

**Eversholt UK Rails (Holding) Limited
(Security Group)**

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

Registered No: 10783654

Condensed, consolidated interim financial statements
for the 6 months ended 30 June 2024

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Unaudited

Condensed, consolidated income statement
for the 6 months ended 30 June 2024

	Note	Group	
		6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Revenue			
Operating lease income	4.1	148,654	151,074
Maintenance income	4.1	5,127	13,707
Finance lease income	4.1	93	148
Other income	4.1	933	923
Total revenue	4.1	154,807	165,852
Cost of sales	5	(53,560)	(63,450)
Gross profit		101,247	102,402
Finance income	6	10,139	6,410
Finance expense	7	(59,022)	(80,759)
Net fair value gain on derivative financial instruments	18	10,097	6,120
Administrative expense	8	(12,750)	(11,589)
Profit on disposal of property, plant and equipment		420	225
Profit before tax		50,131	22,809
Income tax charge	11	(10,795)	(10,472)
Profit for the period		39,336	12,337

There were no discontinued or discontinuing operations during the period.

The notes on pages 7 to 31 form an integral part of these financial statements.

Condensed, consolidated statement of comprehensive income
for the 6 months ended 30 June 2024

	Note	Group	
		6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Profit for the period		39,336	12,337
Other comprehensive income for the period			
Actuarial gain/(loss) on defined benefit scheme	29	424	(1,479)
Tax (charge) / credit in respect of actuarial movement on defined benefit scheme	15	(106)	370
Effective portion of changes in fair value of cash flow hedges	18	5,545	3,285
Transfer of loss on cash flow hedges to Income statement	18	2,393	2,461
Transfer of gain on cash flow hedges to property, plant and equipment	18	-	(300)
Tax charge on effective portion of changes in fair value of cash flow hedges	18	(1,984)	(1,309)
Total Other comprehensive income for the period		6,272	3,028
Total comprehensive income for the period		45,608	15,365

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

Condensed, consolidated statement of financial position
as at 30 June 2024

	Note	Group	
		30 June 2024 £'000	31 December 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	1,825,436	1,871,849
Right-of-use assets	13	6,302	6,617
Derivative financial instruments	18	146,509	109,220
Retirement benefit asset	29	1,100	676
		<u>1,979,347</u>	<u>1,988,362</u>
Current assets			
Finance lease receivables	14	229	900
Contract assets	4.2	8,499	12,755
Trade and other receivables	16	11,506	12,953
Current tax		9,727	9,727
Cash and cash equivalents	19	287,663	335,570
Short-term deposits greater than three months	19	80,000	-
Investment in financial assets	20	3,529	-
		<u>401,153</u>	<u>371,905</u>
Total assets		<u>2,380,500</u>	<u>2,360,267</u>
Liabilities and equity			
Current liabilities			
Trade and other payables	22	34,591	55,062
Contract liabilities	4.2	6,692	7,250
Lease liabilities	17	518	585
Current tax		2,096	2,026
Borrowings	23	70,178	71,062
Other liabilities	21	16,350	17,277
Provisions	25	-	25
		<u>130,425</u>	<u>153,287</u>
Non-current liabilities			
Borrowings	23	1,750,252	1,775,306
Deferred tax	15	47,966	45,093
Contract liabilities	4.2	24,384	16,180
Other liabilities	21	256,568	236,495
Derivative financial instruments	18	229,548	207,923
Lease liabilities	17	6,304	6,538
		<u>2,315,022</u>	<u>2,287,535</u>
Total liabilities		<u>2,445,447</u>	<u>2,440,822</u>
Equity			
Share capital	26	-	-
Other reserve		13,672	13,672
Accumulated deficit		(32,757)	(42,411)
Hedging reserve	18	(45,862)	(51,816)
Total equity		<u>(64,947)</u>	<u>(80,555)</u>
Total equity and liabilities		<u>2,380,500</u>	<u>2,360,267</u>

Condensed, consolidated statement of financial position
as at 30 June 2024

The notes on pages 7 to 31 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: 10783654

Unaudited

Condensed, consolidated statement of cash flows
for the 6 months ended 30 June 2024

		Group	
		6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Cash flow from operating activities			
Profit before tax		50,131	22,809
Adjustments for:			
- Depreciation	12	47,322	49,634
- Write down of rolling stock	5	-	4,218
- Depreciation of right-of-use assets	13	315	315
- Fair value adjustment on derivative financial instrument	18	(10,097)	(6,120)
- Profit on disposal of property, plant and equipment		(420)	(225)
- Amortisation of capitalised transaction costs	7	242	242
- Finance expense	7	58,780	80,517
- Finance income	6	(10,139)	(6,410)
Operating cash flow before changes in working capital		<u>136,134</u>	144,980
Decrease in finance lease receivables		671	621
Decrease in trade and other receivables and contract assets		5,703	952
Increase in other and contract liabilities		19,778	26,169
Decrease in provisions		(25)	-
Decrease in trade and other payables		<u>(20,851)</u>	<u>(17,316)</u>
Cash flow generated by operating activities		141,410	155,406
Taxation paid		(9,942)	(7,968)
Interest received		<u>10,111</u>	<u>6,410</u>
Net cash generated by operating activities		141,579	153,848
Cash flow from investing activities			
Acquisition of property, plant and equipment		(909)	(10,574)
Proceeds from disposal of property, plant and equipment		420	225
Investment in financial assets	20	(3,501)	-
Investment in short-term bank deposits	19	(80,000)	-
Net cash utilised in investing activities		<u>(83,990)</u>	<u>(10,349)</u>
Cash flow from financing activities			
External borrowings paid	24	(27,107)	(27,107)
Repayment of lease liability	17	(372)	(534)
Interest paid on bonds	24	(42,229)	(42,835)
Interest paid on loan from Eversholt UK Rails Limited	24	-	(23,749)
Profit Participating Shares interest paid	24	(327)	(174)
Interest paid on swaps	24	(4,698)	(4,323)
Other financing fees	7	(763)	(828)
Dividends paid	32	(30,000)	(13,800)
Net cash utilised in financing activities		<u>(105,496)</u>	<u>(113,350)</u>
Net movement in cash and cash equivalents		(47,907)	30,149
Cash and cash equivalents at the beginning of the period		<u>335,570</u>	<u>270,818</u>
Cash and cash equivalents at the end of the period	19	287,663	300,967

Condensed, consolidated statement of changes in equity
for the 6 months ended 30 June 2024

	Note	Share capital £'000	Share Premium £'000	Other Reserve £'000	Hedging reserve £'000	Accumulated deficit £'000	Total equity £'000
Balance at 1 January 2023		-	-	13,672	(56,162)	(347,515)	(390,005)
Profit for the period		-	-	-	-	12,337	12,337
Effective portion of changes in fair value of cash flow hedges		-	-	-	3,285	-	3,285
Transfer of loss on cash flow hedges to Income statement		-	-	-	2,461	-	2,461
Transfer of gain on cash flow hedges to property, plant and equipment		-	-	-	(300)	-	(300)
Tax charge on effective portion of changes in fair value of cash flow hedges		-	-	-	(1,309)	-	(1,309)
Actuarial loss on defined benefit scheme after tax		-	-	-	-	(1,109)	(1,109)
Total comprehensive income for the period		-	-	-	4,137	11,228	15,365
Dividend paid	32	-	-	-	-	(13,800)	(13,800)
Balance at 30 June 2023		-	-	13,672	(52,025)	(350,087)	(388,440)
Balance at 1 January 2024		-	-	13,672	(51,816)	(42,411)	(80,555)
Profit for the period		-	-	-	-	39,336	39,336
Effective portion of changes in fair value of cash flow hedges	18	-	-	-	5,545	-	5,545
Transfer of loss on cash flow hedges to Income statement	18	-	-	-	2,393	-	2,393
Tax charge on effective portion of changes in fair value of cash flow hedges	18	-	-	-	(1,984)	-	(1,984)
Actuarial gain on defined benefit scheme after tax	29	-	-	-	-	318	318
Total comprehensive income for the period		-	-	-	5,954	39,654	45,608
Dividend paid	32	-	-	-	-	(30,000)	(30,000)
Balance at 30 June 2024		-	-	13,672	(45,862)	(32,757)	(64,947)

Dividends of £291,262 per share were paid during the period (6 months ended 30 June 2023: £135,294 per share).

Notes to the condensed, consolidated interim financial statements for the 6 months ended 30 June 2024

1 General information

Eversholt UK Rails (Holding) Limited (the “Company”) is a private company incorporated in England and Wales and is limited by shares (see note 26). The registered office of the Company is First Floor, Chancery House, 53-64 Chancery Lane, London, WC2A 1QS, United Kingdom. The Company together with its subsidiaries, form the Security Group (“Group”).

2 Basis of preparation

These financial statements are presented in sterling (£'000), which is also the Company's functional currency and comprise the consolidated financial statements of Eversholt UK Rails (Holding) Limited and subsidiaries. All amounts have been rounded to the nearest thousand, unless otherwise stated.

2.1 Basis of consolidation

All subsidiaries are consolidated from the date that the Company gains control.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The acquisition method of accounting is used when subsidiaries are acquired by the Group. The cost of acquisition is measured at the fair value of the consideration, including contingent consideration, given at the date of completion. Acquisition-related costs are recognised as an expense in the Income statement in the period in which they are incurred. The acquired assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition.

Entities that are controlled by the Company are consolidated until the date that control ceases. All intercompany transactions are eliminated on consolidation.

2.2 Compliance with IFRSs

The consolidated interim financial statements of Eversholt UK Rails (Holding) Limited have been prepared on the historical cost basis except for the revaluation 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 Group 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.

2.3 Going concern

The Group's forecasts and projections taking account of reasonably possible changes in trading performance, show that the Group 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.

In reaching this conclusion, the Directors have also considered: the current financial position of the Group, which has unrestricted cash and cash deposits of £364,563,000 (note 19) 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 to the Group's forecasts and projections that the Group has adequate resources to continue

Notes to the condensed, consolidated interim financial statements (continued) for the 6 months ended 30 June 2024

2 Basis of preparation (continued)

2.3 Going concern (continued)

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 Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 and the introduction of a new policy in relation to "Investment in financial assets".

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".

3.1 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.

3.2 New accounting policy applied in this set of financial statements

Investment in financial assets

The policy in relation to "Investment in financial assets" is applied to Group's investments in money market liquidity funds and is described below:

Investments in money market liquidity funds are measured at fair value through profit or loss where they have the potential to generate cash flows that are other than solely payments of principal and interest. Otherwise, they are carried at amortised cost. They are initially recorded at fair value plus any directly attributable transaction costs.

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

4 Revenue

4.1 Revenue information

The Group generates revenue primarily from the rental of rolling stock assets under operating leases and where applicable, from the provision of maintenance services. Arising in the UK, total income can be analysed as follows:

	Group	
	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Operating lease rental income	148,654	151,074
Finance lease income	93	148
Revenue from contracts with customers		
- Maintenance income	5,127	13,707
- Other income	933	923
	154,807	165,852

Maintenance income

Maintenance income from contracts with customers arises wholly in the UK and is recognised as services are provided over time. Revenue (and the terms of payments by customers) is determined by reference to transaction prices within formal contracts between the Group and its customers which are adjusted periodically by reference to pricing indices.

Maintenance revenue is recognised over time, when control of the service is transferred to the customer. This is measured by reference to consideration specified in the contract with a customer and maintenance expenditure incurred (i.e. applying an input method regarded by the Group, as being representative of work performed and therefore performance obligations being satisfied). Contract liabilities are expected to be recognised as revenue over the course of contracts (which are typically 10 years or less), as expenditure is incurred.

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2024 is set out below.

As maintenance expenditure is incurred, the Group expects that these performance obligations will be satisfied (i.e. income will be generated) in the following periods:

	Group	
	30 June 2024 £'000	31 December 2023 £'000
Within 1 year	33,176	34,026
1-5 years	122,624	119,428
	155,800	153,454

Notes to the condensed, consolidated interim financial statements (continued)

for the 6 months ended 30 June 2024

4 Revenue (continued)

4.1 Revenue information (continued)

Other income

Other income primarily relates to the provision in the UK of asset management services £933,000 (6 months ended 30 June 2023: £923,000).

The transaction price allocated to (partially) unsatisfied performance obligations at 30 June 2024 is set out below.

Performance obligations are expected to be fulfilled (i.e. income will be generated) in relation to customers in the following periods:

	Group	
	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Within 1 year	1,748	2,697
1-2 years	1,603	707
	<u>3,351</u>	<u>3,404</u>

Revenue is recognised over time as services are provided (when the customers receive the benefit), as determined by reference to transaction prices agreed with customers. There are no contract balances or trade receivables held in relation to this.

4.2 Contract balances

The following table provides information about contract assets and contract liabilities from contracts with customers.

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

	As at 30 June 2024 £'000	Group As at 31 December 2023 £'000	As at 1 January 2023 £'000
Contract assets	8,499	12,755	6,808
Contract liabilities	31,076	23,430	9,554
Trade receivables	8,000	9,223	7,793

The contract assets relate to the Group's rights to consideration for services provided but not billed at the reporting date. The contract assets are reduced as the customer is billed for services in accordance with the contracted billing profile and any necessary performance obligations are satisfied.

The contract liabilities relate to consideration received from customers for maintenance of rolling stock in advance of related services being provided.

The amount of £23,430,000 (2023: £9,554,000) recognised in contract liabilities at the beginning of the year will be recognised in 2024.

Current period movements on these amounts can be attributed to normal business activity (i.e. the recognition of revenue; maintenance services performed; amounts invoiced; and consideration for services received in advance of performing the maintenance activity). There are no adjustments to performance obligations satisfied in the prior period.

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

5 Cost of sales

	Group	
	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Depreciation - rolling stock and other railway assets (note 12)	(47,261)	(49,606)
Write-down of rolling stock (note 12)	-	(4,218)
Depreciation - right-of-use asset - other railway assets (note 13)	(315)	(315)
Maintenance cost	(5,984)	(9,311)
	<u>(53,560)</u>	<u>(63,450)</u>

6 Finance income

	Group	
	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Income on money market liquidity funds carried at fair value through profit or loss:		
Change in fair value	28	-
	<u>28</u>	<u>-</u>
Bank interest - income on financial assets carried at amortised cost	10,111	6,410
Bank interest	10,139	6,410
	<u>10,139</u>	<u>6,410</u>

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

7 Finance expense

	Group	
	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Interest payable to Eversholt UK Rails Limited	-	(23,749)
Profit participating preference share dividend	(184)	(171)
Interest payable on bonds	(41,735)	(42,361)
Bonds - other finance costs	(1,564)	(1,616)
Fees payable on undrawn committed borrowing facilities	(763)	(827)
Amortisation of capitalised transaction costs	(242)	(242)
Finance expense in relation to financial liabilities carried at amortised cost	(44,488)	(68,966)
Transfer from hedging reserve (note 18)	(2,393)	(2,461)
Lease liability interest (note 17)	(71)	(77)
Interest payable in relation to derivatives	(4,676)	(4,885)
Other finance costs	(7,394)	(4,370)
Total	(59,022)	(80,759)

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

8 Administrative expense

Other than payroll costs in note 9, administrative expense includes:

	Group	
	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Depreciation – other assets (note 12)	(61)	(28)
Defined contribution pension costs (note 9)	(440)	(439)
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	(400)	(375)

9 Staff numbers and costs

The average monthly number of persons employed by the Group (including Directors of the Company and of its subsidiaries) during the period was as follows:

	Group	
	6 months 30 June 2024	6 months 30 June 2023
Directors	5	5
Operations	41	40
Administration	56	62
	<u>102</u>	<u>107</u>

The aggregate payroll costs of these persons were as follows:

	Group	
	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Wages and salaries	(6,824)	(6,612)
Social security costs	(891)	(912)
Contributions to defined contribution pension scheme	(440)	(439)
Defined benefit pension scheme service cost	(79)	(87)
	<u>(8,234)</u>	<u>(8,050)</u>

10 Directors' emoluments

Directors' emoluments are borne by Eversholt Rail Limited.

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

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

11 Income tax charge

Amounts include the following tax (charge)/credit:

	<i>Note</i>	Group	
		6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Current tax			
UK corporation tax			
- On current period result		(9,457)	(11,308)
- On prior year result		(555)	-
		<u>(10,012)</u>	<u>(11,308)</u>
Deferred tax			
Origination and reversal of temporary differences	15	(1,428)	907
Change in tax rate	15	-	(71)
Adjustment in respect of prior year	15	645	-
		<u>(783)</u>	<u>836</u>
Income tax charge		<u>(10,795)</u>	<u>(10,472)</u>

The UK tax rate applying to the profits was 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 and is 25.0%.

The following table reconciles the tax charge which would apply if all profits had been taxed the UK corporation tax rate.

	Group	
	6 months ended 30 June 2024 £'000	6 months ended 30 June 2023 £'000
Profit before tax	50,131	22,809
Taxation at corporation tax rate of 25.0% (2023: 23.5%)	(12,534)	(5,362)
Change in tax rate	-	(71)
Prior years adjustment	90	-
Non-taxable income	1,726	2,078
Permanent tax differences	(77)	(1,914)
Unrecognised tax attribute *	-	(5,203)
Income tax charge	<u>(10,795)</u>	<u>(10,472)</u>

*Previous financial year unrecognised tax attribute relates to interest expense disallowed for tax purposes in the financial year under the Corporate Interest Restriction (CIR) rules. The Group does not expect to have sufficient interest allowance in future years for the asset to unwind and as such a deferred tax asset has not been recognised.

Notes to the condensed, consolidated interim financial statements (continued)

for the 6 months ended 30 June 2024

11 Income tax charge (continued)

In addition to the amount charged to the Income statement, the aggregate amount of current and deferred tax relating to components of other comprehensive income, resulted in a loss of £2,090,000 recognised in total comprehensive income (6 months ended 30 June 2023: £939,000 loss).

Tax receivable in the Statement of financial position

The Group's tax receivable at 30 June 2024 includes tax recoverable in relation to prior years.

During 2022, the Group settled a number of outstanding issues with the tax authorities and, as a consequence, it is now estimated that the Group has overpaid tax of £9,727,000 for these years. The tax receivable amount at 30 June 2024 includes the Group's expected value of amounts to be recovered, determined by reference to the measurement principles of IFRIC 23 Uncertainty over Income Tax Treatments.

12 Property, plant and equipment

Group	Other assets £'000	Rolling stock and other railway assets £'000	Total £'000
Cost			
Balance at 1 January 2023	346	3,091,537	3,091,883
Additions	316	16,138	16,454
Disposals	(247)	(106,684)	(106,931)
Balance at 31 December 2023	415	3,000,991	3,001,406
Additions	39	870	909
Disposals	(247)	(15,504)	(15,751)
Balance at 30 June 2024	207	2,986,357	2,986,564
Accumulated depreciation and write-downs			
Balance at 1 January 2023	337	1,120,133	1,120,470
Charge for the year	79	99,509	99,588
Write-down	-	16,430	16,430
Disposals	(247)	(106,684)	(106,931)
Balance at 31 December 2023	169	1,129,388	1,129,557
Charge for the period	61	47,261	47,322
Disposals	(247)	(15,504)	(15,751)
Balance at 30 June 2024	(17)	1,161,145	1,161,128
Carrying value at 30 June 2024	224	1,825,212	1,825,436
Carrying value at 31 December 2023	246	1,871,603	1,871,849

Other assets relate to equipment, fixtures and fittings.

The depreciation charge is included within cost of sales in the Condensed, consolidated 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 £16,430,000. 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 assets are subject to operating lease arrangements or are available to lease under such arrangements.

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

13 Right-of-use assets
Group

	Other railway assets and land £'000
As at 1 January 2023	7,247
Depreciation charge	(630)
As at 31 December 2023	6,617
Depreciation charge	(315)
As at 30 June 2024	6,302

Lease rentals are reviewed periodically in accordance with the terms of the agreement and revised accordingly.

14 Finance lease receivables

	30 June 2024 £'000	Group 31 December 2023 £'000
Gross investment in finance leases		
Amounts falling due:		
No later than one year	230	921
Total gross investment in finance leases	230	921
Unearned finance income	(1)	(21)
Net investment in finance leases less provisions	229	900
Amortisation of finance lease receivables:		
Amounts falling due:		
No later than one year	229	900
Present value of minimum lease receivables	229	900
Aggregate finance lease income receivable in the year	93	270

The Group has entered into a finance leasing arrangement for one of its depots. This lease is due to expire in the second half of 2024.

The fair value of fixed rate finance lease receivables is calculated by discounting future minimum lease receivables, using current interest rates applicable to the remaining term of the lease. The fair values are not considered to be significantly different from the carrying value.

Finance lease receivable balances are secured over the depot. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

Notes to the condensed, consolidated interim financial statements (continued)

for the 6 months ended 30 June 2024

15 Deferred tax

Deferred tax assets and liabilities are offset where the Group meets the relevant criteria. The following is the analysis of the deferred tax balances:

	Group	
	30 June 2024 £'000	31 December 2023 £'000
Deferred tax liabilities	70,678	71,841
Deferred tax assets	<u>(22,712)</u>	<u>(26,748)</u>
	47,966	45,093

In assessing the recoverability of deferred tax assets, the Group 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 Group considers internal profit projections, budgets and related tax impacts, as well as the amount and timing of the reversal of timing differences giving rise to deferred tax liabilities at the balance sheet date.

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

Group	Capital Allowances £'000's	Provision £'000's	Fair value of derivatives £'000's	Retirement benefit (obligation) /asset £'000's	Tax losses £'000's	Other tax attributes £'000's	Total £'000's
At 1 January 2023	81,082	(583)	(23,507)	666	(6,142)	(220)	51,296
(Credit)/charge to the Income statement	(7,640)	-	(3,540)	18	6,059	56	(5,047)
(Credit)/charge to other comprehensive income	-	-	1,352	(485)	-	-	867
Effect of change in tax rates							
- Income statement	(702)	(16)	(246)	1	36	-	(927)
- Other comprehensive Income	-	-	52	(32)	-	-	20
Prior year adjustments	(1,067)	(52)	3	-	-	-	(1,116)
At 31 December 2023	<u>71,673</u>	<u>(651)</u>	<u>(25,886)</u>	<u>168</u>	<u>(47)</u>	<u>(164)</u>	<u>45,093</u>
(Credit)/charge to the Income statement	(624)	-	2,022	-	-	30	1,428
(Credit)/charge to other comprehensive income	-	-	1,984	106	-	-	2,090
Prior year adjustments	(645)	-	-	-	-	-	(645)
At 30 June 2024	<u>70,404</u>	<u>(651)</u>	<u>(21,880)</u>	<u>274</u>	<u>(47)</u>	<u>(134)</u>	<u>47,966</u>

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 is 25%.

The Group has an unrecognised deferred tax asset of £36,464,000 at 30 June 2024 (31 Dec 2023: £36,464,000) in relation to interest expense disallowed for tax purposes in the financial year under the CIR rules.

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

16 Trade and other receivables

	Group	
	30 June 2024 £'000	31 December 2023 £'000
Trade receivables	8,000	9,223
Accrued income	3,506	3,730
	<u>11,506</u>	<u>12,953</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.

17 Lease liabilities

Group	Other railway assets - land £'000
As at 1 January 2023	7,749
Interest charge	152
Payments	<u>(778)</u>
As at 31 December 2023	7,123
Interest charge	71
Payments	<u>(372)</u>
As at 30 June 2024	<u>6,822</u>

Total lease liabilities can be analysed as follows:

	Group	
	30 June 2024 £'000	31 December 2023 £'000
Current	518	585
Non-current	6,304	6,538
	<u>6,822</u>	<u>7,123</u>

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

17 Lease liabilities (continued)

Maturity of total lease liabilities

The maturity profile of total undiscounted lease liabilities at 30 June 2024 was as follows:

	Group	
	30 June 2024 £'000	31 December 2023 £'000
Current	<u>648</u>	720
In more than one year but not more than two years	624	623
In more than two years but not more than five years	1,871	1,871
In more than five years	<u>4,365</u>	4,677
Non-current	<u>6,860</u>	7,171
	<u>7,508</u>	7,891

18 Derivative financial instruments

The fair value of derivative financial instruments shown in the Statement of financial position, includes related accrued interest.

Amounts included under each "Derivative financial instruments" heading are analysed below:

	Note	Group	
		30 June 2024 £'000	31 December 2023 £'000
Non-current assets			
Fair value – excluding accrued interest	<i>See below</i>	140,784	103,491
Accrued interest	24	<u>5,725</u>	5,729
		146,509	109,220
Non-current liabilities			
Fair value – excluding accrued interest	<i>See below</i>	(220,921)	(199,270)
Accrued interest	24	<u>(8,627)</u>	(8,653)
		(229,548)	(207,923)
Total derivative financial instruments (excluding accrued interest)	<i>See below</i>	<u>(80,137)</u>	(95,779)
Total accrued interest	24	<u>(2,902)</u>	(2,924)

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

18 Derivative financial instruments (continued)

Excluding accrued interest, the fair values and maturity profile of the derivative financial instruments are as follows:

30 June 2024	Maturity	Notional amount	Group Fair value amount	Change in fair value used for calculating hedge ineffectiveness gain/(loss)
		£'000	£'000	£'000
Non-current assets				
Interest rate swap contracts - hedge accounted	December 2036	(100,000)	2,531	3,777
Interest rate swap contracts	April 2040	(300,000)	78,287	-
Interest rate swap contracts	July 2045	(245,256)	48,196	-
Interest rate swap contracts - hedge accounted	October 2049	(237,500)	11,770	1,893
		<u>(882,756)</u>	<u>140,784</u>	<u>5,670</u>
Non-current liabilities				
Interest rate swap contracts	June 2040	300,000	(139,526)	-
Interest rate swap contracts	July 2045	245,256	(81,395)	-
		<u>545,256</u>	<u>(220,921)</u>	<u>-</u>
Total derivative financial instruments		<u>(337,500)</u>	<u>(80,137)</u>	<u>5,670</u>
31 December 2023				
	Maturity	Notional amount	Fair value amount	Change in fair value used for calculating hedge ineffectiveness gain/(loss)
		£'000	£'000	£'000
Non-current assets				
Interest rate swap contracts	April 2040	(300,000)	61,565	-
Interest rate swap contracts	July 2045	(245,999)	32,049	-
Interest rate swap contracts - hedge accounted	October 2049	(237,500)	9,877	886
		<u>(783,499)</u>	<u>103,491</u>	<u>886</u>
Non-current liabilities				
Interest rate swap contracts - hedge accounted	December 2036	(100,000)	(1,246)	(1,246)
Interest rate swap contracts	June 2040	300,000	(128,564)	-
Interest rate swap contracts	July 2045	245,999	(69,460)	-
		<u>445,999</u>	<u>(199,270)</u>	<u>(1,246)</u>
Total derivative financial instruments		<u>(337,500)</u>	<u>(95,779)</u>	<u>(360)</u>

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

18 Derivative financial instruments (continued)

The fair value of derivative financial instruments at 30 June 2024 is based on market rates at 30 June 2024. The comparative fair values at 31 December 2023 are based on market rates at 31 December 2023.

Notional of derivative financial instruments not designated in hedge relationship offset each other in periods up to 2045. The instruments designated in hedge relationships maturing in 2036 hedge variable rate funding costs from 2025 to 2036. The instruments designated in hedge relationships maturing in 2049 are forward starting interest rate swaps that hedge highly probable forecast variable rate funding costs from 2040 to 2049.

The Group's swap contracts that are included in a hedge accounting relationship, are used to manage its overall hedging ratio.

The carrying value of the interest rate swaps set out in the above table at 30 June 2024, includes £4,147,000 (31 December 2023: £4,260,000) in relation to a day one loss arising on the restructure of certain derivatives during the year. This "loss" is the difference on initial recognition between the transaction price and the fair value of the restructured derivatives. Representing an input into the valuation that was not market observable at the time of the restructure, this amount is being amortised to the Income Statement over the life of the related instruments. During the 6 months ended 30 June 2024 £114,000 (year ended 31 December 2023: £190,000) was recognised in the Income statement under the heading "Net fair value gain on derivative financial instruments".

Movement in fair value of Derivative financial instruments

	Interest rate swap contracts		
	Not hedge accounted £'000	Current hedge accounted £'000	Total £'000
Balance as at 1 January 2023	(94,957)	8,991	(85,966)
Unrealised loss through other comprehensive income			
- Hedge ineffectiveness	-	(1,547)	(1,547)
- Change in fair value of non-hedge accounted derivatives	(9,453)	-	(9,453)
	(9,453)	(1,547)	(11,000)
Unrealised gain through other comprehensive income	-	1,187	1,187
Balance as at 31 December 2023	(104,410)	8,631	(95,779)
Unrealised gain through the income statement			
- Hedge ineffectiveness	-	125	125
- Change in fair value of non-hedge accounted derivatives	9,972	-	9,972
	9,972	125	10,097
Unrealised gain through other comprehensive income	-	5,545	5,545
Balance as at 30 June 2024	(94,438)	14,301	(80,137)

Notes to the condensed, consolidated interim financial statements (continued)

for the 6 months ended 30 June 2024

18 Derivative financial instruments (continued)

Amounts affecting the Statement of comprehensive income and financial position, are as follows:

Movement in Hedging reserve for the 6 months ended 30 June 2024

Group	Foreign exchange forward contracts	Interest rate swap contracts		Total £'000
	Current hedge accounted £'000	Current hedge accounted £'000	Terminated hedge accounted £'000	
Balance as at 1 January 2023	(248)	(11,570)	67,980	56,162
Unrealised gain through other comprehensive income	-	(1,187)	-	(1,187)
Effective portion of changes in fair value of cash flow hedges	-	(1,187)	-	(1,187)
Transfer to property, plant and equipment	(174)	-	-	(174)
Revaluation of EUR cash deposits through Other comprehensive income	505	-	-	505
Transfer to Income statement	-	-	(4,894)	(4,894)
Income tax on other comprehensive income	(83)	297	1,190	1,404
Balance as at 31 December 2023	-	(12,460)	64,276	51,816
Unrealised gain through other comprehensive income	-	(5,545)	-	(5,545)
Effective portion of changes in fair value of cash flow hedges	-	(5,545)	-	(5,545)
Transfer to property, plant and equipment	-	-	-	-
Transfer to Income statement	-	-	(2,393)	(2,393)
Income tax on other comprehensive income	-	1,386	598	1,984
Balance as at 30 June 2024	-	(16,619)	62,481	45,862

18.1 Foreign exchange forward contracts

The Company has no outstanding foreign exchange forward contracts as they were all settled in 2020 and have no arrangements that give rise to a cashflow hedge relationship.

In prior periods the Company carried a cashflow hedge reserve that arose in the following way.

When foreign exchange forward contracts settled before the committed EUR denominated capital expenditure had been incurred, related EUR cash deposits continued 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, were wholly recognised in the hedging reserve. The hedging reserve therefore contained balances relating to foreign exchange differences arising on EURO cash deposits that hedge future committed rolling stock expenditure.

During 2023 a loss of £174,000 was realised in property, plant and equipment additions.

18.2 Interest rate swap contracts

The hedging reserve contains balances relating to settled derivative contracts, where the hedged future cashflows are still expected to occur.

Cumulative unrealised losses of £62,481,000 (31 December 2023: £64,276,000) relating to Interest rate swaps terminated in prior years remain in the Hedging reserve and will be recognised in the Income statement in future years, when the original hedged future cash flows occur. At 30 June 2024, the Group held interest rate swaps with a fair value liability of £94,438,000 (31 December 2023: £104,410,000 liability) which were not designated in hedging relationships for accounting purposes.

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

18 Derivative financial instruments (continued)

18.2 Interest rate swap contracts (continued)

As at 30 June 2024, the Group's hedge accounted swaps were deemed to be effective and the fair value asset associated to these interest rate swaps was £14,301,000 asset (31 December 2023: £8,631,000 asset).

Hedge ineffectiveness gain of £125,000 (6 months ended 30 June 2023: £246,000 loss) comprised the difference between the change in the fair value of the:

- hedged item used as a basis of recognising hedge ineffectiveness being a loss of £5,545,000 (6 months ended 30 June 2023: £3,285,000 loss); and
- interest rate swaps used as a basis of recognising hedge ineffectiveness being a gain of £5,670,000 (6 months ended 30 June 2023: £3,039,000 gain).

Hedge ineffectiveness can be attributed to where actual funding profiles were different to those originally expected.

Certain bond agreements include contractual obligations to settle cross-currency derivative financial instruments, that the lender has entered into pursuant to the bonds, in the event that the Group either defaults on or repays the bonds before maturity. The embedded derivatives resulting from such arrangements have been valued at £nil (31 December 2023: £nil) on the basis that the Group is not in default and is not forecast to be in default or repay bonds early.

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

19 Cash and cash deposits

Cash and cash deposits are analysed as:

	Group	
	30 June 2024	31 December 2023
	£'000	£'000
Cash	251,864	335,570
Cash deposits	35,799	-
Cash and cash equivalents	287,663	335,570
Short-term deposits (duration greater than 3 months)	80,000	-
Cash and cash deposits	367,663	335,570

Within cash and cash equivalents there is a deposit of £2,600,000 (31 December 2023: £2,600,000) which provides security for the Profit Participating Shares issued by a subsidiary. £500,000 of cash and cash equivalents (31 December 2023: £500,000) is restricted cash in line with the terms of an agreement with the security trustee for the Group's secured creditors.

20 Investment in financial assets

	Group	
	30 June 2024	31 December 2023
	£'000	£'000
Investment in financial assets	3,501	-
Change in fair value (note 6)	28	-
	3,529	-

The investment in financial assets represents an investment in a money market liquidity fund that is carried at fair value through profit and loss.

21 Other liabilities

Other liabilities represent amounts charged to customers under current contracts in relation to their share of future 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 the future rolling stock maintenance. Such amounts will never be recognised as revenue in the Group's Income statement and can be analysed as follows:

	Group	
	30 June 2024	31 December 2023
	£'000	£'000
Current	16,350	17,277
Non-current	256,568	236,495
	272,918	253,772

22 Trade and other payables

	Group	
	30 June 2024	31 December 2023
	£'000	£'000
Trade and other payables	13,529	17,114
Lease rentals received in advance	5,609	12,910
Maintenance, capital expenditure and administrative accruals	8,889	19,228
Other payables	6,314	5,560
Other accruals	250	250
	34,591	55,062

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

23 Borrowings

	Group	
	30 June 2024 £'000	31 December 2023 £'000
Current		
Interest accrued	16,454	17,091
Bonds	54,212	54,212
Transaction costs	(488)	(241)
	<u>70,178</u>	<u>71,062</u>
Non-current		
Bonds	1,752,149	1,777,692
Transaction costs	(4,397)	(4,886)
Profit Participating Shares	2,500	2,500
	<u>1,750,252</u>	<u>1,775,306</u>
Total borrowings	<u>1,820,430</u>	<u>1,846,368</u>

The Group finances itself using a Common Documents platform. This means that all covenants on the performance and management of the Group apply to all Senior lenders. Failure to comply with these may result in Bank loans and Bonds being repayable on demand. The Group was in compliance with the covenants during period ended 30 June 2024 and earlier periods.

All Senior lenders are secured against substantially all of the Group's assets by way of fixed and floating charges. The security is held by The Law Debenture Trust Corporation plc (in its capacity as Security Trustee). The Group is not permitted to create additional security over its assets apart from in limited circumstances that have been agreed with its financiers.

Fees incurred on raising finance have been capitalised and are being amortised using the effective interest method over the term of the borrowings.

Bond principal amount	Interest rate Semi-annual coupon	Due date
£271.3m	6.359%	2025
£314.3m*	6.698%	2024-2035
£100.0m	SONIA + margin	2029-2036
£90.0m	Fixed rate	2030
£50.0m	Fixed rate	2029-2036
£100.0m	Fixed rate	2026-2031
£100.0m	Fixed rate	2037
£400.0m	3.529%	2034-2042
£410.3m**	2.742%	2024-2040

None of the Bonds are puttable.

*During the period, £14,286,000 (2023: £14,286,000) of the bond was repaid.

**During the period, £12,821,000 (2023: £12,821,000) of the bond was repaid.

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

23 Borrowings (continued)

The Profit Participating Shares (“PPS”) carry a right to quarterly dividends. The PPS dividend has two parts. The first part confers a right to a SONIA based return. The second part confers a right to 0.1% of post-tax profits arising in the issuing company during the reference period. The PPS are classified as a non-current liability as the holders of these shares have a fixed entitlement to a dividend.

Maturity of borrowings

The maturity profile of the carrying amount of the Group’s non-current borrowings at 30 June 2024 was as follows:

	Group	
	30 June 2024	31 December 2023
	£'000	£'000
In more than one year but not more than two years	325,561	325,561
In more than two years but not more than five years	250,012	240,637
In more than five years	1,179,076	1,213,994
Transaction costs	(4,397)	(4,886)
	<u>1,750,252</u>	<u>1,775,306</u>

24 Reconciliation of liabilities arising from financing activities

	Group			
30 June 2024	As at 31 December 2023	Cash flow payments	Non-cash finance expense	As at 30 June 2024
	£'000	£'000	£'000	£'000
Financing activities attributable to:				
Liabilities				
Bond interest accrued	16,840	(42,229)	41,735	16,346
Swap interest accrued	2,924	(4,698)	4,676	2,902
Profit Participating Share dividends	251	(327)	184	108
Bonds	1,831,904	(27,107)	1,564	1,806,361
Profit Participating Shares	2,500	-	-	2,500
	<u>1,854,419</u>	<u>(74,361)</u>	<u>48,159</u>	<u>1,828,217</u>
Assets				
Capitalised transaction costs	(5,127)	-	242	(4,885)

Notes to the condensed, consolidated interim financial statements (continued)

for the 6 months ended 30 June 2024

27 Risk management

The types of risks to which the Group is exposed during the period and the Group's approach toward risk management, are consistent with the risks and approach described in the Group's 2023 consolidated annual financial statements.

Undiscounted cash flows in respect of financial assets and financial liabilities are analysed below by their contractual due date:

Group	Carrying Value £'000	Contractual Cashflows £'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						
Fair value through profit or loss						
- Investment in financial asset	3,529	3,529	3,529	-	-	-
- Derivative financial instruments	146,509	231,279	-	33,435	42,116	155,728
Amortised cost						
- Finance lease receivables	229	230	-	230	-	-
- Trade and other receivables	11,506	11,506	-	11,506	-	-
- Cash and cash equivalents	287,663	287,663	17,202	270,461	-	-
- Short-term deposits	80,000	80,000	-	80,000	-	-
	529,436	614,207	20,731	395,632	42,116	155,728
Financial liabilities						
Fair value through profit or loss						
- Derivative financial instruments	229,548	375,234	-	60,251	77,829	237,154
Amortised cost						
- Trade and other payables	34,591	34,591	-	34,591	-	-
- Borrowings	1,825,315	2,794,448	-	135,931	811,003	1,847,514
	2,089,454	3,204,273	-	230,773	888,832	2,084,668
Total financial instruments	(1,560,018)	(2,590,066)	20,731	164,859	(846,716)	(1,928,940)
31 December 2023						
Financial assets						
Fair value through profit or loss						
- Derivative financial instruments	109,220	166,198	-	24,385	25,428	116,385
Amortised cost						
- Finance lease receivables	900	921	-	921	-	-
- Trade and other receivables	12,953	12,953	-	12,953	-	-
- Cash and cash equivalents	335,570	335,570	4,218	331,352	-	-
	458,643	515,642	4,218	369,611	25,428	116,385
Financial liabilities						
Fair value through profit or loss						
- Derivative financial instruments	207,923	321,668	-	46,513	64,025	211,130
Amortised cost						
- Trade and other payables	55,062	55,062	-	55,062	-	-
- Borrowings	1,851,495	2,859,208	-	136,889	814,636	1,907,683
Total financial liabilities	2,114,480	3,235,938	-	238,464	878,661	2,118,813
Total financial instruments	(1,655,837)	(2,720,296)	4,218	131,147	(853,233)	(2,002,428)

Notes to the condensed, consolidated interim financial statements (continued)
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27 Risk management (continued)

The borrowings in the above table that are measured at amortised cost can be reconciled to note 23 as follows:

	Group	
	30 June 2024 £'000	31 December 2023 £'000
Borrowings as per above	1,825,315	1,851,495
Less transaction costs	(4,885)	(5,127)
Borrowings per note 23	<u>1,820,430</u>	<u>1,846,368</u>

28 Financial instruments

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

Group	Note	Carrying amount £'000	Level 1 £'000	Fair value Level 2 £'000	Level 3 £'000
30 June 2024					
Financial assets					
Fair value through profit or loss					
- Investment in financial assets	20	3,529	3,529		
- Derivative financial instruments	18	146,509		146,509	
Amortised cost					
- Finance lease receivables	14	229		229	
- Trade and other receivables	16	11,506		11,506	
- Cash and cash deposits	19	287,663		287,663	
- Short-term deposits	19	80,000		80,000	
Total financial assets		<u>529,436</u>			
Financial liabilities					
Fair value through profit or loss					
- Derivative financial instruments	18	229,548		229,548	
Amortised cost					
- Publicly traded bonds	23	1,366,361	1,257,883		
- Fixed rate borrowings	23	340,000		296,237	
- Other borrowings	23	118,954		118,954	
- Trade and other payables	22	34,591		34,591	
Total financial liabilities		<u>2,089,454</u>			
Total financial instruments		<u>(1,560,018)</u>			

Notes to the condensed, consolidated interim financial statements (continued)

for the 6 months ended 30 June 2024

28 Financial instruments (continued)

Group	Note	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
31 December 2023		£'000	£'000	£'000	£'000
Financial assets					
Fair value through profit or loss					
- Derivative financial instruments	18	109,220		109,220	
Amortised cost					
- Finance lease receivables	14	900		900	
- Trade and other receivables	16	12,953		12,953	
- Cash and cash equivalents	19	335,570		335,570	
Total financial assets		<u>458,643</u>			
Financial liabilities					
Fair value through profit or loss					
- Derivative financial instruments	18	207,923		207,923	
Amortised cost					
- Publicly traded bonds	23	1,391,904	1,303,665		
- Fixed rate borrowings	23	340,000		303,700	
- Other borrowings	23	119,591		119,591	
- Trade and other payables	22	55,062		55,062	
Total financial liabilities		<u>2,114,480</u>			
Total financial instruments		<u>(1,655,837)</u>			

Carrying value is regarded as a reasonable approximation of fair value, when this is not provided in the above table. Only the derivative financial instruments are measured subsequent to initial recognition at fair value. All derivative financial instruments are grouped into level two, based on the degree to which the fair value is observable. Level two fair value measurements are those derived from inputs other than quoted prices that are observable from active markets either directly or indirectly.

The financial liabilities measured at amortised cost in the above table can be reconciled to note 23 as follows:

	Group	
	30 June 2024	31 December 2023
	£'000	£'000
Total financial liabilities as per above	2,089,454	2,114,480
Derivative financial instruments	(229,548)	(207,923)
Capitalised transaction costs	(4,885)	(5,127)
Trade and other payables	(34,591)	(55,062)
Borrowings per note 23	<u>1,820,430</u>	<u>1,846,368</u>

29 Retirement benefit scheme

At 30 June 2024, there was a net defined benefit asset of £1,100,000. At 31 December 2023, there was a net defined benefit asset of £676,000, the movement of £424,000 during the period (6 months ended 30 June 2023: £1,479,000) reflecting the increase in discount rate partially offset by adjustment for CPI inflation (equivalent to £318,000 reflecting the deferred tax impact see note 15).

Notes to the condensed, consolidated interim financial statements (continued)

for the 6 months ended 30 June 2024

30 Operating lease arrangements

The Group as lessor

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

	30 June 2024 £'000	Group 31 December 2023 £'000
Within one year	296,943	303,219
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>1,147,756</u>	<u>1,283,770</u>
Aggregate operating lease rentals receivable in the year	<u>148,654</u>	<u>298,788</u>

The Group as lessee

The Group subleased certain right-of-use assets in relation to land and has recognised income of £58,000 during the period (31 December 2023: £145,000), which is included in the rentals receivables shown above.

31 Capital commitments

In respect of rolling stock capital expenditure:

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

The above represents all capital commitments.

32 Dividends

For the period ended 30 June 2024, dividends of £30,000,000 were paid (6 months ended 30 June 2023: £13,800,000).

33 Related party transactions

Identity of related parties

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.

Notes to the condensed, consolidated interim financial statements (continued)
for the 6 months ended 30 June 2024

33 Related party transactions (continued)

Identity of related parties (continued)

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.

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.

The Group was charged a consultancy service fee of £60,000 (6 months ended to 30 June 2023: £60,000) by Eversholt UK Rails Limited and received a management fee of £38,000 (6 months ended to 30 June 2023: £29,000) from Eversholt UK Rails Limited during the first six months of the year.

34 Contingent liabilities

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

35 Subsequent events

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