

Eversholt Rail Leasing Limited

**Unaudited, condensed interim financial statements
for the 6 months ended 30 June 2022**

Registered No: 02720809

Condensed interim financial statements

for the 6 months ended 30 June 2022

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Unaudited

Condensed income statement

for the 6 months ended 30 June 2022

	Note	6 months ended	
		30 June 2022 £'000	30 June 2021 £'000
Revenue			
Operating lease income	4	183,840	209,804
Other income	4	195	1,368
Total revenue		184,035	211,172
Cost of sales	5	(102,457)	(96,544)
Gross Profit		81,578	114,628
Finance expense	6	(52,091)	(55,979)
Administrative expense	7	(11,256)	(11,056)
Gain on disposal of property, plant and equipment		2,398	1,047
Profit before tax		20,629	48,640
Income tax charge	9	(3,758)	(36,341)
Profit for the period		16,871	12,299

There were no discontinued or discontinuing operations during the period.

The notes on pages 6 to 17 form an integral part of these financial statements.

Condensed, consolidated statement of comprehensive income

for the 6 months ended 30 June 2022

	Note	6 months ended	
		30 June 2022 £'000	30 June 2021 £'000
Profit for the period		16,871	12,299
Other comprehensive income/(expense)			
Transfer of loss/(gain) on cash flow hedges to property, plant and equipment	20	142	(524)
Income tax on Other comprehensive income	20	(35)	49
		107	(475)
Total comprehensive income for the period		16,978	11,824

Effective portion of changes in fair value cash flow hedges, together with related tax effects, may be reclassified to the Income statement in future years.

Condensed statement of financial position

as at 30 June 2022

	<i>Note</i>	30 June 2022 £'000	31 December 2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	2,253,996	2,331,073
Investments in subsidiaries	11	149,319	149,319
		<u>2,403,315</u>	<u>2,480,392</u>
Current assets			
Trade and other receivables	13	12,926	7,225
Cash and cash equivalents	14	7,157	7,134
		<u>20,083</u>	<u>14,359</u>
Total assets		<u>2,423,398</u>	<u>2,494,751</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	15	37,495	43,595
Current tax		10,268	17,869
Other liabilities	16	27,404	11,290
Borrowings	17	66,497	65,064
		<u>141,664</u>	<u>137,818</u>
Non-current liabilities			
Other liabilities	16	186,314	191,273
Borrowings	17	1,879,394	1,918,910
Deferred tax	19	99,300	102,502
		<u>2,165,008</u>	<u>2,212,685</u>
Total liabilities		<u>2,306,672</u>	<u>2,350,503</u>
Equity			
Share capital	21	50,000	50,000
Hedging reserve	20	260	153
Retained earnings		66,466	94,095
Total equity		<u>116,726</u>	<u>144,248</u>
Total equity and liabilities		<u>2,423,398</u>	<u>2,494,751</u>

The notes on pages 6 to 17 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 16 August 2022. They were signed on its behalf by:



A J Wesson

Director

Company registration number 02720809

Condensed statement of cash flows

for the 6 months ended 30 June 2022

	Note	6 months ended	
		30 June 2022 £'000	30 June 2021 £'000
Cash flow from operating activities			
Profit before tax		20,629	48,640
Adjustments for:			
- Depreciation charge	5	69,630	68,067
- Write-down of rolling stock	5	10,698	-
- Finance expense	6	52,091	55,979
- Gain on disposal of property, plant and equipment		(2,398)	(1,047)
Operating cash flow before changes in working capital		150,650	171,649
Increase in trade and other receivables	13	(5,701)	(3,712)
Increase in other liabilities	16	11,155	10,186
(Decrease)/increase in trade and other payables	15	(6,100)	1,019
Cash generated by operating activities		150,004	179,132
Payment in respect of group relief		(14,596)	(9,899)
Net cash generated by operating activities		135,408	169,233
Cash flow from investing activities			
Acquisition of property, plant and equipment		(3,109)	(5,650)
Proceeds from disposal of property, plant and equipment		2,398	17,964
Net cash (utilised in)/generated by investing activities		(711)	12,314
Cash flow from financing activities			
Loan repaid to Eversholt Rail Limited	18	(59,380)	(59,380)
Finance expense paid	6	(1,236)	-
Dividend paid	10	(44,500)	-
Net interest received		-	841
Movement in intercompany loan with Eversholt Rail Limited	18	(29,558)	(126,703)
Net cash utilised in financing activities		(134,674)	(185,242)
Net movement in cash and cash equivalents		23	(3,695)
Cash and cash equivalents at the beginning of the period		7,134	16,438
Cash and cash equivalents at the end of the period	14	7,157	12,743

Condensed statement of changes in equity

for the 6 months ended 30 June 2022

	<i>Note</i>	Share capital	Hedging reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000
Balance at 1 January 2021		50,000	1,113	75,443	126,556
Profit for the period		-	-	12,299	12,299
Transfer of gain on cash flow hedges to Property, plant and equipment		-	(524)	-	(524)
Income tax on Other comprehensive expense		-	49	-	49
Total comprehensive (expense)/income		-	(475)	12,299	11,824
Dividend paid		-	-	-	-
Balance at 30 June 2021		<u>50,000</u>	<u>638</u>	<u>87,742</u>	<u>138,380</u>
Balance at 1 January 2022		50,000	153	94,095	144,248
Profit for the period		-	-	16,871	16,871
Transfer of loss on cash flow hedges to Property, plant and equipment	<i>20</i>	-	142	-	142
Income tax on Other comprehensive expense	<i>20</i>	-	(35)	-	(35)
Total comprehensive income		-	107	16,871	16,978
Dividend paid	<i>10</i>	-	-	(44,500)	(44,500)
Balance at 30 June 2022		<u>50,000</u>	<u>260</u>	<u>66,466</u>	<u>116,726</u>

Dividend of £0.89 per share were paid during the period (6 months ended 30 June 2021: £nil per share).

Notes to the condensed interim financial statements

for the 6 months ended 30 June 2022

1 General information

Eversholt Rail Leasing Limited (the “Company”) is a private company incorporated in England and Wales and is limited by shares (see note 21). The registered office of the Company is Ground Floor WeWork 1 Waterhouse Square 138-142 Holborn London EC1N 2ST United Kingdom.

The Company forms part of the Eversholt UK Rails Group (the “Group”) more fully described in note 26. The Company also forms part of the group of companies (the “Security Group”) that are bound by the terms of the financing arrangements established on 4 November 2010 (the “Financing Documents”) for the debt raised by Eversholt Funding plc, a fellow Security Group company. The Security Group comprises the Group excluding Eversholt UK Rails Limited.

2 Basis of Preparation

These financial statements are presented in £'000. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

2.1 Compliance with IFRSs

The financial statements of Eversholt Rail Leasing Limited have been prepared on the historical cost basis, except for the remeasurement of derivative financial instruments.

The condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the United Kingdom (“UK”). 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 2021. 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 audited financial statements for the year ended 31 December 2021.

2.2 Going concern

The Company’s forecasts and projections taking account of reasonably possible changes in trading performance, show that the Company has adequate resources to continue in operational existence for the period of at least 12 months from the date when the condensed consolidated interim financial statements are authorised for issue. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

As well as its own resources, the Company is able to rely on financial support and access cash generated from other members of the Security Group, to the extent necessary, under the terms of the financing arrangements with lenders. In relation to the Security Group, the Directors have considered: its current financial position, which has cash of £238,982,000 and undrawn committed borrowing facilities of £600,000,000 as at 30 June 2022; projected performance against financial covenants; the high level of forecast revenue underpinned by existing lease agreements; the legal arrangements in place in the event of an operator default and the extent to which the UK Government is the “operator of last resort” in such circumstances; and potential mitigating actions. Multiple scenarios were run against the most recent forecasts as well as assessing the level of forecast revenue that would need to be lost before the Group breached any of its borrowing covenants.

In addition to the above, the Directors continue to monitor any potential COVID-19 impacts for the Company. At this stage, there has been no change in the assessment since 31 December 2021 and relevant details are set out in the Company’s financial statements for the year ended 31 December 2021.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

Basis of Preparation (continued)**Going concern (continued)**

In conclusion, the Directors are satisfied that under all reasonable sensitivities to the Company's forecasts and projections that the Company has adequate resources to continue in existence for the period of at least 12 months from the date when these financial statements are authorised for issue.

3 Summary of significant accounting policies

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements for the year ended 31 December 2021.

These policies are consistent with applicable IFRSs ("International Financial Reporting Standards"), issued by the IASB ("International Accounting Standards Board") or IFRIC ("IFRS Interpretations Committee") and endorsed for use in the UK by the UK Endorsement Board, referred to as "UK-adopted IFRS".

4 Revenue from contracts with customers**Revenue information**

The Company generates revenue wholly in the UK and primarily from the rental of rolling stock assets under operating leases. Total income can be analysed as follows:

	6 months ended	
	30 June 2022	30 June 2021
	£'000	£'000
Operating lease rental income	183,840	209,804
Other income	195	1,368
	<u>184,035</u>	<u>211,172</u>

5 Cost of sales

	6 months ended	
	30 June 2022	30 June 2021
	£'000	£'000
Depreciation	(69,630)	(68,067)
Write-down	(10,698)	-
Maintenance cost	(22,129)	(28,477)
	<u>(102,457)</u>	<u>(96,544)</u>

6 Finance expense

	6 months ended	
	30 June 2022	30 June 2021
	£'000	£'000
Interest payable to Eversholt Rail Limited	(50,855)	(56,820)
Finance expense payable to Eversholt Funding plc	(249)	(279)
Other Interest	(987)	1,120
	<u>(52,091)</u>	<u>(55,979)</u>

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

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

7 Administrative expense

Administrative expense includes:

	6 months ended	
	30 June 2022	30 June 2021
	£'000	£'000
Management fees payable to Eversholt Rail limited	(11,241)	(10,264)
Transaction fees payable to Eversholt Funding plc	-	(733)
Fees payable to Eversholt Rail Limited to the Company's auditor for the audit of the Company's annual financial statements	(53)	(45)

The Company has no employees and hence no staff costs (6 months ended 30 June 2021: £nil).

8 Directors' emoluments

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

9 Income tax charge

Amounts include the following tax (charge)/credit:

	6 months ended	
	30 June 2022	30 June 2021
	£'000	£'000
Current tax		
UK Corporation tax on current period profit	(7,003)	(8,790)
Adjustment in respect to prior year	8	-
	<u>(6,995)</u>	<u>(8,790)</u>
Deferred tax		
Origination and reversal of temporary differences	2,463	(1,371)
Change in tax rate	774	(26,180)
	<u>3,237</u>	<u>(27,551)</u>
Income tax charge	<u>(3,758)</u>	<u>(36,341)</u>

The UK tax rate applying to the profits was 19% (2021: 19%).

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 2022	30 June 2021
	£'000	£'000
Profit before tax	20,629	48,640
Taxation at corporation tax rate of 19% (2021: 19%)	(3,919)	(9,242)
Change in tax rate	774	(26,180)
Adjustment in respect of prior year	8	-
Unrecognised tax attribute	(621)	-
Non-deductible expense	-	244
Permanent tax difference	-	(1,163)
Income tax charge	<u>(3,758)</u>	<u>(36,341)</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

9. Income tax charge (continued)

In addition to the amounts charged to the Income statement, the aggregate amount of current and deferred tax relating to components of other comprehensive income resulted in a £35,000 charge being recognised in total comprehensive income (6 months ended 30 June 2021: £49,000 credit).

Corporation tax has been calculated by reference to the current tax rate of 19%.

Deferred tax is calculated by reference to the tax rates that apply when the corresponding deferred tax asset is realised or deferred tax liability settled. The applicable rates are those rates that have been enacted or substantively enacted by 30 June 2022 and are as follows:

For periods:	%
Prior to 1 April 2023	19
Post 31 March 2023	25

This has led to the tax charge attributable to “change in tax rate” shown in the above analysis.

10 Dividends

A £44,500,000 dividend was paid to European Rail Finance Holdings Limited in the period ended 30 June 2022 (6 months ended 30 June 2021: £nil).

The Company did not receive any dividend income in the period ended 30 June 2022 (6 months ended 30 June 2021: £nil).

11 Investments in subsidiaries

	30 June 2022 £'000	31 December 2021 £'000
Cost	<u>149,319</u>	<u>149,319</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

12 Property, plant and equipment

	Rolling stock and other railway assets £'000
Cost	
Balance at 1 January 2021	3,296,506
Additions	21,527
Disposals	(122,418)
Balance at 31 December 2021	3,195,615
Additions	3,251
Disposals	(28,787)
Balance at 30 June 2022	3,170,079
Depreciation	
Balance at 1 January 2021	810,877
Charge for the year	138,173
Write-down	20,994
Disposals	(105,502)
Balance at 31 December 2021	864,542
Charge for the period	69,630
Write-down	10,698
Disposals	(28,787)
Balance at 30 June 2022	916,083
Carrying Value at 30 June 2022	2,253,996
Carrying Value at 31 December 2021	2,331,073

The cost of rolling stock and other railway assets at 30 June 2022 includes capitalised interest of £45,282,000 (31 December 2021: £45,282,000). The capitalisation rate used is the rate of interest attaching to the Company's borrowings attributable to the acquisition of rolling stock.

The depreciation charge is included within the cost of sales in the Income statement. Following a review of recoverable values, the Company has written down the net book value of rolling stock by £10,698,000 (December 2021: £20,994,000). This reflects the extent to which the net book value of rolling stock exceeds recoverable value. The write-down is included as part of the accumulated depreciation.

Additions includes a debit from other comprehensive income (being a realised loss on cashflow hedges) of £142,000 (December 2021: £1,187,000 credit) and bank loan capitalised interest of £nil (December 2021: £32,000).

All rolling stock and other railway assets are subject to operating lease arrangements or are available to lease under such arrangements.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

13 Trade and other receivables

	30 June 2022 £'000	31 December 2021 £'000
Trade receivables	<u>12,926</u>	<u>7,225</u>

Trade receivables includes £3,486,000 (31 December 2021: £4,179,000) in relation to operating lease rentals that have been accrued and for which a 12 month expected credit loss allowance of £543,000 is carried (31 December 2021: £622,000). During the period there has been a release of £79,000 in the expected credit loss allowance (6 months ended 30 June 2021: £23,000). The allowance reflects a revised rental payment profile, pursuant to changes in commercial arrangements.

14 Cash and cash equivalents

	30 June 2022 £'000	31 December 2021 £'000
Bank accounts	<u>7,157</u>	<u>7,134</u>

15 Trade and other payables

	30 June 2022 £'000	31 December 2021 £'000
Trade and other payables	26,676	12,126
Rentals received in advance	6,930	25,664
Accruals	<u>3,889</u>	<u>5,805</u>
	<u>37,495</u>	<u>43,595</u>

16 Other liabilities

Other liabilities represents amounts charged to customers under current contracts in relation to their share of future rolling stock maintenance costs after the expiry of the current lease. These amounts will be paid out over the course of future leases to, as yet unidentified, future lessees who will undertake future rolling stock maintenance. Such amounts will never be recognised as revenue in the Company's income statement and can be analysed as follows:

	30 June 2022 £'000	31 December 2021 £'000
Current	<u>27,404</u>	<u>11,290</u>
Non-current	<u>186,314</u>	<u>191,273</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

17 Borrowings

	30 June 2022 £'000	31 December 2021 £'000
Current		
Eversholt Rail Limited (term loan)	66,497	65,064
Non-current		
Eversholt Rail Limited (term loan)	1,161,199	1,195,029
Eversholt Rail Limited (intercompany loan)	718,195	723,881
	<u>1,879,394</u>	<u>1,918,910</u>
Total borrowings	<u>1,945,891</u>	<u>1,983,974</u>

The term loan with Eversholt Rail 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 (2021: fixed rate plus margin).

The intercompany loan with Eversholt Rail Limited is classified as non-current as it is repayable on 4 November 2023. The Company may prepay and redraw loan until the repayment date. Interest on the loan is payable monthly at a floating rate, which substantially matches the rate of the Group's senior debt, plus margin (31 December 2021: Group's senior debt, plus margin).

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 in the use of disposal proceeds. The assets are secured by a fixed and floating charge held by the financial institutions that have lent to Eversholt Funding plc.

Maturity of borrowings

The maturity profile of the carrying amount of the Company's non-current borrowings at 30 June 2022 was as follows:

	30 June 2022 £'000	31 December 2021 £'000
In more than one year but not more than two years	787,541	67,986
In more than two years but not more than five years	227,712	946,554
In more than five years	864,141	904,370
	<u>1,879,394</u>	<u>1,918,910</u>

18 Reconciliation of liabilities arising from financing activities

30 June 2022	As at 31 December 2021 £'000	Cash Flows payments £'000	Non-cash finance expense £'000	As at 30 June 2022 £'000
Financing activities attributable to:				
Eversholt Rail Limited (term Loan)	1,260,093	(59,380)	26,983	1,227,696
Eversholt Rail Limited	723,881	(29,558)	23,872	718,195
Bank Loan	-	-	-	-
	<u>1,983,974</u>	<u>(88,938)</u>	<u>50,855</u>	<u>1,945,891</u>

30 June 2021

	As at 31 December 2020 £'000	Cash Flows payments £'000	Non-cash finance expense £'000	As at 30 June 2021 £'000
Financing activities attributable to:				
Eversholt Rail Limited (term Loan)	1,322,361	(59,380)	28,354	1,291,335
Eversholt Rail Limited	956,281	(126,703)	28,466	858,044
Bank Loan	6,095	-	32*	6,127
	<u>2,284,737</u>	<u>(186,083)</u>	<u>56,852</u>	<u>2,155,506</u>

*30 June 2021: £32,000 relates to capitalised interest transferred to Property, plant and equipment.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

19 Deferred tax

Deferred tax liabilities are offset against deferred tax assets where the relevant criteria are met. The following is the analysis of the deferred tax balances

	30 June 2022 £'000	31 December 2021 £'000
Deferred tax liabilities	<u>99,300</u>	<u>102,502</u>

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

	Capital Allowances £'000	Tax losses £'000	Fair value on derivatives £'000	Total £'000
At 1 January 2021	82,223	(691)	261	81,793
Credit to Income statement	(3,171)	-	-	(3,171)
Credit to Other comprehensive income	-	-	(227)	(227)
Effect of change in tax rate:				
- Income statement	23,604	-	-	23,604
- Credit other comprehensive income	-	-	-	-
Prior year adjustments	(188)	691	-	503
At 31 December 2021	<u>102,468</u>	<u>-</u>	<u>34</u>	<u>102,502</u>
Credit to income statement	(2,463)	-	-	(2,463)
Charge to other comprehensive income	-	-	27	27
Effect of change in tax rate:				
- Income statement	(774)	-	-	(774)
- Other comprehensive income	-	-	8	8
At 30 June 2022	<u>99,231</u>	<u>-</u>	<u>69</u>	<u>99,300</u>

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 Statement of financial position date.

Deferred tax is calculated by reference to the tax rates that apply when the corresponding deferred tax asset is realised or deferred tax liability settled. The applicable rates are those rates that have been enacted or substantively enacted by 30 June 2022 and are as follows:

For periods:	%
Prior to 1 April 2023	19
Post 31 March 2023	25

This has led to the amounts attributable to "change in tax rate" shown in the above analysis.

The Company has an unrecognised deferred tax asset of £18,000,000 (31 December 2021: £17,183,000) in relation to interest expense disallowed for tax purposes in the financial year under the Corporate Interest Restriction rules (CIR).

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

20 Derivative financial instruments**Movement in Hedging reserve**

	Current hedge accounted £'000
Balance as at 1 January 2021	(153)
Transfer to property, plant and equipment	(142)
Income tax on other comprehensive expense	35
Balance as at 30 June 2022	<u>(260)</u>
Balance at 1 January 2021	(1,113)
Transfer to Property, plant & equipment	1,187
Income tax on Other comprehensive income	(227)
Balance as at 31 December 2021	<u>(153)</u>

The Company has no outstanding foreign exchange forward contracts as they were all settled in 2020.

When foreign exchange forward contracts have settled before the committed EUR denominated capital expenditure has been incurred, related EUR cash deposits continue to hedge related commitments. Being part of a hedge accounting relationship and equal in principal to the amount of commitments, any exchange differences arising on translating the EUR cash deposits to sterling, are wholly recognised in the hedging reserve.

During the period a loss of £142,000 (2021: a gain of £1,187,000) was realised in property, plant and equipment additions (see note 12); the residual gain recognised in other comprehensive income will amortise to property, plant and equipment in line with the payment profile of the hedged capital expenditure.

21 Share capital

	30 June 2022 £'000	31 December 2021 £'000
Authorised, allotted, called up and fully paid		
50,000,002 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

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

22 Capital commitments

In respect of rolling stock capital expenditure

	30 June 2022 £'000	31 December 2021 £'000
Authorised and contracted	<u>43,778</u>	<u>34,111</u>

The above represents all capital commitments.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

23 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 2021 annual financial statements.

Undiscounted cash flows on the Company assets and 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 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
30 June 2022						
Financial assets						
Amortised cost:						
Trade and other receivables	12,926	12,926	-	12,926	-	-
Cash and cash deposits	7,157	7,157	7,157	-	-	-
	<u>20,083</u>	<u>20,083</u>	<u>7,157</u>	<u>12,926</u>	-	-
Financial liabilities						
Amortised cost:						
Trade and other payables	37,495	37,495	-	37,495	-	-
Intercompany term lending	1,227,696	1,632,945	-	118,760	475,039	1,039,146
Intercompany loan	718,195	718,195	-	-	718,195	-
	<u>1,983,386</u>	<u>2,388,635</u>	-	<u>156,255</u>	<u>1,193,234</u>	<u>1,039,146</u>
Total financial instruments	<u>(1,963,303)</u>	<u>(2,368,552)</u>	<u>7,157</u>	<u>(143,329)</u>	<u>(1,193,234)</u>	<u>(1,039,146)</u>
31 December 2021						
Financial assets						
Amortised cost:						
Trade and other receivables	7,225	7,225	-	7,225	-	-
Cash and cash deposits	7,134	7,134	7,134	-	-	-
	<u>14,359</u>	<u>14,359</u>	<u>7,134</u>	<u>7,225</u>	-	-
Financial liabilities						
Amortised cost:						
Trade and other payables	43,595	43,595	-	43,595	-	-
Intercompany term lending	1,260,093	1,692,325	-	118,760	475,039	1,098,526
Intercompany loan	723,881	723,881	-	-	723,881	-
	<u>2,027,569</u>	<u>2,459,801</u>	-	<u>162,355</u>	<u>1,198,920</u>	<u>1,098,526</u>
Total financial instruments	<u>(2,013,210)</u>	<u>(2,445,442)</u>	<u>7,134</u>	<u>(155,130)</u>	<u>(1,198,920)</u>	<u>(1,098,526)</u>

24 Fair value of financial assets and liabilities

There are no material differences between the carrying value and the fair value of the financial assets and liabilities as at 30 June 2022 (31 December 2021: £nil).

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

25 Operating lease arrangements**The Company as lessor**

The Company has contracts with lessees in relation to rolling stock. At the reporting date, the outstanding commitments for undiscounted lease payments to be received under operating leases are as follows:

	30 June 2022 £'000	31 December 2021 £'000
Within one year	280,227	294,600
1-2 years	232,330	188,991
2-3 years	219,194	173,210
3-4 years	182,506	108,942
4-5 years	180,547	94,199
Over 5 years	366,091	81,111
	<u>1,460,895</u>	<u>941,053</u>
Aggregate operating lease rentals receivable in the period/year	<u>183,840</u>	<u>409,733</u>

26 Related-party transactions**26.1 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 Limited
- Eversholt Finance Holdings Limited
- Eversholt Funding plc
- Eversholt Depot 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. UK Rails S.A.R.L.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and which the Company is a member of, is Eversholt UK Rails (Holding) Limited.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2022

26 Related-party transactions (continued)

26.2 Transactions with related parties

Dividend income and dividends paid are more fully described in note 10. The Company has loans with related parties, more fully described in note 17. Interest on the loans, together with finance charges payable, is more fully described in note 6.

The Company was charged management fees by Eversholt Rail Limited of £11,241,000 (6 months ended 30 June 2021: £10,264,000).

The Company paid Eversholt Rail Limited £21,649,000 for the procurement of maintenance of the rolling stock (6 months ended 30 June 2021: £24,023,000).

Eversholt Funding plc charged transaction fees £nil to the Company (6 months ended 30 June 2021: £733,000).

27 Contingent liabilities

There were no contingent liabilities for the Company at 30 June 2022.

28 Subsequent events

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