risk of default,
- **Other assets:** This class is mostly made of cash holdings and the rate adopted reflects current short-term returns on such deposits.

*** This assumption is no longer used in IAS19 revised 2011.

	Long-term rate of return expected on 31 December 2012 % pa	Value at 31 December 2012 £	Long-term rate of return expected on 31 December 2011 % pa	Value at 31 December 2011 £
Equities	N/A	18,415,000	7.2	26,864,000
Government bonds	N/A	-	2.8	2,166,000
Non-Government bonds	N/A	12,287,000	N/A	-
Property	N/A	-	N/A	-
Other assets	N/A	315,000	2.8	44,000
	N/A	31,017,000	6.9	29,074,000

The assumed average expectation of life in years at age 65 is as follows:

		31 December 2012	31 December 2011
Male currently age 65	Pension under £9,300 pa or pensionable pay under £35,000 pa	20.6	20.5
	Others	22.8	22.6
Male currently age 45	Pension under £9,300 pa or pensionable pay under £35,000 pa	23.0	22.8
	Others	25.0	24.9
Female currently age 65	Pension under £3,300 pa or pensionable pay under £35,000	22.5	22.4
	Others	24.9	24.8
Female currently age 45	Pension under £3,300 pa or pensionable pay under £35,000	25.0	24.9
	Others	27.3	27.1

Notes to the Annual Financial Statements (continued)
for the year ended 31 December 2012

22 Retirement benefit obligations (continued)

22.4 Defined Benefit (liability)/asset at end of year

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Detailed Benefit Obligation at end of year	(31,027,000)	(28,260,000)
Value of assets at end of year	31,017,000	29,074,000
Funded Status at end of year	(10,000)	814,000
Adjustment for the members' share of surplus/(deficit)	4,000	(325,000)
Defined Benefit (liability)/asset at end of year	(6,000)	489,000

22.5 Reconciliation of employer share of Defined Benefit (Liability)/Asset

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Opening Defined Benefit Asset	489,000	970,000
Employer's share of pension income/(expense)	23,000	(35,000)
Employer contributions	428,000	507,000
Total loss recognised in statement of comprehensive income	(946,000)	(953,000)
Closing Defined Benefit (liability)/asset	(6,000)	489,000

22.6 Disclosed pension (income)/expense

	Year ended 31 December 2012 £	Year Ended 31 December 2011 £
Employer's share of Service Cost (included in administrative expense)	351,000	385,000
Employer's share of interest Cost (included in pension finance credit)	818,000	912,000
Employer's share of expected return on assets (included in pension finance credit)	(1,192,000)	(1,262,000)
Employer's share of pension (income)/expense	(23,000)	35,000

22.7 Reconciliation of employer share of return on assets

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Expected return on assets	1,192,000	1,262,000
Gain on assets	128,000	(1,368,000)
Actual return/(loss) on assets	1,320,000	(106,000)

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

22 Retirement benefit obligations (continued)

22.8 Reconciliation of Defined Benefit Obligation

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Opening Defined Benefit Obligation	28,260,000	27,090,000
Service Cost	568,000	622,000
Interest Cost	1,363,000	1,520,000
Loss/(gain) on Defined Benefit Obligation	1,693,000	(844,000)
Actual benefit payments	(857,000)	(128,000)
Closing Defined Benefit Obligation	31,027,000	28,260,000

22.9 Reconciliation of value of assets

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Opening value of section assets	29,074,000	28,700,000
Expected return on assets	1,987,000	2,103,000
Gain/(loss) on assets	212,000	(2,280,000)
Employer contributions	428,000	507,000
Employee contributions	173,000	172,000
Actual benefit payments	(857,000)	(128,000)
Closing value of Section asset	31,017,000	29,074,000

Tables 22.8 and 22.9 above show the movement in the assets and liabilities of the section as a whole. Some of the figures therefore differ from those in the remaining disclosures which reflect the Company's share of the assets and liabilities associated with the section.

23 Risk management

Exposure to credit 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.

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.

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

Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its obligations under a contract.

The Company manages credit risk by way of established risk management processes encompassing credit approvals and the monitoring and reporting of exposures. Regular reviews are undertaken to assess and evaluate the financial stability of counterparties.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

23 Risk management (continued)**Liquidity risk management**

The Company is responsible for day to day cash management for the Group. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company monitors the Company's cash flow requirements on a daily basis and compares expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. The Company maintains a committed working capital facility of £25,000,000 to meet short term funding requirements. There have been no drawings in the facility during 2012 or 2011.

The Company's assets, net of deferred tax, are funded principally by borrowings from other Group entities.

Undiscounted cash flows payable to meet financial liabilities are analysed below by their contractual due date:

	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						
- Loans receivable	703,778,771	703,778,771	703,778,771	-	-	-
- Trade and other receivables	23,220,721	23,220,721	-	23,220,721	-	-
	<u>726,999,492</u>	<u>726,999,492</u>	<u>703,778,771</u>	<u>23,220,721</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalent	113,875,705	113,875,705	113,875,705	-	-	-
Financial liabilities						
Non-derivative instruments – amortised cost						
- Trade and other payables	(9,817,106)	(9,817,106)	-	(9,817,106)	-	-
- Current taxation	(2,420,953)	(2,420,953)	-	(2,420,953)	-	-
- Borrowings	(697,075,070)	(699,192,507)	(695,276,720)	(85,645)	(395,206)	(3,434,936)
	<u>(709,313,129)</u>	<u>(711,430,566)</u>	<u>(695,276,720)</u>	<u>(12,323,704)</u>	<u>(395,206)</u>	<u>(3,434,936)</u>
Total financial instruments	131,562,068	129,444,631	122,377,756	10,897,017	(395,206)	(3,434,936)
31 December 2011						
Financial assets						
Loans and receivables						
- Loans receivable	98,251,656	98,251,656	98,251,656	-	-	-
- Trade and other receivables	23,423,169	23,423,169	-	23,423,169	-	-
	<u>121,674,825</u>	<u>121,674,825</u>	<u>98,251,656</u>	<u>23,423,169</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalent	152,366,811	152,366,811	152,366,811	-	-	-
Financial liabilities						
Non-derivative instruments – amortised cost						
- Trade and other payables	(9,255,352)	(9,255,352)	-	(9,255,352)	-	-
- Current taxation	(2,430,576)	(2,430,576)	-	(2,430,576)	-	-
- Borrowings	(133,683,092)	(133,683,092)	(133,683,092)	-	-	-
	<u>(145,369,020)</u>	<u>(145,369,020)</u>	<u>(133,683,092)</u>	<u>(11,685,928)</u>	<u>-</u>	<u>-</u>
Total financial instruments	128,672,616	128,672,616	116,935,375	11,737,241	-	-

There are no material differences between the carrying value and the fair value of financial assets and liabilities as at 31 December 2012 and 31 December 2011.

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

23 Risk management (continued)

Market risk management

The Company is not directly exposed to foreign exchange risk on its financial assets or financial liabilities.

The Company has exposure to fluctuations in interest rates. Cashflow exposure to fluctuations in interest rates 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 cost of intragroup loans.

Interest rate risk management

The Company is exposed to interest rate risk because it borrows and deposits funds at fixed and floating interest rates. The cash flow risk is managed by the Company to maintain an appropriate mix between fixed and floating rate borrowings through the use of interest rate swaps.

Interest rate sensitivity analysis

The impact of a 50 basis points increase in LIBOR would have resulted in an increase in interest expense of £528 on unhedged debt. This would be further increased by an increase in working capital interest expense of £57,957, but offset by an increase in cash deposit interest received of £728,000.

24 Related-party transactions

24.1 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:

- European Rail Finance Holdings Limited
- Eversholt Investment Limited
- European Rail Finance Limited
- European Rail Finance (GB) Limited
- Eversholt Rail Holdings (UK) Limited
- Eversholt Finance Holdings Limited
- Eversholt Funding plc
- 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 Eversholt Rail Holdings (UK) Limited. The result of the Company is included in the group financial statements of Eversholt Investment Limited.

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

Block 4
Harcourt Centre
Harcourt Road
Dublin 2
Ireland

Notes to the Annual Financial Statements (continued)

for the year ended 31 December 2012

24 Related-party transactions (continued)

24.2 Transactions with related parties

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

The Company has received fees for the provision of maintenance, procurement and management services to other Group Companies as follows:

	2012 £	2011 £
European Rail Finance (GB) Limited	2,450,000	2,450,000
European Rail Finance Limited	9,450,000	10,000,000
Eversholt Rail (380) Limited	325,000	325,000
Eversholt Rail (365) Limited	725,000	725,000
Eversholt Depot Finance (UK) Limited	100,000	100,000

Loan accounts are more fully described in notes 13 and 16. Interest receivable (payable) on these loan accounts is as follows:

	2012 £	2011 £
Eversholt Funding plc	(196,613)	176,078
Eversholt Rail Holding (UK) Limited	335,203	235,532
Eversholt Rail Depot Finance Limited	(36,356)	16,813
Eversholt Rail (380) Limited	(117,183)	503,889
Eversholt Finance Holdings Limited	25	-
Eversholt Rail Finance (GB) Limited	(553,366)	(169,087)
European Rail Finance Limited	(3,908,460)	(285,555)
European Rail Finance Holdings Limited	(8,891,088)	2,671
Eversholt Investment Limited	1,119,378	648,623
Eversholt Rail Finance (2) Limited	12,004,295	-

The Company has paid £15,000 to Eversholt Funding plc for funding services (31 December 2011: £15,000)

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

	MB Kenny	SF Purves
Preferred Equity Certificates		
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

25 Contingent liabilities

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

26 Subsequent events

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