

# **Eversholt Rail Leasing Limited**

**Annual report and financial statements  
for the year ended 31 December 2025**

**Registered No: 02720809**

## **Annual report and financial statements**

for the year ended 31 December 2025

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## **Strategic report**

for the year ended 31 December 2025

### **Business review**

Eversholt Rail Leasing Limited (the “Company”) generates income from the leasing of rolling stock to train and freight operating companies in the United Kingdom.

On 20 January 2026, the Company’s ownership changed. Up until this date, the Company’s ultimate parent had been Eversholt UK Rails Group Limited (“EUKRGL”). This changed when Beacon Rail Group acquired the issued share capital of an intermediary holding company, Eversholt UK Rails Limited that was a direct subsidiary of EUKRGL. Details are set out in note 26.

The Company forms part of the Eversholt UK Rails Group (the “Group”) 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 and up until 20 January 2026 Eversholt UK Rails Group Limited (“EUKRGL”) (see below) Consolidated Security Group accounts are prepared by Eversholt UK Rails (Holding) Limited.

In the year 2025, the Company generated a profit of £91,102,000 (2024: £56,823,000). As at 31 December 2025 the Company had net assets of £163,270,000 (2024: £72,168,000). The increase in profit reflects a reduction in intercompany interest together with the reversal of write-downs recognised in previous periods in relation to rolling stock.

During the year the Company incurred capital expenditure of £3,616,000 (2024: £5,488,000) in relation to its programme of new build rolling stock and investments in upgrades to existing fleets.

Eversholt Rail Limited, a subsidiary company, provides asset management and administrative services to the Company, charging an annual management fee.

The Company continues to be funded principally by loans from a group undertaking, Eversholt Rail Limited, together with equity from its immediate parent, Eversholt Investment Limited and retained earnings.

The Company has no employees.

### **Risk management**

The Company is subject to the risk management objectives and policies of the Group. The Company carries a number of principal risks and uncertainties as disclosed in the Annual report and financial statements of Eversholt UK Rails (Holding) Limited. These relate to economic conditions, political and regulatory matters, rail franchising competition, rail technology and safety and compliance with laws and regulation. Details of these and related mitigations are set out in the aforementioned financial statements.

In addition to these, the Company carries capital, liquidity, credit and market risks together with residual value risks.

The risks relevant to the Company and analysis of the exposure to such risks, are set out in note 22 of the financial statements.

### **Financial performance**

The Company’s results for the financial year are detailed in the Income statement on page 18.

The Directors consider operating lease income and gross profit to be the key performance indicators for the Company. Operating lease income for the year was £343,121,000 (2024: £331,915,000), the increase in operating lease rentals versus prior year reflects re-leasing activity. Gross profit for the year was £227,547,000 (2024: £196,324,000), which compared to prior year reflects higher operating lease income and the reversal of write-downs recognised in previous periods, offset by lower dividend income. The Group continues to identify and, where appropriate, tender for new trains and opportunities to acquire an interest in existing fleets in the UK.

## **Strategic report (continued)**

for the year ended 31 December 2025

### **Corporate governance**

For the year ended 31 December 2025, the Company has adopted the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council (“FRC”) in December 2018 and available on the FRC website).

Eversholt UK Rails Limited (the “Parent”) has voluntarily adopted the Wates Principles and has made a statement in relation to its corporate governance practices in its Annual Report and financial statements for the year ended 31 December 2025. (“Parent Governance Report”). The Group adopts several governance policies and procedures on a group-wide basis, which are adopted and implemented by the subsidiaries of the Group to the extent relevant to their operations. Accordingly, attention is drawn to the Parent Governance Report.

The paragraphs below explain how the six principles set out in the Wates report apply to the Company for the financial year reported.

#### **Principle 1 – Purpose and leadership**

The Group’s strategy for the financial year reported was to focus on growth through investing in UK rolling stock and associated rail assets. This is broken-down into three areas:

- Leasing and asset managing our existing UK fleet;
- Acquisition of new and existing UK rolling stock assets; and
- Owning and acquiring UK rail related non-rolling stock assets where they complement our rolling stock portfolio.

Our corporate vision was “To be the UK’s rolling stock leasing company of choice and continue to be an expert and responsible provider of train finance and asset management”. Our strategy and vision were underpinned by our management of Environmental, Social and Governance (“ESG”) matters summarised by the following four themes:

- Innovating to support the transport decarbonisation journey;
- Leading as a responsible asset owner;
- Providing a great place to work; and
- Delivering results with integrity.

The Group identified four shared behaviours (respect, one team, be open to change and demonstrate a sense of urgency) that are central to the creation and maintenance of a culture within the business which empowers each member of the workforce to contribute to the successful pursuit of the Group’s strategic aims, and to forge strong relationships with the Group’s external stakeholders.

In pursuit of its vision, the Board of the Company (the “Board”) maintained a relentless focus on safety, validated by an external Safety Panel as explained in further detail below.

Following the acquisition of Eversholt UK Rails Limited by the Beacon Rail Group, the Group has adopted the three behaviours of the wider Beacon Rail Group (agile: we empower our people to tackle issues without delay; collaborative: we act as one Beacon; and thrive: we develop personal growth and curiosity). The Group will continue to pursue its strategic objectives and management of ESG matters, both of which are aligned with those of the wider Beacon Rail Group.

#### **Principle 2 – Board composition**

For the financial year reported, the Board of the Company comprised the Group’s Chief Executive Officer, Chief Financial Officer, Client Services Director, Commercial Finance Director and Legal Director. The Group’s Chief Executive Officer also sat on the board of Eversholt UK Rails Limited (“Parent Board”).

The Board operated within the framework of the Group’s overall strategy as set by the Parent Board. The composition and operation of the Parent Board is set out in more detail in the Parent Governance Report.

The Board considers that its size and composition is appropriate to its function as a leasing company within the Group.

Following the sale to Beacon Rail, and to facilitate the integration of the Company, governance arrangements will be reviewed.

## **Strategic report (continued)**

for the year ended 31 December 2025

### **Corporate governance (continued)**

#### **Principle 3 – Director responsibilities**

For the financial year reported, the Board was responsible for oversight of the Company's activities, within the strategic framework set by the Parent Board. Each Board member had a clear understanding of their respective responsibilities and their accountability for discharging this role.

The Group had adopted a formal governance matrix framework which prescribes the scope of authority of the Chief Executive Officer and other members of the Leadership Team and reserves key business decisions to an appropriate decision maker within the Group.

In addition to this, a formal policy and process for major business approvals and the control of expenditure was adopted.

For the financial year reported, the Board was supported by the following principal operational committees of Eversholt Rail Limited:

- Business Process Committee;
- Asset Safety Committee;
- Risk and Compliance Committee;
- Treasury Committee; and
- UK Rolling Stock and Balance Sheet Committee.

Following the sale to Beacon Rail, to facilitate the integration of the Company, there will be a review of existing governance arrangements.

In addition, the Parent Board maintained an Audit, Risk and Treasury Committee (“ARTC”) and a Remuneration and HR Committee. Each committee’s function and role are described below.

The Company Secretary acted as secretary to the Board and each committee. The Company Secretary ensured that relevant papers were circulated in advance of meetings to ensure informed decision-making.

#### *Eversholt Rail Limited Board of Directors (“MaintCo Board”)*

The MaintCo Board met monthly to consider any matters reserved for it under the Group’s delegated authority and governance matrix. It received monthly briefings on asset safety, HR matters and financial performance and quarterly updates on ESG matters. In addition, quarterly updates were provided from the Leadership Team and outputs from the Board’s committees were presented monthly.

#### *Business Process Committee (“BPC”)*

The BPC was chaired by the Head of Business Process and comprised other senior members. It met bi-monthly to oversee the application and operation of business systems.

#### *Asset Safety Committee (“ASC”)*

The ASC was chaired by the Client Services Director and comprised other senior members. It met monthly to oversee the effectiveness of the safety management and key controls.

#### *Risk and Compliance Committee (“RCC”)*

The RCC was chaired by the Legal Director and comprised other members of the Leadership Team and the Head of Corporate Services. It met monthly to oversee the management of existing and emergent risks and to ensure that appropriate systems and procedures were place to ensure risks are properly identified, assessed, managed, and reported and that the Group complied with its legal obligations (whether contractual or statutory).

#### *Treasury Committee (“TC”)*

The TC was chaired by the Chief Financial Officer and comprised other members from the Leadership Team and other senior members. It met monthly and was responsible for the management and control of financial risks in accordance with an internal treasury policy.

#### *UK Rolling Stock and Balance Sheet Committee (“UKRSBS”)*

The UKRSBS was chaired by the Chief Financial Officer and comprised the members of the Leadership Team and the Head of Corporate Services. It met fortnightly to oversee a range of operational and strategic matters.

## **Strategic report (continued)**

for the year ended 31 December 2025

### **Corporate governance (continued)**

#### **Principle 4 – Opportunity and risk**

##### *Opportunities*

For the financial year reported, the UKRSBS was the principal forum for the assessment of strategic opportunities, which were considered as part of their scheduled meetings. Identified opportunities were considered at Board level where required by the governance matrix and business approvals framework.

##### *Business risk*

For the financial year reported, the management of the Company was responsible for the identification and management of risk within the Company, with Group risks considered by the Parent Board. The Parent Board was supported by a dedicated ARTC. The ARTC reviewed the Group's internal and external audit processes, together with the Group's principal strategic, operational, and financial risks. The Committee met at least twice a year, and more frequently when required. The ARC operated under formal terms of reference and is composed of four representatives from the Group's owners with the Chief Executive Officer, Chief Financial Officer and Legal Director being invited to attend where appropriate.

##### *Industry-specific operational risks*

The Group operates in an industry where the assessment and management of operational safety risks is of paramount importance.

The Group maintained an ASC and an External Safety Panel ("ESP").

The ESP is comprised of the Company's senior independent non-executive director, together with a representative with significant operational experience within the UK rail industry and a further transport industry executive. The inclusion of a committee member with experience from outside the rail sector provides an independent perspective and the opportunity for the Group to learn from best practices in another transport sector.

The role of the ESP was to provide an independent forum to review the work of the ASC. It was chaired by the Company's senior independent non-executive director and reported annually to the Parent Board on the ASC's operation, work, and ongoing effectiveness.

The ESP met quarterly and was authorised to review the ASC's working papers. The ESP was empowered to require the ASC to undertake new or additional work to determine and address operational risks as it considered necessary.

#### **Principle 5 – Remuneration**

The Company does not have any employees. The Directors receive no additional remuneration for their role as directors of the Company in addition to their executive employment by Eversholt Rail Limited. The Parent Governance Report discusses the approach taken to executive remuneration within the Group.

#### **Principle 6 – Stakeholders**

The Group is committed to creating a diverse and inclusive environment for all those with whom it works. As such, it recognises the importance of maintaining strong relationships with its stakeholders to create sustainable long-term value, and the Board encourages active dialogue and transparency with all its stakeholder groups.

The Group has identified four principal external stakeholder groups:

- Train Operating Companies ("TOCs") and Freight Operating Companies ("FOCs") – the Group's customers;
- Industry regulators and rail services sponsors (currently the Office of Rail and Road ("ORR"), the Department for Transport ("DfT"), Transport Scotland ("TS"), Transport for Wales ("TfW") and Transport for London ("TfL") (in their role providing funding and strategic direction for major rail projects), and other public bodies involved in the UK rail industry;
- The Group's suppliers – train manufacturing companies and other suppliers who supply and maintain rolling stock; and
- The Group's external lenders.

## **Strategic report (continued)**

for the year ended 31 December 2025

### **Corporate governance (continued)**

#### **Principle 6 – Stakeholders (continued)**

The UK Government has enacted plans for previously franchised passenger rail services to be taken back into public ownership. The Railways Bill, which will enable the establishment of Great British Railways (“GBR”), was presented to Parliament on 5 November 2025 and is currently at the committee stage in the House of Commons. The UK Government policy continues to recognise the role of privately financed rolling stock leasing companies.

In addition, the Group's owners are a key internal stakeholder.

More broadly, the Group is aware of the environmental impact of the operation of its leased fleet and seeks to minimise this through its fleet maintenance and procurement policies, as described below.

#### *TOCs and FOCs*

The Group operates under a formal Code of Practice (the “Code”, available at <https://eversholtrail.co.uk/downloads/>), which governs its dealings with TOCs. The Code sets out the Group's approach to the market and is designed to provide appropriate assurances for customers as to the manner in which the Group's TOC customers can expect to build constructive relationships with it.

Key provisions of the Code include commitments to:

- Building long-term relationships with customers;
- Support customers in providing passengers with a safe, economically efficient and reliable railway service; and
- Fair and reasonable leasing terms, in particular at franchise renewal.

Amendments to the Code will be made in consultation with the ORR. The Group operates a formal complaints procedure in relation to any alleged breach of the Code.

The Group maintains regular dialogue with all TOCs (including publicly owned and open-access), FOCs and their parent groups through a dedicated Account Management team.

#### *Regulators and other public bodies involved in the UK rail network*

Whilst not directly regulated itself, the Group maintains a close relationship with the ORR - the independent safety and economic regulator of the UK rail industry.

The Group is committed to assisting national and regional rail sponsors, including the DfT, Transport Scotland, TfW, TfL, Transport for the North and Transport for the West Midlands during their respective concession award processes and throughout the operation of the rail concessions.

The Group also engages with other rail stakeholders, such as Transport Focus and the Association of Community Rail Partnerships, as well as contributing to a number of cross-industry working parties.

A consistent, structured approach is applied to all the above relationships. Regular engagement at working level is complemented by senior-level reviews focused on strategic aspects, together with ad hoc meetings as necessary to support specific joint programmes and initiatives. During concession award processes, a dedicated, cross-disciplinary bid team led by a senior manager is established to engage with bidders and provide them with all information necessary to support their bid submissions.

#### *Suppliers*

The Group holds multiple contracts with key business and safety critical suppliers that deliver a range of services. These services help support the safe operation of the Group's trains on the railway and enhance the residual value of its fleets. Securing the right capability and capacity from the Group's supply base is critical to helping the Group manage its operational risk and enhance its reputation with its customers.

The Group takes a relationship-based approach with its suppliers, focusing on clear and timely communication. The Group holds quarterly business reviews with its key strategic suppliers. These reviews encompass a wide range of activities including health and safety, delivery performance, engineering support, future plans and provide a forum for delivering feedback from key stakeholders to the supplier. In addition to these reviews and to help support the operational needs of the business, the Group's project managers hold regular fleet reviews with suppliers and customers to ensure compliance with the particular requirements of the project and to discuss any issues either party may have that may impact delivery of these requirements.

## **Strategic report (continued)**

for the year ended 31 December 2025

### **Corporate governance (continued)**

#### **Principle 6 – Stakeholders (continued)**

##### *External lenders*

The Group regularly engages with its banks and institutional investors. A key forum for dialogue with these stakeholders is the Group's annual management presentation, at which a review of the previous financial year and outlook for the coming year is shared. This provides stakeholder representatives with the opportunity to hear from the Senior Leadership Team, ask questions about the business and engage in informal discussions with management. The Group also shares annual and semi-annual financial statements and investor reports detailing key events in the development of the business.

##### *Owners*

For the financial year reported, the Group maintains close relations with its shareholder with representatives of that shareholder sitting on the Board, as outlined above. As part of that relationship, the Group shared details of proposed transactions and sought appropriate shareholder approval, where required, for activity which is outside any delegated mandate.

##### *Environment and the community*

The Group is committed to reducing the environmental impact of its leased fleet. All of the Group's diesel fleets are compliant with modern engine emission legislation and its new electric fleets are fitted with regenerative braking, putting power back into the overhead line.

The Group is pursuing a series of green initiatives in relation to its fleets. These include:

- Development of potential modifications of diesel fleets to reduce emissions including start/stop technology, modernising key components and fuel treatment options; and
- Ensuring that scrapping processes for life-expired rolling stock maximises the amount of recycled materials;

Further information on the Group's participation in industry discussions in response to the UK Government's challenge to the UK rail industry to remove all diesel-only trains by 2040 is set out in the Strategic report within the Annual report and financial statements of Eversholt UK Rails (Holding) Limited for the year ended 31 December 2025.

The Group recognises its responsibility towards communities and since 2013 the Group has contributed through fundraising and donations to charities.

Our charity partner for the financial year ended 31 December 2025 continued to be Back Up, an organisation that deliver services that build confidence, independence and inspire people affected by spinal cord injury to transform their lives. During 2025 we had an aim to raise awareness of the charity, raise funds, provide volunteering opportunities for our staff as well as administration assistance and office space for meetings and training for the charity. Our charity partner was selected by our staff.

We also provided support to several industry organisations including National Rail Museum, Campaign for Better Transport and Community Rail Network.

#### **Section 172(1) statement**

In discharging their duty to promote the interests of the Company under section 172 Companies Act 2006, the Directors of the Company have regard to a number of factors and stakeholder interests. These are described below.

Each of these factors is considered in relation to the Group's broader operations as explained in the section 172(1) statement within the Annual report and financial statements of Eversholt UK Rails Limited for the year ended 31 December 2025.

As a wholly owned subsidiary with no employees, the Directors do not consider the factors listed in section 172(1)(b) (interests' of the company's employees) or 172(1)(f) (need to act fairly between the members of the company) are relevant to the proper discharge of their duty under section 172.

## **Strategic report (continued)**

for the year ended 31 December 2025

### **Section 172(1) statement (continued)**

#### *Long-term consequences of business decisions and maintaining reputation for high standards of business conduct*

The Company operates in a sector characterised by long-term relationships between stakeholders, driven by a relatively small number of market participants.

Maintaining a reputation for high standards of business conduct is vital and the Company expects all members of the supply chain to always act with integrity, acting openly, honestly and ethically.

The Company has zero tolerance to fraud and consistently maintains effective oversight and scrutiny processes, executed with independence and impartiality. Integrity is underpinned with policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate training.

In addition to the core values, compliance with these requirements together with the Company's corporate responsibility commitments, provide the framework within which the Company operates both internally and in the marketplace. Suppliers and contractors are also expected to behave in a consistent manner.

The Group provides rolling stock and rolling stock related services to TOCs and FOCs. TOCs operate rail concessions via National Rail Contracts ("NRCs") for periods that vary from TOC to TOC but usually include a core term of between two and four years. As NRCs with privately owned TOCs expire, the concessions will be nationalised and operated by a government owned operator whose functions will eventually be integrated into GBR. Accordingly, consideration of long-term consequences is an inherent part of the Company's decision making processes. As a privately-owned company ultimately held by an infrastructure investor, the management of the Company considers that the interests of the Company and its ultimate owners are aligned in seeking sustainable value creation over the longer term through the Company's operations, promoting long-term strategic decision-making.

These factors also drive a continuing focus on the maintenance of durable relationships with stakeholders, built on the Group's reputation with customers and suppliers.

Details of the Code of Practice that sets out the basis on which the Company and the wider Group deals with customers and other stakeholders, and other methods of stakeholder engagement designed to maintain the Group's reputation for high standards of business conduct, is in the corporate governance statement within the Corporate governance section of this Strategic report.

#### *Identification of, and engagement with, stakeholder groups*

The Company recognises the importance of maintaining strong relationships with its stakeholders in order to create sustainable long-term value, and the Board encourages active dialogue and transparency with all its stakeholder groups.

The Group has identified six main stakeholder groups which are relevant to the proper discharge of the duty of the Directors of relevant group companies under section 172(1) to promote the success of their company. These are detailed under the Corporate governance section of this Strategic report.

Given the business of the Company, the Board believes that five of these six stakeholder groups are relevant to the proper discharge of the duties of the Directors of the Company under section 172(1):

- TOCs and FOCs the Company's customers;
- Industry regulators and rail services sponsors;
- The Company's suppliers – train manufacturing companies and other suppliers who supply and maintain rolling stock;
- The Group's external lenders; and
- The Group's owners.

Details of these groups, and the main methods that the Directors have used to engage with those stakeholders during the course of the year, are set in the corporate governance statement set out above.

**Strategic report (continued)**

for the year ended 31 December 2025

**Section 172(1) statement (continued)**

*Impact on the environment and the community*

The Company is committed to reducing the environmental impact of its leased fleet. Further information on the steps taken to reduce the environmental impact of the Group's operations, and on the Group's participation in industry discussions in response to the UK Government's challenge to the UK rail industry to remove all diesel-only trains by 2040, are set out in the strategic report within the Annual report and financial statements of Eversholt UK Rails (Holding) Limited for the year ended 31 December 2025.

The Company strives to make a positive impact in the community. Further information on the Group's community and charitable activities in which the Company directly participates is set out in the corporate governance statement within the Annual report and financial statements of Eversholt UK Rails Limited for the year ended 31 December 2025.

The Group also provides support to several industry organisations including National Rail Museum, Campaign for Better Transport and Community Rail Network.

Approved by the Board and signed on its behalf by:



**A L Cunliffe**  
Director

Registered Office  
First Floor  
Chancery House  
53-64 Chancery Lane  
London  
WC2A 1QS  
United Kingdom

22 April 2026

## **Directors' report**

for the year ended 31 December 2025

The Directors present their Annual report together with the audited financial statements for the year ended 31 December 2025.

### **Directors**

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

M B Kenny (resigned 16 February 2026)  
A J Wesson (resigned 16 February 2026)  
D Spence (resigned 17 February 2026)  
P M Sutherland (resigned 3 March 2026)  
L R Warsop (resigned 10 February 2026)  
G A Blackburn (appointed 20 January 2026)  
A L Cunliffe (appointed 20 January 2026)  
F Dorjee (appointed 20 January 2026)  
K R Howard (appointed 20 January 2026)  
C G-F Navarro (appointed 20 January 2026)  
E Mircica (appointed 20 January 2026)

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

### **Business environment**

The Directors monitor the business environment in which the Company operates from a group perspective and details of relevant matters, including changes in the UK rail industry, and climate change, are disclosed in the Annual report and financial statements of Eversholt UK Rails (Holding) Limited.

### **Risk management and Corporate governance**

Details of the Company's risk management and Corporate governance arrangements are set out in note 22.

### **Fostering business relationships**

The Company recognises the importance of managing strong relationships with its stakeholders in order to create sustainable long-term value, and the Board of the Company encourages active dialogue and transparency with all its stakeholder groups. Further information is included in the Strategic report and falls within the scope of the Section 172(1) Statement.

### **Streamlined energy and carbon reporting**

In preparing the Directors' report and having regard to the reporting requirements of other Group companies under English law, the Company has considered the UK's 'Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018' (the "Regulations"), effective from 1 January 2020 and voluntarily provides the following information.

During 2025 and 2024:

- The Company did not consume any energy within the scope of the Regulations and therefore has been excluded from disclosure. Meeting energy requirements of the Company's rolling stock assets is the primary responsibility of the Company's customers, being train and freight operating companies. The Company does not therefore consume any fuel/electricity/gas in relation to those assets; and
- The only company within the Eversholt UK Rails Group that consumed energy is Eversholt Rail Limited, from which the Company had received services during the year. Information required by the Regulations in respect of Eversholt Rail Limited is set out in its Annual report and financial statements for the year ended 31 December 2025.

## **Directors' report (continued)**

for the year ended 31 December 2025

### **Future developments**

The Railways Bill, which will enable the establishment of Great British Railways ("GBR"), was presented to Parliament on 5 November 2025 and is currently at the committee stage in the House of Commons. GBR is expected to be operational around 12 months after the bill receives Royal Assent. The UK Government policy continues to recognise the role of privately financed rolling stock leasing companies. We continue to monitor developments and engage with industry stakeholders regarding the establishment of GBR.

The Directors intend to integrate the Group's business with that of the wider Beacon Rail Group.

No other significant developments are currently anticipated, but the Directors keep opportunities under regular review.

### **Events after the end of the year**

On 20 January 2026, Beacon Rail Falcon Limited acquired the issued share capital of Eversholt UK Rails Limited. Beacon Rail Falcon Limited is a UK incorporated company and is an indirect subsidiary of Beacon Rail Lux Holdings S.à r.l., a Luxembourg domiciled holding company of Beacon Rail Group and whose ultimate parent and controlling party is IIF Holding GP LLC.

Eversholt UK Rails Limited continues to be a holding company of Eversholt Rail Leasing Limited and was a direct subsidiary of EUKRGL prior to the change in ownership. (See note 28).

No other significant developments are currently anticipated, but the Directors keep opportunities under regular review.

### **Dividends**

During the year, the Directors declared and paid dividends of £nil (2024: £60.0m).

### **Going concern basis**

The Directors have considered the Company's forecasts and projections, taking account of reasonably possible changes in trading performance.

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 the Group's forecasts and projections, together with the debt maturing in 2026 and 2027; current financial resources including cash of £112.0m (2024: £149.4m), short-term deposits of £38.4m (2024: £283.7m), investment in financial assets of £3.8m (2024: £3.6m) and undrawn committed borrowing facilities of £450.0m as at 31 December 2025 (2024: £450.0m undrawn); 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. Downside and non-recovery of contracted revenue have been considered against the most recent forecasts in assessing the level of forecast revenue that would need to be lost before the Security Group breached any of its borrowing covenants.

The Directors have also considered the forecasts, projections and financing facilities available to Beacon Rail Lux S.à r.l and its subsidiaries and expect the Company to continue its operations.

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.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

### **Disclosure of information to the Auditor**

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

**Directors' report (continued)**  
for the year ended 31 December 2025

**Auditor**

Under the Companies Act 2006, Deloitte LLP was reappointed the Auditor for the year ended 31 December 2025.

Approved by the Board and signed on its behalf by:



**A L Cunliffe**  
Director

Registered Office  
First Floor  
Chancery House  
53-64 Chancery Lane  
London  
WC2A 1QS  
United Kingdom  
22 April 2026

## Statement of Directors' responsibilities

for the year ended 31 December 2025

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

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

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

The Company's annual financial statements were approved by the Board of Directors on 22 April 2026 and signed on their behalf by:



**A L Cunliffe**  
Director

Registered Office:  
First Floor  
Chancery House  
53-64 Chancery Lane  
London  
WC2A 1QS  
United Kingdom

## **Independent Auditor's Report to the Members of Eversholt Rail Leasing Limited** for the year ended 31 December 2025

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Eversholt Rail Leasing Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB.

#### Basis for opinion

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

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

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the financing facilities available to the company. The values, terms and maturities of those facilities were confirmed to lender confirmations and underlying agreements;
- Challenging the assessment on the company's cash flows and its forecast ability to meet its obligations, together with the debt maturing in 2026. Key assumptions tested included the amount of revenue supported by existing lease arrangements and the legal arrangements in place in the event of an operator default and we obtained an understanding of these arrangements;
- Testing of mechanical accuracy of the model used to prepare forecasts; and
- Review of the disclosures made in the financial statements to determine whether they appropriately present the key assumptions the directors have made.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Independent Auditor's Report to the Members of Eversholt Rail Leasing Limited (continued)**

for the year ended 31 December 2025

### **Other information**

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

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

We have nothing to report in this regard.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

## Independent Auditor's Report to the Members of Eversholt Rail Leasing Limited (continued)

for the year ended 31 December 2025

We discussed among the audit engagement team and relevant internal specialists such as tax specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- **Impairment of long-lived assets:** We have identified a significant audit risk around the impairment of rolling stock. These assets form a large proportion of the balance sheet and their utilisation is contingent upon winning lease contracts with Train Operating Companies ("TOCs"). We have pinpointed the risk to the re-leasing assumptions utilised. Management form key judgements and estimation related to each fleet's useful lives, re-leasing opportunities, estimated future rental income and associated costs. We have considered the cash flow models and scenarios modelled by management. We have evaluated key judgements related to each fleet's useful lives, re-leasing opportunities, estimated future rental income and associated costs.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### Report on other legal and regulatory requirements

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

#### Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

**Independent Auditor's Report to the Members of Eversholt Rail Leasing Limited  
(continued)**

for the year ended 31 December 2025

**Use of our report**

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

A handwritten signature in black ink, appearing to read 'Dulat Taituleyev', with a long horizontal flourish extending to the right.

Dulat Taituleyev, CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
22 April 2026

## Income statement

for the year ended 31 December 2025

	<i>Note</i>	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
<b>Revenue</b>			
Operating lease income	4	343,121	331,915
Other income	4	289	129
Dividend receivable	10	-	30,000
<b>Total revenue</b>		<u>343,410</u>	<u>362,044</u>
Cost of sales	5	<u>(115,863)</u>	<u>(165,720)</u>
<b>Gross profit</b>		227,547	196,324
Finance expense	6	(90,369)	(101,920)
Administrative expense	7	(23,772)	(30,023)
Profit on disposal of property, plant and equipment		630	515
<b>Profit before tax</b>		<u>114,036</u>	<u>64,896</u>
Income tax charge	9	<u>(22,934)</u>	<u>(8,073)</u>
<b>Profit for the year</b>		<u>91,102</u>	<u>56,823</u>

There were no discontinued or discontinuing operations during the year.

The notes on pages 22 to 40 form an integral part of these financial statements.

## Statement of comprehensive income

for the year ended 31 December 2025

There has been no comprehensive income and expense other than the result for the financial year as shown above (2024: £nil).

**Statement of financial position**

as at 31 December 2025

	<i>Note</i>	As at 31 December 2025 £'000	As at 31 December 2024 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,862,535	1,938,674
Investment in subsidiaries	14	149,319	149,319
		<u>2,011,854</u>	<u>2,087,993</u>
<b>Current assets</b>			
Trade and other receivables	13	3,486	5,708
Cash and cash equivalents	12	-	30
		<u>3,486</u>	<u>5,738</u>
<b>Total assets</b>		<u>2,015,340</u>	<u>2,093,731</u>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	15	29,626	34,920
Current tax		25,753	13,968
Other liabilities	16	12,119	14,874
Borrowings	17	77,553	74,221
		<u>145,051</u>	<u>137,983</u>
<b>Non-current liabilities</b>			
Other liabilities	16	314,525	278,725
Borrowings	17	1,322,145	1,537,275
Deferred tax	19	70,349	67,580
		<u>1,707,019</u>	<u>1,883,580</u>
<b>Total liabilities</b>		<u>1,852,070</u>	<u>2,021,563</u>
<b>Equity</b>			
Share capital	20	50,000	50,000
Retained earnings		113,270	22,168
<b>Total equity</b>		<u>163,270</u>	<u>72,168</u>
<b>Total equity and liabilities</b>		<u>2,015,340</u>	<u>2,093,731</u>

The notes on pages 22 to 40 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 22 April 2026 and were signed on its behalf by:



**A L Cunliffe**  
Director

Company registration number 02720809

**Statement of cash flows**

for the year ended 31 December 2025

	<i>Note</i>	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
<b>Cash flow from operating activities</b>			
Profit before tax		114,036	64,896
Adjustments for:			
- Dividend income	10	-	(30,000)
- Depreciation	5	110,055	110,663
- Write-down of rolling stock	5	(30,300)	17,173
- Profit on disposal of property, plant and equipment		(630)	(515)
- Finance expense	6	90,369	101,920
<b>Operating cash flow before changes in working capital</b>		<b>283,530</b>	<b>264,137</b>
Decrease in trade and other receivables		2,222	5,481
Increase in other liabilities		19,809	25,722
(Decrease)/increase in trade and other payables		(5,294)	1,174
<b>Cash flow generated by operating activities</b>		<b>300,267</b>	<b>296,514</b>
Payment in respect of group relief		(8,380)	(23,575)
<b>Net cash generated by operating activities</b>		<b>291,887</b>	<b>272,939</b>
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment	11	(3,616)	(5,488)
Proceeds from disposal of property, plant and equipment		630	515
Dividends received	10	-	30,000
<b>Net cash (utilised in)/generated by investing activities</b>		<b>(2,986)</b>	<b>25,027</b>
<b>Cash flow from financing activities</b>			
Loan repaid to Eversholt Rail Limited	18	(118,760)	(118,760)
Finance expense paid	6	(477)	(532)
Movement in intercompany loan with Eversholt Rail Limited	18	(169,694)	(118,644)
Dividend paid		-	(60,000)
<b>Net cash utilised in financing activities</b>		<b>(288,931)</b>	<b>(297,936)</b>
Net movement in cash and cash equivalents		(30)	30
Cash and cash equivalents at the beginning of the period		30	-
<b>Cash and cash equivalents at the end of the year</b>	12	<b>-</b>	<b>30</b>

**Statement of changes in equity**

for the year ended 31 December 2025

	<b>Note</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 January 2024</b>		50,000	25,345	75,345
Profit for the year		-	56,823	56,823
<b>Total comprehensive income</b>		-	56,823	56,823
Dividend paid	<b>10</b>	-	(60,000)	(60,000)
<b>Balance at 31 December 2024</b>		<b>50,000</b>	<b>22,168</b>	<b>72,168</b>
<b>Balance at 1 January 2025</b>		<b>50,000</b>	<b>22,168</b>	<b>72,168</b>
Profit for the year		-	91,102	91,102
<b>Total comprehensive income</b>		-	91,102	91,102
Dividend paid	<b>10</b>	-	-	-
<b>Balance at 31 December 2025</b>		<b>50,000</b>	<b>113,270</b>	<b>163,270</b>

Dividends of £nil (2024: £1.20) per share were paid during the year.

## Notes to the annual financial statements

for the year ended 31 December 2025

### 1 General Information

Eversholt Rail Leasing Limited 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.

### 2 Basis of Preparation

These financial statements are presented in £'000, which is also the Company's functional currency. 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 financial statements present information about the Company as an individual undertaking.

#### 2.1 Compliance with IFRS Accounting Standards

The financial statements of Eversholt Rail Leasing Limited have been prepared on the historical cost basis. These financial statements have been prepared in accordance with IFRS Accounting Standards, issued by the IASB and endorsed for use in the UK by the UK Endorsement Board, referred to as "UK-adopted IFRS", in conformity with the requirements of the Companies Act 2006.

UK endorsed IFRS Accounting Standards may differ from IFRS Accounting Standards as issued by the IASB if, at this point in time, new or amended IFRS Accounting Standards have not been adopted by the UK. At 31 December 2025, there were no unendorsed standards effective for the year ended 31 December 2024 affecting these financial statements, and there was no difference between IFRS Accounting Standards adopted by the UK and IFRS Accounting Standards issued by the IASB in terms of their application to the Company.

IFRS Accounting Standards comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the IFRS Interpretations Committee and its predecessor body.

#### 2.2 Standards and interpretations issued by the IASB

During the year, the Company adopted the following amendment which was UK endorsed and effective for accounting periods beginning on or after 1 January 2025. There is no material effect on the financial statements:

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (adopted in 2024).

At 31 December 2025, a number of amendments to standards have been issued by the IASB, which are not effective for the Group's financial statements as at 31 December 2025. Subject to UK adoption (unless otherwise stated), they are applicable for the following accounting periods and except for IFRS 18 and IFRS 19 are not anticipated to have a material impact on the financial statements:

Effective for accounting periods beginning on or after:

- 1 January 2026 - Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments
- 1 January 2026 - Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature dependent Electricity
- 1 January 2026 - Annual improvements to IFRS Accounting Standard – Volume 11  
(All changes effective 1 January 2026 have been UK adopted)
- 1 January 2027 - IFRS 18 Presentation and Disclosure in Financial Statements (adopted December 2025)
- 1 January 2027 - IFRS 19 Subsidiaries without Public Accountability: Disclosures

In relation to IFRS 18, the principal impact will be on the presentation of items within the income statement, whilst IFRS 19 might offer scope to reduce disclosure within the financial statements of subsidiary companies in the Group. Potential impacts are currently being considered.

## Notes to the annual financial statements (continued)

for the year ended 31 December 2025

### 2 Basis of Preparation (continued)

#### 2.3 Going concern

The Directors have considered the Company's forecasts and projections, taking account of reasonably possible changes in trading performance.

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 the Group's forecasts and projections, together with the debt maturing in 2026 and 2027; current financial resources including cash of £112.0m (2024: £149.4m), short-term deposits of £38.4m (2024: £283.7m), investment in financial assets of £3.8m (2024: £3.6m) and undrawn committed borrowing facilities of £450.0m as at 31 December 2025 (2024: £450.0m undrawn); 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. Downside and non-recovery of contracted revenue have been considered against the most recent forecasts in assessing the level of forecast revenue that would need to be lost before the Security Group breached any of its borrowing covenants.

The Directors have also considered the forecasts, projections and financing facilities available to Beacon Rail Lux S.à r.l and its subsidiaries and expect the Company to continue its operations.

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.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

### 3 Summary of material accounting policies

The material accounting policies adopted are set out below and have been applied consistently to all years presented in these financial statements.

#### 3.1 Accounting for lease transactions

##### The Company as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee. Otherwise, the lease is classified as an operating lease.

The Company enters into operating lease arrangements as lessor with respect to rolling stock and other railway assets, classified as Property, plant and equipment (note 11).

Rental income from operating leases is recognised on a straight-line basis over the lease term of the related lease. Initial direct costs incurred in negotiation and arranging an operating lease are added to the initial carrying amount of the lease asset and recognised straight-line over the lease term.

Amounts due from lessees under a finance lease are recognised, at an amount equal to the Company's net investment in the leases. Finance lease income is allocated to periods so as to reflect a constant periodic rate of return on the Company's net investment in respect of the lease.

#### 3.2 Fees and other income

Income is recognised on satisfaction of the performance obligation in relation to the service required by the customer and when control of that service is passed to the customer. Income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recorded in "Finance income".

#### 3.3 Finance income and expense

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

## Notes to the annual financial statements (continued)

for the year ended 31 December 2025

### 3 Summary of material accounting policies (continued)

#### 3.3 Finance income and expense (continued)

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

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time the assets are substantially ready for their intended use.

Finance expense includes interest payable in relation to derivative instruments and lease liability interest.

#### 3.4 Income tax

Income tax comprises current and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the years in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting year. Deferred tax assets and liabilities are offset if, and only if:

- a. there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- b. the deferred tax assets and the deferred tax liabilities relate to income tax levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities that intended to either settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

#### 3.5 Property, plant and equipment

In the normal course of business, rolling stock and other railway assets are recognised at cost and are depreciated on a straight-line basis over their useful economic lives to their estimated residual value. The useful economic life depends on the class of vehicle and type of asset and ranges from 20 to 40 years. Useful economic lives and carrying values are reviewed at least annually.

In relation to the construction of rolling stock and other railway assets:

- (i) Progress payments paid to third parties are capitalised.
- (ii) Interest costs are capitalised to the extent that they are incurred in relation to borrowings, which are attributable to the expenditure necessary to progress the construction of assets.
- (iii) Assets in the course of construction are not depreciated until they are available for use.

## Notes to the annual financial statements (continued)

for the year ended 31 December 2025

### 3 Summary of material accounting policies (continued)

#### 3.5 Property, plant and equipment (continued)

The depreciation charge is included in the Income statement as detailed in note 5.

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income statement.

At each reporting date, the Company reviews the carrying value of its rolling stock and railway assets to determine whether there is any indication that the assets have suffered an impairment loss. If there is an indication that impairment exists, the recoverable amount of the asset is estimated to determine the extent of the impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. The impairment loss is recognised immediately in the Income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised immediately in the Income statement. The associated credit is recognised in the Income statement.

#### 3.6 Subsidiaries

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

Dividend income from subsidiaries is recognised when the right to receive payment is established.

#### 3.7 Financial instruments

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

##### Classification and measurement

Financial assets are classified and measured by reference to the business model in which assets are managed and their cash flow characteristics. Details in relation to financial liabilities are considered below.

The Company holds the following classes of financial instruments:

##### *Trade and other receivables*

These are held in order to collect the related contractual cash flows and contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

They are derecognised when either borrowers repay their obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred.

##### *Cash and cash equivalents*

For the purpose of the Statement of cash flows, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash. Short term deposits of greater than three months original maturity, are not cash equivalents and are presented separately.

## Notes to the annual financial statements (continued)

for the year ended 31 December 2025

### 3 Summary of material accounting policies (continued)

#### 3.7 Financial instruments (continued)

##### *Financial liabilities*

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' or 'other' financial liabilities.

Other than derivative liabilities, financial liabilities are initially measured at fair value less any transaction costs that are directly attributable to the purchase or issue. Subsequent to initial recognition, financial liabilities, other than derivatives are measured at amortised cost using the effective interest rate method.

The Company derecognises the financial liability when the obligations specified in the contract expire, are discharged or cancelled.

##### **Impairment of financial assets**

Allowance for lifetime expected credit losses ("ECL") is recognised for:

- Trade and other receivables which result from transactions within the scope of IFRS 15 and which do not contain a significant financing component; and
- Lease receivables, which are outside the scope of IFRS 9 for classification and measurement purposes but in the scope for impairment.

12-month ECL allowance is carried for other financial assets carried at amortised cost where the credit risk has not increased significantly since the initial recognition. Where credit risk has increased significantly, lifetime ECL allowance will be carried.

Financial assets for which there is objective evidence of impairment, are considered to be in default or otherwise credit-impaired for disclosure purposes.

Financial assets (and the related impairment allowances) are written off, either partially or in full, when there is no realistic prospect of recovery. The amounts written off take into account the proceeds from realisation of any collateral underpinning the asset.

##### **Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset, and the net amount reported in the Statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **Determination of fair value**

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

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

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

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

### **3 Summary of material accounting policies (continued)**

#### **3.7 Financial instruments (continued)**

##### **Determination of fair value (continued)**

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Transfers between levels of the fair value hierarchy are recognised at the end of the reporting year during which the change occurred.

#### **3.8 Statement of cash flows**

The Statement of cash flows has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in intercompany balances are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

#### **3.9 Share capital**

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

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

#### **3.10 Maintenance**

Maintenance costs are expensed as incurred.

#### **3.11 Use of judgements, estimates and assumptions**

In the application of the Company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. This can lead to measurement that involves uncertainty. In such case, an accounting estimate is developed to achieve the objective established by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information, reflecting historical experience and other relevant factors.

Actual results may differ from those estimates. The estimates and underlying assumptions are accordingly reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

In addition, IAS 1 "presentation of Financial Statements", requires disclosure of judgements made by management in applying an entity's accounting policies, other than those relating to estimation uncertainty. As in prior years, no significant judgements are noted. Other than described below, there are no significant estimates and assumptions in applying the Company's accounting policies. Accounting estimates are considered significant in the context of IAS 1, if there is a significant risk of a material change to the carrying value of assets and liabilities within the next year.

##### **Significant estimates and assumptions in applying the Company's accounting policies**

Following is the significant estimate and assumption that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**3 Summary of material accounting policies (continued)****3.11 Use of judgements, estimates and assumptions (continued)****Recoverable value of rolling stock assets**

The Company undertakes a review of residual values of its rolling stock assets at least annually.

If there is indication of impairment of a specific rolling stock fleet, a loss will be recognised to reduce the carrying value to its recoverable value, as determined by its value in use. Value in use is calculated based on the forecast rentals which the assets will generate over their remaining useful economic lives, having regard to the fleet's current and future prospects under a range of re-leasing scenarios. Future rentals are forecast based on past performance, expectation of future performance and market information. Forecast future rentals are discounted assuming a pre-tax discount rate incorporating the time value of money and asset specific risks.

Recoverable value is sensitive to changes in the assumptions described above. The table below illustrates the impact of changes in assumptions on recoverable value for the Company's rolling stock fleet as a whole:

	<b>Recoverable value Increase/(decrease)</b>	
	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
<b>End of final lease term</b>		
1 year increase	<b>67,425</b>	31,156
1 year reduction	<b>(71,361)</b>	(36,754)
<b>Projected rentals:</b>		
1% increase	<b>17,121</b>	17,688
1% reduction	<b>(17,116)</b>	(17,688)
<b>Discount rate*:</b>		
0.3% (2024: 0.3%) increase	<b>(49,705)</b>	(49,793)
0.3% (2024: 0.3%) reduction	<b>51,594</b>	51,778

\*0.3% change is used in the discount rate sensitivity analysis, in light of the current market conditions.

The assumptions in relation to the above are the only key areas that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

The possibility of future write downs exists for fleets where a significant amount of value is recovered in the near term and uncertainty exists in relation to future re-leasing.

At the end of the financial year the recoverable amount of 'rolling stock assets' was in excess of its carrying amount by £433.8m on an aggregate basis (2024: £253.1m).

**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:

	<b>Year ended 31 December 2025 £'000</b>	<b>Year ended 31 December 2024 £'000</b>
Operating lease rental income	<b>343,121</b>	331,915
Other income	<b>289</b>	129
	<b><u>343,410</u></b>	<u>332,044</u>

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**5 Cost of sales**

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Depreciation (see note 11)	(110,055)	(110,663)
Write-down of rolling stock (see note 11)	30,300	(17,173)
Maintenance and asset management cost	(36,108)	(37,884)
	<u>(115,863)</u>	<u>(165,720)</u>

**6 Finance expense**

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Interest payable to Eversholt Rail Limited	(76,656)	(87,283)
Finance charges payable to Eversholt Funding plc	(477)	(532)
Other interest	(13,236)	(14,105)
	<u>(90,369)</u>	<u>(101,920)</u>

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

**7 Administrative expense**

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Management fees payable to Eversholt Rail Limited	(23,141)	(29,655)
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	(208)	(169)

There were no fees payable to the Company's Auditor for non-audit services (2024: £nil).

**8 Directors' emoluments**

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

**9 Income tax charge**

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
<b>Current tax</b>		
UK corporation tax on current period profit	(25,753)	(14,542)
Adjustment in respect of prior year	5,588	19
	<u>(20,165)</u>	<u>(14,523)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(2,756)	5,818
Adjustment in respect of prior year	(13)	632
	<u>(2,769)</u>	<u>6,450</u>
<b>Income tax charge</b>	<u>(22,934)</u>	<u>(8,073)</u>

The Company has recognised a prior year tax credit of £5,575,000 (2024: credit of £651,000). The prior year credit is a result of a fellow group company transferring a tax receivable in relation to the settlement of a double taxation claim to the Company. The receivable was settled in 2025.

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**9 Income tax charge (continued)**

The UK tax rate applied to the profits in the period was 25.0% (2024 25.0%). 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 rate that has been enacted or substantively enacted by 31 December 2025 is 25.0% (2024: 25.0%).

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

	Year ended 31 December 2025 £'000	Year ended 31 December 2024 £'000
Profit before tax	114,036	64,896
Taxation at corporation tax rate of 25.0% (2024: 25.0%)	(28,509)	(16,224)
Non-taxable income	-	7,500
Adjustment in respect of prior year	5,575	651
<b>Income tax charge</b>	<b>(22,934)</b>	<b>(8,073)</b>

**10 Dividends**

The Company received dividends of £nil from Eversholt Rail Limited (2024: £30,000,000) and paid dividends of £nil to Eversholt Investment Limited in the year ended 31 December 2025 (2024: £60,000,000 to Eversholt Investment Limited).

**11 Property, plant and equipment**

	Rolling stock £'000
<b>Cost</b>	
Balance at 1 January 2024	3,056,092
Additions	5,488
Disposals	(11,778)
<b>Balance at 31 December 2024</b>	<b>3,049,802</b>
Additions	3,616
Disposals	(122,456)
<b>Balance at 31 December 2025</b>	<b>2,930,962</b>
<b>Accumulated depreciation and write-downs</b>	
Balance at 1 January 2024	995,070
Charge for the year	110,663
Write-down	17,173
Disposals	(11,778)
<b>Balance at 31 December 2024</b>	<b>1,111,128</b>
Charge for the period	110,055
Write-down*	(30,300)
Disposals	(122,456)
<b>Balance at 31 December 2025</b>	<b>1,068,427</b>
<b>Carrying value at 31 December 2025</b>	<b>1,862,535</b>
Carrying value at 31 December 2024	1,938,674

\* This relates to the reversal of write-downs recognised in previous periods in relation to rolling stock. The recoverability of the relevant assets has been revised upwards to reflect an improvement in the net present value of the relevant forecast cashflows. Recoverability has been calculated by reference to its value in use, as described in note 3.5 (being the related accounting policy note).

The depreciation charge is included within cost of sales in the Income statement. In 2024 and following a review of recoverable values, the Company wrote-down the net book value of rolling stock by £17,173,000.

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**11 Property, plant and equipment (continued)**

This reflected the extent to which the net book value of rolling stock exceeded expected recoverable value and the write-down was included as part of accumulated depreciation.

In 2024, Company's review of the useful economic lives of its rolling stock, led to a reduction in the lives of some assets. This resulted in an increase of £3,398,000 in the 2024's depreciation charge shown in the above table. There has been no change in lives in 2025.

All fixed assets are subject to operating lease arrangements or are available to lease under such arrangements.

**12 Cash and cash equivalents**

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
Cash	-	30

**13 Trade and other receivables**

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
Trade receivables	3,486	4,851
Accrued income	-	857
	<b>3,486</b>	<b>5,708</b>

Trade receivables includes £850,000 (2024: £1,239,000) in relation to operating lease rentals and £372,000 (2024: £92,000) in relation to other receivables, for which a 12-month ECL allowance of £593,000 (2024: £360,000) and a lifetime ECL of £372,000 (2024: £nil) are carried. During the year therefore, there has been an increase of £233,000 in the 12-month expected credit loss allowance (year ended 31 December 2024: £113,000 increase) and an increase of £372,000 (year ended 31 December 2024: £nil) in the lifetime ECL. The allowance reflects a revised rental payment profile.

**14 Investment in subsidiaries**

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
Costs	149,319	149,319

The subsidiary undertakings of the Company at the end of the year were:

<b>Name of Undertaking</b>	<b>Class of Capital</b>	<b>Country of Incorporation</b>	<b>Type of business</b>	<b>Ownership Percentage 2025</b>	<b>Ownership Percentage 2024</b>
Eversholt Rail Limited	Ordinary Shares	England*	Management services	100	100
Eversholt Depot Finance Limited	Ordinary Shares	England*	Leasing	100	100

\* Registered office: First Floor, Chancery House, 53-64 Chancery Lane, London, WC2A 1QS, United Kingdom.

**15 Trade and other payables**

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
Trade and other payables	6,849	8,018
Accruals	1,745	3,146
Trade and other payables excluding Lease rentals received in advance	8,594	11,164
Lease rentals received in advance	21,032	23,756
	<b>29,626</b>	<b>34,920</b>

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**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, as yet unidentified, to future lessees who will undertake the future rolling stock maintenance. It is expected that such amounts will never be recognised as revenue in the Company's income statement and can be analysed as follows:

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
Current	12,119	14,874
Non-current	<u>314,525</u>	<u>278,725</u>
	<u><b>326,644</b></u>	<u>293,599</u>

**17 Borrowings**

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
<b>Current</b>		
Eversholt Rail Limited (term loan)	<u>77,553</u>	<u>74,221</u>
<b>Non-current</b>		
Eversholt Rail Limited (term loan)	904,371	981,924
Eversholt Rail Limited (intercompany loan)	<u>417,774</u>	<u>555,351</u>
	<u><b>1,322,145</b></u>	<u>1,537,275</u>
<b>Total Borrowings</b>	<u><b>1,399,698</b></u>	<u>1,611,496</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 (2024: fixed rate plus margin).

The maturity of the intercompany loan with Eversholt Rail Limited is as follows: £375,997,000 is repayable in November 2029 and £41,777,000 payable in 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 2024: 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 31 December 2025 was as follows:

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
In more than one year but not more than two years	81,035	77,553
In more than two years but not more than five years	683,261	809,431
In more than five years	<u>557,849</u>	<u>650,291</u>
	<u><b>1,322,145</b></u>	<u>1,537,275</u>

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**18 Reconciliation of liabilities arising from financing activities**

<b>31 December 2025</b>	<b>As at 31 December 2024 £'000</b>	<b>Cash Flows payments £'000</b>	<b>Non-cash finance expense £'000</b>	<b>As at 31 December 2025 £'000</b>
Eversholt Rail Limited (term Loan)	1,056,145	(118,760)	44,539	981,924
Eversholt Rail Limited	555,351	(169,694)	32,117	417,774
	<u>1,611,496</u>	<u>(288,454)</u>	<u>76,656</u>	<u>1,399,698</u>
<b>31 December 2024</b>	<b>As at 31 December 2023 £'000</b>	<b>Cash Flows payments £'000</b>	<b>Non-cash finance expense £'000</b>	<b>As at 31 December 2024 £'000</b>
Eversholt Rail Limited (term Loan)	1,127,044	(118,760)	47,861	1,056,145
Eversholt Rail Limited	634,573	(118,644)	39,422	555,351
	<u>1,761,617</u>	<u>(237,404)</u>	<u>87,283</u>	<u>1,611,496</u>

**19 Deferred tax**

Deferred tax liabilities are offset against deferred tax assets where the relevant criteria is met (see note 3.4). The following is the analysis of the deferred tax balances:

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
Deferred tax liabilities	<u>70,349</u>	<u>67,580</u>

The liability relates to capital allowances.

	<b>Capital allowances £'000</b>
<b>At 1 January 2024</b>	74,030
Credit to the Income statement	(5,818)
Prior year adjustments	(632)
<b>At 31 December 2024</b>	<u>67,580</u>
Credit to the Income statement	2,756
Prior year adjustments	13
<b>At 31 December 2025</b>	<u>70,349</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 rate that has been enacted or substantively enacted by 31 December 2025 is 25.0% (2024: 25.0%).

The Company has an unrecognised deferred tax asset of £35,956,000 (2024: £35,956,000) in relation to interest expense disallowed for tax purposes in previous financial years under the CIR rules.

In assessing the recoverability of deferred tax assets, the Company considers the extent to which it is probable that there will be sufficient taxable profits in the future to allow the benefit of part or all of the deferred tax asset to be utilised. In assessing this, the Company considers internal profit projections and budgets and related tax impacts, as well as the amount and timing of the reversal of timing differences giving rise to deferred tax liabilities at the Statement of financial position date.

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**20 Share capital**

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
<b>Authorised, allotted, called up and fully paid</b>		
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:

	<b>31 December 2025 £'000</b>	<b>31 December 2024 £'000</b>
Authorised and contracted	<u>20,545</u>	<u>29,098</u>

The above represents all capital commitments.

**22 Risk management**

The Company has exposure to the following types of risk arising from its use of financial instruments: capital risk, liquidity risk and market risk. Market risk includes interest rate risk and foreign exchange risk, as well as inflation risk. In respect of inflation in particular, the Company is closely monitoring changes in rates and future inflation expectations, as well as any potential consequences. At this stage, it is not anticipated that there will be any material impact upon the Company. In addition, the Company is exposed to residual value risk from its ownership of rail assets and credit risk from leasing arrangements.

Sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 3.11.

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

**22.1 Residual value risk**

The Company's return from operating lease assets is dependent on its management of residual value risk. This risk arises to the extent that the values recovered from re-letting assets at the end of the current lease terms (the "residual values") differ from those projected at the inception of the leases. The Company regularly monitors residual value risk exposure by reviewing the recoverability of the residual value projected at lease inception. This entails considering the potential to re-let assets at the end of their current lease terms. This will include the consideration of potential impacts attributable to climate change. Provision is made to the extent that the carrying values of leased assets exceed the recoverable value.

The Company seeks to maximise the reletting potential of its assets by active management of the technical and commercial utility of these assets.

The Company has developed a specialist in-house inspection team who consider whole-life vehicle management; all vehicles are subject to a periodic inspection regime that delivers targeted inspections based on risk analysis. The Company's asset engineering team regularly visits the operating depots and freight yards for the purpose of vehicle inspection and technical investigation. The Company and the Group has an excellent knowledge of the current condition of its fleets.

The Company fleet performance is constantly monitored for emerging trends that might indicate that the fleet has developed a problem. The Company works proactively with the train operator to identify opportunities to improve the performance of the fleet and in turn, ensure that the fleet's condition is optimised when it is next available for leasing to a subsequent operator. The Company maintains regular dialogue with the train operator on fleet performance so that any emerging issues can be dealt with quickly.

There has been no change to the Company's exposure to residual value risks or the manner in which these risks are managed and measured.

## Notes to the annual financial statements (continued)

for the year ended 31 December 2025

### 22 Risk management (continued)

#### 22.2 Capital risk management

The Board actively monitors the capital structure of the Company to ensure that it is able to continue as a going concern and can generate attractive and predictable returns for its shareholders and benefits for other stakeholders. Consideration is given to the availability, cost and risks associated with each class of capital.

The capital structure of the Company consists primarily of borrowings from another group undertaking, together with and equity from its immediate parent and retained earnings.

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

#### 22.3 Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its obligations under a contract.

The Company's principal credit exposures arise from the obligations of lessees to make lease rental payments and meet other lease obligations; from the obligations of suppliers under contracts for services and supplies; and from the ability of bank counterparties to return cash and cash deposits placed with them.

The Company manages credit risk by way of established risk management processes encompassing credit approvals and the monitoring and reporting of exposures. Regular reviews are undertaken to assess and evaluate the financial stability of counterparties.

As part of the Company's processes for credit risk management and assessment of ECL, as well as assessment as to whether there has been a significant increase in credit risk since the exposure first arose or whether a financial asset is credit impaired, management takes into account the following:

- Historical credit experience of the counterparty;
- Third party credit reports and analysis;
- Past, current and future events and circumstances that could impinge upon the counterparty's performance and ability to perform and service its obligations as they fall due and meet its commitments as they arise. This will include assessment of actual and potential external events, as well as the Company's internal information;
- The nature of the arrangements with the counterparty and whether there is related collateral/security which can be applied;
- Existence of any parties to which the Company might have recourse in the event of a counterparty default, for example, where a counterparty's activities and related obligations (wholly or partly) might be assumed by a successor; and
- The duration of the exposure under review.

Credit assessments might lead to the counterparty being considered in default or amounts due being written off to the extent not recoverable, taking into account collateral/security/recourse arrangements.

Allowances for ECL are calculated on a lifetime basis, where required for trade receivables and lease receivables under IFRS 9. In relation to other financial assets, the Company has only limited instances of assets where 12-month ECL allowances might be required. Therefore, the need to consider when there is a significant credit deterioration is only needed in rare situations (for example, debts overdue by more 30 days) and on a case by case basis. Counterparties will be regarded as having low credit risk where an investment grade rating is available.

#### *Credit Risk Exposure*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Company has established a credit procedure under which each new customer is analysed individually for creditworthiness, including for example, external ratings, if they are available, financial statements, credit agency information and industry information. The Company limits its exposure to credit risk through contractual documentation. In monitoring customer credit risk, customers are considered on

## Notes to the annual financial statements (continued)

for the year ended 31 December 2025

### 22 Risk management (continued)

#### 22.3 Credit risk management (continued)

an individual basis (or grouped according to their credit characteristics, including their geographic location, industry, trading history with the Company and existence of previous financial difficulties).

The Company's principal exposure to credit risk as at 31 December 2025 amounts to the balance of Trade and other receivables as disclosed in note 13, together with Cash and cash equivalents as disclosed in note 12. The carrying amounts of these assets represent the maximum credit exposure.

Other than where a lifetime ECL is carried, all such assets are performing in accordance with the terms of the arrangements policy all payments to date as well as those expected in the future, have been made/are expected to be made in accordance with the underlying contractual terms. No part of the financial asset is credit impaired or overdue or in default. For these purposes, the Company defines "default" as where the obligor has failed to meet its obligations under the contract and "credit impaired" where there is objective evidence as to a credit event for the obligor.

The definition has been applied historically by the Company and is regarded as appropriate, having regard to the nature of the Company's exposure and past experience.

In particular, substantially all of the trade receivables outstanding at 31 December 2025 have been received subsequent to year-end, other than where payment has been deferred, as described in note 13.

In light of the above, the Company considers that ECL of £965,000 is required at 31 December 2025 (2024: £268,000).

This reflects the Company's assessment of each borrower's risk and exposure, together with nature of recourse to which the lender and borrower would have access in the event of a potential issue.

#### 22.4 Market risk management

##### 22.4.1 Foreign exchange risk

The Company did not carry foreign exchange risk in 2025 or 2024.

##### 22.4.2 Interest rate risk management

The Company has exposure to fluctuations in interest rates. Cash flow exposure to fluctuations in interest rate is managed at a Group level through the use of interest rate swaps. The cost or benefit derived from the use of swaps is taken into account in determining the cost of intercompany loans.

##### 22.4.3 Interest rate sensitivity analysis

A 50 basis points increase in SONIA would have resulted in an increase of £35,000 (2024: £166,000 based on SONIA) in interest expense on intercompany loan for the financial year. The sensitivity analysis is applied to the borrowing rate and performed on the monthly balance of the relevant financial instrument and represents a reasonable approximation of possible change.

#### 22.5 Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company monitors its cash flow requirements on a daily basis and compares expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. Cash is managed on a consolidated basis across the Security Group which enables the Company to borrow funds from another group undertaking to meet any shortfall. Conversely, the Company lends any surplus funds to other group undertakings. Liquidity is further under-pinned by the ability of certain group undertakings to borrow under a £450,000,000 revolving credit facility. £405,000,000 of the facility was extended by one year in 2024, the facility is for a period ending in November 2029. The residual £45,000,000 of the existing facility matures in November 2028.

Undiscounted cash flows on the Company financial assets and financial 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.

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**22 Risk management (continued)****22.5 Liquidity risk management (continued)**

	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
<b>31 December 2025</b>						
<b>Financial assets</b>						
Trade and other receivables	3,486	3,486	-	3,486	-	-
Cash and cash equivalents	-	-	-	-	-	-
	<u>3,486</u>	<u>3,486</u>	<u>-</u>	<u>3,486</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>						
Trade and other payables excluding Lease rentals received in advance	8,594	8,594	-	8,594	-	-
Intercompany term lending	981,924	1,217,287	-	118,760	475,039	623,488
Intercompany loan	417,774	417,774	-	-	417,774	-
	<u>1,408,292</u>	<u>1,643,655</u>	<u>-</u>	<u>127,354</u>	<u>892,813</u>	<u>623,488</u>
<b>Total financial instruments</b>	<u>(1,404,806)</u>	<u>(1,640,169)</u>	<u>-</u>	<u>(123,868)</u>	<u>(892,813)</u>	<u>(623,488)</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
<b>31 December 2024</b>						
<b>Financial assets</b>						
Trade and other receivables	5,708	5,708	-	5,708	-	-
Cash and cash equivalents	30	30	30	-	-	-
	<u>5,738</u>	<u>5,738</u>	<u>30</u>	<u>5,708</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>						
Trade and other payables excluding Lease rentals received in advance	11,164	11,164	-	11,164	-	-
Intercompany term lending	1,056,145	1,336,046	-	118,760	475,039	742,247
Intercompany loan	555,351	555,351	-	-	555,351	-
	<u>1,622,660</u>	<u>1,902,561</u>	<u>-</u>	<u>129,924</u>	<u>1,030,390</u>	<u>742,247</u>
<b>Total financial instruments</b>	<u>(1,616,922)</u>	<u>(1,896,823)</u>	<u>30</u>	<u>(124,216)</u>	<u>(1,030,390)</u>	<u>(742,247)</u>

**23 Financial instruments**

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

31 December 2025	Note	Carrying amount £'000	Fair value		
			Level 1 £'000	Level 2 £'000	Level 3 £'000
<b>Financial assets</b>					
Amortised cost					
- Trade and other receivables	13	3,486		3,486	
- Cash and cash equivalents	12	-		-	
<b>Total financial assets</b>		<u>3,486</u>			
<b>Financial liabilities</b>					
Amortised cost					
- Trade and other payables excluding Lease rentals received in advance	15	8,594		8,594	
- Intercompany term lending	17	981,924		952,721	
- Intercompany loan	17	417,774		417,774	
<b>Total financial liabilities</b>		<u>1,408,292</u>			
<b>Total financial instruments</b>		<u>(1,404,806)</u>			

**Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

**23 Financial instruments (continued)**

31 December 2024		Carrying amount	Fair value		
	Note	£'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
<b>Financial assets</b>					
Amortised cost					
- Trade and other receivables	13	5,708		5,708	
- Cash and cash equivalents	12	<u>30</u>		30	
<b>Total financial assets</b>		<u>5,738</u>			
<b>Financial liabilities</b>					
Amortised cost					
- Trade and other payables excluding Lease rentals received in advance	15	11,164		11,164	
- Intercompany term lending	17	1,056,145		1,001,750	
- Intercompany loan	17	<u>555,351</u>		555,351	
<b>Total financial liabilities</b>		<u>1,622,660</u>			
<b>Total financial instruments</b>		<u>(1,616,922)</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 31 December 2025 (31 December 2024: £nil), except for the intercompany term lending. This has a carrying value of £981,924,000 and fair value of £952,721,000 (2024: carrying value of £1,056,145,000 and fair value of £1,001,750,000).

Financial assets and liabilities for which valuation categorisation is required, fall within level 2.

**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:

	31 December 2025 £'000	31 December 2024 £'000
Within one year	307,659	270,985
1-2 years	245,694	217,756
2-3 years	127,052	192,910
3-4 years	107,894	72,431
4-5 years	96,292	40,027
Over 5 years	<u>386,380</u>	<u>204,720</u>
	<u>1,270,971</u>	<u>998,829</u>
Aggregate operating lease rentals receivable in the year	<u>343,121</u>	<u>331,915</u>

## Notes to the annual financial statements (continued)

for the year ended 31 December 2025

### 26 Related-party transactions

#### 26.1 Identity of related parties

This note should be read in conjunction with the Events after the end of the financial year note 28.

During the years ended 31 December 2025 and 2024, the Company has had a related party relationship with its Directors (refer to page 10) and with its fellow group undertakings of the Group, namely:

- Eversholt UK Rails Group Limited
- Eversholt UK Rails Limited
- Eversholt UK Rails (Holding) Limited
- European Rail Finance Limited
- Eversholt Investment Limited
- Eversholt Rail Limited
- Eversholt Depot Finance Limited
- European Rail Finance (2) Limited

Accordingly, during these periods:

- the parent undertaking of the largest group of undertakings for which Group financial statements are drawn up and which the Company was a member of, was Eversholt UK Rails Group Limited.
- the Directors of the Company considered the ultimate parent and controlling party to be Eversholt UK Rails Group Limited, incorporated in the UK.
- the parent undertaking of the smallest group of undertakings for which Group financial statements were drawn up and which the Company was a member of, is Eversholt UK Rails (Holding) Limited.

Copies of the consolidated financial statements of Eversholt UK Rails (Holding) Limited may be obtained from the following registered address:

First Floor  
Chancery House  
53-64 Chancery Lane  
London  
WC2A 1QS

Copies of the consolidated financial statements of Eversholt UK Rails Group Limited may also be obtained from this address:

7<sup>th</sup> Floor  
3 More London Riverside  
London  
SE1 2AQ

#### 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. Finance charges and Interest on the loans is more fully described in note 6.

## **Notes to the annual financial statements (continued)**

for the year ended 31 December 2025

### **26 Related-party transactions (continued)**

#### **26.2 Transactions with related parties (continued)**

The Company paid management fees to Eversholt Rail Limited of £23,141,000 (2024: £29,655,000).

The Company paid Eversholt Rail Limited £33,656,000 for the procurement of maintenance of the rolling stock (2024: £33,588,000).

### **27 Contingent liabilities**

There were no contingent liabilities for the Company at 31 December 2025 (2024: £nil).

### **28 Events after the end of the financial year**

On 20 January 2026, Beacon Rail Falcon Limited acquired the issued share capital of Eversholt UK Rails Limited. Beacon Rail Falcon Limited is a UK incorporated company and is an indirect subsidiary of Beacon Rail Lux Holdings S.à r.l., a Luxembourg domiciled holding company of Beacon Rail Group and whose ultimate parent and controlling party is IIF Holding GP LLC.

With effect from 20 January 2026:

- the Directors consider that IIF Int'l Holding GP LLC replaces Eversholt UK Rails Group Limited as the ultimate parent and controlling parent of the Company; and
- Eversholt UK Rails Group Limited is no longer a related party of the Company

Eversholt UK Rails Limited continues to be a holding company of Eversholt Rail Leasing Limited and was a direct subsidiary of EUKRGL prior to the change in ownership.