

Eversholt Rail Leasing Limited

**Unaudited, condensed interim financial statements
for the 6 months ended 30 June 2024**

Registered No: 02720809

Condensed interim financial statements

for the 6 months ended 30 June 2024

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Unaudited

Condensed income statement

for the 6 months ended 30 June 2024

	<i>Note</i>	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Revenue			
Operating lease income	4	163,889	168,441
Other income	4	77	73
Total revenue		<u>163,966</u>	<u>168,514</u>
Cost of sales	5	(72,933)	(82,492)
Gross profit		<u>91,033</u>	<u>86,022</u>
Finance expense	6	(52,043)	(54,119)
Administrative expense	7	(11,380)	(10,890)
Profit on disposal of property, plant and equipment		420	225
Profit before tax		<u>28,030</u>	<u>21,238</u>
Income tax charge	9	(6,917)	(16,548)
Profit for the period		<u>21,113</u>	<u>4,690</u>

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 2024

	<i>Note</i>	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Profit for the period		21,113	4,690
Other comprehensive expense			
Realised gain on cash flow hedges to property, plant and equipment	19	-	(300)
Income tax on Other comprehensive income	18, 19	-	75
Total Other comprehensive expense		<u>-</u>	<u>(225)</u>
Total comprehensive income for the period		<u>21,113</u>	<u>4,465</u>

Where applicable, the 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 2024

	<i>Note</i>	30 June 2024 £'000	31 December 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	2,007,738	2,061,022
Investment in subsidiaries	12	149,319	149,319
		<u>2,157,057</u>	<u>2,210,341</u>
Current assets			
Trade and other receivables	13	6,210	11,189
		<u>6,210</u>	<u>11,189</u>
Total assets		<u>2,163,267</u>	<u>2,221,530</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	14	30,225	33,746
Current tax		7,479	23,020
Other liabilities	15	16,350	17,277
Borrowings	16	72,596	70,899
		<u>126,650</u>	<u>144,942</u>
Non-current liabilities			
Other liabilities	15	256,568	236,495
Borrowings	16	1,640,678	1,690,718
Deferred tax	18	72,913	74,030
		<u>1,970,159</u>	<u>2,001,243</u>
Total liabilities		<u>2,096,809</u>	<u>2,146,185</u>
Equity			
Share capital	20	50,000	50,000
Retained earnings		16,458	25,345
Total equity		<u>66,458</u>	<u>75,345</u>
Total equity and liabilities		<u>2,163,267</u>	<u>2,221,530</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 3 September 2024. 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 2024

	Note	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Cash flow from operating activities			
Profit before tax		28,030	21,238
Adjustments for:			
- Depreciation	5	54,154	56,851
- Write-down of rolling stock	5	-	5,570
- Profit on disposal of property, plant and equipment		(420)	(225)
- Finance expense	6	52,043	54,119
Operating cash flow before changes in working capital		133,807	137,553
Decrease in trade and other receivables		4,979	1,370
Increase in other liabilities		12,132	20,201
Decrease in trade and other payables		(3,521)	(8,855)
Cash flow generated by operating activities		147,397	150,269
Payment in respect of group relief		(23,575)	(25,966)
Net cash generated by operating activities		123,822	124,303
Cash flow from investing activities			
Acquisition of property, plant and equipment		(870)	(10,273)
Proceeds from disposal of property, plant and equipment		420	225
Net cash utilised in investing activities		(450)	(10,048)
Cash flow from financing activities			
Loan repaid to Eversholt Rail Limited	17	(59,381)	(59,380)
Finance expense paid	6	(286)	(5,143)
Movement in intercompany loan with Eversholt Rail Limited	17	(33,705)	(13,959)
Dividend paid	10	(30,000)	(37,500)
Net cash utilised in financing activities		(123,372)	(115,982)
Net movement in cash and cash equivalents		-	(1,727)
Cash and cash equivalents at the beginning of the period		-	4,828
Cash and cash equivalents at the end of the period		-	3,101

Condensed statement of changes in equity

for the 6 months ended 30 June 2024

	<i>Note</i>	Share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023		50,000	248	55,314	105,562
Profit for the period		-	-	4,690	4,690
Realised gain on cash flow hedges to property, plant and equipment		-	(300)	-	(300)
Income tax on Other comprehensive income		-	75	-	75
Total comprehensive income for the period		-	(225)	4,690	4,465
Dividend paid	10	-	-	(37,500)	(37,500)
Balance at 30 June 2023		50,000	23	22,504	72,527
Balance at 1 January 2024		50,000	-	25,345	75,345
Profit for the period		-	-	21,113	21,113
Total comprehensive income for the period		-	-	21,113	21,113
Dividend paid	10	-	-	(30,000)	(30,000)
Balance at 30 June 2024		50,000	-	16,458	66,458

Dividends of £0.60 per share were paid during the period (6 months ended 30 June 2023: £0.75 per share).

Notes to the condensed interim financial statements

for the 6 months ended 30 June 2024

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 20). The registered office of the Company is First Floor, Chancery House, 53-64 Chancery Lane, London, WC2A 1QS, United Kingdom.

The Company forms part of the Eversholt UK Rails Group (the “Group”) more fully described in note 25. 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 Group Limited and 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.

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 2023. 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 2023.

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 and cash deposits of £364,563,000 and undrawn committed borrowing facilities of £450,000,000 as at 30 June 2024; 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 2024

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 2023, except for the adoption of new standards effective as of 1 January 2024.

These amendments 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”.

New standards effective as of 1 January 2024

The following amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

These requirements provide users of financial statements with information to enable them:

- 1) to assess how supplier finance arrangements affect an entity’s liabilities and cash flows; and
- 2) to understand the effect of supplier finance arrangements on an entity’s exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Amendments to IAS 1 Presentation of Financial Statements a) Non-current Liabilities with Covenants; b) Deferral of Effective Date Amendment; c) Classification of Liabilities as Current or Non-Current

The amendments improve the information provided when the right to defer settlement of a liability for at least twelve months is subject to compliance with covenants and considers the classification of such a liability as current or non-current.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

This amendment provides subsequent measurement requirements for sale and leaseback transactions.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2024

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 2024 £'000	6 months ended 30 June 2023 £'000
Operating lease rental income	163,889	168,441
Other income	77	73
	<u>163,966</u>	<u>168,514</u>

5 Cost of sales

	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Depreciation	(54,154)	(56,851)
Write-down of rolling stock (see note 11)	-	(5,570)
Maintenance cost	(18,779)	(20,071)
	<u>(72,933)</u>	<u>(82,492)</u>

6 Finance expense

	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Interest payable to Eversholt Rail Limited	(44,743)	(48,976)
Finance charges payable to Eversholt Funding plc	(286)	(198)
Other interest	(7,014)	(4,945)
	<u>(52,043)</u>	<u>(54,119)</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 2024 £'000	6 months ended 30 June 2023 £'000
Management fees payable to Eversholt Rail Limited	(11,238)	(10,903)
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	(72)	(43)

The Company has no employees and hence no staff costs (6 months ended 30 June 2023: £nil).

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2024

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 (charges)/credits:

	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Current tax		
UK corporation tax on current year profit	(7,479)	(11,907)
Adjustment in respect of prior year	(555)	(6,374)
	<u>(8,034)</u>	<u>(18,281)</u>
Deferred tax		
Origination and reversal of temporary differences	471	1,715
Adjustment in respect of prior year	646	-
Change in tax rate	-	18
	<u>1,117</u>	<u>1,733</u>
Income tax charge	<u>(6,917)</u>	<u>(16,548)</u>

The UK tax rate applying to the profits was 25.0% (2023: blended rate of 23.5%).

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 2024 £'000	6 months ended 30 June 2023 £'000
Profit before tax	<u>28,030</u>	21,238
Taxation at corporation tax rate of 25.0% (2023: 23.5%)	(7,008)	(4,991)
Change in tax rates	-	18
Adjustment in respect of prior year	91	(6,374)
Unrecognised tax attribute	-	(5,201)
Income tax charge	<u>(6,917)</u>	<u>(16,548)</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 £nil charge or credit being recognised in total comprehensive income (6 months ended 30 June 2023: £75,000 credit).

Corporation tax has been calculated by reference to the tax rate of 25.0% (2023: blended 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 2024. Deferred tax has been recognised at the rate of 25.0%.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2024

10 Dividends

A £30,000,000 dividend was paid to Eversholt Investment Limited in the period ended 30 June 2024 (6 months ended 30 June 2023: £37,500,000 paid to European Rail Finance Holdings Limited).

The Company did not receive any dividend income in the period ended 30 June 2024 (6 months ended 30 June 2023: £nil).

11 Property, plant and equipment

	Rolling stock and other railway assets £'000
Cost	
Balance at 1 January 2023	3,093,352
Additions	16,138
Disposals	(53,398)
Balance at 31 December 2023	3,056,092
Additions	870
Disposals	(8,125)
Balance at 30 June 2024	3,048,837
Accumulated depreciation and write-downs	
Balance at 1 January 2023	912,841
Charge for the year	113,944
Write-down	21,683
Disposals	(53,398)
Balance at 31 December 2023	995,070
Charge for the period	54,154
Disposals	(8,125)
Balance at 30 June 2024	1,041,099
Carrying value at 30 June 2024	2,007,738
Carrying value at 31 December 2023	2,061,022

The depreciation charge is included within cost of sales in the Condensed income statement. In addition, following a review of recoverable values, there is no write-down in the six months ended 30 June 2024. In 2023, the Company wrote down the net book value of rolling stock by £21,683,000. This reflected the extent to which the net book value of rolling stock exceeded recoverable value. The write-down was included as part of the accumulated depreciation.

2023 additions included a loss from other comprehensive income of £174,000.

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 2024

12 Investments in subsidiaries

	30 June 2024 £'000	31 December 2023 £'000
Costs at 31 December	<u>149,319</u>	<u>149,319</u>

13 Trade and other receivables

	30 June 2024 £'000	31 December 2023 £'000
Trade receivables	6,210	7,994
Accrued income	-	3,195
	<u>6,210</u>	<u>11,189</u>

Trade receivables includes £1,478,000 (31 December 2023: £1,735,000) in relation to operating lease rentals that have been accrued and for which a 12 month expected credit loss allowance of £149,000 is carried (31 December 2023: £166,000). During the period there has been a release of £17,000 in the expected credit loss allowance (6 months ended 30 June 2023: £57,000 release). The allowance reflects a revised rental payment profile, pursuant to changes in commercial arrangements.

14 Trade and other payables

	30 June 2024 £'000	31 December 2023 £'000
Trade and other payables	23,563	14,062
Rentals received in advance	5,609	12,456
Accruals	1,053	7,228
	<u>30,225</u>	<u>33,746</u>

15 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 2024 £'000	31 December 2023 £'000
Current	16,350	17,277
Non-current	256,568	236,495
	<u>272,918</u>	<u>253,772</u>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2024

16 Borrowings

	30 June 2024 £'000	31 December 2023 £'000
Current		
Eversholt Rail Limited (term loan)	72,596	70,899
Non-current		
Eversholt Rail Limited (term loan)	1,019,257	1,056,145
Eversholt Rail Limited (intercompany loan)	621,421	634,573
	<u>1,640,678</u>	<u>1,690,718</u>
Total Borrowings	<u>1,713,274</u>	<u>1,761,617</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 (2023: fixed rate plus margin).

The intercompany loan with Eversholt Rail Limited is repayable on 2 November 2028. The Company may prepay and redraw the 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 2023: 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 2024 was as follows:

	30 June 2024 £'000	31 December 2023 £'000
In more than one year but not more than two years	75,855	72,596
In more than two years but not more than five years	869,937	872,411
In more than five years	694,886	745,711
	<u>1,640,678</u>	<u>1,690,718</u>

17 Reconciliation of liabilities arising from financing activities

30 June 2024	As at 31 December 2023 £'000	Cash Flows payments £'000	Non-cash finance expense £'000	As at 30 June 2024 £'000
Financing activities attributable to:				
Eversholt Rail Limited (term Loan)	1,127,044	(59,381)	24,190	1,091,853
Eversholt Rail Limited	634,573	(33,705)	20,553	621,421
	<u>1,761,617</u>	<u>(93,086)</u>	<u>44,743</u>	<u>1,713,274</u>

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>

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2024

18 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 2024 £'000	31 December 2023 £'000
Deferred tax liabilities	72,913	74,030

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 2023	81,494	80	81,574
Credit to income statement	(5,782)	-	(5,782)
Credit to Other comprehensive income	-	(78)	(78)
Effect of change in tax rate:			
- Income statement	(610)	-	(610)
- Credit to Other comprehensive income	-	(5)	(5)
Prior year adjustments	(1,072)	3	(1,069)
At 31 December 2023	74,030	-	74,030
Credit to income statement	(471)	-	(471)
Prior year adjustments	(646)	-	(646)
At 30 June 2024	72,913	-	72,913

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 2024. Deferred tax has been recognised at the rate of 25%.

The Company has an unrecognised deferred tax asset of £36,464,000 (31 December 2023: £36,464,000) 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 2024

19 Hedging reserve**Movement in Hedging reserve**

	Current hedge accounted £'000
Balance as at 1 January 2023	(248)
Transfer to property, plant & equipment	(174)
Revaluation of EUR cash deposits through other comprehensive income	505
Income tax on Other comprehensive income	(83)
Balance as at 31 December 2023 and 30 June 2024	<u>-</u>

During 2023 a loss of £174,000 was realised in property, plant and equipment additions (see note 11); the balance on the hedging reserve at 31 December 2023 and at 30 June 2024 was £nil. There has been no movement in 2024.

20 Share capital

	30 June 2024 £'000	31 December 2023 £'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.

21 Capital commitments

In respect of rolling stock capital expenditure

	30 June 2024 £'000	31 December 2023 £'000
Authorised and contracted	<u>20,461</u>	<u>21,530</u>

The above represents all capital commitments.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2024

22 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 2023 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	Contractual cash flows £'000	On demand £'000	Due within 1 year £'000	Due between 1-5 years £'000	Due after 5 years £'000
30 June 2024						
Financial assets						
Trade and other receivables	6,210	6,210	-	6,210	-	-
Cash and cash equivalents	-	-	-	-	-	-
	<u>6,210</u>	<u>6,210</u>	<u>-</u>	<u>6,210</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Trade and other payables	30,225	30,225	-	30,225	-	-
Intercompany term lending	1,091,853	1,395,426	-	118,760	475,039	801,627
Intercompany loan	621,421	621,421	-	-	621,421	-
	<u>1,743,499</u>	<u>2,047,072</u>	<u>-</u>	<u>148,985</u>	<u>1,096,460</u>	<u>801,627</u>
Total financial instruments	<u>(1,737,289)</u>	<u>(2,040,862)</u>	<u>-</u>	<u>(142,775)</u>	<u>(1,096,460)</u>	<u>(801,627)</u>
	Carrying value £'000	Contractual cash flows £'000	On demand £'000	Due within 1 year £'000	Due between 1-5 years £'000	Due after 5 years £'000
31 December 2023						
Financial assets						
Trade and other receivables	11,189	11,189	-	11,189	-	-
Cash and cash equivalents	-	-	-	-	-	-
	<u>11,189</u>	<u>11,189</u>	<u>-</u>	<u>11,189</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Trade and other payables	33,746	33,746	-	33,746	-	-
Intercompany term lending	1,127,044	1,454,806	-	118,760	475,039	861,007
Intercompany loan	634,573	634,573	-	-	634,573	-
	<u>1,795,363</u>	<u>2,123,125</u>	<u>-</u>	<u>152,506</u>	<u>1,109,612</u>	<u>861,007</u>
Total financial instruments	<u>(1,784,174)</u>	<u>(2,111,936)</u>	<u>-</u>	<u>(141,317)</u>	<u>(1,109,612)</u>	<u>(861,007)</u>

23 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 2024 (31 December 2023: £nil), except for the intercompany term lending. This has a carrying value of £1,091,853,000 (31 December 2023: £1,127,044,000) and fair value of £1,039,815,000 (31 December 2023: £1,083,667,000).

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2024

24 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 2024 £'000	31 December 2023 £'000
Within one year	296,196	300,977
1-2 years	238,291	247,739
2-3 years	214,579	206,692
3-4 years	133,183	186,841
4-5 years	40,027	72,075
Over 5 years	224,733	267,204
	<u>1,147,009</u>	<u>1,281,528</u>
Aggregate operating lease rentals receivable in the period/year	<u>163,889</u>	<u>330,937</u>

25 Related-party transactions**25.1 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 Group Limited
- Eversholt UK Rails Limited
- Eversholt UK Rails (Holding) Limited
- Eversholt Investment Limited
- European Rail Finance Limited
- Eversholt Rail Limited
- Eversholt Finance Holdings Limited (dissolved July 2024)
- Eversholt Funding plc
- Eversholt Depot Finance Limited
- European Rail Finance (2) Limited

With effect from 13 December 2023, the Directors of the Company consider the ultimate parent and controlling party to be Eversholt UK Rails Group Limited, incorporated in England and Wales. Prior to this date, the Directors considered this party to be UK Rails S.A.R.L., a company incorporated in Luxembourg. This reflects a wider reorganisation of parent companies in 2023, which resulted in the voluntary liquidation of UK Rails S.A.R.L. and the incorporation of Eversholt UK Rails Group Limited. This new company did not prepare financial statements for the period ended 31 December 2023, as the period since its incorporation did not qualify as an accounting reference period under the Companies Act 2006.

Accordingly in relation to the year ended 31 December 2023, the parent undertaking of the largest group of undertakings for which group financial statements were drawn up and which the Company is a member of, was Eversholt UK Rails Limited. For periods subsequent to 31 December 2023, the parent undertaking of the largest group of undertakings for which group financial statements will be drawn up and which the Company is a member of, will be Eversholt UK Rails Group Limited.

It is noted that during the period, European Rail Finance Holdings Limited was dissolved (without going into liquidation) by way of 'merger by absorption' with Eversholt Investment Limited (under Irish law) and therefore is no longer reported as a related party. In July 2024, Eversholt Finance Holdings Limited was voluntarily liquidated (under English law) and therefore will not be reported as a related party in future periods.

Notes to the condensed interim financial statements (continued)

for the 6 months ended 30 June 2024

25 Related-party transactions (continued)

25.2 Transactions with related parties

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.

Dividend income and dividends paid are more fully described in note 10. The Company has loans with related parties, more fully described in note 16. 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 £11,238,000 (6 months ended 30 June 2023: £10,903,000). The corresponding amount owed to Eversholt Rail Limited of £11,238,000 (31 December 2023: £nil) is included in trade and other payables (note 14).

The Company paid Eversholt Rail Limited £17,030,000 for the procurement of maintenance of rolling stock (6 months ended 30 June 2023: £21,093,000).

26 Contingent liabilities

There were no contingent liabilities for the Company at 30 June 2024.

27 Subsequent events

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