

# **Network Rail Certification Body Limited**

## **Financial statements and annual report**

Year ended 31 March 2022  
Company registration number 07885266

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## **Officers and professional advisers**

### **Directors**

Neil Hannah  
Samuel Brunker  
Mark Thickbroom  
Dr George Bearfield  
Sally Ann Rose (appointed 13 May 2021)  
Christian Kyle Irwin (appointed 25 August 2022)  
Timothy Craddock (resigned 6 May 2021)

### **Company secretary**

NR Corporate Secretary Limited

### **Registered office**

1 Eversholt Street  
London  
NW1 2DN

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## Directors' report

for the year ended 31 March 2022

The directors present their report and audited financial statements of the company for the year ended 31 March 2022.

The directors' report has been prepared in accordance with the special provisions relating to small companies under Section 415A of the Companies Act 2006. The company has taken advantage of the small companies' exemption in relation to its strategic report.

### Principal activities

The principal activity of the company is to provide independent certification and assessment services in the rail industry sector. The company offers its services to any organisation carrying out works on railway infrastructure and vehicles that need to comply with the UK and wider European rail safety legislation.

### Future activities

The directors do not anticipate any significant change to the company's principal activities. The directors will however continue to explore areas where complementary services can be offered which meet our stated strategic objectives.

### Business review

The company continued to focus its efforts on helping ensure the safety of the rail network through its work on infrastructure conformance. A number of major projects were completed on the network during the year with the support of the company. The business faced challenging conditions, however, with COVID 19 continuing to cause disruption to staff, projects and customers. Staff continued to work from home for much of the year, while customer projects continued to be rescoped, rescheduled and redefined. As expected, revenue was down somewhat on prior year at £5.6m with project deferrals and staff shortages chiefly responsible. Despite this the company managed its costs and continued to trade profitably, with an operating profit margin of 3.1%. Cash remained well controlled with good liquidity at year end. The company has the benefit of an undrawn £500k intercompany loan facility with Network Rail Infrastructure Limited (NRIL) should it need to draw down further funds. The expiry date of the facility is 31 March 2024.

The company continues to be a market leader in Infrastructure Conformance. We seek to continually strengthen our business to enable it to be efficient and financially viable.

### Risk and uncertainties

The risks that the company faces remain numerous. Legislative requirements for the conformance assessment of UK infrastructure and rail vehicle investment programmes are closely monitored as post BREXIT changes continue to work their way through the legal system. The formation of Great British Railways in two years' time along with rules and standards development are all closely monitored by the Company in order to mitigate and manage these risks. The effects of the COVID19 pandemic on the wider UK and global economy especially in the medium term, are still unknown for the rail industry.

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

for the year ended 31 March 2022

The level of passenger traffic (and the split between commuter and leisure) that will return remains uncertain. Strike action has also been taken since year end adding further to the uncertainty in the industry and the Ukraine/Russia conflict continues to have far reaching socio-economic consequences. Regular scenario planning and forecasts are undertaken in order to be able to react as soon as possible to any adverse conditions.

### **Dividends**

A dividend of £nil was approved and paid in the year (2021: £150,000).

### **Going concern**

The company made a profit for the year ended 31 March 2022, slightly ahead of expectations. The company is in a net asset position and has access to an undrawn working capital facility of £500,000 from its immediate parent, Network Rail Infrastructure Limited. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements are detailed on page 1.

None of the directors had any interests in the shares of the company or any other group companies at any time in the year.

### **Directors' Indemnities**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party provision as defined by section 234 of the Companies Act 2006. The indemnity was in force through the last financial year and is currently in force.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Financial Statements and Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 the financial statements, the directors are required to:

Statement of directors' responsibilities in respect of the financial statements  
(continued)

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 also 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board of directors and signed on behalf of the board



Neil Hannah  
Director  
13th December 2022

# **Independent auditors' report to the members of Network Rail Certification Body Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Network Rail Certification Body Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial statements and annual report (the "Annual Report"), which comprise: the balance sheet as at 31 March 2022; the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## Independent auditors' report (continued)

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.



## **Auditors' 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 auditors' 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.

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.

## **Independent auditors' report (continued)**

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

## **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

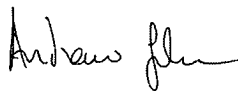
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Andrew Johns (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
14 December 2022

## Statement of comprehensive income

for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Revenue	3	5,563	6,285
Cost of sales		(5,391)	(5,826)
<b>Operating profit</b>		<b>172</b>	<b>459</b>
Investment income	6	34	41
Finance costs	6	(11)	(10)
<b>Profit before tax</b>		<b>195</b>	<b>490</b>
Tax charge	7	(53)	(153)
<b>Profit and total comprehensive income for the year</b>		<b>142</b>	<b>337</b>

There were no other recognised gains or losses for the current and prior financial year except the profit for the financial year. Accordingly, no statement of other comprehensive income has been prepared.

## Statement of changes in equity

for the year ended 31 March 2022

	Share capital £'000	Accumulated profit £'000	Total equity £'000
<b>At 1 April 2020</b>	500	23	523
Profit and total comprehensive income for the year	-	337	337
Dividend paid	-	(150)	(150)
<b>At 31 March 2021</b>	500	210	710
Profit and total comprehensive income for the year	-	142	142
<b>At 31 March 2022</b>	500	352	852

## Balance sheet

at 31 March 2022


	Note	2022 £'000	2021 £'000
<b>Non current assets</b>			
Intangible assets	8	57	106
Property, plant and equipment	9	2	2
Deferred tax asset	10	3	4
		<b>62</b>	<b>112</b>
<b>Current assets</b>			
Trade and other receivables	11	1,335	1,282
<b>Total assets</b>		<b>1,397</b>	<b>1,394</b>
<b>Current liabilities</b>			
Corporation tax creditor		(141)	(141)
Trade and other payables	12	(404)	(543)
		<b>(545)</b>	<b>(684)</b>
<b>Total liabilities</b>		<b>(545)</b>	<b>(684)</b>
<b>Net assets</b>		<b>852</b>	<b>710</b>
<b>Equity attributable to owners</b>			
Share capital	13	500	500
Accumulated profits		352	210
<b>Total equity</b>		<b>852</b>	<b>710</b>

The financial statements and accompanying disclosure notes on pages 9 to 20 were approved by the board of directors and authorised for issue on 13th December 2022.

They were signed on its behalf by:



Neil Hannah (Director)



Mark Thickbroom (Director)

2022-12-1  
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Company registration number: 7885266.

## Statement of cash flows

for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	31	230
Interest paid		(11)	(10)
Tax paid		(52)	(111)
<b>Net cash generated from operating activities</b>		<b>(32)</b>	<b>109</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(2)	-
Interest received		34	41
<b>Net cash generated from investing activities</b>		<b>32</b>	<b>41</b>
<b>Cash flows from financing activities</b>			
Dividend paid		-	(150)
<b>Net cash (used in) /generated from financing activities</b>		<b>-</b>	<b>(150)</b>
<b>Movement in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of the year		-	-
<b>Cash and cash equivalents at end of the year</b>		<b>-</b>	<b>-</b>

# Notes to the financial statements

for the year ended 31 March 2022

## 1. General information

Network Rail Certification Body Limited is a private limited company, limited by shares, incorporated in Great Britain, and registered in England and Wales under the Companies Act 2006. The company's registration number is 07885266. The company's registered office is situated at 1 Eversholt Street, London NW1 2DN.

The company's principal activities, details of the company's business activities and key events and changes during the year are contained within the directors' report on pages 2 to 4.

## 2. Accounting policies

### Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost basis. The principal accounting policies are set out below:

### Adoption of new and revised standards

The accounting policies adopted in this set of financial statements are consistent with those set out in the annual financial statements for the year ended 31 March 2021.

There are no other IFRS or IFRS Interpretation Committee interpretations issued but not yet effective that would be expected to have a material impact on the company.

### Functional and presentation currency

The financial statements are presented in Pound Sterling (£) which is the functional and presentation currency of Network Rail Certification Body Limited. All values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

### Revenue recognition

Revenue relates to fees charged for provision of the company's services. The company recognises revenue from the following main sources – Emerging costs projects, Milestone projects and Load units:

- Emerging cost projects revenue is recognised on a period basis. Performance obligations are based upon the hours worked by the engineers and charged on their timesheets. The input method is applied based on the hours worked by engineers and charge through timesheets at the agreed contractual rate. There are no significant judgments applied to determine whether performance obligations have been satisfied.
- Milestone projects revenue is recognised on the achievement of a specified milestone. The output method is applied based on the delivery of a specified milestone usually the delivery of a Safety Assessment Report/ Audit Report etc.
- The Load unit's revenue is recognised at a point in time when the performance obligations have been satisfied by delivering the service to the customer.

## Notes to the financial statements

for the year ended 31 March 2022

### 2. Accounting Policies (continued)

#### Intercompany transactions

All intercompany balances are disclosed net as they relate to transactions with Network Rail Infrastructure Limited.

#### Tax

The tax expense represents the sum of the current tax payable and deferred tax. The company's current tax asset is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Current taxes are based on the taxable results of the company and calculated in accordance with tax rules in the United Kingdom.

Deferred tax is the tax expected to be payable or recoverable on the temporary differences that arise when tax authorities recognise and measure assets and liabilities with rules that differ from those of the financial statements. Deferred tax is calculated under the balance sheet liability method at the rate of tax expected to prevail, subject to the rate being enacted or substantively enacted by that date, when the temporary differences reverse. Deferred tax is not discounted.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised on all deductible temporary differences to the extent that it is probable that there will be taxable profits available against which the temporary timing differences can be utilised.

Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity. In this case the deferred tax is also accounted for within equity.

#### Intangible Assets

IT software is initially recognised at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. IT software is subsequently measured at cost less accumulated amortisation and impairment. Amortisation is recognised on a straight-line basis over 5 years.

#### Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items. Depreciation is charged on a straight-line basis over three years for IT equipment and five years for all other classes of property, plant and equipment.

#### Trade receivables

Trade receivables are stated at their carrying value as reduced by appropriate allowances for irrecoverable amounts. The company also has the contracted rights to charge interest on any trade receivables exceeding 28 days. At 31 March 2022 there are no trade receivable amounts bearing interest income (2021: £nil).

## Notes to the financial statements

for the year ended 31 March 2022

### 2. Accounting Policies (continued)

#### Trade payables

Trade payables are stated at their nominal value. The company has the obligation to pay interest on any trade payables exceeding 28 days. At 31 March 2022 there are no trade payable amounts bearing an interest charge (2021: £nil).

#### Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. The company derecognises liabilities when, and only when, the company's obligations are discharged, cancelled or expire.

#### Cash and cash equivalents

Cash and cash equivalents represent the cash in bank. The company cash is swept to immediate holding company at the end of each day.

#### Financial risk management

The company can borrow from its parent company, Network Rail Infrastructure Limited, on an arm's length basis and has access to an undrawn working capital facility of £500,000 with the parent. The directors estimate that the fair value of all financial assets and liabilities approximate to their carrying value.

#### Credit risk

The company deposits its working capital in short-term deposits managed by its immediate parent Network Rail Infrastructure Limited and these are recognised in the financial statements as intra-group receivables. The parent company is the company's sole equity holder. Credit risk is considered minimal.

#### Critical accounting judgments and estimates

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. None of these judgements are deemed to be critical in terms of their impact on the financial statements.

#### Going concern

The company made a profit for the year ended 31 March 2022. The company is in a net asset position and has access to an undrawn working capital facility of £500,000 from its parent, Network Rail Infrastructure Limited. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.



## Notes to the financial statements

for the year ended 31 March 2022

### 3. Revenue

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Emerging cost projects	5,096	6,074
Milestone projects	419	151
Load units	48	60
<b>Total Revenue</b>	<b>5,563</b>	<b>6,285</b>

Emerging cost projects includes £4.5m (2021: £5.2m) of fees generated from NRIL and milestone projects includes £0.1m (2021: £0.1m).

### 3. Staff costs

The directors of the company are also directors or employees of other trading and holding companies within the group and it is not practicable to allocate their remuneration for the financial year between services to each company. Details of the remuneration for directors who are also directors of Network Rail Limited for the year ended 31 March 2022 are disclosed and recognised in the financial statements of Network Rail Limited.

There were no employees of the company in the current year or prior year. Administration services are provided by NRIL and charged on an arm's length basis.

### 5. Auditors' remuneration

Fees payable to the company auditors for the audit of the company's financial statements of £11,130 (2021: £10,500) have been borne by Network Rail Infrastructure Limited. No other fees were payable by the company to the company auditors in the current or prior year.

### 6. Investment income and finance costs

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest receivable	34	41
Interest payable	(11)	(10)

Interest income relates to interest on the short-term deposits placed with the immediate parent company.

## Notes to the financial statements

for the year ended 31 March 2022

### 7. Tax

The tax charge for the year is made up as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Current tax:</b>		
Corporation tax charge	-	(111)
Adjustment in respect of prior years	(52)	(52)
<b>Total current tax charge</b>	<b>(52)</b>	<b>(163)</b>
<b>Deferred tax:</b>		
Current year charge	-	(10)
Effect of rate change	1	-
Adjustment in respect of prior years	(2)	20
<b>Total deferred tax (charge) / credit</b>	<b>(1)</b>	<b>10</b>
<b>Total tax charge</b>	<b>(53)</b>	<b>(153)</b>

a) The tax credit/(charge) for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit before tax	195	490
Profit before tax multiplied by standard rate in the UK 19 per cent (2021: 19 per cent)	(37)	(93)
Income not deductible for tax	37	(28)
Adjustment in respect of prior years	(54)	(32)
Effect of rate change	1	-
<b>Total tax charge for the year</b>	<b>(53)</b>	<b>(153)</b>

b) Factors affecting the tax charge

Deferred tax at 31 March 2022 is calculated at a rate of 25 per cent (2021: 19 per cent) based on the tax rate expected to prevail based on legislative enactments at the point temporary differences resolve. The change in tax rate from 19% to 25% was a result of the Finance Act 2021. The Finance Act 2021 was not substantively enacted at 31 March 2021 and only became substantively enacted during the year ended 31 March 2022. The amount at which temporary differences crystallise is sensitive to the decisions on future tax laws to be taken by Parliament.

## Notes to the financial statements

for the year ended 31 March 2022

### 7. Tax (continued)

UK corporation tax is calculated at 19 per cent (2021: 19 per cent). From the statutes of the Finance Act 2021 the corporation tax rate will increase to 25% with effect from 1 April 2023.

### 8. Intangible assets

Intangible assets represent purchased IT software:

<b>Cost</b>	<b>£'000</b>
<b>At 1 April 2021</b>	<b>246</b>
<b>At 31 March 2022</b>	<b>246</b>
<b>Accumulated Amortisation</b>	
<b>At 1 April 2021</b>	<b>140</b>
Amortisation charge for the year	<b>49</b>
<b>At 31 March 2022</b>	<b>189</b>
<b>Net book value at 31 March 2022</b>	<b>57</b>
<b>Net book value at 31 March 2021</b>	<b>106</b>

# Notes to the financial statements

for the year ended 31 March 2022

## 9. Property, plant and equipment

Cost	Office equipment £'000	IT hardware £'000	Total £'000
<b>At 1 April 2020</b>	<b>21</b>	<b>26</b>	<b>47</b>
Additions	-	1	1
Disposals	(16)	(26)	(42)
<b>At 31 March 2021</b>	<b>5</b>	<b>1</b>	<b>6</b>
Additions	-	2	2
<b>At 31 March 2022</b>	<b>5</b>	<b>3</b>	<b>8</b>
<b>Accumulated depreciation</b>			
<b>At 1 April 2020</b>	<b>19</b>	<b>22</b>	<b>41</b>
Depreciation charge for the year	1	4	5
Disposals depreciation	(16)	(26)	(42)
<b>At 31 March 2021</b>	<b>4</b>	<b>-</b>	<b>4</b>
Depreciation charge for the year	-	2	2
<b>At 31 March 2022</b>	<b>4</b>	<b>2</b>	<b>6</b>
<b>Net book value at 31 March 2022</b>	<b>1</b>	<b>1</b>	<b>2</b>
Net book value at 31 March 2021	1	1	2

## 10. Deferred tax asset/ (liability)

	2022 £'000	2021 £'000
At 1 April	4	(6)
Credit to income	(2)	10
Impact of rate change	1	-
<b>At 31 March</b>	<b>3</b>	<b>4</b>

Closing deferred tax is calculated at a rate of 25% (2021: 19%). Following Budget 2021, the corporation tax main rate will increase to 25% with effect 1 April 2023. The deferred tax rate has therefore increased to 25% effective in this financial year ended 31 March 2022.

## Notes to the financial statements

for the year ended 31 March 2022

### 11. Trade and other receivables

	31 March 2022 £000	31 March 2021 £000
Trade receivables	73	177
Prepayments, accrued income and other taxation	607	131
Amounts receivable from fellow group undertakings	655	974
	<b>1,335</b>	<b>1,282</b>

Interest is charged on amounts receivable from NRIL a fellow group undertaking on an arm's length basis at the three-month London Interbank Bid Rate.

### 12. Trade and other payables

	31 March 2022 £'000	31 March 2021 £'000
Accruals	(404)	(543)
	<b>(404)</b>	<b>(543)</b>

### 13. Share capital

	31 March 2022 Number	31 March 2021 Number
<b>Allotted and fully paid:</b>		
Allotted and fully paid ordinary shares of £1 each	<b>500,000</b>	500,000

A dividend of £nil was declared, approved and settled in the year (2021: £150,000).

Retained earnings represent the accumulated profits, less dividends paid.

## Notes to the financial statements

for the year ended 31 March 2022

### 14. Notes to the statement of cash flows

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit before tax	195	490
Adjustments for:		
- Amortisation	49	49
- Depreciation charge	2	5
- Investment income	(34)	(41)
- Finance costs	11	10
<b>Operating cash flow before movements in working capital</b>	<b>223</b>	<b>513</b>
Increase in receivables	(53)	(287)
(Decrease)/increase in payables	(139)	5
<b>Cash generated from operations</b>	<b>31</b>	<b>230</b>

### 15. Related parties

Network Rail Infrastructure Limited (NRIL) provides the company with administrative services to allow it to perform its operations. In relation to these activities £217,961 (2021: £218,228) was charged by NRIL to the company. For cash management purposes excess cash in the company is passed onto NRIL; there is an intercompany debtor, representing the current account balance with NRIL of £655,328 (2021: £974,179).

Sales between the company and NRIL made during the year amounted to £4,628,804 (2021: £5,304,671). Further breakdown is included in Note 3.

### 16. Ultimate parent company

The company's ultimate parent company and controlling entity is Network Rail Limited, a company limited by guarantee without shares. The company's immediate parent company is Network Rail Infrastructure Limited. Both parent companies are incorporated in Great Britain and registered in England and Wales. The smallest and largest group of undertakings of which the company is a member, and for which group financial statements are drawn up is Network Rail Limited. Copies of the parent companies' financial statements can be obtained by contacting the company secretary at 1 Eversholt Street, London, NW1 2DN.

### 17. Post balance sheet events

At the date of signing these accounts, there have not been any significant post balance sheet events, whether adjusting or non-adjusting.