

# **Eversholt Rail Limited**

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

**Registered No: 06953114**

**Condensed interim financial statements**

for the 6 months ended 30 June 2019

**Contents**

Condensed income statement	2
Condensed statement of comprehensive income	2
Condensed statement of financial position	3
Condensed statement of cash flows	4
Condensed statement of changes in equity	5
Notes to the condensed interim financial statements	6

**Condensed income statement**  
for the 6 months ended 30 June 2019

		6 months ended	
		30 June 2019	30 June 2018
	Note	£'000	£'000
<b>Revenue</b>			
Maintenance income	4.1	29,607	25,063
Service fee income	4.1	9,107	9,170
Other income	4.1	2,757	1,216
<b>Total revenue</b>		<b>41,471</b>	<b>35,449</b>
Cost of sales	6	(21,203)	(19,202)
<b>Gross profit</b>		<b>20,268</b>	<b>16,247</b>
Finance income	7	61,507	57,758
Finance expense	8	(57,888)	(57,566)
Administrative expense	9	(11,010)	(10,468)
Loss on disposal of property, plant and equipment		(2)	-
<b>Profit before tax</b>		<b>12,875</b>	<b>5,971</b>
Income tax charge	12	(2,458)	(1,153)
<b>Profit for the period</b>		<b>10,417</b>	<b>4,818</b>

There were no discontinued or discontinuing operations during the period.

The notes on pages 6 to 18 form an integral part of these financial statements.

**Condensed statement of comprehensive income**  
for the 6 months ended 30 June 2019

There has been no comprehensive income or expense other than the profit for the financial period as shown above (6 months ended 30 June 2018: £nil).

**Condensed statement of financial position**

as at 30 June 2019

	Note	30 June 2019 £'000	31 December 2018 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	476	630
Rights of use of assets	16	2,704	-
Deferred tax	17	1,612	1,416
Amounts owed by group undertakings	18	2,547,389	2,368,879
		<u>2,552,181</u>	<u>2,370,925</u>
<b>Current assets</b>			
Inventory	15	623	736
Trade and other receivables	19	22,990	20,865
Amounts owed by group undertakings	18	58,128	57,039
Cash and cash deposits	20	10,595	171,095
		<u>92,336</u>	<u>249,735</u>
<b>Total assets</b>		<u>2,644,517</u>	<u>2,620,660</u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	21	16,295	19,098
Lease liabilities	25	711	-
Current tax		17,223	20,008
Borrowings	22	107,092	28,740
Provisions	24	35	35
		<u>141,356</u>	<u>67,881</u>
<b>Non-current liabilities</b>			
Retirement benefit obligation		3,691	3,691
Lease liabilities	25	3,210	-
Borrowings	22	2,336,987	2,383,308
Contract liabilities	4.2	8,373	24,219
		<u>2,352,261</u>	<u>2,411,218</u>
<b>Total liabilities</b>		<u>2,493,617</u>	<u>2,479,099</u>
<b>Equity</b>			
Share capital	26	100,000	100,000
Retained earnings		50,900	41,561
<b>Total equity</b>		<u>150,900</u>	<u>141,561</u>
<b>Total equity and liabilities</b>		<u>2,644,517</u>	<u>2,620,660</u>

The notes on pages 6 to 18 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: 06953114

**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 flows from operating activities</b>			
Profit before tax		12,875	5,971
Adjustments for:			
- Depreciation	9	396	161
- Write down in the value of inventory	15	113	103
- Loss on disposal of property, plant and equipment		2	-
- Finance income	7	(61,507)	(57,758)
- Finance expense	8	57,888	57,566
<b>Operating cash flow before changes in working capital</b>		<b>9,767</b>	<b>6,043</b>
(Increase)/decrease in trade and other receivables	19	(2,125)	8,759
Decrease in trade and other payables	21	(2,803)	(8,569)
(Decrease)/increase in contract liabilities	4.2	(15,846)	2,243
<b>Cash (utilised in)/generated by operating activities</b>		<b>(11,007)</b>	<b>8,476</b>
(Payment)/receipt in respect of group tax relief		(5,219)	3,846
<b>Net cash (utilised in)/generated by operating activities</b>		<b>(16,226)</b>	<b>12,322</b>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment		-	(21)
Investment in short-term bank deposits	20	30,000	-
<b>Net cash generated by/(utilised in) investing activities</b>		<b>30,000</b>	<b>(21)</b>
<b>Cash flow from financing activities</b>			
Movement in intercompany loan accounts	23	(277,679)	(46,521)
Movement in loan from Eversholt Funding plc	23	74,968	-
Movement in term lending to Eversholt Rail Leasing Limited	23	59,380	59,380
Repayment of lease liability	25	(367)	-
Lease liability interest	25	42	-
Finance income received	7	277	1,069
Finance expense paid	8	(895)	(826)
<b>Net cash (utilised in)/generated by financing activities</b>		<b>(144,274)</b>	<b>13,102</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(130,500)</b>	<b>25,403</b>
Cash and cash equivalents at the beginning of the period		141,095	86,368
<b>Cash and cash equivalents at end of the period</b>	20	<b>10,595</b>	<b>111,771</b>

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

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2018</b>	<b>26</b>	100,000	25,062	125,062
Profit for the period		-	4,818	4,818
<b>Balance at 30 June 2018</b>		<u>100,000</u>	<u>29,880</u>	<u>129,880</u>
<b>Balance at 1 January 2019</b>	<b>26</b>	<b>100,000</b>	<b>41,561</b>	<b>141,561</b>
Profit for the period		-	10,417	10,417
Adjustment in respect of impact of adoption of IFRS 16 Leases	5.2	-	(1,299)	(1,299)
Tax on adjustment in respect of impact of adoption of IFRS 16 Leases	5.2	-	221	221
<b>Total comprehensive income</b>		<u>-</u>	<u>9,339</u>	<u>9,339</u>
<b>Balance at 30 June 2019</b>	<b>26</b>	<u><b>100,000</b></u>	<u><b>50,900</b></u>	<u><b>150,900</b></u>

Dividends of £nil per share were paid during the period ended 30 June 2019 (6 months ended 30 June 2018: £nil).



## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2019

### 1 General information

Eversholt Rail Limited (the "Company") is a private company incorporated in England and Wales and is limited by shares (see note 26). 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 Rail Limited have been prepared on the historical cost basis, except for the revaluation of derivative financial statements.

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for year ended 31 December 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 Company's forecasts and projections taking account of reasonably possible changes in trading performance show that the Company, having the commitment of support from the Eversholt UK Rails Group ("Group") more fully described in note 30, 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.

### 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, except in relation to accounting for leases under IFRS 16 Leases, details of which are set out in note 5.

### 4 Revenue from contracts with customers

#### 4.1 Revenue Information

The Company generates revenue primarily from the provision of maintenance services. Total income can be analysed as follows:

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Revenue from contracts with customers - Maintenance income	29,607	25,063
Service fee income	9,107	9,170
Other income	2,757	1,216
	<u>41,471</u>	<u>35,449</u>

Maintenance income from contracts with customers arises wholly in the UK and is recognised as services are provided over time. Revenue (and the terms of payments by customers) is determined by reference to transaction prices within formal contracts between the Company and its customers which are adjusted periodically by reference to pricing indices.

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

**4 Revenue from contracts with customers (continued)**

**4.1 Revenue Information (continued)**

Service fee income and Other income relate to the provision in the UK of asset management and consultancy services to Group and external customers respectively. Revenue is recognised over time as services are provided (when the customers receive the benefit), as determined by reference to transaction prices agreed with customers. There are no contract balances or trade receivables held in relation to this activity. The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2019 is set out below.

There are no outstanding performance obligations in relation to Group customers.

Performance obligations expected to be fulfilled in relation to the external customer:

	<b>30 June 2019</b>	<b>31 December 2018</b>
	<b>£000</b>	<b>£000</b>
Within 1 year	2,989	2,842
1-2 years	2,989	2,932
2-5 years	9,967	9,797
> 5 years	34,376	35,186

**4.2 Contract Balances**

Contract assets, contract liabilities and trade receivables in relation to maintenance services are as follows:

	<b>30 June 2019</b>	<b>30 December 2018</b>
	<b>£'000</b>	<b>£'000</b>
Contract assets	10,022	16,363
Contract liabilities	8,373	24,219
Trade receivables	600	744

Current period movements on these amounts can be attributed to normal business activity (i.e. the recognition of revenue; maintenance expenditure incurred and which will be recovered in future; amounts invoiced; and consideration for services received in advance of performing the maintenance activity).

In previous periods, contract assets and contract liabilities were described as "prepaid maintenance" and "deferred income" respectively. Descriptions in the Statement of financial position have been updated accordingly.

The contract assets relate to the Company's rights to consideration for services provided but not billed at the reporting date. The contract assets are reduced as the customer is billed for services in accordance with the contracted billing profile and any necessary performance obligation is satisfied.

The contract liabilities relate to consideration received from customers for maintenance of rolling stock in advance of related services being provided.

Maintenance revenue is recognised over time, when control of the service is transferred to the customer. This is measured by reference to consideration specified in the contract with a customer and maintenance expenditure incurred (i.e. applying an input method, regarded by the Company as being representative of work performed and therefore performance obligations being satisfied). Contract liabilities are expected to be recognised as revenue over the course of contracts (which are typically 10 years or less), as expenditure is incurred.



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

**4 Revenue from contracts with customers (continued)**

**4.2 Contract Balances (continued)**

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2019 is set out below.

As maintenance expenditure is incurred, the Company expects that these performance obligations will be satisfied in the following years:

	30 June 2019	31 December 2018
	£'000	£'000
Within 1 year	28,466	35,282
1-5 years	52,144	61,640
	<b>80,610</b>	<b>96,922</b>

**5 Leases**

The Company only acts in the capacity of a lessee in lease transactions. The Company adopted IFRS 16 Leases with effect from 1 January 2019. IFRS 16 Leases replaces IAS 17 and the Company's accounting policy and the impact of the adoption of the new standard are summarised below.

**5.1 IFRS 16 Leases – accounting policy**

The Company assesses whether a contract contains a lease at contract inception and recognises a right of use asset and a corresponding lease liability for all lease arrangements, except for leases whose term does not exceed one year or leases of low valued items. For such leases, the Company recognises lease payments as an operating expense on a straight-line basis.

The lease liability is initially measured at the present value of outstanding lease payments at the commencement date, discounted at the rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. The incremental borrowing rate reflects the rate at which funds could be borrowed for a period equal to the lease term, where borrowing is secured on the leased asset.

Lease payments generally comprise fixed payments. If applicable, lease payments also include:

- variable payments determined by an index or rate;
- amounts expected to be paid under a residual value guarantee;
- the exercise price of a purchase option, if reasonably certain that the option will be exercised; and
- any payment due on lease termination, if the lease term reflects such termination.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect lease payments.

The lease liability (with consequent adjustment to the right of use asset) is re-measured if:

- the lease term changes or there is a change in the assessment of whether a purchase option will be exercised – the liability is updated to equal the present value of the revised payments, using a revised discount rate at that time.
- the lease payments change because of a change in the rate/index or expected residual value guarantee payment - the liability is updated to equal the present value of the revised payments, using the original discount rate. Revised discount rates are used if payment changes arise from a floating interest rate change.
- a lease is modified and the change is not accounted for as a new lease – the liability is updated to equal the present value of the revised payments, using a revised discount rate.

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

**5 Leases (continued)**

**5.1 IFRS 16 Leases – accounting policy (continued)**

The right of use asset comprises the initial measurement of the lease liability, lease payments made by lease commencement and any initial direct costs. Depreciated straight-line over the lease term, it is subsequently measured at cost less accumulated depreciation and impairment losses.

**5.2 Financial impact of the initial application of IFRS 16**

The Company adopted the modified retrospective method to implement the standard and has not restated comparative information. The cumulative effect of adoption is reflected as an adjustment to the opening balance of retained earnings. On transition to IFRS 16 therefore, the Company has recognised right of use assets of £2,847,809, corresponding lease liabilities of £4,146,309 and deferred tax of £220,745. The difference between these amounts (net of £1,077,755) was recognised in retained earnings on 1 January 2019.

**6 Cost of sales**

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Maintenance cost	(21,203)	(19,202)

**7 Finance income**

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Bank interest	277	1,069
Interest receivable on intercompany loan accounts	30,311	24,569
Interest receivable on term loan to Eversholt Rail Leasing Limited	30,919	32,120
	<u>61,507</u>	<u>57,758</u>

Finance income represents income on financial assets carried at amortised cost.

**8 Finance expense**

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Interest expense on intercompany loan accounts	(56,993)	(56,740)
Fees payable	(853)	(826)
Interest on lease liabilities	(42)	-
	<u>(57,888)</u>	<u>(57,566)</u>

Finance expenses represent interest charged in relation to financial liabilities carried at amortised cost.

**9 Administrative expense**

Administrative expenses include the following:

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Foreign exchange losses	(5)	-
Depreciation – Fixtures, fittings and equipment	(152)	(161)
Depreciation – Right of use of assets	(244)	-
Fees payable to the Company's auditor for Company's annual financial statements	(40)	(82)
Inventory charge	(113)	(103)

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

**10 Staff numbers and costs**

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

	6 months ended	
	30 June 2019	30 June 2018
Directors	3	3
Operations	63	64
Administration	50	42
	<u>116</u>	<u>109</u>

The aggregate payroll costs of these persons were as follows:

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Wages and salaries	(6,011)	(5,804)
Social security costs	(759)	(719)
Contributions to defined contribution pension scheme	(393)	(369)
Defined benefit pension scheme service cost	(99)	(98)
	<u>(7,262)</u>	<u>(6,990)</u>

**11 Directors' emoluments**

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Directors' emoluments for services to the Company	(1,270)	(1,069)
Number of Directors who are active members of a defined benefit pension scheme	<u>1</u>	<u>1</u>

Directors' emoluments in the 6 months ended 30 June 2019 includes £176,000 in respect of prior periods. The pension contributions paid by the Company in respect of the highest paid Director for the year were £nil (period ended 30 June 2018: £nil).

None of the Directors has any share options or interests in the share capital of the Company. The Directors are the only key management personnel.

**12 Income tax charge**

		6 months ended	
	Note	30 June 2019	30 June 2018
		£'000	£'000
<b>Current tax</b>			
UK Corporation tax on current year profit		(2,436)	(1,159)
Adjustment in respect of prior years		3	-
		<u>(2,433)</u>	<u>(1,159)</u>
<b>Deferred tax</b>			
Origination and reversal of temporary differences	17	(25)	6
		<u>(25)</u>	<u>6</u>
<b>Income tax charge</b>		<u>(2,458)</u>	<u>(1,153)</u>



## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2019

### 12 Income tax charge (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.

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

	6 months ended	
	30 June 2019	30 June 2018
	£'000	£'000
Profit before tax	12,875	5,971
Taxation at UK corporation tax rate of 19% (2018: 19%)	(2,446)	(1,134)
Amounts not deductible for tax purposes	(15)	(19)
Adjustment in respect of prior years	3	-
<b>Income tax charge</b>	<b>(2,458)</b>	<b>(1,153)</b>

### 13 Dividends

For the period ended 30 June 2019 dividends of £nil were paid (6 months ended 30 June 2018: £nil).

### 14 Property, plant and equipment

	Fixtures and fittings £'000	Equipment £'000	Total £'000
<b>Cost</b>			
Balance at 1 January 2018	1,307	2,341	3,648
Additions	-	203	203
Disposal	-	(462)	(462)
<b>Balance at 31 December 2018</b>	<b>1,307</b>	<b>2,082</b>	<b>3,389</b>
Disposals	-	(140)	(140)
<b>Balance at 30 June 2019</b>	<b>1,307</b>	<b>1,942</b>	<b>3,249</b>
<b>Depreciation</b>			
Balance at 1 January 2018	1,259	1,607	2,866
Charge for the year	29	316	345
Disposal	-	(452)	(452)
<b>Balance at 31 December 2018</b>	<b>1,288</b>	<b>1,471</b>	<b>2,759</b>
Charge for the period	15	137	152
Disposal	-	(138)	(138)
<b>Balance at 30 June 2019</b>	<b>1,303</b>	<b>1,470</b>	<b>2,773</b>
<b>Net carrying value</b>			
Carrying value at 30 June 2019	4	472	476
Carrying value at 31 December 2018	19	611	630

All assets have been pledged to secure borrowings of the Security Group. The Company is not permitted to pledge these assets as security for other borrowings and is restricted over the use of proceeds of sale.

## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2019

### 15 Inventory

	30 June 2019 £'000	31 December 2018 £'000
Rolling stock spares	623	736

Write down in the value of inventories recognised within administrative expenses in the Income statement is an expense amounting to £112,618 (6 months to 30 June 2018: £103,191). Stock is measured at the lower of cost and net realisable value.

### 16 Right of use of assets

	Land and buildings £'000	Plant and equipment £'000	Total £'000
As at 1 January 2019 – recognised on adoption of IFRS 16	2,848	-	2,848
Additions	75	25	100
Depreciation charge	(240)	(4)	(244)
<b>As at 30 June 2019</b>	<b>2,683</b>	<b>21</b>	<b>2,704</b>

### 17 Deferred tax asset

	Capital Allowances £000's	Provision £000's	Retirement benefit obligations £000's	Prior year adjustments £000's	Total £000's
<b>At 1 January 2018</b>	117	610	659	(9)	1,377
Credit to income statement	13	65	49	-	127
Charge to other comprehensive income	-	-	(84)	-	(84)
Effect of change in tax rate:					
- Income statement	(1)	(7)	(5)	-	(13)
- Other comprehensive income	-	-	9	-	9
<b>At 31 December 2018</b>	<b>129</b>	<b>668</b>	<b>628</b>	<b>(9)</b>	<b>1,416</b>
(Charge)/credit to income statement	<b>(58)</b>	<b>33</b>	-	-	<b>(25)</b>
Recognition of adoption of IFRS 16					
Leases	-	-	-	221	221
Effect of change in tax rate:					
- Income statement	1	(1)	-	-	-
<b>At 30 June 2019</b>	<b>72</b>	<b>700</b>	<b>628</b>	<b>212</b>	<b>1,612</b>

In assessing the recoverability of deferred tax assets, the Company will consider the extent to which it is probable that there will be sufficient taxable profits in the future to allow the benefit of part or all of the deferred tax asset to be utilised. In assessing this, the Company will have regard to internal profit projections and budgets and related tax impacts, as well as the amount and timing of the reversal of timing differences giving rise to deferred tax liabilities at the balance sheet date.

The deferred tax 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.



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

**18 Amounts owed by group undertakings**

	30 June 2019 £'000	31 December 2018 £'000
<b>Current</b>		
Term lending to Eversholt Rail Leasing Limited	58,128	57,039
<b>Non-current</b>		
Eversholt Finance Holdings Limited	24	22
European Rail Finance (2) Limited	19,902	21,166
Eversholt Funding plc	31,996	32,401
Eversholt Investment Limited	53,924	57,939
Eversholt Depot Finance Limited	7,804	8,139
Eversholt Rail Leasing Limited	1,081,498	865,093
Eversholt UK Rails (Holdings) Limited	-	2,328
Term lending to Eversholt Rail Leasing Limited	1,352,241	1,381,791
	<b>2,547,389</b>	<b>2,368,879</b>

The term loan with Eversholt Rail Leasing Limited is repayable on or before 1 April 2036 with capital and interest payable on a monthly basis. Interest is charged at a fixed rate plus margin.

The intercompany loans with other entities are classified as non-current as they are repayable on 4 November 2023. Borrowing entities may prepay and redraw loans until the repayment date. Interest on the loans are receivable 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).

**19 Trade and other receivables**

	30 June 2019 £'000	31 December 2018 £'000
Trade receivables	600	744
Other receivables	11,661	3,224
Overheads prepayment	707	534
Contract assets	10,022	16,363
	<b>22,990</b>	<b>20,865</b>

**20 Cash and cash deposits**

Cash and cash deposits are analysed as:

	30 June 2019 £'000	31 December 2018 £'000
Cash	-	71,095
Cash demand deposits	10,595	70,000
<b>Cash and cash equivalents</b>	<b>10,595</b>	<b>141,095</b>
Short-term bank deposits	-	30,000
<b>Cash and cash deposits</b>	<b>10,595</b>	<b>171,095</b>

Short-term bank deposits have maturity of between three and twelve months.

**21 Trade and other payables**

	30 June 2019 £'000	31 December 2018 £'000
Trade payables	3,046	4,084
Other payables	535	3,034
Maintenance and administrative accruals	12,714	11,980
	<b>16,295</b>	<b>19,098</b>

## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2019

### 22 Borrowings

	30 June 2019 £'000	31 December 2018 £'000
<b>Current</b>		
Eversholt Funding plc	75,000	-
Eversholt Rail (365) Limited	10,818	7,474
Eversholt Funding plc accrued interest	21,274	21,266
	<u>107,092</u>	<u>28,740</u>
<b>Non-Current</b>		
European Rail Finance Limited	69,129	69,620
Eversholt Funding plc	1,940,000	1,940,000
European Rail Finance Holdings Limited	327,741	373,688
Eversholt UK Rails (Holding) Limited	117	-
	<u>2,336,987</u>	<u>2,383,308</u>

The loans with European Rail Finance Limited, Eversholt UK Rails (Holding) Limited and European Rail Finance Holdings Limited are repayable on 4 November 2023. The Company may prepay and redraw its loan until the repayment date, interest is payable monthly at LIBOR, less margin. (31 December 2018: LIBOR, less margin).

The loans with Eversholt Funding plc mirrors the terms of the Group's senior debt.

The loan with Eversholt Rail (365) Limited is unsecured and interest free. Due to the liquidation of Eversholt Rail (365) Limited (more fully described in note 32) the loan is reclassified to current borrowings and is repayable on demand.

The Eversholt UK Rails (Holding) Limited (Security Group) ("Security Group") has granted a fixed and floating charge over all of its assets to secure the borrowings of the Security Group. The Company is not permitted to pledge these assets as security for other borrowings and is restricted over the use of proceeds of sale.

#### Maturity of borrowings

The maturity profile of the carrying amount of 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	482,701	514,737
In more than five years	1,554,286	1,568,571
	<u>2,336,987</u>	<u>2,383,308</u>

### 23 Reconciliation of assets and liabilities arising from financing activities

	As at 31 December 2018 £'000	Non-cash finance (income)/ expense £'000	Cash Flows (payments)/ receipts £'000	As at 30 June 2019 £'000
<b>Financing activities attributable to:</b>				
<b>Assets</b>				
Intercompany term lending	(1,438,830)	(30,919)	59,380	(1,410,369)
Intercompany loans receivable	(987,088)	(30,311)	(177,749)	(1,195,148)
	<u>(2,425,918)</u>	<u>(61,230)</u>	<u>(118,369)</u>	<u>(2,605,517)</u>
<b>Liabilities</b>				
Lease liabilities	4,246*	42	(367)	3,921
Loan with Eversholt Funding plc	21,266	40	74,968	96,274
Intercompany loans payable	2,390,782	56,953	(99,930)	2,347,805
	<u>2,416,294</u>	<u>57,035</u>	<u>(25,329)</u>	<u>2,448,000</u>

\*Adjustment made in respect of adoption of IFRS 16 Leases plus additions in the period (see note 25).

## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2019

### 24 Provisions

	30 June 2019 £'000	31 December 2018 £'000
Overheads	35	35

Provision for overheads relates to dilapidations on office buildings. All provisions are expected to be utilised within 12 months.

	30 June 2019 £'000	31 December 2018 £'000
Balance at beginning of the period	35	35
Additions	-	-
Utilised	-	-
<b>Balance at end of the period</b>	<b>35</b>	<b>35</b>

### 25 Lease liabilities

	Land and buildings £'000	Plant and Equipment £'000	Total £'000
As at 1 January 2019 – recognised on adoption of IFRS 16	4,146	-	4,146
Additions	75	25	100
Interest charge	42	-	42
Repayment	(367)	-	(367)
<b>As at 30 June 2019</b>	<b>3,896</b>	<b>25</b>	<b>3,921</b>

#### Maturity of lease liabilities

The maturity profile of the carrying amount of Company's lease liabilities at 30 June 2019 was as follows

	30 June 2019 £'000
Current	711
In more than one year but not more than two years	706
In more than two years but not more than five years	1,951
In more than five years	553
<b>Non-Current</b>	<b>3,210</b>

### 26 Share capital

	30 June 2019 £'000	31 December 2018 £'000
<b>Authorised, allotted, called up and fully paid</b>		
100,000,002 Ordinary shares of £1 each	100,000	100,000

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

### 27 Retirement benefit obligations

There has been no change in retirement benefit obligations from 31 December 2018.



**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2019

**28 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 in respect of financial assets and financial liabilities are analysed below by their contractual due date. Undiscounted cash flows in respect of the intercompany loans with other entities 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.

	Carrying value £'000	Total undiscounted 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>						
Loans and receivables						
- Loans receivable	1,195,148	1,195,148	-	-	1,195,148	-
- Intercompany term lending Eversholt Rail Leasing Limited	1,410,369	1,410,369	-	58,128	260,388	1,091,853
Trade and other receivables	22,990	22,990	-	22,990	-	-
Cash and cash deposits	10,595	10,595	10,595	-	-	-
	<u>2,639,102</u>	<u>2,639,102</u>	<u>10,595</u>	<u>81,118</u>	<u>1,455,536</u>	<u>1,091,853</u>
<b>Financial liabilities</b>						
Trade and other payables	16,295	16,295	-	16,295	-	-
Intercompany loans	407,805	407,805	10,818	-	396,987	-
Intercompany term lending	2,036,274	2,763,112	-	195,169	714,282	1,853,661
	<u>2,460,374</u>	<u>3,187,212</u>	<u>10,818</u>	<u>211,464</u>	<u>1,111,269</u>	<u>1,853,661</u>
<b>Total financial instruments</b>	<u>178,728</u>	<u>(548,110)</u>	<u>(223)</u>	<u>(130,346)</u>	<u>344,267</u>	<u>(761,808)</u>
<b>31 December 2018</b>						
<b>Financial assets</b>						
Loans and receivables						
- Loans receivable	987,088	987,088	-	-	987,088	-
- Intercompany term lending Eversholt Rail Leasing Limited	1,438,830	1,438,830	-	57,039	249,047	1,132,744
Trade and other receivables	20,865	20,865	-	20,865	-	-
Cash and cash deposits	171,095	171,095	141,095	30,000	-	-
	<u>2,617,878</u>	<u>2,617,878</u>	<u>141,095</u>	<u>107,904</u>	<u>1,236,135</u>	<u>1,132,744</u>
<b>Financial liabilities</b>						
Trade and other payables	19,098	19,098	-	19,098	-	-
Intercompany loans	450,782	450,782	7,474	-	443,308	-
Intercompany term lending	1,961,266	3,047,328	-	100,853	717,267	2,229,208
	<u>2,431,146</u>	<u>3,517,208</u>	<u>7,474</u>	<u>119,951</u>	<u>1,160,575</u>	<u>2,229,208</u>
<b>Total financial instruments</b>	<u>186,732</u>	<u>(899,330)</u>	<u>133,621</u>	<u>(12,047)</u>	<u>75,560</u>	<u>(1,096,464)</u>

## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2019

### 29 Financial Instruments

The intercompany fixed rate term loan from Eversholt Funding Plc represents fixed rate term loans with a carrying value of £1,500m and a fair value estimated to be £1,723m (31 December 2018: £1,688m). The basis of this estimate is the market value of the external debt raised by Eversholt Funding plc and lent to the Company on mirror terms. Apart from intercompany term lending and fixed rate borrowings, there are no material differences between the carrying value and the fair value of financial assets and liabilities as at 30 June 2019 and 31 December 2018.

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>					
Loans and receivables					
- Loans receivable	18	1,195,148			
- Intercompany term lending Eversholt Rail Leasing Limited	18	1,410,369			
Trade and other receivables	19	22,990			
Cash and cash deposits	20	10,595			
<b>Total Financial assets</b>		<b>2,639,102</b>			
<b>Financial liabilities</b>					
Trade and other payables	21	16,295			
Intercompany loans	22	407,805			
Intercompany fixed rate term loan from Eversholt Funding plc	22	1,500,000	-	1,723,335	
Fixed rate borrowings	22	340,000	-	360,816	
Other borrowings	22	196,274			
<b>Total Financial liabilities</b>		<b>2,460,374</b>			
<b>Total Financial instruments</b>		<b>178,728</b>			

31 December 2018	Note	Carrying amount £'000	Level 1 £'000	Fair value Level 2 £'000	Level 3 £'000
<b>Financial assets</b>					
Loans and receivables					
- Loans receivable	18	987,088			
- Intercompany term lending Eversholt Rail Leasing Limited	18	1,438,830			
Trade and other receivables	19	20,865			
Cash and cash deposits	20	171,095			
<b>Total Financial assets</b>		<b>2,617,878</b>			
<b>Financial liabilities</b>					
Trade and other payables	21	19,098			
Intercompany loans	22	450,782			
Intercompany fixed rate term loan from Eversholt Funding plc	22	1,500,000	-	1,688,189	
Fixed rate borrowings	22	340,000	-	343,153	
Other borrowings	22	121,266			
<b>Total Financial liabilities</b>		<b>2,431,146</b>			
<b>Total Financial instruments</b>		<b>186,732</b>			



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

**30 Related party transactions**

**30.1 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 Funding plc
- Eversholt Depot Finance Limited
- Eversholt Rail (365) Limited
- European Rail Finance (2) Limited

**30.2 Transactions with related parties**

The Company has loans with related parties, more fully described in note 18 and 22. Interest on the loans is more fully described in note 7 and 8.

The Company has received fees for management services to other group companies as follows:

	<b>6 months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Eversholt Rail Leasing Limited	8,713	8,737
Eversholt Funding plc	-	8
Eversholt Rail (365) Limited	327	358
Eversholt Depot Finance Limited	67	67
	<b>9,107</b>	<b>9,170</b>

The Company received £16,956,017 from Eversholt Rail Leasing Limited for the procurement of maintenance of rolling stock (6 months ended 30 June 2018: £33,219,400). The Company received £3,146,572 from Eversholt Rail (365) Limited for the procurement of maintenance of rolling stock (6 months ended 30 June 2018: £5,723,040). During the 6 months ended 30 June 2018 the Company received management fees of £7,500 from Eversholt Funding plc.

**31 Contingent liabilities**

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

**32 Subsequent events**

Following a deterioration in Class 365's prospects during 2019, a liquidator was appointed to Eversholt Rail (365) Limited on 19 August 2019. Liquidation is expected to be completed within 12 months. In July 2019 the Company terminated its contracts with Eversholt Rail (365) Limited for maintenance procurement and rolling stock modification services.