

# **Eversholt Rail Limited**

**Unaudited, condensed interim financial statements  
for the 6 months ended 30 June 2020**

**Registered No: 06953114**

**Condensed interim financial statements**

for the 6 months ended 30 June 2020

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Unaudited

## Condensed income statement

for the 6 months ended 30 June 2020

	Note	6 months ended	
		30 June 2020 £'000	30 June 2019 £'000
<b>Revenue</b>			
Maintenance income	4.1	21,314	29,607
Service fee income	4.1	10,353	9,107
Other income	4.1	13,005	2,757
<b>Total revenue</b>		<u>44,672</u>	<u>41,471</u>
Cost of sales	5	(16,708)	(21,203)
<b>Gross profit</b>		<u>27,964</u>	<u>20,268</u>
Finance income	6	63,549	61,507
Finance expense	7	(59,392)	(57,888)
Administrative expense	8	(9,583)	(11,010)
Loss on disposal of property, plant and equipment		-	(2)
<b>Profit before tax</b>		<u>22,538</u>	<u>12,875</u>
Income tax charge	11	(4,202)	(2,458)
<b>Profit for the period</b>		<u>18,336</u>	<u>10,417</u>

There were no discontinued or discontinuing operations during the period.

The notes on pages 6 to 20 form an integral part of these financial statements.

## Condensed statement of comprehensive income

for the 6 months ended 30 June 2020

	Note	6 months ended	
		30 June 2020 £'000	30 June 2019 £'000
Profit for the period		18,336	10,417
<b>Other comprehensive income</b>			
Effect of deferred tax rate change on loss of defined benefit scheme	15	130	-
<b>Total comprehensive income for the period</b>		<u>18,466</u>	<u>10,417</u>

Amounts credited to other comprehensive income together with related tax effects are expected to be recycled through reserves in future years.

**Condensed statement of financial position**

as at 30 June 2020

	Note	30 June 2020 £'000	31 December 2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	458	348
Right-of-use assets	14	2,203	2,453
Deferred tax	15	2,070	1,853
Amounts owed by group undertakings	16	2,442,500	2,547,494
		<u>2,447,231</u>	<u>2,552,148</u>
<b>Current assets</b>			
Inventory	17	406	511
Trade and other receivables	18	20,538	3,134
Contract assets	4.2	2,622	4,568
Amounts owed by group undertakings	16	60,905	59,429
Cash and cash equivalents	19	368,780	15,809
Current tax		4,424	-
		<u>457,675</u>	<u>83,451</u>
<b>Total assets</b>		<u><b>2,904,906</b></u>	<u><b>2,635,599</b></u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	20	22,157	28,203
Lease liabilities	21	725	745
Current tax		-	16,588
Borrowings	22	321,293	407,249
Provisions	23	165	40
		<u>344,340</u>	<u>452,825</u>
<b>Non-current liabilities</b>			
Retirement benefit obligation		6,517	6,517
Lease liabilities	21	2,512	2,849
Borrowings	22	2,321,959	1,992,924
Contract liabilities	4.2	54,785	23,996
Provisions	23	-	161
		<u>2,385,773</u>	<u>2,026,447</u>
<b>Total liabilities</b>		<u><b>2,730,113</b></u>	<u><b>2,479,272</b></u>
<b>Equity</b>			
Share capital	24	100,000	100,000
Retained earnings		74,793	56,327
<b>Total equity</b>		<u><b>174,793</b></u>	<u><b>156,327</b></u>
<b>Total equity and liabilities</b>		<u><b>2,904,906</b></u>	<u><b>2,635,599</b></u>

The notes on pages 6 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 2 September 2020. 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 2020

	Note	6 months ended	
		30 June 2020 £'000	30 June 2019 £'000
<b>Cash flow from operating activities</b>			
Profit before tax		22,538	12,875
Adjustments for:			
- Depreciation of property, plant and equipment	8	118	152
- Depreciation of right-of-use assets	8	250	244
- Write down in the value of inventory	17	105	113
- Loss on disposal of property, plant and equipment		-	2
- Finance income	6	(63,549)	(61,507)
- Finance expense	7	59,392	57,888
- Other income	4.1	(11,354)	-
<b>Operating cash flow before changes in working capital</b>		<b>7,500</b>	<b>9,767</b>
Increase in trade and other receivables	18	(17,404)	(2,125)
Decrease in contract assets	4.2	1,946	-
Decrease in trade and other payables	20	(6,046)	(2,803)
Increase/(decrease) in contract liabilities	4.2	30,789	(15,846)
Utilisation of provision	23	(36)	-
<b>Cash generated by/(utilised in) operating activities</b>		<b>16,749</b>	<b>(11,007)</b>
Tax payments		(25,301)	(5,219)
<b>Net cash (utilised in)/generated by operating activities</b>		<b>(8,552)</b>	<b>(16,226)</b>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	13	(228)	-
Investment in short-term bank deposits		-	30,000
Movement in term lending to Eversholt Rail Leasing Limited	25	59,379	59,380
Movement in lending to other group undertakings	25	107,651	(177,749)
<b>Net cash generated by/(utilised in) investing activities</b>		<b>166,802</b>	<b>(88,369)</b>
<b>Cash flow from financing activities</b>			
Movement in intercompany loan borrowings	25	195,890	(24,962)
Repayment of lease liability	21	(393)	(367)
Finance income received	6	37	277
Finance expense paid	7	(813)	(853)
<b>Net cash generated by/(utilised in) financing activities</b>		<b>194,721</b>	<b>(25,905)</b>
<b>Net movement in cash and cash equivalents</b>		<b>352,971</b>	<b>(130,500)</b>
Cash and cash equivalents at the beginning of the period		15,809	141,095
<b>Cash and cash equivalents at end of the period</b>	19	<b>368,780</b>	<b>10,595</b>

**Statement of changes in equity**

for the 6 months ended 30 June 2020

	<b>Note</b>	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2019 as previously reported</b>	<b>24</b>	100,000	41,561	141,561
Adjustment in respect of impact of adoption of IFRS 16 Leases		-	(1,299)	(1,299)
Tax on adjustment in respect of impact of adoption of IFRS 16 Leases		-	221	221
<b>Restated balance at 1 January 2019</b>		<u>100,000</u>	<u>40,483</u>	<u>140,483</u>
Profit for the period		-	10,417	10,417
<b>Balance at 30 June 2019</b>		<u>100,000</u>	<u>50,900</u>	<u>150,900</u>
<b>Balance at 1 January 2020</b>	<b>24</b>	<b>100,000</b>	<b>56,327</b>	<b>156,327</b>
Profit for the period		-	18,336	18,336
Effect of deferred tax rate change on loss of defined benefit scheme	<b>15</b>	-	130	130
<b>Total comprehensive income for the period</b>		<u>-</u>	<u>18,466</u>	<u>18,466</u>
<b>Balance at 30 June 2020</b>	<b>24</b>	<u><b>100,000</b></u>	<u><b>74,793</b></u>	<u><b>174,793</b></u>

No dividend was paid in the period (6 months ended 30 June 2019: £nil).

## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2020

### 1 General Information

Eversholt Rail Limited (the “Company”) is a private company incorporated in England and Wales and is limited by shares (see note 24). 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 2019. 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 2019.

#### 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 29, 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.

In reaching this conclusion, the Directors have considered the extraordinary circumstances brought about by the COVID-19 crisis and the potential impacts upon the Company and its ability to meet commitments in the foreseeable future. The Company is exposed to the impacts of COVID-19 through its relationships with fellow group undertakings, which are ultimately dependent on the viability of the Group's rolling stock leasing business. One area of potential impact upon the Group's business is a threat to the viability of train operators due to long term passenger volume decline. This is largely mitigated in the short term by the UK Government's Emergency Measures Agreements, through which support is provided to franchised passenger service operators for a period of six months. The Group's current rolling stock procurement, maintenance and enhancement plans may be subject to delays caused by COVID-19, however this is not considered material in the context of the business. In common with UK businesses generally, the Group's business is also exposed to other risks including access to capital markets, impacts on supply chains, employee health and access to the workplace. The Group has introduced governance processes to closely monitor the impacts and where possible, mitigation has been put in place to limit the impact on the Group. The Group has access to undrawn borrowing facilities which could be utilised in the event of a prolonged severe period of disruption.

At this stage, the Directors do not believe that there are any material impacts on the Company, nor changes to risk management as described in note 27. The Directors consider the key critical judgement in reaching this conclusion to be the duration of restrictions on travel in response to COVID-19 and the UK Government's continued support to the rail industry. This conclusion reflects the nature of the Company's activities and the way in which cash is managed across the Group, enabling the Company to borrow funds from another group undertaking to meet any shortfall. Nevertheless, the Directors continue to keep the pandemic under review.

### 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 2019.

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**4 Revenue****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 2020	30 June 2019
	£'000	£'000
Revenue from contracts with customers - Maintenance income	21,314	29,607
Service fee income	10,353	9,107
Other income	13,005	2,757
	<b>44,672</b>	<b>41,471</b>

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.

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 2020 is set out below.

In June 2020, the Company refinanced existing intercompany loans (see note 22) on the same terms as the Group refinanced external debt. This is accounted for as a debt modification and not as extinguishment of the original loans and entrance into new loans under IFRS 9 Financial instruments. Accordingly, the carrying value of the existing debt is restated to equal the present value of modified cashflows, giving rise to a gain of £11,354,000 which has been recognised in Other income in the period ending 30 June 2020.

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

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

	30 June 2020	31 December 2019
	£000	£000
Within 1 year	3,255	3,171
1-2 years	3,255	3,171
2-5 years	10,764	10,513
> 5 years	34,090	34,883

**4.2 Contract Balances**

Contract assets, contract liabilities and trade receivables are as follows:

	30 June 2020	30 December 2019
	£'000	£'000
Contract assets	2,622	4,568
Contract liabilities	54,785	23,996
Trade receivables	609	116



**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**4 Revenue from contracts with customers (continued)****4.2 Contract Balances (continued)**

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).

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.

The amount of £23,996,000 (2019: £24,219,000) recognised in contract liabilities at the beginning of the year has been substantially recognised as revenue in the 6 months ended 30 June 2020.

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2020 is set out below.

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

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>£'000</b>	<b>£'000</b>
Within 1 year	<b>82,194</b>	62,394
1-5 years	<b>139,813</b>	87,606
	<b><u>222,007</u></b>	<u>150,000</u>

**5 Cost of sales**

	<b>6 months ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>£'000</b>	<b>£'000</b>
Maintenance cost	<b><u>(16,708)</u></b>	<u>(21,203)</u>

**6 Finance income**

	<b>6 months ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	<b>37</b>	277
Interest receivable on intercompany loan accounts	<b>33,682</b>	30,311
Interest receivable on term loan to Eversholt Rail Leasing Limited	<b><u>29,830</u></b>	<u>30,919</u>
	<b><u>63,549</u></b>	<u>61,507</u>

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

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**7 Finance expense**

	6 months ended	
	30 June 2020	30 June 2019
	£'000	£'000
Interest payable to Eversholt Funding plc intercompany	(58,543)	(56,993)
Fees payable	(813)	(853)
Lease liability interest	(36)	(42)
	<u>(59,392)</u>	<u>(57,888)</u>

**8 Administrative expense**

Administrative expense includes:

	6 months ended	
	30 June 2020	30 June 2019
	£'000	£'000
Foreign exchange gain/(losses)	8	(5)
Depreciation – Property, plant and equipment	(118)	(152)
Depreciation – Right-of-use assets	(250)	(244)
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	(75)	(40)
Inventory charge	(105)	(113)
Defined contribution pension costs	(385)	(393)

**9 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 2020	30 June 2019
Directors	5	3
Operations	50	63
Administration	53	50
	<u>108</u>	<u>116</u>

The aggregate payroll costs of these persons were as follows:

	6 months ended	
	30 June 2020	30 June 2019
	£'000	£'000
Wages and salaries	(5,354)	(6,011)
Social security costs	(711)	(759)
Contributions to defined contribution pension scheme	(385)	(393)
Defined benefit pension scheme service cost	(102)	(99)
	<u>(6,552)</u>	<u>(7,262)</u>

**10 Directors' emoluments**

	6 months ended	
	30 June 2020	30 June 2019
	£'000	£'000
Directors' emoluments for services to the Company	<u>(1,505)</u>	<u>(1,270)</u>
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 2020 includes £nil 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 2019: £nil).

None of the Directors has any share options or interests in the share capital of the Company.

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**11 Income tax charge**

	Note	6 months ended	
		30 June 2020 £'000	30 June 2019 £'000
<b>Current tax</b>			
UK Corporation tax on current year profit		(4,288)	(2,436)
Adjustment in respect of prior years		(1)	3
		<u>(4,289)</u>	<u>(2,433)</u>
<b>Deferred tax</b>			
Origination and reversal of temporary differences	15	1	(25)
Effect of rate change		86	-
		<u>87</u>	<u>(25)</u>
		<u>(4,202)</u>	<u>(2,458)</u>

Corporation and deferred taxes have been calculated by reference to the current tax rate of 19%. A reduction to 17% was due to take effect from April 2020 and this had been reflected in arriving at deferred tax balances at 31 December 2019. However, the reduction was reversed by the UK Government and the change substantively enacted on 17 March 2020. This has led to the tax credit attributable to "effect of rate change" shown in the above analysis.

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 2020 £'000	30 June 2019 £'000
Profit before tax	22,538	12,875
Taxation at UK corporation tax rate of 19% (2018: 19%)	(4,282)	(2,446)
Amounts not deductible for tax purposes	(6)	(15)
Adjustment in respect of prior years	-	3
Effect of rate change	86	-
<b>Income tax charge</b>	<u>(4,202)</u>	<u>(2,458)</u>

**12 Dividends**

No dividend was paid in the period ended 30 June 2020 (6 months ended 30 June 2019: £nil).

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**13 Property, plant and equipment**

	Fixtures and fittings £'000	Equipment £'000	Total £'000
<b>Cost</b>			
<b>Balance at 1 January 2019</b>	1,307	2,082	3,389
Additions	-	-	-
Disposals	-	(141)	(141)
<b>Balance at 31 December 2019</b>	<u>1,307</u>	<u>1,941</u>	<u>3,248</u>
Additions	26	202	228
Disposals	-	-	-
<b>Balance at 30 June 2020</b>	<u>1,333</u>	<u>2,143</u>	<u>3,476</u>
<b>Depreciation</b>			
<b>Balance at 1 January 2019</b>	1,288	1,471	2,759
Charge for the year	19	261	280
Disposals	-	(139)	(139)
<b>Balance at 31 December 2019</b>	<u>1,307</u>	<u>1,593</u>	<u>2,900</u>
Charge for the period	1	117	118
Disposals	-	-	-
<b>Balance at 30 June 2020</b>	<u>1,308</u>	<u>1,710</u>	<u>3,018</u>
<b>Net carrying value</b>			
<b>Carrying value at 30 June 2020</b>	<u>25</u>	<u>433</u>	<u>458</u>
Carrying value at 31 December 2019	-	348	348

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.

**14 Right-of-use assets**

	Land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
As at 1 January 2019 – recognised on adoption of IFRS 16	2,847	-	2,847
Additions	75	25	100
Depreciation charge	(486)	(8)	(494)
<b>As at 31 December 2019</b>	<u>2,436</u>	<u>17</u>	<u>2,453</u>
Additions	-	-	-
Depreciation charge	(246)	(4)	(250)
<b>As at 30 June 2020</b>	<u>2,190</u>	<u>13</u>	<u>2,203</u>

**15 Deferred tax asset**

The following is the analysis of the deferred tax balances:

	30 June 2020 £'000	31 December 2019 £'000
Deferred tax assets	<u>2,070</u>	<u>1,853</u>

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**15 Deferred tax asset (continued)**

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting period:

	Capital Allowances £000's	Provision £000's	IFRS 16 Impact £000's	Retirement benefit obligations £000's	Total £000's
<b>At January 2019</b>	129	659		628	1,416
Adjustment on Adoption of IFRS 16	-	-	221	-	221
Credit/(charge) to income statement	10	(329)	(39)	47	(311)
Credit to other comprehensive income	-	-	-	490	490
Effect of change in tax rate:					
- Income statement	(1)	35	4	(5)	33
- Other comprehensive income	-	-	-	(52)	(52)
Prior year adjustments	-	56	-	-	56
<b>At 31 December 2019</b>	<b>138</b>	<b>421</b>	<b>186</b>	<b>1,108</b>	<b>1,853</b>
Credit/(charge) to income statement	1	-	(19)	19	1
Effect of change in tax rate:					
- Income statement	13	51	22	-	86
- Other comprehensive income	-	-	-	130	130
<b>At 30 June 2020</b>	<b>152</b>	<b>472</b>	<b>189</b>	<b>1,257</b>	<b>2,070</b>

In assessing the recoverability of deferred tax assets, the Company considers 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 considers 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.

Corporation and deferred taxes have been calculated by reference to the current tax rate of 19%. A reduction to 17% was due to take effect from April 2020 and this had been reflected in arriving at deferred tax balances at 31 December 2019. However, the reduction was reversed by the UK Government and the change substantively enacted on 17 March 2020. This has led to the tax credit attributable to "change in tax rates" shown in the above analysis.

**16 Amounts owed by group undertakings**

	30 June 2020 £'000	31 December 2019 £'000
<b>Current</b>		
Term lending to Eversholt Rail Leasing Limited	<b>60,905</b>	59,429
<b>Non-current</b>		
Eversholt Finance Holdings Limited	24	24
European Rail Finance (2) Limited	19,902	19,902
Eversholt Funding plc	33,676	31,533
Eversholt Investment Limited	50,646	55,240
Eversholt Depot Finance Limited	4,468	5,999
Eversholt Rail Leasing Limited	1,042,448	1,112,435
Term lending to Eversholt Rail Leasing Limited	1,291,336	1,322,361
	<b>2,442,500</b>	2,547,494

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**16 Amounts owed by group undertakings (continued)**

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 2019: Group's senior debt, plus margin).

In preparing the Statement of cash flows, the amounts due from group undertakings have been presented as "cash flow from investing activities". In the 2019 interim financial statements, such amounts were presented as "cash flow from financing activities" and hence current period's comparative has been restated.

**17 Inventory**

	<b>30 June 2020 £'000</b>	<b>31 December 2019 £'000</b>
Rolling stock spares	<u>406</u>	<u>511</u>

Write down in the value of inventories recognised within administrative expenses in the Income statement is an expense amounting to £105,000 (6 months to 30 June 2019: £113,000). Stock is measured at the lower of cost and net realisable value.

**18 Trade and other receivables**

	<b>30 June 2020 £'000</b>	<b>31 December 2019 £'000</b>
Trade receivables	609	116
Other receivables	19,228	2,683
Overheads prepayment	701	335
	<u>20,538</u>	<u>3,134</u>

**19 Cash and cash equivalents**

	<b>30 June 2020 £'000</b>	<b>31 December 2019 £'000</b>
Cash and cash equivalents	<u>368,780</u>	<u>15,809</u>

**20 Trade and other payables**

	<b>30 June 2020 £'000</b>	<b>31 December 2019 £'000</b>
Trade payables	1,835	1,374
Other payables	11,126	10,661
Maintenance and administrative accruals	9,196	16,168
	<u>22,157</u>	<u>28,203</u>

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**21 Lease liabilities**

	Land and buildings £'000	Plant and Equipment £'000	Total £'000
<b>Cost</b>			
As at 1 January 2020	3,576	18	3,594
Interest charge	36	-	36
Repayment	(393)	-	(393)
<b>As at 30 June 2020</b>	<b>3,219</b>	<b>18</b>	<b>3,237</b>

	Land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
As at 1 January 2019 – recognised on adoption of IFRS 16	4,146	-	4,146
Additions	75	25	100
Interest charge	81	-	81
Repayment	(726)	(7)	(733)
<b>Balance at 31 December 2019</b>	<b>3,576</b>	<b>18</b>	<b>3,594</b>

Total lease liabilities can be analysed as follows:

	30 June 2020 £'000	31 December 2019 £'000
Current	725	745
Non current	2,512	2,849
	<b>3,237</b>	<b>3,594</b>

**Maturity of lease liabilities**

The maturity profile of the Company's undiscounted lease liabilities at 30 June 2020 was as follows

	30 June 2020 £'000	31 December 2019 £'000
Current	786	814
In more than one year but not more than two years	571	750
In more than two years but not more than five years	2,046	2,046
In more than five years	-	186
Non-Current	<b>2,617</b>	<b>2,982</b>

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**22 Borrowings**

	<b>30 June 2020 £'000</b>	<b>31 December 2019 £'000</b>
<b>Current</b>		
Intercompany accrued interest	21,293	22,249
Eversholt Funding plc	<b>300,000</b>	385,000
	<b>321,293</b>	<b>407,249</b>
<b>Non-Current</b>		
European Rail Finance Limited	69,389	69,319
Eversholt Funding plc	<b>1,968,695</b>	1,640,000
European Rail Finance Holdings Limited	<b>283,749</b>	283,451
Eversholt UK Rails (Holding) Limited	<b>126</b>	154
	<b>2,321,959</b>	<b>1,992,924</b>

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 2019: LIBOR, less margin).

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

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.

It is anticipated that LIBOR will be replaced or discontinued after the end of 2021, as part of global financial regulators' project to reform interest rate benchmarks. The Company will therefore re-negotiate and/or otherwise amend to accommodate such change in benchmarks, where related instruments mature after 2021.

**Maturity of borrowings**

The maturity profile of the carrying amount of Company's non-current borrowings at 30 June 2020 was as follows:

	<b>30 June 2020 £'000</b>	<b>31 December 2019 £'000</b>
In more than one year but not more than two years	39,927	14,286
In more than two years but not more than five years	<b>570,114</b>	438,638
In more than five years	<b>1,711,918</b>	1,540,000
	<b>2,321,959</b>	<b>1,992,924</b>



**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**23 Provisions**

	30 June 2020 £'000	31 December 2019 £'000
Current	165	40
Non-current	-	161
	<u>165</u>	<u>201</u>

Provision relates to dilapidations on leased office buildings.

	30 June 2020 £'000	31 December 2019 £'000
Balance at beginning of the period	201	35
Additions	-	166
Utilised	(36)	-
<b>Balance at end of the period</b>	<u>165</u>	<u>201</u>

**24 Share capital**

	30 June 2020 £'000	31 December 2019 £'000
<b>Authorised, allotted, called up and fully paid</b>		
100,000,002 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

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

**25 Reconciliation of assets and liabilities arising from investing and financing activities**

	As at 31 December 2019 £'000	Non-cash finance (income)/ expense £'000	Cash Flows receipts £'000	As at 30 June 2020 £'000
<b>Investing/financing activities attributable to:</b>				
<b>Assets</b>				
Term lending owed by Eversholt Rail Leasing Limited	(1,381,790)	(29,830)	59,379	(1,352,241)
Amounts owed by group undertakings	(1,225,133)	(33,682)	107,651	(1,151,164)
	<u>(2,606,923)</u>	<u>(63,512)</u>	<u>167,030</u>	<u>(2,503,405)</u>
<b>Liabilities</b>				
Borrowings	<u>2,400,173</u>	<u>47,189</u> *	<u>195,890</u>	<u>2,643,252</u>

	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>Assets</b>				
Term lending owed by Eversholt Rail Leasing Limited	(1,438,830)	(30,919)	59,380	(1,410,369)
Amounts owed by group undertakings	(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>				
Borrowings	<u>2,412,048</u>	<u>56,993</u>	<u>(24,962)</u>	<u>2,444,079</u>

\* Includes £11,354,000 gain resulting from the refinancing of intercompany loans (see note 4.1)

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**26 Retirement benefit obligations**

There has been no change in retirement benefit obligations from 31 December 2019.

**27 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 2019 annual financial statements. In addition, there are risks associated with the COVID-19 crisis, details of which are considered in note 2.2 "Going concern".

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 2020</b>						
<b>Financial assets</b>						
Amortised cost						
- Amounts owed by group undertakings	1,151,164	1,151,164	-	-	1,151,164	-
- Intercompany term lending Eversholt Rail Leasing Limited	1,352,241	1,352,241	-	60,905	272,079	1,019,257
Trade and other receivables	20,538	20,538	-	20,538	-	-
Cash and cash equivalents	368,780	368,780	268,780	100,000	-	-
	<u>2,892,723</u>	<u>2,892,723</u>	<u>268,780</u>	<u>181,443</u>	<u>1,423,243</u>	<u>1,019,257</u>
<b>Financial liabilities</b>						
Amortised cost						
Trade and other payables	22,157	22,157	-	22,157	-	-
Intercompany loans	353,264	353,264	-	-	353,264	-
Intercompany term lending	2,289,988	3,213,725	-	407,482	540,820	2,265,423
	<u>2,665,409</u>	<u>3,589,146</u>	<u>-</u>	<u>429,639</u>	<u>894,084</u>	<u>2,265,423</u>
<b>Total financial instruments</b>	<u>227,314</u>	<u>(696,423)</u>	<u>268,780</u>	<u>(248,196)</u>	<u>529,159</u>	<u>(1,246,166)</u>
<b>31 December 2019</b>						
<b>Financial assets</b>						
Amortised cost						
- Amounts owed by group undertakings	1,225,133	1,225,133	-	-	1,225,133	-
- Intercompany term lending Eversholt Rail Leasing Limited	1,381,790	1,381,790	-	59,429	266,217	1,056,144
Trade and other receivables	3,134	3,134	-	3,134	-	-
Cash and cash equivalents	15,809	15,809	15,809	-	-	-
	<u>2,625,866</u>	<u>2,625,866</u>	<u>15,809</u>	<u>62,563</u>	<u>1,491,350</u>	<u>1,056,144</u>
<b>Financial liabilities</b>						
Amortised cost						
Trade and other payables	28,203	28,203	-	28,203	-	-
Intercompany loans	352,924	352,924	-	-	352,924	-
Intercompany term lending	2,047,249	3,136,324	-	506,479	417,685	2,212,160
	<u>2,428,376</u>	<u>3,517,451</u>	<u>-</u>	<u>534,682</u>	<u>770,609</u>	<u>2,212,160</u>
<b>Total financial instruments</b>	<u>197,490</u>	<u>(891,585)</u>	<u>15,809</u>	<u>(472,119)</u>	<u>720,741</u>	<u>(1,156,016)</u>

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**28 Financial Instruments**

The intercompany fixed rate term loan from Eversholt Funding Plc represents fixed rate term loans with a carrying value of £1,871m and a fair value estimated to be £2,093m (31 December 2019: £1,745m). 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 2020 and 31 December 2019.

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

30 June 2020	Note	Carrying amount £'000	Fair value		
			Level 1 £'000	Level 2 £'000	Level 3 £'000
<b>Financial assets</b>					
Amortised cost					
	16	1,151,164			
	16	1,352,241			
	18	20,538			
	19	368,780			
		<u>2,892,723</u>			
<b>Financial liabilities</b>					
Amortised cost					
	20	22,157			
	22	353,264			
	22	1,828,695		2,092,854	
	22	340,000		377,065	
	22	121,293			
		<u>2,665,409</u>			
		<u>227,314</u>			
<b>Total Financial instruments</b>					
<b>31 December 2019</b>					
	Note	Carrying amount £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
<b>Financial assets</b>					
Amortised cost					
	16	1,225,133			
	16	1,381,790			
	18	3,134			
	19	15,809			
		<u>2,625,866</u>			
<b>Financial liabilities</b>					
Amortised cost					
	20	28,203			
	22	560,173			
	22	1,500,000		1,745,034	
	22	340,000		372,317	
		<u>2,428,376</u>			
		<u>197,490</u>			
<b>Total Financial instruments</b>					

\*Terms mirror bonds issued by Eversholt Funding plc.

\*\*Terms mirror fixed private placements entered into by Eversholt Funding plc.

## Notes to the condensed interim financial statements

for the 6 months ended 30 June 2020

### 29 Related party transactions

#### 29.1 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 (dissolved on 4 February 2020)
- Eversholt Finance Holdings Limited
- Eversholt Funding plc
- Eversholt Depot Finance Limited
- Eversholt Rail (365) Limited (prior to 19 August 2019)
- European Rail Finance (2) Limited

The Company has been informed by the former ultimate parent and controlling party, CK Hutchison Holdings Limited ("CKHH"), incorporated in the Cayman Islands, that by virtue of contractual arrangements entered into with other parties, with effect from 30 December 2019, it ceased to have a controlling interest in the Company and, as required by the applicable accounting standards, it has ceased accounting for the Company as a subsidiary from that date.

The results of the Company before 30 December 2019 are consolidated in the consolidated financial statements of CKHH. The Directors of the Company consider CKHH was the ultimate parent and controlling party prior to 30 December 2019.

In light of the above, the Directors of the Company consider the ultimate parent and controlling party from 30 December 2019 to be UK Rails S.A.R.L. incorporated in Luxembourg.

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 Eversholt UK Rails Limited. The immediate parent company is Eversholt Rail Leasing Limited.

#### 29.2 Transactions with related parties

The Company has loans with related parties, more fully described in note 16 and 22. Interest on the loans is more fully described in note 6 and 7.

The Company has received fees for the provision of consultancy services to other Group companies as follows:

	<b>6 months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Eversholt Rail Leasing Limited	10,241	8,713
Eversholt Rail (365) Limited	-	327
Eversholt Depot Finance Limited	112	67
	<u>10,353</u>	<u>9,107</u>

The Company received £54,049,000 from Eversholt Rail Leasing Limited for the procurement of maintenance of rolling stock (6 months ended 30 June 2019: £16,956,000). The Company received £nil from Eversholt Rail (365) Limited for the procurement of maintenance of rolling stock (6 months ended 30 June 2019: £3,147,000). During the 6 months ended 30 June 2020 the Company paid management fees of £8,000 to Eversholt Funding plc (6 months ended 30 June 2019: £8,000).

**Notes to the condensed interim financial statements**

for the 6 months ended 30 June 2020

**30 Contingent liabilities**

There were no contingent liabilities for the Company at 30 June 2020 and at 31 December 2019.

**31 Subsequent events**

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

Unaudited