

# **Eversholt Finance Holdings Limited**

## **Annual report and financial statements** for the year ended 31 December 2018

**Registered No. 07327371**

**Annual report and financial statements**  
for the year ended 31 December 2018

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## **Strategic report**

for the year ended 31 December 2018

### **Business review**

During the year and up to the date of signing the financial statements, Eversholt Finance Holdings Limited (the "Company") continues to own all of the ordinary share capital of Eversholt Funding plc. The Company forms part of the Eversholt UK Rails Group ("Group") more fully described in note 16.

In the year the Company generated a loss of £5,891 (2017: £4,589). As at 31 December 2018 the Company had net assets of £25,571 (2017: £31,462).

The Company is funded by borrowings from another group undertaking and equity from its immediate parent. The Company has no employees.

### **Risk management**

The Company is subject to the risk management objectives and policies of the Group. The risks relevant to the Company, together with an analysis of the exposure to such risks, are set out in note 15 of the financial statements.

The principal business risk for the Company is the risk of diminution in the value of the investment in Eversholt Funding plc.

### **Financial performance**

The Company's results for the year are detailed in the Income statement on page 9.

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.

### **Business environment**

The Directors monitor the business environment in which the Company's subsidiary operates from a group perspective and details of relevant matters, including Brexit and climate change, are disclosed in the financial statements of Eversholt UK Rails Limited.

Approved by the Board and signed on its behalf:



**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

15 February 2019

## **Directors' report**

for the year ended 31 December 2018

The Directors present their Annual report together with the audited financial statements for the year ended 31 December 2018.

### **Directors**

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

#### **Name**

M B Kenny

A J Course

A J Wesson

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.

### **Future developments**

It is currently anticipated that the Company will be voluntarily liquidated in 2019 at a time yet to be determined as part of the ongoing simplification of the Group structure.

### **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (2017: nil).

### **Going concern basis**

The Directors consider the results for the financial year and the year end position of the Company to be satisfactory. As part of the ongoing simplification of the Group restructure it is anticipated that the Company will be voluntarily liquidated in 2019. The Company therefore ceases to be a going concern. As such the financial statements have been prepared on a basis other than that of a going concern as required by IAS 1 "Presentation of Financial Statements".

The carrying value of the assets and liabilities held by the Company have been reassessed and recorded at their realisable value.

### **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 they are 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 UK Companies Act 2006 and should be interpreted in accordance therewith.

**Directors' report (continued)**  
for the year ended 31 December 2018

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M B Kenny', with a long horizontal line extending to the right.

**M B Kenny**  
Director

Registered Office  
210 Pentonville Road  
London  
N1 9JY  
United Kingdom

15 February 2019

## **Statement of Directors' responsibilities**

for the year ended 31 December 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 year. 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 15 February 2019 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 Finance Holdings Limited**  
for the year ended 31 December 2018

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

**Opinion**

In our opinion the financial statements of the Company:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with 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 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;
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law 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 Financial Reporting Council'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.

**Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 2.3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

**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.

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.

## **Independent Auditor's report to the Members of Eversholt Finance Holdings Limited (continued)**

for the year ended 31 December 2018

### **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.

### **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 year 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.

### **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.

**Independent Auditor's report to the Members of Eversholt Finance Holdings Limited  
(continued)**

for the year ended 31 December 2018

**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 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.



**Makhan Chahal ACA (Senior Statutory Auditor)**

For and on behalf of Deloitte LLP

Statutory Auditor

London

United Kingdom

15<sup>th</sup> February 2019

## Income statement

for the year ended 31 December 2018

	<i>Note</i>	2018 £	2017 £
Finance expense	5	(1,207)	(909)
Administrative expense	6	(6,066)	(4,774)
<b>Loss before tax</b>		<b>(7,273)</b>	<b>(5,683)</b>
Income tax credit	7	1,382	1,094
<b>Loss after tax</b>		<b>(5,891)</b>	<b>(4,589)</b>

The above results are all derived from discontinued operations.

The notes on pages 13 to 20 form an integral part of these financial statements.

## Statement of comprehensive income

for the year ended 31 December 2018

There has been no comprehensive income and expense other than the loss for the year as shown above (2017: £nil).


# Statement of financial position

as at 31 December 2018

	<i>Note</i>	2018 £	2017 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	9	<u>50,000</u>	<u>50,000</u>
<b>Current assets</b>			
Current tax		<u>2,476</u>	<u>2,004</u>
<b>Total assets</b>		<u>52,476</u>	<u>52,004</u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	10	4,760	2,434
Borrowings	11	<u>22,145</u>	<u>-</u>
		<u>26,905</u>	<u>2,434</u>
<b>Non-current liabilities</b>			
Borrowings	11	<u>-</u>	<u>18,108</u>
<b>Total Liabilities</b>		<u>26,905</u>	<u>20,542</u>
<b>Share capital</b>	13	50,000	50,000
<b>Accumulated deficit</b>		<u>(24,429)</u>	<u>(18,538)</u>
<b>Total equity</b>		<u>25,571</u>	<u>31,462</u>
<b>Total equity and liabilities</b>		<u>52,476</u>	<u>52,004</u>

The notes on pages 13 to 20 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 February 2019. They were signed on its behalf by:



**A J Wesson**

Director

Company registration number 07327371

## Statement of cash flows

for the year ended 31 December 2018

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flow from operating activities</b>			
Loss before tax		(7,273)	(5,683)
Adjustments for:			
- Finance expense	5	1,207	909
<b>Operating cash flow before changes in working capital</b>		<b>(6,066)</b>	<b>(4,774)</b>
Increase in trade and other payables	10	2,326	1,084
<b>Cash utilised in operating activities</b>		<b>(3,740)</b>	<b>(3,690)</b>
Receipt in respect of group relief		910	-
<b>Net cash utilised in operating activities</b>		<b>(2,830)</b>	<b>(3,690)</b>
 <b>Cash flow from financing activities</b>			
Movement in intercompany loan with Eversholt Rail Limited	12	2,830	3,690
<b>Net cash generated by financing activities</b>		<b>2,830</b>	<b>3,690</b>
 Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
<b>Cash and cash equivalents at end of the year</b>		<b>-</b>	<b>-</b>

**Statement of changes in equity**  
for the year ended 31 December 2018

	<i>Note</i>	Share capital £	Accumulated deficit £	Total equity £
Balance at 1 January 2017	<b>13</b>	50,000	(13,949)	36,051
Total comprehensive expense		-	(4,589)	(4,589)
<b>Balance at 31 December 2017</b>		50,000	(18,538)	31,462
Total comprehensive expense		-	(5,891)	(5,891)
<b>Balance at 31 December 2018</b>		<u>50,000</u>	<u>(24,429)</u>	<u>25,571</u>

## Notes to the annual financial statements

for the year ended 31 December 2018

### 1 General Information

Eversholt Finance Holdings Limited is a private company incorporated in England and Wales and is limited by shares (see note 13). The registered office of the Company is 210 Pentonville Road, London, N1 9JY, United Kingdom.

### 2 Basis of Preparation

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

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

#### 2.1 Compliance with IFRSs

The financial statements of the Company have been prepared on the historical cost basis. These financial statements have been prepared in accordance with IFRSs as issued by the 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 2018, there were no unendorsed standards effective for the year ended 31 December 2018 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 financial statements of the Company. Accordingly, the Company's financial statements for the year ended 31 December 2018 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 ("IFRIC") and its predecessor body.

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

During the year, the Company adopted a number of interpretations and amendments to standards which had no material effect on the financial statements (note 4).

At 31 December 2018, 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 2018. The following adopted IFRSs have been issued but have not been applied by the Company in these financial statements. They are applicable for periods beginning on or after 1 January 2019 and are not anticipated to have a material impact on the financial statements.

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 – Prepayment features with negative compensation

#### 2.3 Going concern

As part of the ongoing simplification of the Group structure it is anticipated that the Company will be voluntarily liquidated in 2019. The Company therefore ceases to be a going concern. As such the financial statements have been prepared on a basis other than that of a going concern as required by IAS 1 'Presentation of Financial Statements'.

## Notes to the annual financial statements (continued)

for the year ended 31 December 2018

### 3 Summary of significant accounting policies

The principal accounting policies adopted are set out below and have been applied consistently to all years presented in these financial statements, except where noted in relation to standards implemented for the first time in 2018.

#### 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 rate 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 financial periods.

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

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

#### 3.2 Income taxes

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

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

#### 3.3 Financial instruments

This policy reflects the introduction of IFRS 9 financial instruments in 2018 (see note 4).

Financial assets and liabilities are recognised in the Company's Statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### Classification and Measurement

Financial assets are classified and measured by reference to the business model in which assets are managed and their cash flow characteristics.

The Company holds the following class of financial instruments:

##### Financial liabilities

Financial liabilities are initially measured at fair value less any transaction costs that are directly attributable to the purchase or issue. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. The Company derecognises the financial liability when the obligations specified in the contract expire, are discharged or cancelled.

##### 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 paid or received).

**Notes to the annual financial statements (continued)**  
for the year ended 31 December 2018

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

**3.3 Financial instruments (continued)**

**Determination of fair value (continued)**

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.

Where relevant, fair values are calculated by discounting future cash flows on financial instruments, using equivalent current interest rates.

**3.4 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 balances 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.

**3.5 Subsidiaries**

The Company classifies investments in entities which it controls as subsidiaries. The Company's investments in subsidiaries are stated at cost being the fair value at acquisition date less any impairment losses. Any impairment loss recognised in prior years shall be reversed through the Income statement if, and only if, there has been a change in the estimates used to determine the recoverable amount of the investment in the subsidiary since the last impairment loss was recognised.

**3.6 Share capital**

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

Dividends payable in relation to equity shares are recognised as a liability in the year in which they are declared.

**3.7 Use of judgements, estimates and assumptions**

In the application of the Company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

There are no accounting policies that are deemed critical to the Company's results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation. 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 year.

**4 Implementation of new IFRS Standards**

**IFRS 9 – Financial Instruments**

IFRS 9 "Financial Instruments" is effective for the accounting periods beginning on or after 1 January 2018 and supersedes IAS 39 "Financial Instruments: recognition and measurement".

It sets out requirements for the classification and measurement of financial instruments, impairment of financial assets carried at amortised cost and hedge accounting. In practice, the standard has not had any impact upon the Company in the financial years covered by the financial statements.

**Notes to the annual financial statements (continued)**  
for the year ended 31 December 2018

**4 Implementation of new IFRS Standards (continued)**

**IFRS 9 – Financial Instruments (continued)**

Specifically, the Company has not had any:

- hedge accounting relationships in place and therefore IFRS 9's hedge accounting requirements are not applicable; nor
- financial assets falling within the scope of IFRS 9.

In addition, IFRS 9 has not had an impact on the Company's accounting policies related to financial liabilities, which continue to be measured at amortised cost.

*Disclosure*

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures. The new disclosure requirements have been applied to the current year information but have not been generally applied to comparative information as permitted by the standard.

**5 Finance expense**

	2018 £	2017 £
Interest payable to Eversholt Rail Limited	<u>(1,207)</u>	<u>(909)</u>

Finance expense represents interest charged in relation to financial liabilities carried at amortised cost.

**6 Administrative expense**

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>(6,066)</u>	<u>(4,774)</u>

**7 Income tax credit**

	2018 £	2017 £
<b>Current tax</b>		
Income tax credit	<u>1,382</u>	<u>1,094</u>

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

	2018 £	2017 £
Loss before tax	7,273	5,683
Taxation at corporation tax rate of 19% (2017: 19.25%)	<u>1,382</u>	<u>1,094</u>

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.

## Notes to the annual financial statements (continued)

for the year ended 31 December 2018

### 8 Directors' emoluments

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

### 9 Investment in subsidiary

	2018 £	2017 £
Cost at 31 December	<u>50,000</u>	<u>50,000</u>

Name of Undertaking	Class of Capital	Country of Incorporation	Type of business	Ownership Percentage 2018	Ownership Percentage 2017
Eversholt Funding plc	Ordinary Shares	England*	Financing	100%	100%

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

The Company has no indirect subsidiaries.

### 10 Trade and other payables

	2018 £	2017 £
Accruals	<u>4,760</u>	<u>2,434</u>

### 11 Borrowings

	2018 £	2017 £
<b>Current</b>		
Eversholt Rail Limited	<u>22,145</u>	<u>-</u>
<b>Non-Current</b>		
Eversholt Rail Limited	<u>-</u>	<u>18,108</u>

The intercompany loan with Eversholt Rail Limited is repayable by 4 November 2023. 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 (2017: Group's senior debt, plus margin).

The intercompany loan with Eversholt Rail Limited is presented as a current liability as at 31 December 2018 as it is anticipated that the Company will be voluntarily liquidated in 2019.

**Notes to the annual financial statements (continued)**  
for the year ended 31 December 2018

**12 Reconciliation of liabilities arising from financing activities**

	As at 31 December 2017	Cash flows receipts	Non-cash finance expense	As at 31 December 2018
Financing activities attributable to:	£	£	£	£
<b>Liabilities</b>				
Borrowings	18,108	2,830	1,207	22,145

**13 Share capital**

	2018 £	2017 £
<b>Authorised, allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	50,000	50,000

**14 Fair value of financial assets and liabilities**

There are no material differences between the carrying value and the fair value of financial assets and liabilities as at 31 December 2018 and 31 December 2017.

**15 Risk management**

The Company is exposed to the risk of diminution in the value of the investment in its subsidiary. The Company also has exposure to the following types of risk arising from its use of financial instruments: capital risk, liquidity risk and market risk. Market risk includes foreign exchange risk and interest rate risk.

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 year are disclosed in note 3.7.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note.

**Capital risk management**

Consideration is given to the availability, costs and risks associated with each class of capital. The capital structure of the Company consists of equity attributable to equity holders of the parent.

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

**Investment in subsidiary**

The Company monitors the performance of its subsidiary on an ongoing basis having regards to the environment in which it operates and the risk to which it is exposed.

**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 compares expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. Cash is managed on a consolidated basis across the Group which enables the Company to borrow funds from another group undertaking to meet any shortfall. Conversely, the Company lends any surplus funds to other group undertakings. Liquidity is further under-pinned by the ability of certain group undertakings to borrow under a £600m revolving credit facility which matures on 4 November 2023 and lend proceeds to the Company.

Undiscounted cash flows in respect of the intercompany loan with Eversholt Rail Limited include the principal amount of intercompany loans only, due to the uncertainty of intercompany movements and of interest estimation. Interest on intercompany loans is settled as part of intercompany cash movements.

**Notes to the annual financial statements (continued)**  
for the year ended 31 December 2018

**15 Risk management (continued)**

**Liquidity risk management (continued)**

Undiscounted cash flows payable to meet financial liabilities are analysed below by their contractual due date, including estimated interest cash flows where appropriate:

	Carrying value £	Contractual cash flows £	On demand £	Due within 1 year £	Due between 1-5 years £	Due after 5 years £
<b>31 December 2018</b>						
<b>Financial liabilities</b>						
- Borrowings	22,145	22,145	-	22,145	-	-
- Trade and other payables	4,760	4,760	-	4,760	-	-
	<u>26,905</u>	<u>26,905</u>	-	<u>26,905</u>	-	-
<b>Total financial instruments</b>	<u>(26,905)</u>	<u>(26,905)</u>	-	<u>(26,905)</u>	-	-

	Carrying value £	Contractual cash flows £	On demand £	Due within 1 year £	Due between 1-5 years £	Due after 5 years £
<b>31 December 2017</b>						
<b>Non-derivative instruments – amortised cost</b>						
- Borrowings	18,108	18,108	-	-	18,108	-
- Trade and other payables	2,434	2,434	-	2,434	-	-
	<u>20,542</u>	<u>20,542</u>	-	<u>2,434</u>	<u>18,108</u>	-
<b>Total financial instruments</b>	<u>(20,542)</u>	<u>(20,542)</u>	-	<u>(2,434)</u>	<u>(18,108)</u>	-

**Market risk management**

**Foreign currency risk**

The Company is not exposed to foreign exchange risk in its financial liabilities.

**Interest rate risk**

The Company has exposure to fluctuations in interest rates. This exposure is managed at a group level through the use of interest rate swaps. The net cost or benefit derived from the use of swaps is taken into account in determining the interest on loans from group entities.

**Interest rate sensitivity analysis**

A 50 basis points increase in LIBOR would have resulted in an increase in intercompany interest expense of £19. The sensitivity analysis is applied to the borrowing rate and performed on the monthly balance of the relevant financial instrument.

**Notes to the annual financial statements (continued)**  
for the year ended 31 December 2018

**16 Related party transactions**

**16.1 Identity of related parties**

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

- Eversholt UK Rails Limited
- Eversholt UK Rails (Holding) Limited
- Eversholt Investment Limited
- European Rail Finance Holdings Limited
- European Rail Finance Limited
- Eversholt Rail Leasing Limited
- Eversholt Rail Holdings (UK) Limited
- Eversholt Funding plc
- Eversholt Rail Limited
- Eversholt Depot Finance 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 the 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 European Rail Finance Holdings 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

**16.2 Transactions with related parties**

The Company has a loan account with a fellow group undertaking more fully described in note 11. Interest on this account for the year amounted to an expense of £1,207 (2017: £909).

**17 Contingent liabilities**

There were no contingent liabilities for the Company at 31 December 2018 (2017: nil).

**18 Subsequent events**

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