

Eversholt Finance Holdings Limited

Annual report and financial statements
for the year ended 31 December 2019

Registered No. 07327371

Annual report and financial statements

for the year ended 31 December 2019

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Strategic report

for the year ended 31 December 2019

Business review

During the year and up to the date of signing the financial statements, Eversholt Finance Holdings Limited (the "Company") continues to own all of the ordinary share capital of Eversholt Funding plc. The Company forms part of the Eversholt UK Rails Group ("Group") more fully described in note 15.

As at 31 December 2019 the Company had net assets of £25,571 (2018: £25,571).

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

In the year the Company generated a result of £nil (2018: loss of £5,891). The Company has had no reportable transactions in 2019 in light of its expected voluntary liquidation in 2020, although at this stage no formal commitment has been made.

Risk management

The Company is subject to the risk management objectives and policies of the Group. The risks relevant to the Company, together with an analysis of the exposure to such risks, are set out in note 13 of the financial statements.

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

Financial performance

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

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

Business environment

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

Approved by the Board and signed on its behalf:



M B Kenny
Director

Registered Office
210 Pentonville Road
London
N1 9JY
United Kingdom

18 February 2020

Directors' report

for the year ended 31 December 2019

The Directors present their Annual report together with the audited financial statements for the year ended 31 December 2019.

Directors

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

Name

M B Kenny

A J Course (resigned on 16 September 2019)

A J Wesson

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors. The Directors have no interests in the share capital of the Company.

Future developments

It is currently anticipated that the Company will be voluntarily liquidated in 2020 at a time yet to be determined as part of the ongoing simplification of the Group structure.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: £nil).

Going concern basis

The Company has not traded during 2019 and the Company has no transactions to report in its Income statement. The Directors recognise this situation and consider the year end position of the Company to be satisfactory. As part of the ongoing simplification of the Group restructure it is anticipated that the Company will be voluntarily liquidated in 2020. The Company therefore ceases to be a going concern. As such the financial statements have been prepared on a basis other than that of a going concern as required by IAS 1 "Presentation of Financial Statements".

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

Disclosure of information to the auditor

Each person who is a director at the date of approval of this report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to Section 418 of the UK Companies Act 2006 and should be interpreted in accordance therewith.

Directors' report (continued)
for the year ended 31 December 2019

Auditor

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

Approved by the Board and signed on its behalf by:

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke extending to the right.

M B Kenny
Director

Registered Office
210 Pentonville Road
London
N1 9JY
United Kingdom

18 February 2020

Statement of Directors' responsibilities

for the year ended 31 December 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

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

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

The Company's annual financial statements were approved by the Board of Directors on 18 February 2020 and signed on their behalf by:



M B Kenny
Director

Registered Office
210 Pentonville Road
London
N1 9JY
United Kingdom

Independent Auditor's report to the Members of Eversholt Finance Holdings Limited
for the year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of the Company:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board ("IASB"); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the Income statement;
- the Statement of comprehensive income;
- the Statement of financial position;
- the Statement of cash flows;
- the Statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law IFRSs as adopted by the European Union.

Basis for opinion

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

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

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

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

Other information

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

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

We have nothing to report in respect of these matters.

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

for the year ended 31 December 2019

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

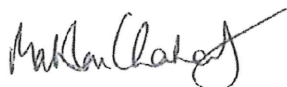
We have nothing to report in respect of these matters.

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

for the year ended 31 December 2019

Use of our report

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



Makhan Chahal ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London

United Kingdom

20 February 2020

Income statement

for the year ended 31 December 2019

	<i>Note</i>	2019 £	2018 £
Finance expense	4	-	(1,207)
Administrative expense	5	-	(6,066)
Loss before tax		-	(7,273)
Income tax credit	6	-	1,382
Loss after tax		-	(5,891)

There were no discontinued or discontinuing operations during the financial year.

The notes on pages 13 to 19 form an integral part of these financial statements.

Statement of comprehensive income

for the year ended 31 December 2019

There has been no comprehensive income and expense other than the result for the year as shown above (2018: £nil).

Statement of financial position

as at 31 December 2019

	<i>Note</i>	2019 £	2018 £
Assets			
Non-current assets			
Investment in subsidiary	8	<u>50,000</u>	<u>50,000</u>
Current assets			
Current tax		<u>-</u>	<u>2,476</u>
Total assets		<u>50,000</u>	<u>52,476</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	9	580	4,760
Borrowings	10	<u>23,849</u>	<u>22,145</u>
Total Liabilities		<u>24,429</u>	<u>26,905</u>
Equity			
Share capital	11	50,000	50,000
Accumulated deficit		<u>(24,429)</u>	<u>(24,429)</u>
Total equity		<u>25,571</u>	<u>25,571</u>
Total equity and liabilities		<u>50,000</u>	<u>52,476</u>

The notes on pages 13 to 19 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 18 February 2020. They were signed on its behalf by:



A J Wesson

Director

Company registration number 07327371

Statement of cash flows

for the year ended 31 December 2019

	Note	2019 £	2018 £
Cash flow from operating activities			
Loss before tax		-	(7,273)
Adjustments for:			
- Finance expense	4	-	1,207
Operating cash flow before changes in working capital		-	(6,066)
(Decrease)/Increase in trade and other payables		-	2,326
Cash utilised in operating activities		-	(3,740)
Receipt in respect of group relief	10	2,476	910
Net cash utilised in operating activities		2,476	(2,830)
Cash flow from financing activities			
Movement in intercompany loan with Eversholt Rail Limited	10	(2,476)	2,830
Net cash generated by financing activities		(2,476)	2,830
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

Statement of changes in equity

for the year ended 31 December 2019

	Share capital £	Accumulated deficit £	Total equity £
Balance at 1 January 2018	50,000	(18,538)	31,462
Total comprehensive expense	-	(5,891)	(5,891)
Balance at 31 December 2018	50,000	(24,429)	25,571
Total comprehensive expense	-	-	-
Balance at 31 December 2019	50,000	(24,429)	25,571

Notes to the annual financial statements

for the year ended 31 December 2019

1 General Information

Eversholt Finance Holdings Limited is a private company incorporated in England and Wales and is limited by shares (see note 11). The registered office of the Company is 210 Pentonville Road, London, N1 9JY, United Kingdom.

2 Basis of Preparation

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

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

2.1 Compliance with IFRSs

The financial statements of the Company have been prepared on the historical cost basis. These financial statements have been prepared in accordance with IFRSs as issued by the IASB and as endorsed by the European Union ("EU"). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at this point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2019, there were no unendorsed standards effective for the year ended 31 December 2019 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the financial statements of the Company. Accordingly, the Company's financial statements for the year ended 31 December 2019 are prepared in accordance with IFRSs as issued by the IASB and endorsed by the EU.

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

2.2 Standards and Interpretations issued by the IASB

During the year, the Company adopted the following interpretations and amendments to standards which had no material effect on the financial statements:

- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9: Prepayment Features with Negative Compensation;
- Annual Improvements to IFRS Standards 2015-2017 Cycle; and
- IFRS 16 Leases.

At 31 December 2019, a number of standards and amendments to standards have been issued by the IASB which are not effective for the Company's financial statements as at 31 December 2019. The following adopted IFRSs have been issued but have not been applied by the Company in these financial statements. They are applicable for periods beginning on or after 1 January 2020 and are not anticipated to have a material impact on the financial statements.

- Amendments to IFRS 3 Business Combinations;
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform;
- Amendments to IAS 1 and IAS 8: Definition of Material; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

2.3 Going concern

As part of the ongoing simplification of the Group structure it is anticipated that the Company will be voluntarily liquidated in 2020. The Company therefore ceases to be a going concern. As such the financial statements have been prepared on a basis other than that of a going concern as required by IAS 1 "Presentation of Financial Statements".

Notes to the annual financial statements (continued)

for the year ended 31 December 2019

3 Summary of significant accounting policies

The principal accounting policies adopted are set out below and have been applied consistently to all years presented in these financial statements, except where noted in relation to standards implemented for the first time in 2019.

3.1 Finance income and expense

Finance income and expense for all interest bearing non-derivative financial instruments is recognised in "Finance income" and "Finance expense" in the Income statement using the effective interest rate method. The effective interest rate method is a way of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant financial periods.

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

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

3.2 Income taxes

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

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

3.3 Financial instruments

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

Classification and Measurement

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

The Company holds the following class of financial instruments:

Financial liabilities

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

Determination of fair value

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration paid or received).

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities issued. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison to similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Notes to the annual financial statements (continued)

for the year ended 31 December 2019

3 Summary of significant accounting policies (continued)

3.3 Financial instruments (continued)

Determination of fair value (continued)

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

3.4 Statement of cash flows

The Statement of cash flows has been prepared on the basis that with the exception of tax related transactions which are classified under the heading of "Operating activities", movements in intercompany loans are shown under the heading of "Financing activities".

3.5 Subsidiaries

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

3.6 Share capital

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

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

3.7 Use of judgements, estimates and assumptions

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

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

4 Finance expense

	2019 £	2018 £
Interest payable to Eversholt Rail Limited	-	(1,207)

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

5 Administrative expense

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	-	(6,066)

Notes to the annual financial statements (continued)

for the year ended 31 December 2019

6 Income tax credit

	2019 £	2018 £
Current tax		
Income tax credit	-	1,382

The UK corporation tax rate for the year ended 31 December 2019 and 31 December 2018 was 19%.

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

	2019 £	2018 £
Loss before tax	-	7,273
Taxation at corporation tax rate of 19% (2018: 19%)	-	1,382

7 Directors' emoluments

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

8 Investment in subsidiary

	2019 £	2018 £
Cost at 31 December	50,000	50,000

Name of Undertaking	Class of Capital	Country of Incorporation	Type of business	Ownership Percentage 2019	Ownership Percentage 2018
Eversholt Funding plc	Ordinary Shares	England*	Financing	100%	100%

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

The Company has no indirect subsidiaries.

9 Trade and other payables

	2019 £	2018 £
Accruals	580	4,760

10 Borrowings

	2019 £	2018 £
Current		
Eversholt Rail Limited	23,849	22,145

The intercompany loan with Eversholt Rail Limited is repayable by 4 November 2023. Borrowing entities may prepay and redraw loans until the repayment date. With effect from 1 January 2019, it was agreed that no interest would be charged on borrowings in light of the Company's expected voluntary liquidation in 2020. In 2018, interest on the loan was payable monthly at a floating rate which substantially matched the rate of the Group's senior debt, plus margin.

The intercompany loan with Eversholt Rail Limited is presented as a current liability as at 31 December 2019 as it is anticipated that the Company will be voluntarily liquidated in 2020.

Notes to the annual financial statements (continued)

for the year ended 31 December 2019

10 Borrowings (continued)

The reconciliation of liabilities arising from financing activities is as follows:

31 December 2019	As at 31 December 2018 £	Cash flows receipts £	Non-cash movement £	As at 31 December 2019 £
Financing activities attributable to:				
Liabilities - Borrowings	<u>22,145</u>	<u>(2,476)</u>	<u>4,180</u>	<u>23,849</u>
31 December 2018	As at 31 December 2017 £	Cash flows receipts £	Non-cash finance expense £	As at 31 December 2018 £
Financing activities attributable to:				
Liabilities - Borrowings	<u>18,108</u>	<u>2,830</u>	<u>1,207</u>	<u>22,145</u>

11 Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

12 Fair value of financial assets and liabilities

There are no material differences between the carrying value and the fair value of financial assets and liabilities as at 31 December 2019 and 31 December 2018.

13 Risk management

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

Sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 3.7.

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

Capital risk management

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

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

Investment in subsidiary

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

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a daily basis and compares expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. Cash is managed on a consolidated basis across the Group which enables the Company to borrow funds from another group undertaking to meet any shortfall. Conversely, the Company lends any surplus funds to other group undertakings. Liquidity is further under-pinned by the ability of certain group undertakings to borrow under a £600m revolving credit facility which matures on 4 November 2023 and lend proceeds to the Company.

Notes to the annual financial statements (continued)

for the year ended 31 December 2019

13 Risk management (continued)**Liquidity risk management (continued)**

Undiscounted cash flows in respect of the intercompany loan with Eversholt Rail Limited include the principal amount of intercompany loans only, due to the uncertainty of intercompany movements and of interest estimation (for 2018). Interest on intercompany loans was settled as part of intercompany cash movements in 2018.

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

	Carrying value £	Contractual cash flows £	On demand £	Due within 1 year £	Due between 1-5 years £	Due after 5 years £
31 December 2019						
Financial liabilities						
Non-derivative instruments						
- Borrowings	23,849	23,849	-	-	23,849	-
- Trade and other payables	580	580	-	580	-	-
	<u>24,429</u>	<u>24,429</u>	-	<u>580</u>	<u>23,849</u>	-
Total financial instruments	<u>(24,429)</u>	<u>(24,429)</u>	-	<u>(580)</u>	<u>(23,849)</u>	-

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

In the Statement of financial position, borrowings have been presented as "Current Liabilities" on the basis that they expect to be settled in 2020; in contrast, the above table shows maturity by contractual date and the comparative table has been restated accordingly.

Market risk management**Foreign currency risk**

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

Interest rate risk

With effect from 1 January 2019, the Company has no exposure to fluctuations in interest rates. In 2018, the Company did have exposure and a 50 basis points increase in LIBOR would have resulted in an increase in intercompany interest expense of £19.

This sensitivity analysis has been applied to the borrowing rate and performed on the monthly balance of the relevant financial instrument and represented a reasonable approximation of possible change.

Notes to the annual financial statements (continued)

for the year ended 31 December 2019

14 Related party transactions

14.1 Identity of related parties

The Company has a related party relationship with its directors (refer page 3) and with its fellow group undertakings of the Eversholt UK Rails Group, namely:

- Eversholt UK Rails Limited
- Eversholt UK Rails (Holding) Limited
- European Rail Finance Holdings Limited
- Eversholt Investment Limited
- Eversholt Rail Leasing Limited
- Eversholt Rail Holdings (UK) Limited (dissolved on 4 February 2020)
- Eversholt Funding plc
- Eversholt Rail Limited
- Eversholt Depot Finance Limited
- Eversholt Rail (365) Limited (prior to 19 August 2019)
- European Rail Finance Limited
- 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 European Rail Finance Holdings Limited.

Copies of the Group financial statements of Eversholt UK Rails Limited may be obtained from the following registered address:

210 Pentonville Road
London
N1 9JY
United Kingdom

14.2 Transactions with related parties

The Company has a loan account with a fellow group undertaking more fully described in note 10. Interest on this account for the year amounted to an expense of £nil (2018: £1,207).

15 Contingent liabilities

There were no contingent liabilities for the Company at 31 December 2019 (2018: £nil).

16 Subsequent events

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