

# **Eversholt UK Rails (Holding) Limited**

**Annual report and financial statements  
for the period from 22 May 2017 to 31 December 2017**

**Registered No: 10783654**

**Annual report and financial statements**

for the period from 22 May 2017 to 31 December 2017

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## Strategic report

for the period from 22 May 2017 to 31 December 2017

### Business review

Eversholt UK Rails (Holding) Limited (the "Company") is an investment holding company incorporated on 22 May 2017. The Company forms part of the Eversholt UK Rails Group ("Group") more fully described in note 15.

In the period the Company generated a profit of £43,514,000. As at 31 December 2017 the Company had net assets of £764,470,000.

As part of a group reorganisation the Company has been party to a number of transactions during the period, the effects of which have been to make the Company the parent company of the group of companies bound by the terms of the Financing Documents entered into on 4 November 2010 and which the Company acceded to on 28 June 2017. These transactions included:

- the acquisition by the Company of 100% of the share capital in Eversholt Investment Limited ("EIL") from the Company's parent Eversholt UK Rails Limited (the "Parent"), funded by the issue of share capital by the Company to the Parent and loans from the Parent to the Company.
- a capital reduction by the Company, resulting in an increase in reserves of £763,997,042.

During the period and up to the date of signing the financial statements, the Company continued to be an investment holding company and is funded principally by its parent company through borrowings and equity.

### Risk management

The Company has established financial risk management objectives and policies. An analysis of the exposure to such risks, are set out in note 14 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 period are as detailed in the Income statement on page 8.

The Group manages its operations on a consolidated basis, therefore the Company's directors believe that further specific performance measures for the Company are not necessary or appropriate for an understanding of its performance. Performance measures for the Group are disclosed in the accounts of Eversholt UK Rails Limited.

Signed on behalf of the Board by:



**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

29 March 2018

## Directors' report

for the period from 22 May 2017 to 31 December 2017

The Directors present their report together with the audited financial statements for the period from the date of incorporation of 22 May 2017 to 31 December 2017.

### Directors

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

M B Kenny	Appointed	22 May 2017
A J Course	Appointed	22 May 2017
A J Wesson	Appointed	22 May 2017
LDC Securitisation Director No 3 Limited	Appointed	22 May 2017

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 period but have not been utilised by the Directors. The Directors have no interests in the share capital of the Company.

### Future developments

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

### Dividends

The Directors declared a dividend of £23,040,992 on 28 June 2017 and £20,000,000 on 12 December 2017. Dividend payments are reflected in the financial statements in the period in which they are declared.

### 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.

### 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

Pursuant to Section 487 of the Companies Act 2006, Deloitte LLP was appointed the Auditor.

Approved by the Board and signed on its behalf by:



**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

29 March 2018

## Statement of Directors' responsibilities

for the period from 22 May 2017 to 31 December 2017

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

Company law requires the Directors to prepare financial statements for each financial period. 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, International Accounting Standard 1 requires that directors:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Company's annual financial statements were approved by the Board of Directors on 29 March 2018 and signed on their behalf by:



**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

## **Independent Auditor's report to the Members of Eversholt UK Rails (Holding) Limited**

for the period from 22 May 2017 to 31 December 2017

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

#### **Opinion**

In our opinion the financial statements:

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

We have audited the financial statements of Eversholt UK Rails (Holding) Limited (the 'Company') which comprise:

- the Income statement;
- the Statement of comprehensive income;
- the Statement of financial position;
- the Statement of cash flows;
- the Statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

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

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

for the period from 22 May 2017 to 31 December 2017

### **Other information (continued)**

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

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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

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

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

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

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

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

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

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

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

for the period from 22 May 2017 to 31 December 2017

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



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

29<sup>th</sup> March 2018



## Income statement

for the period from 22 May 2017 to 31 December 2017

	<b>Note</b>	<b>2017 £'000</b>
Dividend income	<b>4</b>	<b>44,000</b>
Finance income	<b>5</b>	<b>25,586</b>
Finance expense	<b>6</b>	<b>(26,188)</b>
<b>Profit before tax</b>		<b>43,398</b>
Income tax credit	<b>9</b>	<b>116</b>
<b>Profit for the period</b>		<b>43,514</b>

There were no discontinued or discontinuing operations during the period.

The notes on pages 12 to 19 form an integral part of these financial statements.

## Statement of comprehensive income

for the period from 22 May 2017 to 31 December 2017

There has been no comprehensive income or expense other than the profit for the period as shown above.

# Statement of financial position

as at 31 December 2017

	Note	2017 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Investment in subsidiaries	10	<u>763,997</u>
<b>Current assets</b>		
Current tax – amounts due from group relief		116
Amounts owed by group undertakings	11	<u>340,562</u>
Cash and cash equivalents	12	<u>2,600</u>
		<u>343,278</u>
<b>Total assets</b>		<u><u>1,107,275</u></u>
<b>Liabilities and equity</b>		
<b>Non-current liabilities</b>		
Amounts owed to group undertakings	11	<u>342,805</u>
<b>Total liabilities</b>		<u><u>342,805</u></u>
<b>Equity</b>		
Share capital	13	-
Retained earnings		<u>764,470</u>
<b>Total equity</b>		<u><u>764,470</u></u>
<b>Total equity and liabilities</b>		<u><u>1,107,275</u></u>

The notes on pages 12 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 29 March 2018. They were signed on its behalf by:



**A J Wesson**  
Director

Company registration number 10783654

## Statement of cash flows

for the period from 22 May 2017 to 31 December 2017

	<b>Note</b>	<b>2017 £'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax		43,398
Adjustments for:		
- Dividend income	4	(44,000)
- Finance income	5	(25,586)
- Finance expense	6	26,188
<b>Cash utilised in operating activities</b>		-
Receipt in respect of taxation group relief		-
<b>Net cash utilised in operating activities</b>		-
 <b>Cash flow from investing activities</b>		
Dividends received		44,000
<b>Net cash generated by investing activities</b>		44,000
 <b>Cash flow from financing activities</b>		
Movement in working capital loan with Eversholt Rail Limited		2,243
Finance income received		25,586
Finance expense paid		(26,188)
Shareholder dividends paid		(43,041)
<b>Net cash utilised in financing activities</b>		(41,400)
 Net movement in cash and cash equivalents		2,600
Cash and cash equivalents at beginning of the period		-
<b>Cash and cash equivalents at end of the period</b>	12	2,600

# Statement of changes in equity

for the period from 22 May 2017 to 31 December 2017

		Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 22 May 2017</b>	<b>13</b>	-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>43,514</b>	<b>43,514</b>
Issuance of shares		-	<b>763,997</b>	-	<b>763,997</b>
Capital reduction		-	<b>(763,997)</b>	<b>763,997</b>	-
Dividends paid		-	-	<b>(43,041)</b>	<b>(43,041)</b>
<b>Balance at 31 December 2017</b>		<u>-</u>	<u>-</u>	<u><b>764,470</b></u>	<u><b>764,470</b></u>

Dividends per share paid during the period is £421,971.

## Notes to the financial statements

for the period from 22 May 2017 to 31 December 2017

### 1. General Information

Eversholt UK Rails (Holding) Limited (the "Company"), is a private company incorporated on 22 May 2017 and domiciled in England and Wales and is limited by shares (see note 13). The Company forms part of the Eversholt UK Rails Group more fully described in note 15.

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

### 2. Basis of Preparation

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

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

#### 2.1 Compliance with International Financial Reporting Standards

The financial statements of Eversholt UK Rails (Holding) Limited have been prepared on the historical cost basis. These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union. EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at this point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2017, there were no unendorsed standards effective for the period ended 31 December 2017 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company. Accordingly, the financial statements of the Company for the period ended 31 December 2017 are prepared in accordance with IFRSs as issued by the IASB and endorsed by the EU.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the IFRS Interpretations Committee and its predecessor body.

#### 2.2 Standards and interpretations issued by the IASB

During the period, the Company adopted a number of interpretations and amendments to standards which had an insignificant effect on the financial statements. At 31 December 2017, a number of standards and amendments to standards have been issued by the IASB, which are not effective for the Company's financial statements as at 31 December 2017. The following Adopted IFRSs have been issued but have not been applied by the Company in these financial statements. Their adoption does not have a material effect on the financial statements unless otherwise indicated.

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

#### 2.3 Going concern

The Company's forecasts and projections taking account of reasonably possible changes in performance show that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the financial statements.

## Notes to the financial statements (continued)

for the period from 22 May 2017 to 31 December 2017

### 3. Summary of significant accounting policies

The principal accounting policies adopted are set out below and have been applied consistently to the period 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 expense over the relevant period.

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

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

#### 3.2 Income tax

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

Current tax is the tax expected to be payable on the taxable profit for the financial period, calculated using tax rates enacted or substantively enacted by the end of the financial period and any adjustment to tax payable in respect of previous periods. Current tax assets and liabilities are offset when the relevant entity intends to settle on a net basis and the legal right to offset exists.

#### 3.3 Dividend income

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

#### 3.4 Subsidiaries

The Company classifies investments in entities which it controls as subsidiaries. The Company's investments in subsidiaries are stated at cost less any impairment losses. Any impairment loss recognised in prior 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 the 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.

## Notes to the financial statements (continued)

for the period from 22 May 2017 to 31 December 2017

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

#### 3.5 Financial Instruments (continued)

##### 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 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.

##### 3.5.5 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.

## Notes to the financial statements (continued)

for the period from 22 May 2017 to 31 December 2017

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

#### 3.8 Use of assumptions and estimates (continued)

There are no accounting policies that are deemed critical to the Company's results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation. There are no sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

### 4. Dividends

The Company received £44,000,000 dividend income from Eversholt Investment Limited.

The Company paid a dividend of £43,040,992 to Eversholt UK Rails Limited during the period.

### 5. Finance income

	2017 £'000
Interest receivable from Eversholt Investment Limited	<u>25,586</u>

### 6. Finance expense

	2017 £'000
Interest payable to Eversholt Rail Limited	(602)
Interest payable to Eversholt UK Rails Limited	<u>(25,586)</u>
	<u>(26,188)</u>

### 7. Administrative expense

Audit fees of £5,145 were borne by another group entity. The Company has no employees and hence no staff costs.

### 8. Directors' emoluments

The Directors have been paid by another group undertaking, Eversholt Rail Limited (formerly trading as Eversholt Rail (UK) Limited). No specific charge has been made to the Company in this regard.

### 9. Income tax credit

	2017 £'000
<b>Current tax</b>	
UK Corporation tax on current period profit	116
<b>Income tax credit</b>	<u>116</u>

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

	2017 £'000
<b>Profit before tax</b>	43,398
Taxation at corporation tax rate of 19.25%	(8,354)
Non-taxable income	8,470
<b>Income tax credit</b>	<u>116</u>



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

for the period from 22 May 2017 to 31 December 2017

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

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

**10. Investment in subsidiaries**

	<b>2017</b>
	<b>£'000</b>
Investment in Eversholt Investment Limited at cost	<b><u>763,997</u></b>

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
				2017
Eversholt Investment Limited	Ordinary Shares	Ireland**	Investment	100
European Rail Finance Holdings Limited*	Ordinary Shares	Ireland**	Investment	100
European Rail Finance Limited*	Ordinary Shares	Ireland**	Leasing	100
Eversholt Rail Leasing Limited (formerly trading as European Rail Finance (GB) Limited)*	Ordinary Shares	England***	Leasing	100
Eversholt Rail Holdings (UK) Limited*	Ordinary Shares	England***	Investment	100
Eversholt Rail Limited (formerly trading as Eversholt Rail (UK) Limited)*	Ordinary Shares	England***	Management services	100
Eversholt Depot Finance Limited (formerly trading as Eversholt Depot Finance (UK) Limited)*	Ordinary Shares	England***	Leasing	100
Eversholt Rail (365) Limited*	Ordinary Shares	England***	Leasing	100
Eversholt Rail (380) Limited*	Ordinary Shares	England***	Dormant	100
Eversholt Finance Holdings Limited*	Ordinary Shares	England***	Investment	100
Eversholt Funding plc*	Ordinary Shares	England***	Financing	100
European Rail Finance (2) Limited*	Ordinary Shares	Ireland**	Investment	100

\* Indirect subsidiaries

\*\* Registered office: Newmount House, 22-24 Mount Street Lower, Dublin 2, Ireland

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

## Notes to the financial statements (continued)

for the period from 22 May 2017 to 31 December 2017

### 11. Amounts owed by/to group undertakings

	2017 £'000
<b>Current assets</b>	
Eversholt Investment Limited	<u>340,562</u>

The loans with Eversholt Investment Limited are unsecured, have no fixed repayment terms and are therefore technically receivable on demand.

	2017 £'000
<b>Non-current liabilities</b>	
Eversholt Rail Limited	2,243
Eversholt UK Rails Limited	<u>340,562</u>
	<u>342,805</u>

The intragroup loan from Eversholt Rail Limited is classified as non-current as it is repayable on 4 November 2022. Borrowing entities may prepay and redraw loans until the repayment date. Interest on the loan is payable monthly at a floating rate, which substantially matches the rate of the Group's Senior Debt, plus margin.

The loan from Eversholt UK Rails Limited is unsecured, and carries a fixed rate of interest. The loan is subordinated to the Bank loan and Bonds in accordance with the terms of a Security Trust and Intercreditor Deed.

### 12. Cash and cash equivalents

Cash and cash equivalents are analysed as:

	2017 £'000
Bank accounts	<u>2,600</u>

Cash and cash equivalents comprises a cash balance of £2,600,000 which provides security for the Profit Participating Shares issued by a subsidiary.

### 13. Share capital

	2017 £
<b>Authorised, called up and fully paid</b>	
102 Ordinary share of £1 each	<u>102</u>

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

The company was incorporated on 22 May 2017 by the issue of £100 share capital. During the period, the Company acquired 100% of the share capital in EIL from Eversholt UK Rails Limited for the issue of £2 share capital and £763,997,042 of share premium. The Company then undertook a capital reduction of share premium through creation of distributable reserves.

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

for the period from 22 May 2017 to 31 December 2017

**14. 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.

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

**Liquidity risk management**

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

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

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

	Carrying value £'000	Contractual cash flows £'000	On demand £'000	Due within 1 year £'000	Due between 2-5 years £'000	Due after 5 years £'000
<b>31 December 2017</b>						
<b>Financial assets</b>						
- Loan receivable from Eversholt Investment Limited	340,562	340,562	340,562	-	-	-
- Cash and cash equivalents	2,600	2,600	-	-	-	2,600
	<b>343,162</b>	<b>343,162</b>	<b>340,562</b>	<b>-</b>	<b>-</b>	<b>2,600</b>
<b>Financial liabilities</b>						
Non-derivative instruments – amortised cost						
- Intercompany working capital loan	2,243	2,243	-	-	2,243	-
- Loan from Eversholt UK Rails Limited	340,562	340,562	-	-	-	340,562
	<b>342,805</b>	<b>342,805</b>	<b>-</b>	<b>-</b>	<b>2,243</b>	<b>340,562</b>
<b>Total financial instruments</b>	<b>357</b>	<b>357</b>	<b>340,562</b>	<b>-</b>	<b>(2,243)</b>	<b>(337,962)</b>

There are no material differences between the carrying value and the fair value of financial liabilities as at 31 December 2017.

Undiscounted cash flows in respect of the intercompany loans reflects the principal amount of the loans, due to the uncertainty of the timing of repayment. Interest on working capital loan is settled as part of working capital cash movements and not accrued.

**Market risk management****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 working capital loan.

**Interest rate Sensitivity Analysis**

The impact of a 50 basis points increase in GBP LIBOR would have resulted in an increase in intercompany working capital interest expense of £16,600. The sensitivity analysis is applied to the borrowing rate and performed on the monthly balance of the relevant financial instrument.

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

for the period from 22 May 2017 to 31 December 2017

### **15. Related-party transactions**

#### **15.1 Identity of related parties**

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

- Eversholt Investment Limited
- Eversholt UK Rails Limited
- European Rail Finance Holdings Limited
- European Rail Finance Limited
- Eversholt Rail Holdings (UK) Limited
- Eversholt Finance Holdings Limited
- Eversholt Funding plc
- Eversholt Rail Limited
- Eversholt Rail Leasing Limited
- Eversholt Depot Finance Limited
- Eversholt Rail (380) Limited
- Eversholt Rail (365) Limited
- European Rail Finance (2) Limited

The ultimate parent undertaking (which is the ultimate controlling party) is CK Hutchison Holdings Limited, incorporated in Cayman Islands. The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is CK Hutchison Holdings Limited. The immediate holding company is Eversholt UK Rails Limited. The results of the Company are included in the Group financial statements of CK Hutchison Holdings Limited.

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

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

#### **15.2 Transactions with related parties**

Dividend income and dividends paid are more fully described in note 4. The Company has loans with related parties, more fully described in note 11. Interest receivable and payable on these loans is more fully described in notes 5 and 6.

### **16. Contingent liabilities**

There were no contingent liabilities for the Company at 31 December 2017.

### **17. Subsequent events**

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