

# **Eversholt Funding plc**

**Unaudited, condensed interim financial statements**  
**for the 6 months ended 30 June 2019**

**Registered No: 07329930**

**Condensed interim financial statements**  
for the 6 months ended 30 June 2019

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## Condensed income statement

for the 6 months ended 30 June 2019

		6 months ended	
		30 June	30 June
		2019	2018
	Note	£'000	£'000
<b>Revenue</b>			
Finance income	4	56,993	56,740
<b>Total revenue</b>		<b>56,993</b>	<b>56,740</b>
Finance expense	5	(58,030)	(57,729)
Net fair value (loss)/gain on derivative financial instruments	11	(1,104)	9,922
<b>Gross (loss)/profit</b>		<b>(2,141)</b>	<b>8,933</b>
Administrative expense	6	(263)	(53)
<b>(Loss)/profit before tax</b>		<b>(2,404)</b>	<b>8,880</b>
Income tax credit/(charge)	7	435	(1,892)
<b>(Loss)/profit for the period</b>		<b>(1,969)</b>	<b>6,988</b>

There were no discontinued or discontinuing operations during the period.

The notes on pages 6 to 15 form an integral part of these financial statements.

## Condensed statement of comprehensive income

for the 6 months ended 30 June 2019

		6 months ended	
		30 June	30 June
		2019	2018
	Note	£'000	£'000
(Loss)/profit for the period		(1,969)	6,988
<b>Other comprehensive (expense)/income</b>			
Effective portion of changes in fair value of cash flow hedges	11	(22,455)	10,875
Realised gain on cash flow hedges to property, plant and equipment	11	399	443
Realised gain on cash flow hedges to the income statement	11	238	-
Tax credit/(charge) on effective portion of changes in fair value of cash flow hedges	8	3,710	(1,924)
		<b>(18,108)</b>	<b>9,394</b>
<b>Total comprehensive (expense)/income for the period</b>		<b>(20,077)</b>	<b>16,382</b>

Effective portion of changes in fair value cash flow hedges may be reclassified to the Income statement in future years.

**Condensed statement of financial position**

as at 30 June 2019

		30 June 2019 £'000	31 December 2018 £'000
<b>Assets</b>	<b>Note</b>		
<b>Non-current assets</b>			
Deferred tax	8	27,584	23,687
Derivative financial instruments	11	17,837	1,779
Amounts owed by group undertakings	9	1,940,000	1,940,000
		<u>1,985,421</u>	<u>1,965,466</u>
<b>Current assets</b>			
Amounts owed by group undertakings	9	96,274	21,266
Cash and cash equivalents	12	500	645
Current tax		247	535
Trade and other receivables		14	-
		<u>97,035</u>	<u>22,446</u>
<b>Total assets</b>		<u>2,082,456</u>	<u>1,987,912</u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	13	127	47
Borrowings	14	95,628	20,620
		<u>95,755</u>	<u>20,667</u>
<b>Non-current liabilities</b>			
Borrowings	14	1,935,300	1,934,979
Amounts owed to group undertakings	9	31,996	32,401
Derivative financial instruments	11	167,852	128,235
		<u>2,135,148</u>	<u>2,095,615</u>
<b>Total liabilities</b>		<u>2,230,903</u>	<u>2,116,282</u>
<b>Equity</b>			
Share capital	16	50	50
Accumulated deficit		(109,028)	(107,059)
Hedging reserve		(39,469)	(21,361)
<b>Total equity</b>		<u>(148,447)</u>	<u>(128,370)</u>
<b>Total equity and liabilities</b>		<u>2,082,456</u>	<u>1,987,912</u>

The notes on pages 6 to 15 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 2 September 2019. They were signed on its behalf by:



**A J Wesson**  
Director

Company registration number: 07329930

**Condensed statement of cash flows**  
for the 6 months ended 30 June 2019

		6 months ended	
	Note	30 June 2019 £'000	30 June 2018 £'000
<b>Cash flow from operating activities</b>			
(Loss)/profit before tax		(2,404)	8,880
Adjustments for:			
- Finance expense	5	58,030	57,729
- Finance income	4	(56,993)	(56,740)
- Amortisation of capitalised finance charges	14	321	174
- Fair value adjustment on derivative financial instruments	11	1,104	(9,922)
<b>Operating cash flow before changes in working capital</b>		<b>58</b>	<b>121</b>
Increase/(decrease) in trade and other payables	13	80	(208)
(Increase)/decrease in trade and other receivables		(14)	67
<b>Cash utilised in operating activities</b>		<b>124</b>	<b>(20)</b>
Receipt/(payment) in respect of group relief		536	(1,916)
<b>Net cash generated by/(utilised in) operating activities</b>		<b>660</b>	<b>(1,936)</b>
<b>Cash flow from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>			
Movement in intercompany loan with Eversholt Rail Limited	15	(1,529)	1,493
Settlements on derivative financial instruments	11	637	443
External borrowings raised	15	75,000	-
Amounts borrowed by group entities	15	(75,000)	-
Interest received on loan to Eversholt Rail Limited	15	56,985	57,117
Interest paid on bonds	15	(49,364)	(49,138)
Interest paid on swaps	15	(7,534)	(7,980)
<b>Net cash (utilised in)/generated by financing activities</b>		<b>(805)</b>	<b>1,935</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(145)</b>	<b>(1)</b>
Cash and cash equivalents at beginning of the period		645	501
<b>Cash and cash equivalents at the end of the period</b>	12	<b>500</b>	<b>500</b>

**Condensed statement of changes in equity**  
for the 6 months ended 30 June 2019

	<b>Note</b>	<b>Share capital</b> <b>£'000</b>	<b>Hedging reserve</b> <b>£'000</b>	<b>Accumulated deficit</b> <b>£'000</b>	<b>Total equity</b> <b>£'000</b>
<b>Balance at 1 January 2018</b>	<b>16</b>	50	(25,246)	(118,488)	(143,684)
Profit for the period		-	-	6,988	6,988
Effective portion of changes in fair value of cash flow hedges		-	10,875	-	10,875
Realised gain on cash flow hedges to property, plant and equipment		-	443	-	443
Tax charge on changes in effective portion of changes in fair value of cash flow		-	(1,924)	-	(1,924)
<b>Total comprehensive income</b>		-	9,394	6,988	16,382
<b>Balance at 30 June 2018</b>	<b>16</b>	50	(15,852)	(111,500)	(127,302)
<b>Balance at 1 January 2019</b>	<b>16</b>	50	(21,361)	(107,059)	(128,370)
Loss for the period				(1,969)	(1,969)
Effective portion of changes in fair value of cash flow hedges	<b>11</b>	-	(22,455)	-	(22,455)
Realised gain on cash flow hedges to property, plant and equipment	<b>11</b>	-	399	-	399
Realised gain on cash flow hedges to the income statement	<b>11</b>	-	238	-	238
Tax credit on changes in effective portion of changes in fair value of cash flow	<b>8</b>	-	3,710	-	3,710
<b>Total comprehensive expense</b>		-	(18,108)	(1,969)	(20,077)
<b>Balance at 30 June 2019</b>	<b>16</b>	50	(39,469)	(109,028)	(148,447)



## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2019

### 1 General information

Eversholt Funding plc (the "Company") is a private company incorporated in England and Wales and is limited by shares (see note 16). 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. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### 2.1 Compliance with International Financial Reporting Standards

The financial statements of Eversholt Funding plc have been prepared on the historical cost basis except for the revaluation of derivative financial instruments.

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adapted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for year ended 31 December 2018. The condensed interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the financial statements for the year ended 31 December 2018.

#### 2.2 Going concern

The accumulated losses being greater than the called-up share capital gives rise to there being an excess of liabilities over assets. The financial statements have been assessed in conjunction with the Eversholt UK Rails Group ("Group") more fully described in note 20, as its viability is dependent upon the ability of group companies to provide funds for the Company when required. As a result and having made appropriate enquiries, reviewed forecasts and having the commitment of support from the Group, the Directors consider it reasonable to assume that the Company has adequate resources to continue for the foreseeable future and on this basis the accounts have been prepared on a going concern basis.

### 3 Summary of significant accounting policies

The accounting policies applied by the Company in this condensed interim financial report are the same as those applied by the Company in its financial statements for the year ended 31 December 2018.

### 4 Revenue

#### 4.1 Finance income

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Interest received from Eversholt Rail Limited	56,993	56,740
	<u>56,993</u>	<u>56,740</u>

Finance income represents interest received on loan receivables carried at amortised cost.

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

for the 6 months ended 30 June 2019

**5 Finance expense**

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Interest payable on bank loans	(40)	-
Interest payable on derivative financial instruments	(7,746)	(7,835)
Interest payable on bonds	(49,120)	(48,906)
Interest payable to Eversholt Rail Limited	(1,124)	(988)
	<u>(58,030)</u>	<u>(57,729)</u>

Finance expenses represent interest charged in relation to financial liabilities carried at amortised cost except for interest payable on derivatives which will be carried at fair value through profit and loss (except where there is a hedge accounting relationship).

**6 Administrative expense**

Administrative expenses include the following:

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	(32)	(26)

The Company has no employees and hence no staff costs (6 months ended 30 June 2018: nil).

**7 Income tax (credit)/charge**

	<i>Note</i>	6 months ended	
		30 June 2019	30 June 2018
		£'000	£'000
<b>Current tax</b>			
UK Corporation tax on current period		(248)	(198)
UK Corporation tax on prior period		-	403
<b>Deferred tax</b>			
Origination and reversal of temporary differences	8	(209)	1,885
Change in tax rates	8	22	(198)
<b>Income tax (credit)/charge</b>		<u>(435)</u>	<u>1,892</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.

The following table reconciles the tax (credit)/charge which would apply if all profits and losses had been taxed at the UK corporation tax rate:

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
(Loss)/profit before tax	(2,404)	8,880
Taxation at corporation tax rate of 19% (2018: 19%)	(457)	1,687
Change in tax rates	22	(198)
Prior period adjustment	-	403
<b>Income tax (credit)/charge</b>	<u>(435)</u>	<u>1,892</u>



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

for the 6 months ended 30 June 2019

**8 Deferred tax asset**

Deferred tax arises on timing differences created by unrealised changes in the fair value of derivative financial instruments.

	30 June 2019 £'000	31 December 2018 £'000
<b>Balance at 1 January</b>	23,687	27,021
Credit/(charge) to income statement	209	(2,837)
Credit/(charge) to other comprehensive income	3,710	(796)
Effect of change in tax rate:		
- Income statement	(22)	299
<b>Balance at 30 June/31 December</b>	<u>27,584</u>	<u>23,687</u>

The deferred tax asset as at 30 June 2019 has been calculated based on the rate of 17% substantively enacted at the reporting date. The effect of the change in the rate to 17% is included in the financial statements.

**9 Amounts owed by/(to) group undertakings**

	30 June 2019 £'000	31 December 2018 £'000
<b>Current assets</b>		
Eversholt Rail Limited interest accrued	21,274	21,266
Eversholt Rail Limited	75,000	-
	<u>96,274</u>	<u>21,266</u>
<b>Non-current assets</b>		
Eversholt Rail Limited	1,940,000	1,940,000
	<u>2,036,274</u>	<u>1,961,266</u>

The terms of these loans mirror the terms of the Company's external debt described in note 14.

**Non-current liabilities**

Eversholt Rail Limited – intercompany loan	<u>(31,996)</u>	<u>(32,401)</u>
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The intercompany loan with Eversholt Rail Limited is classified as non-current as it is repayable on or before 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 (31 December 2018: Group's senior debt, plus margin).

**10 Dividends**

For the period ended 30 June 2019 no dividend has been paid or declared (6 months ended 30 June 2018: £nil).

**Notes to the condensed interim financial statements (continued)**  
for the 6 months ended 30 June 2019

**11 Derivative financial instruments**

**30 June 2019**

	Notional Amount	Fair Value Amount	Change in fair value used for calculating hedge ineffectiveness
	£'000	£'000	£'000
<b>Non-current assets</b>			
Interest rate swap contracts	291,271	17,837	-
<b>Non-current liabilities</b>			
Interest rate swap contracts	555,271	(124,728)	-
Interest rate swap contracts – hedge accounted	300,000	(43,124)	(22,812)
	855,271	(167,852)	(22,812)
<b>Total derivative financial instruments</b>	<b>1,146,542</b>	<b>(150,015)</b>	<b>(22,812)</b>

**31 December 2018**

	Notional Amount	Fair Value Amount	Change in fair value used for calculating hedge ineffectiveness
	£'000	£'000	£'000
<b>Non-current assets</b>			
Interest rate swap contracts	291,271	1,779	-
<b>Non-current liabilities</b>			
Interest rate swap contracts	479,624	(107,923)	-
Interest rate swap contracts – hedge accounted	300,000	(20,312)	3,602
	779,624	(128,235)	3,602
<b>Total derivative financial instruments</b>	<b>1,070,895</b>	<b>(126,456)</b>	<b>3,602</b>

The fair value of derivative financial instruments is based on market rates on 30 June 2019.

No new Interest rate swaps were entered into in the period ended 30 June 2019. The increase in notional principal in the period ended 30 June 2019 reflects contracted notional profiles associated with swaps entered into for the pre-funding of new build rolling stock capital expenditure.

As at 30 June 2019, the Company's hedge accounted swaps were deemed to be highly effective and the fair value liability associated to these interest rate swaps was £43,124,406 (31 December 2018: £20,312,399).

In relation to interest rate swaps that are part of hedge accounting relationships there was a loss of £357,345 due to hedge ineffectiveness (6 months ended 30 June 2018: £123,773 gain). This can be attributed to differences between actual and expected funding profiles.

All of the interest rate swaps have contractual maturities of more than 5 years.

The change in the fair value of the hedged item used as a basis of recognising hedge ineffectiveness is a gain of £22,454,761 (6 months ended 30 June 2018: £10,874,869 loss).

Amounts affecting the statement of comprehensive income and financial position, are as follows:

**Notes to the condensed interim financial statements (continued)**  
for the 6 months ended 30 June 2019

**11 Derivative financial instruments (continued)**

**Movement of fair value in Derivative financial instruments**

	Not hedge accounted £'000	Current hedge accounted £'000	Total £'000
<b>Balance as at 1 January 2019</b>	(106,144)	(20,312)	(126,456)
Unrealised loss through the income statement			
- Hedge ineffectiveness	-	(357)	(357)
- Other	(747)	-	(747)
	<u>(747)</u>	<u>(357)</u>	<u>(1,104)</u>
Unrealised loss through other comprehensive income	-	(22,455)	(22,455)
<b>Balance as at 30 June 2019</b>	<u>(106,891)</u>	<u>(43,124)</u>	<u>(150,015)</u>
<b>Balance as at 1 January 2018</b>	(121,263)	(23,914)	(145,177)
Unrealised gain/(loss) through the income statement			
- Hedge ineffectiveness	-	(186)	(186)
- Other	15,119	-	15,119
	<u>15,119</u>	<u>(186)</u>	<u>14,933</u>
Unrealised gain through other comprehensive income	-	3,788	3,788
<b>Balance as at 31 December 2018</b>	<u>(106,144)</u>	<u>(20,312)</u>	<u>(126,456)</u>

**Movement in Hedging reserve**

	Current hedge accounted £'000	Terminated hedge accounted £'000	Total £'000
<b>Balance as at 1 January 2019</b>	16,418	4,943	21,361
Unrealised loss through other comprehensive income	22,455	-	22,455
Release to property, plant & equipment	-	(399)	(399)
Release to the income statement	-	(238)	(238)
Income tax on other comprehensive income	(3,818)	108	(3,710)
<b>Balance as at 30 June 2019</b>	<u>35,055</u>	<u>4,414</u>	<u>39,469</u>
<b>Balance as at 1 January 2018</b>	19,562	5,684	25,246
Unrealised gain through other comprehensive income	(3,788)	-	(3,788)
Release to property, plant & equipment	-	(893)	(893)
Income tax on other comprehensive income	644	152	796
<b>Balance as at 31 December 2018</b>	<u>16,418</u>	<u>4,943</u>	<u>21,361</u>

Cumulative unrealised losses of £4,414,167 (31 December 2018: £4,942,937) relating to Interest rate swaps terminated in prior years remain in the hedging reserve and may be recognised in the Income statement in future years.

At 30 June 2019 the Company held interest rate swaps with a fair value of £106,890,703 liability (31 December 2018: £106,143,690 liability) which were not designated in hedging relationships for accounting purposes.

Certain bond agreements include contractual obligations to settle cross-currency derivative financial instruments, that the lender has entered into pursuant to the bonds, in the event that the Group either defaults on or repays the bonds before maturity. The embedded derivatives resulting from such arrangements have been valued at £nil (31 December 2018: £nil) on the basis that the Group is not in default and is not forecast to be in default or repay bonds early.



**Notes to the condensed interim financial statements (continued)**  
for the 6 months ended 30 June 2019

**12 Cash and cash equivalents**

Cash and cash equivalents are analysed as:

	30 June 2019 £'000	31 December 2018 £'000
Bank balances	500	645

£500,000 (31 December 2018: £500,000) of cash and cash equivalents is restricted cash in accordance with the terms of the agreement with the security trustee for the Company's secured creditors.

**13 Trade and other payables**

	30 June 2019 £'000	31 December 2018 £'000
Fees and other payables accrued	127	47

**14 Borrowings**

	30 June 2019 £'000	31 December 2018 £'000
<b>Current</b>		
Interest accrued	21,274	21,266
Bank Loan	75,000	-
Transaction costs	(646)	(646)
	<u>95,628</u>	<u>20,620</u>
<b>Non-current</b>		
Bonds	1,940,000	1,940,000
Transaction costs	(4,700)	(5,021)
	<u>1,935,300</u>	<u>1,934,979</u>
	<u>2,030,928</u>	<u>1,955,599</u>

**Bond principal amount**

	Due date	Interest rate Semi-annual coupon
£300m	2020	5.831%
£400m	2025	6.359%
£400m	2021-2035	6.697%
£100m	2028-2036	LIBOR+margin
£90m	2030	Fixed rate
£50m	2028-2036	Fixed rate
£100m	2026-2031	Fixed rate
£100m	2037	Fixed rate
£400m	2034-2042	3.529%

None of the Bonds is puttable.

The Security Group finances itself using a Common Documents platform. This means that all covenants on the performance and management of the Security Group apply to all Senior lenders. Failure to comply with these may result in Bank loans and Bonds being repayable on demand. The Security Group was in compliance with the covenants during period ended 30 June 2019 and earlier periods.

The Security Group has granted a fixed and floating charge over all of its assets to secure this financing.

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

for the 6 months ended 30 June 2019

**14 Borrowings (continued)**

Fees incurred on raising finance have been capitalised and are being amortised using the 'effective interest method' over the term of the borrowings.

**Maturity of borrowings**

The maturity profile of the carrying amount of the Company's non-current borrowings at 30 June 2019 was as follows:

	30 June 2019 £'000	31 December 2018 £'000
In more than one year but not more than two years	300,000	300,000
In more than two years but not more than five years	85,714	71,429
In more than five years	1,554,286	1,568,571
	<u>1,940,000</u>	<u>1,940,000</u>

**15 Reconciliation of assets & liabilities arising on financing activities**

	As at 31 December 2018 £'000	Non-cash finance (income)/ expense £'000	Cash Flows receipts/ (payments) £'000	As at 30 June 2019 £'000
<b>Financing activities attributable to:</b>				
<b>Liabilities</b>				
Eversholt Rail Limited	32,401	1,124	(1,529)	31,996
Bank interest accrued	-	40	-	40
Bond interest accrued	20,427	49,120	(49,364)	20,183
Swap Interest accrued	839	7,746	(7,534)	1,051
Bank Loan	-	-	75,000	75,000
	<u>53,667</u>	<u>58,030</u>	<u>16,573</u>	<u>128,270</u>
<b>Assets</b>				
Eversholt Rail Limited	-	-	(75,000)	(75,000)
Eversholt Rail Limited accrued interest	(21,266)	(56,993)	56,985	(21,274)
	<u>(21,266)</u>	<u>(56,993)</u>	<u>(18,015)</u>	<u>(96,274)</u>

**16 Share capital**

	30 June 2019 £'000	31 December 2018 £'000
<b>Authorised, allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

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



## Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2019

### 17 Risk management

The types of risks to which the Company is exposed during the period and the Company's approach toward risk management, are consistent with the risks and approach described in the Company's 2018 annual financial statements.

Undiscounted cash flows on the Company assets and liabilities are analysed below by their contractual due date, including estimated interest cash flows where appropriate:

	Carrying value £'000	Contractual cash flows £'000	On demand £'000	Due within 1 year £'000	Due between 1-5 years £'000	Due after 5 years £'000
<b>30 June 2019</b>						
<b>Financial assets</b>						
Instruments						
- Derivative financial instruments	17,837	8,207	-	2,059	4,362	1,786
Loans and receivables						
- Intercompany term loans	2,036,274	2,763,112	-	195,169	714,282	1,853,661
Cash and cash equivalents	500	500	-	-	-	500
Trade and other receivables	14	14	-	14	-	-
<b>Total Financial assets</b>	<b>2,054,625</b>	<b>2,771,833</b>	<b>-</b>	<b>197,242</b>	<b>718,644</b>	<b>1,855,947</b>
<b>Financial liabilities</b>						
Instruments						
- Derivative financial instruments	167,852	187,075	-	19,265	70,996	96,814
Borrowings and payables						
- Borrowings	2,036,274	2,763,112	-	195,169	714,282	1,853,661
- Intercompany loans	31,996	31,996	-	-	31,996	-
- Trade and other payables	127	127	-	127	-	-
<b>Total Financial liabilities</b>	<b>2,236,249</b>	<b>2,982,310</b>	<b>-</b>	<b>214,561</b>	<b>817,274</b>	<b>1,950,475</b>
<b>Total Financial Instruments</b>	<b>(181,624)</b>	<b>(210,477)</b>	<b>-</b>	<b>(17,319)</b>	<b>(98,630)</b>	<b>(94,528)</b>
<b>31 December 2018</b>						
<b>Financial assets</b>						
Instruments						
- Derivative financial instruments	1,779	8,284	-	2,083	4,369	1,832
Loans and receivables						
- Intercompany term loans	1,961,266	2,550,086	-	97,040	345,838	2,107,208
Cash and cash equivalents	645	645	145	-	-	500
<b>Total Financial assets</b>	<b>1,963,690</b>	<b>2,559,015</b>	<b>145</b>	<b>99,123</b>	<b>350,207</b>	<b>2,109,540</b>
<b>Financial liabilities</b>						
Instruments						
- Derivative financial instruments	128,235	144,452	-	16,932	59,317	68,203
Borrowings and payables						
- Borrowings	1,961,266	2,550,086	-	97,040	345,838	2,107,208
- Intercompany loans	32,401	32,401	-	-	32,401	-
- Trade and other payables	47	47	-	47	-	-
<b>Total Financial liabilities</b>	<b>2,121,949</b>	<b>2,726,986</b>	<b>-</b>	<b>114,019</b>	<b>437,556</b>	<b>2,175,411</b>
<b>Total Financial Instruments</b>	<b>(158,259)</b>	<b>(167,971)</b>	<b>145</b>	<b>(14,896)</b>	<b>(87,349)</b>	<b>(65,871)</b>

## Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2019

### 18 Financial instruments

The fair values together with the carrying amounts of the financial assets and financial liabilities are as follows:

30 June 2019	Note	Carrying amount £'000	Level 1 £'000	Fair value Level 2 £'000	Level 3 £'000
<b>Financial assets</b>					
Fair value through profit or loss					
- Derivative financial instruments	11	17,837	-	17,837	-
Loans and receivables					
- Intercompany loan receivables (fixed)	9	1,500,000	-	1,723,335	-
- Intercompany loan receivables (fixed)	9	340,000	-	360,816	-
- Intercompany loan receivables (other)	9	196,274			
Cash and cash equivalents	12	500			
Trade and other receivables		14			
<b>Total Financial assets</b>		<u>2,054,625</u>			
<b>Financial liabilities</b>					
Fair value through profit or loss					
- Derivative financial instruments	11	167,852	-	167,852	-
Non-derivative instruments – amortised cost					
- Publicly traded bonds	14	1,500,000	1,723,335	-	-
- Fixed rate borrowings	14	340,000	-	360,816	-
- Other borrowings	14	196,274			
- Intercompany loan	9	31,996			
Trade and other payables	13	127			
<b>Total Financial liabilities</b>		<u>2,236,249</u>			
<b>Total Financial instruments</b>		<u>(181,624)</u>			
31 December 2018	Note	Carrying amount £'000	Level 1 £'000	Fair value Level 2 £'000	Level 3 £'000
<b>Financial assets</b>					
Fair value through profit or loss					
- Derivative financial instruments	11	1,779	-	1,779	-
Loans and receivables					
- Intercompany loan receivables (fixed)	9	1,500,000	-	1,688,189	-
- Intercompany loan receivables (fixed)	9	340,000	-	343,153	-
- Intercompany loan receivables (other)	9	121,266			
Cash and cash equivalents	12	645			
Trade and other receivables					
<b>Total Financial assets</b>		<u>1,963,690</u>			
<b>Financial liabilities</b>					
Fair value through profit or loss					
- Derivative financial instruments	11	128,235	-	128,235	-
Non-derivative instruments – amortised cost					
- Publicly traded bonds	14	1,500,000	1,688,189	-	-
- Fixed rate borrowings	14	340,000	-	343,153	-
- Other borrowings	14	121,266			
- Intercompany loan	9	32,401			
Trade and other payables	13	47			
<b>Total Financial liabilities</b>		<u>2,121,949</u>			
<b>Total Financial instruments</b>		<u>(158,259)</u>			

**Notes to the condensed interim financial statements (continued)**  
for the 6 months ended 30 June 2019

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

There are no other material differences between the carrying value and the fair value of other financial assets and liabilities as at 30 June 2019 (31 December 2018: £nil).

**20 Related party transactions**

**20.1 Identity of related parties**

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

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

**20.2 Transactions with related parties**

The company has loan accounts with fellow subsidiaries which are more fully described in note 9 and 14. Interest on these accounts is more fully described in notes 4 and 5.

During the 6 months ended 30 June 2018 the Company paid management fees of £7,500 to Eversholt Rail Limited.

The Company transferred borrowing related transaction costs of £321,301 (6 months ended 30 June 2018: £174,102) to Eversholt Rail Leasing Limited.

**21 Contingent liabilities**

There were no contingent liabilities for the Company at 30 June 2019.

**22 Subsequent events**

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