

Eversholt Rail Leasing Limited

**Unaudited, condensed interim financial statements
for the 6 months ended 30 June 2023**

Registered No: 02720809

Condensed interim financial statements

for the 6 months ended 30 June 2023

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Unaudited

Condensed income statement

for the 6 months ended 30 June 2023

	Note	6 months ended	
		30 June 2023 £'000	30 June 2022 £'000
Revenue			
Operating lease income	4	168,441	183,840
Other income	4	73	195
Total revenue		168,514	184,035
Cost of sales	5	(82,492)	(102,457)
Gross Profit		86,022	81,578
Finance expense	6	(54,119)	(52,091)
Administrative expense	7	(10,890)	(11,256)
Gain on disposal of property, plant and equipment		225	2,398
Profit before tax		21,238	20,629
Income tax charge	9	(16,548)	(3,758)
Profit for the period		4,690	16,871

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 statement of comprehensive income

for the 6 months ended 30 June 2023

	Note	6 months ended	
		30 June 2023 £'000	30 June 2022 £'000
Profit for the period		4,690	16,871
Other comprehensive (expense)/income			
Transfer of (gain)/loss on cash flow hedges to property, plant and equipment	20	(300)	142
Income tax on Other comprehensive income	20	75	(35)
		(225)	107
Total comprehensive income for the period		4,465	16,978

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 2023

	Note	30 June 2023 £'000	31 December 2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	2,128,063	2,180,511
Investments in subsidiaries	12	149,319	149,319
		<u>2,277,382</u>	<u>2,329,830</u>
Current assets			
Trade and other receivables	13	9,579	10,949
Cash and cash equivalents	14	3,101	4,828
		<u>12,680</u>	<u>15,777</u>
Total assets		<u>2,290,062</u>	<u>2,345,607</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	15	42,681	51,536
Current tax		18,280	25,965
Other liabilities	16	19,095	22,450
Borrowings	17	69,346	67,985
		<u>149,402</u>	<u>167,936</u>
Non-current liabilities			
Other liabilities	16	212,892	189,336
Borrowings	17	1,775,475	1,801,199
Deferred tax	19	79,766	81,574
		<u>2,068,133</u>	<u>2,072,109</u>
Total liabilities		<u>2,217,535</u>	<u>2,240,045</u>
Equity			
Share capital	21	50,000	50,000
Hedging reserve	20	23	248
Retained earnings		22,504	55,314
Total equity		<u>72,527</u>	<u>105,562</u>
Total equity and liabilities		<u>2,290,062</u>	<u>2,345,607</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 4 September 2023. 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 2023

	Note	6 months ended	
		30 June 2023 £'000	30 June 2022 £'000
Cash flow from operating activities			
Profit before tax		21,238	20,629
Adjustments for:			
- Depreciation charge	5	56,851	69,630
- Write-down of rolling stock	5	5,570	10,698
- Finance expense	6	54,119	52,091
- Gain on disposal of property, plant and equipment		(225)	(2,398)
Operating cash flow before changes in working capital		137,553	150,650
Decrease/(increase) in trade and other receivables	13	1,370	(5,701)
Increase in other liabilities	16	20,201	11,155
Decrease in trade and other payables	15	(8,855)	(6,100)
Cash generated by operating activities		150,269	150,004
Payment in respect of group relief		(25,966)	(14,596)
Net cash generated by operating activities		124,303	135,408
Cash flow from investing activities			
Acquisition of property, plant and equipment		(10,273)	(3,109)
Proceeds from disposal of property, plant and equipment		225	2,398
Net cash utilised in investing activities		(10,048)	(711)
Cash flow from financing activities			
Loan repaid to Eversholt Rail Limited	18	(59,380)	(59,380)
Finance expense paid	6	(5,143)	(1,236)
Dividend paid	10	(37,500)	(44,500)
Movement in intercompany loan with Eversholt Rail Limited	18	(13,959)	(29,558)
Net cash utilised in financing activities		(115,982)	(134,674)
Net movement in cash and cash equivalents		(1,727)	23
Cash and cash equivalents at the beginning of the period		4,828	7,134
Cash and cash equivalents at the end of the period	14	3,101	7,157

Condensed statement of changes in equity

for the 6 months ended 30 June 2023

	<i>Note</i>	Share capital	Hedging reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000
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		-	142	-	142
Income tax on Other comprehensive expense		-	(35)	-	(35)
Total comprehensive income		-	107	16,871	16,978
Dividend paid	10	-	-	(44,500)	(44,500)
Balance at 30 June 2022		50,000	260	66,466	116,726
Balance at 1 January 2023		50,000	248	55,314	105,562
Profit for the period		-	-	4,690	4,690
Transfer of gain on cash flow hedges to Property, plant and equipment	20	-	(300)	-	(300)
Income tax on Other comprehensive expense	20	-	75	-	75
Total comprehensive income		-	(225)	4,690	4,465
Dividend paid	10	-	-	(37,500)	(37,500)
Balance at 30 June 2023		50,000	23	22,504	72,527

Dividends of £0.75 per share were paid during the period (6 months ended 30 June 2022: £0.89 per share).

Notes to the condensed interim financial statements

for the 6 months ended 30 June 2023

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 sterling £'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 2022. 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 2022.

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 unrestricted cash of £297,867,000 (note 19) and undrawn committed borrowing facilities of £450,000,000 as at 30 June 2023; 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.

The Directors are satisfied that under all reasonable sensitivities the Group has adequate resources to continue in existence for the period of at least 12 months from the date when the financial statements are authorised for issue.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

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 2022, except for the adoption of new standards effective as of 1 January 2023.

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”. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed financial statements.

3.1 IFRS 17 Insurance Contracts

In 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.

IFRS 17 replaces IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. IFRS 17’s overall objective is to provide an accounting model for insurance contracts that is more useful and consistent.

3.2 Definition of Accounting Estimates - Amendments to IAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

3.3 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments may affect the accounting policy disclosures in the Company’s annual consolidated financial statements.

3.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

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 2023	30 June 2022
	£'000	£'000
Operating lease rental income	168,441	183,840
Other income	73	195
	<u>168,514</u>	<u>184,035</u>

5 Cost of sales

		6 months ended	
	Note	30 June 2023	30 June 2022
		£'000	£'000
Depreciation	11	(56,851)	(69,630)
Write-down of rolling stock	11	(5,570)	(10,698)
Maintenance cost		(20,071)	(22,129)
		<u>(82,492)</u>	<u>(102,457)</u>

6 Finance expense

	6 months ended	
	30 June 2023	30 June 2022
	£'000	£'000
Interest payable to Eversholt Rail Limited	(48,976)	(50,855)
Finance expense payable to Eversholt Funding plc	(198)	(249)
Other Interest	(4,945)	(987)
	<u>(54,119)</u>	<u>(52,091)</u>

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

7 Administrative expense

Administrative expense includes:

	6 months ended	
	30 June 2023	30 June 2022
	£'000	£'000
Management fees payable to Eversholt Rail Limited	(10,903)	(11,241)
Fees payable to Eversholt Rail Limited for the audit of the Company's annual financial statements	(43)	(53)

The Company has no employees and hence no staff costs (6 months ended 30 June 2022: £nil).

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

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

	6 months ended	
	30 June 2023	30 June 2022
	£'000	£'000
Current tax		
UK Corporation tax on current period profit	(11,907)	(7,003)
Adjustment in respect of prior year	(6,374)	8
	<u>(18,281)</u>	<u>(6,995)</u>
Deferred tax		
Origination and reversal of temporary differences	1,715	2,463
Change in tax rate	18	774
	<u>1,733</u>	<u>3,237</u>
	<u>(16,548)</u>	<u>(3,758)</u>

The UK tax rate applying to the profits was 23.5% (2022: 19.0%).

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 2023	30 June 2022
	£'000	£'000
Profit before tax	21,238	20,629
Taxation at corporation tax rate of 23.5% (2022: 19.0%)	(4,991)	(3,919)
Change in tax rate	18	774
Adjustment in respect of prior year	(6,374)	8
Unrecognised tax attribute	(5,201)	(621)
	<u>(16,548)</u>	<u>(3,758)</u>

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 £75,000 credit being recognised in total comprehensive income (6 months ended 30 June 2022: £35,000 charge).

Corporation tax has been calculated by reference to the blended current tax rate of 23.5%.

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 2023 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.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

10 Dividends

A £37,500,000 dividend was paid to European Rail Finance Holdings Limited in the period ended 30 June 2023 (6 months ended 30 June 2022: £44,500,000).

The Company did not receive any dividend income in the period ended 30 June 2023 (6 months ended 30 June 2022: £nil).

11 Property, plant and equipment

	Rolling stock and other railway assets £'000
Cost	
Balance at 1 January 2022	3,195,615
Additions	11,908
Disposals	(114,171)
Balance at 31 December 2022	<u>3,093,352</u>
Additions	9,973
Disposals	(24,901)
Balance at 30 June 2023	<u>3,078,424</u>
Accumulated depreciation and write-downs	
Balance at 1 January 2022	864,542
Charge for the year	122,403
Write-down	38,844
Disposals	(112,948)
Balance at 31 December 2022	<u>912,841</u>
Charge for the period	56,851
Write-down	5,570
Disposals	(24,901)
Balance at 30 June 2023	<u>950,361</u>
Carrying Value at 30 June 2023	<u>2,128,063</u>
Carrying Value at 31 December 2022	<u>2,180,511</u>

The depreciation charge is included within cost of sales in the Condensed income statement. Following a review of recoverable values, the Company has written down the net book value of rolling stock by £5,570,000 (31 December 2022: £38,844,000). 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 credit from other comprehensive income (being a realised gain on cashflow hedges) of £300,000 (31 December 2022: loss of £142,000).

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 2023

12 Investments in subsidiaries

	30 June 2023 £'000	31 December 2022 £'000
Cost	<u>149,319</u>	<u>149,319</u>

13 Trade and other receivables

	30 June 2023 £'000	31 December 2022 £'000
Trade receivables	9,579	6,395
Accrued income	-	4,554
	<u>9,579</u>	<u>10,949</u>

Trade receivables includes £2,249,000 (31 December 2022: £2,793,000) in relation to operating lease rentals that have been accrued and for which a 12 month expected credit loss allowance of £301,000 is carried (31 December 2022: £358,000). During the period there has been a release of £57,000 in the expected credit loss allowance (6 months ended 30 June 2022: £79,000 release). The allowance reflects a revised rental payment profile, pursuant to changes in commercial arrangements.

14 Cash and cash equivalents

	30 June 2023 £'000	31 December 2022 £'000
Bank accounts	<u>3,101</u>	<u>4,828</u>

15 Trade and other payables

	30 June 2023 £'000	31 December 2022 £'000
Trade and other payables	25,802	17,498
Rentals received in advance	14,154	24,663
Accruals	2,725	9,375
	<u>42,681</u>	<u>51,536</u>

16 Other liabilities

Other liabilities represent 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 2023 £'000	31 December 2022 £'000
Current	19,095	22,450
Non-current	212,892	189,336
	<u>231,987</u>	<u>211,786</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

17 Borrowings

	30 June 2023 £'000	31 December 2022 £'000
Current		
Eversholt Rail Limited (term loan)	69,346	67,985
Non-current		
Eversholt Rail Limited (term loan)	1,091,854	1,127,044
Eversholt Rail Limited (intercompany loan)	683,621	674,155
	<u>1,775,475</u>	<u>1,801,198</u>
Total borrowings	<u>1,844,821</u>	<u>1,869,184</u>

The fixed rate loan with Eversholt Rail Limited is described as 'term loan' in the above table. This 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 (2022: fixed rate plus margin).

The intercompany loan with Eversholt Rail Limited is repayable on 2 November 2027.

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 2022: 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 2023 was as follows:

	30 June 2023 £'000	31 December 2022 £'000
In more than one year but not more than two years	72,596	70,899
In more than two years but not more than five years	921,459	906,965
In more than five years	781,420	823,335
	<u>1,775,475</u>	<u>1,801,198</u>

18 Reconciliation of liabilities arising from financing activities

30 June 2023	As at 31 December 2022 £'000	Cash Flows payments £'000	Non-cash finance expense £'000	As at 30 June 2023 £'000
Financing activities attributable to:				
Eversholt Rail Limited (term loan)	1,195,029	(59,380)	25,551	1,161,200
Eversholt Rail Limited	674,155	(13,959)	23,425	683,621
	<u>1,869,184</u>	<u>(73,339)</u>	<u>48,976</u>	<u>1,844,821</u>
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
	<u>1,983,974</u>	<u>(88,938)</u>	<u>50,855</u>	<u>1,945,891</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

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 2023 £'000	31 December 2022 £'000
Deferred tax liabilities	<u>79,766</u>	<u>81,574</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	Fair value on derivatives £'000	Total £'000
At 1 January 2022	102,468	34	102,502
Credit to Income statement	(16,858)	-	(16,858)
Charge to Other comprehensive income	-	26	26
Effect of change in tax rate:			
- Income statement	(4,116)	-	(4,116)
- Other comprehensive income	-	20	20
At 31 December 2022	<u>81,494</u>	<u>80</u>	<u>81,574</u>
Credit to Income statement	(1,715)	-	(1,715)
Credit to Other comprehensive income	-	(70)	(70)
Effect of change in tax rate:			
- Income statement	(18)	-	(18)
- Other comprehensive income	-	(5)	(5)
At 30 June 2023	<u>79,761</u>	<u>5</u>	<u>79,766</u>

In assessing the recoverability of any deferred tax, 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 2023 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 £31,788,000 (31 December 2022: £17,869,000) 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 2023

20 Hedging reserve**Movement in Hedging reserve**

	Current hedge accounted £'000
Balance at 1 January 2022	(153)
Transfer to Property, plant & equipment	(142)
Income tax on Other comprehensive income	47
Balance as at 31 December 2022	<u>(248)</u>
Transfer to property, plant and equipment	300
Income tax on other comprehensive expense	(75)
Balance as at 30 June 2023	<u>(23)</u>

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 gain of £300,000 (2022: a loss of £142,000) was realised in property, plant and equipment additions (see note 11); 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 2023 £'000	31 December 2022 £'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 2023 £'000	31 December 2022 £'000
Authorised and contracted	<u>25,885</u>	<u>36,642</u>

The above represents all capital commitments.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

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 2022 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 2023						
Financial assets						
Amortised cost:						
Trade and other receivables	9,579	9,579	-	9,579	-	-
Cash and cash deposits	3,101	3,101	3,101	-	-	-
	<u>12,680</u>	<u>12,680</u>	<u>3,101</u>	<u>9,579</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Amortised cost:						
Trade and other payables	42,681	42,681	-	42,681	-	-
Intercompany term lending	1,161,200	1,514,186	-	118,760	475,039	920,387
Intercompany loan	683,621	683,621	-	-	683,621	-
	<u>1,887,502</u>	<u>2,240,488</u>	<u>-</u>	<u>161,441</u>	<u>1,158,660</u>	<u>920,387</u>
Total financial instruments	<u>(1,874,822)</u>	<u>(2,227,808)</u>	<u>3,101</u>	<u>(151,862)</u>	<u>(1,158,660)</u>	<u>(920,387)</u>
31 December 2022						
Financial assets						
Amortised cost:						
Trade and other receivables	10,949	10,949	-	10,949	-	-
Cash and cash deposits	4,828	4,828	4,828	-	-	-
	<u>15,777</u>	<u>15,777</u>	<u>4,828</u>	<u>10,949</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Amortised cost:						
Trade and other payables	51,536	51,536	-	51,536	-	-
Intercompany term lending	1,195,029	1,573,566	-	118,760	475,039	979,767
Intercompany loan	674,155	674,155	-	-	674,155	-
	<u>1,920,720</u>	<u>2,299,257</u>	<u>-</u>	<u>170,296</u>	<u>1,149,194</u>	<u>979,767</u>
Total financial instruments	<u>(1,904,943)</u>	<u>(2,283,480)</u>	<u>4,828</u>	<u>(159,347)</u>	<u>(1,149,194)</u>	<u>(979,767)</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 2023 (31 December 2022: £nil), except for the intercompany term lending. This has a carrying value of £1,161,200,000 (31 December 2022: £1,195,029,000) and fair value of £1,024,972,000 (31 December 2022: £1,083,197,000).

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

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 2023 £'000	31 December 2022 £'000
Within one year	289,153	274,033
1-2 years	273,256	258,931
2-3 years	208,396	209,957
3-4 years	202,776	178,813
4-5 years	132,827	162,375
Over 5 years	290,811	262,619
	<u>1,397,219</u>	<u>1,346,728</u>
Aggregate operating lease rentals receivable in the period/year	<u>168,441</u>	<u>359,864</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 Directors of the Company consider the ultimate parent and controlling party to be UK Rails S.A.R.L. incorporated in Luxembourg.

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

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 £10,903,000 (6 months ended 30 June 2022: £11,241,000). The corresponding amount owed to Eversholt Rail Limited of £10,903,000 (31 December 2022: £nil) is included in trade and other payables (note 15).

The Company paid Eversholt Rail Limited £21,093,000 for the procurement of maintenance of rolling stock (6 months ended 30 June 2022: £21,649,000).

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2023

27 Contingent liabilities

There were no contingent liabilities for the Company at 30 June 2023.

28 Subsequent events

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

Unaudited