Network Rail Consulting Limited

Annual Report

Year ended 31 March 2023

Company registration number 08071984

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Contents

Officers and professional advisers

Directors

Nigel Ash
Andrew Noble
Jeremy Westlake (Non-executive director)
Ian Dobbs (resigned 27 September 2022)

Company secretary

NR Corporate Secretary Limited

Registered office

Waterloo General Office
Station Approach
London
SE1 8SW

Independent auditors

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

Strategic report

for the year ended 31 March 2023

The directors present their Strategic report for the year ended 31 March 2023.

Business review

During the year, Network Rail Infrastructure Limited (NRIL), the Company's previous parent, sold its entire holding of 100% of the shares in the Company to a related company, Network Rail International Limited (NRI). Subsequently, the Company sold all its investments in its subsidiaries to NRI at book value. The Company still operates via its branch in the Kingdom of Saudi Arabia (KSA) and acts as a service company on behalf of NRI and its subsidiaries.

The reduction in profitability was caused by period between the end of the Company's previous contract with SAR and the start of the replacement contract with little revenue.

In the Middle East, our work for Saudi Arabia Railways (SAR) was impacted by a change in contracting mechanism mid-way through the year which negatively impacted billability for several months resulting in a significant reduction in revenue. However, in October 2022 we signed a new framework contract with SAR and in December 2022 were awarded several packages of work under the new framework agreement. Of particular importance, was our appointment to carry out a strategic review of the Haramain High Speed Railway which links Mecca to Madinah in the west of the country. This work has necessitated the group setting up a project office in Jeddah which will open up new work opportunities to support SAR in the west of the country. In the UAE we are actively engaged with Etihad Rail and have already undertaken a small piece of work and are pursuing other opportunities. Expanding our work into the UAE will help diversify our revenue base in the region.

On 4th July 2022, the NRC group was restructured. The purpose of the reorganisation was to recapitalise the group via a new holding company and to introduce a stronger legal entity structure based on geographic pillars as set out at note 1.

The group operates in overseas tax jurisdictions where from time to time the group may receive claims from foreign tax authorities. Details of the status of current claims and the accounting judgements made appear at note 19

Results

In the year ending 31 March 2023 the Company's revenue was £7,145k (2022: £8,018k) a decrease of 11% while pre-tax profit of £128k (2022: £1,620k) decreased by 92%. The reduction in profitability was caused by a period between the end of the Company's previous contract with SAR and the start of the replacement contract with little revenue.

As at 31 March 2023, the Company was in a net asset position of £4,782k (2022: £5,346k). The reduction in net assets follow the payment of dividends with a combined value of £813k.

Network Rail Infrastructure Limited (NRIL), the group's immediate parent, had lent £7,000k in FY22. Following the sale of its subsidiaries, the Company was able to repay all of its borrowing.

Strategic report (continued)

for the year ended 31 March 2023

EBITDA

The directors use earnings before interest, tax, depreciation and amortisation (EBITDA) as an additional performance measure. EBITDA was £783k (2022: £2,288k). EBITDA% (i) and adjusted EBITDA% (ii) were 11% and 12%, respectively (2022: 29% and 29%)

(i) - EBITDA % represents EBITDA divided by total revenue and (ii) - Adjusted EBITDA % is EBITDA divided by revenue generated by the activities of NRC's employees only and excludes revenue generated by subconsultants ("Adjusted Revenue"). The calculation of EBITDA and EBITDA % may be reconciled to Revenue and Profit for the year as follows:

Reconciliation of EBITDA	**Year ended 31 March 2023 £'000**	Year ended 31 March 2022 £'000
Revenue	**7,145**	8,018
Adjusted Revenue	**6,336**	8,018
Profit/(loss) for the year	**(203)**	1,182
Add Back:		
Tax charge	**331**	438
Depreciation	**620**	412
Interest from lease liabilities	**7**	10
Interest expense and income	**28**	245
EBITDA	**783**	2,288
EBITDA % (i)	**11%**	29%
Adjusted EBITDA % (ii)	**12%**	29%

Principal activities

The Company provides consultancy services to owners, operators and public-sector clients on all aspects of developing, building, maintaining and operating railways, including asset management, maintenance planning and optimisation, timetabling and simulation modelling, technical assistance, interim management, and project and programme management. It also acts as a service company for its holding company NRI and fellow subsidiaries of NRI.

Strategic report (continued)

for the year ended 31 March 2023

Key performance indicators

The Company uses a number of key performance measures to manage the business. Those that are particularly important in helping us to monitor how we are creating and protecting value for our shareholders are routinely managed at both company and regional levels. Targets are set for KPI's annually covering safety (e.g. close calls), reputation (client satisfaction and work won) and efficiency (operating profit and days sales outstanding). The Company also tracks operational performance by measuring gross margin per billable hour, billability %, and profit before tax / revenue %.

Business strategy

Our ambition is to be a leading international rail consultancy and first choice for clients and employees – respected for our expertise, industry knowledge, impartial advice, and valued for creating rail infrastructure solutions that deliver outstanding results. By leading we mean a top five international rail consulting business and leading in terms of application of knowledge/expertise, technologies, problem solving, quality of our people and always being on bid lists in our target markets.

The Company's strategy is based on three key strands: our core capabilities and associated unique selling points; laser geographical focus; and providing the right blend of British railway experience and expertise and locally recruited employees that understand the local political, cultural, railway operating environment and regulations.

The Company's core capabilities in the rail sector are focused around understanding institutional, regulatory and policy issues, operations, asset management and maintenance, together with delivering renewal and enhancement projects. Our focus has been about getting more out of legacy infrastructure, operating in a liberalised market with multiple train operators and executing renewal and enhancement projects in a live and heavily used rail system.

We have prioritised our geographical focus on those countries that have large legacy rail systems in need of renewal or enhancement and that are safe for our people, transparent in their commercial dealings and that offer long term growth potential. This has led us to primarily focus on Australasia and North America and the Middle East. In the case of the Middle East the focus is on helping newly established railways move from a project environment to an operating railway environment by providing technical assistance with standards and policies; and providing interim management.

Whilst our core expertise is derived from staff working on Britain's railways, we recognise that to succeed internationally, as well as providing competitive high-quality consultancy services, we need to understand the local political, cultural and railway operating environment. That is why as we grow; we will strive to achieve a 50/50 balance between secondees from Network Rail and locally recruited staff with significant domestic railway experience. Furthermore, our aspiration is that over time all our local operations will be led by local nationals and deliver a workforce diversity that reflects the countries in which we operate.

As we grow, we are increasingly focused on a smaller number of large long-term contracts that will build our backlog and provide better line of sight on future revenue streams and workload for our staff. Nevertheless, we will continue to execute smaller specialist contracts with our core clients to provide a full-service offering and support them in all aspects of running their railways.

Strategic report (continued)

for the year ended 31 March 2023

Principle risks and uncertainties

Network Rail Consulting ('NRC') continues to manage several potential risks and uncertainties which could have a material impact on our strategic and operational objectives. Many of these risks are common to other businesses in our sector and we continue to monitor them regularly to establish the principal risks and associated mitigation plans for the Company.

Market risk

This risk arises when a company is subject to adverse sales conditions due to increased competition in the marketplace, adverse demand conditions within the market, the inability to develop markets or position services to targeted clients or is adversely affected by cyclical or structural economic changes in its industry.

NRC has an inherent market risk as all its customers operate in the rail sector. This risk is managed by the Group by having a diverse regional presence and client base.

Additionally, the Company is currently engaged in providing numerous service offerings across five business sectors: Advisory, Strategic Planning, Major Projects, Railway Operations and Asset Management and Maintenance. Therefore, if demand for one service offer within a business sector is weak this can be offset by other services in the same business sector or services in other business sectors.

Key employee risks

Key employee risk relates to the risk of key employees with technical knowledge, a strong client network, or market experience leaving the Company.

These are important to the Company as the key value driver is the Company's ability to attract a pool of unique experienced staff. The Company can draw on the depth of experience within NRIL and alliance organisations, who provide their expertise and advice to assist with the delivery of projects. The ability to attract and retain expertise and alliances is important to the Company.

The risk is borne by NRC Group with the head office function helping to control this risk by ensuring that all the directors in the centre and regions have an employee focused management style, philosophy and culture, thus creating a positive environment. Furthermore, over the last 12 months we have established a central talent team in the UK that is developing talent pools for all our regions and business sectors so that we can readily tap into local talent and talent employed by our parent company, Network Rail.

Utilisation risk

The utilisation risk of fee earners is a significant factor in the profitability of the Company. Utilisation is tightly managed on a weekly basis via timesheets with weekly reporting and a rolling 3 month forecast of future workload for each employee.

Compliance risk

Compliance risk relates to the failure to comply with industry legislation and regulatory bodies which are applicable to each individual geographical location in which the Company operates. Failure to comply with these requirements could result in significant financial penalties and reputational damage for the business.

Additionally, due to the nature of the market and NRC's status as an Arm's Length Body of the UK Government, the Company is under additional regulatory and legal constraint.

Strategic report (continued)

for the year ended 31 March 2023

The Company has a formal process in ensuring compliance with regulatory and legislative requirements. This is further enforced by various site visits and tests undertaken by the Company throughout the year to monitor compliance. This is undertaken almost exclusively by head office management who control the risk.

Foreign exchange risk

Foreign exchange rate risk relates to the potential variability of profits and cashflows that can arise because of changes in foreign currency exchange rates. Such risks arise when doing business in any market that is affected by international trade and can arise even if a company does not conduct actual transactions in a foreign currency. The Company manages foreign exchange risk in accordance with the NRC Foreign Exchange Risk Management Policy, which sets out the steps to be taken to identify foreign exchange risks that can have an impact on the financial performance of NRC and what processes should be followed to mitigate these risks.

Overseas branches are the contracting entities for the projects which have been concluded with clients in the relevant local currencies of the countries in which NRC operates. Therefore, the Company bears some foreign exchange risk associated with the translation of net investment and future net cashflow from these entities. This has historically been managed via hedging with the hedging strategy reviewed by the Board periodically.

Bad debt / credit risk

Bad debt/credit risk arises when a company supplies services to a client in advance of client payment. The contracting entity assumes a risk that the client may fail to make payment.

NRC works with large companies or public sector transit authorities, and therefore has limited exposure to bad debt/credit risk due to the nature of its client base.

Nigel Ash (director)

28 March 2024

Directors' report

for the year ended 31 March 2023

The directors present their annual report and audited financial statements for the year ended 31 March 2023.

Future activities

The directors do not anticipate any changes in the Company's principal activities in the foreseeable future.

Dividends

A special dividend in specie of £1,320k was paid in the year following the sale of the Company's previous investment in subsidiaries to Network Rail International. This dividend was subsequently reversed and paid in cash in the financial year ending 31 March 2024. The directors do not propose a final dividend this year (2022: £813k)), however, an interim dividend of £1,250k has been proposed and paid after the year end.

Overseas branches

The Company has a branch in Saudi Arabia.

Going concern

The Company has made an operating loss for the year ended 31 March 2023 but remains in a net asset position. The directors have a reasonable expectation that the Company has adequate resources based on cash flow projections to continue in operational existence for at least the next 12 months. 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 at any time in the year.

Statement of directors' responsibilities

The directors are responsible for preparing the 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 Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether for the Company, international accounting standards in conformity with the requirements of the Companies Act 2006 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.

Directors' report (continued)

for the year ended 31 March 2023

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and 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' confirmation

In the case of each director in office at the date the directors' report is approved:

a. so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
b. 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 by order of the board.

NR Corporate Secretary Limited (Company secretary)

James Facey

Director

28 March 2024

Independent auditors' report to the members of Network Rail Consulting Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss 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 Annual Report, which comprise: the Balance sheet as at 31 March 2023; Statement of comprehensive income, Statement of changes in equity, and Statement of cashflows 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.

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 Strategic report and 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.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 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 Strategic report and 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, 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.

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 relevant tax legislation, 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 the potential posting of inappropriate journal entries to manipulate financial performance and management bias in accounting estimates. 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;
- Review of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in relation to revenue recognition; and
- Identifying and testing journal entries, in particular any journals entries posted with unusual account combinations or posted by senior management.

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. 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.

Andrew Johns

Andrew Johns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 March 2024

Statement of comprehensive income

for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Revenue	4	**7,145**	**8,018**
Net operating costs	5	**(6,765)**	**(5,902)**
Operating profit		**380**	**2,116**
Finance costs	6	**(252)**	**(496)**
Profit before tax		**128**	**1,620**
Tax charge	7	**(331)**	**(438)**
(Loss) / Profit for the year		**(203)**	**1,182**
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Currency translation adjustment on accumulated losses		452	92
Total comprehensive income for the year		**249**	**1,274**

Company registration number: 08071984

Balance sheet

at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Non-current assets			
Investment in subsidiaries	8	-	9,249
Property, plant and equipment	16	78	82
Right-of-use assets	17	76	625
Deferred tax asset	12	222	236
Total non-current assets		**376**	10,192
Current assets			
Trade and other receivables	9	7,150	4,316
Cash and cash equivalents		438	1,771
Total current assets		**7,588**	6,087
Total assets		**7,964**	16,279
Current liabilities			
Lease liabilities	17	(75)	(194)
Corporation tax		(62)	(609)
Borrowings from parent undertaking	11	-	(7,000)
Trade and other payables	10	(3,045)	(2,847)
Total current liabilities		**(3,182)**	(10,650)
Net current assets		**4,406**	(4,563)
Non-current liabilities			
Lease liabilities	17	-	(283)
Total non-current liabilities		-	(283)
Net assets		**4,782**	5,346
Equity attributable to owners			
Share capital	14	2,500	2,500
Foreign currency translation reserve		(34)	(486)
Retained earnings		2,316	3,332
Total equity		**4,782**	5,346

The financial statements on pages 12 to 32 were approved by the board of directors and authorised for issue on 27 March 2024.They were signed on its behalf by:

Nigel Ash (director)
Dated 28 March 2024

Statements of changes in equity

for the year ended 31 March 2023

	Share capital	Foreign currency translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 April 2021	2,500	(578)	2,150	4,072
Profit for the year	-		1,182	1,182
Other comprehensive income:				
Currency translation adjustment on retained earnings	-	92		92
At 31 March 2022 and at 1 April 2022	**2,500**	**(486)**	**3,332**	**5,346**
Loss for the year	-		(203)	(203)
Other comprehensive income:				
Currency translation adjustment on retained earnings	-	452	-	452
Total comprehensive income	-		**(203)**	**(203)**
Dividend paid to shareholders			(813)	(813)
At 31 March 2023	**2,500**	**(34)**	**2,316**	**4,782**

Statements of cashflows

for the year ended 31 March 2023

	Note	Year ended 31 March 2023	Year ended 31 March 2022
	Note	£'000	£'000
Cash flow from operating activities			
Cash generated by operations	15	**(315)**	3,698
Cash flow on settlement of tax		**(865)**	(268)
Net cash flow generated from operating activities		**(1,180)**	3,430
Investing activities			
Payments for fixed assets		**(25)**	(71)
Dividends paid		**(813)**	-
Payment for acquisition of subsidiaries		**7,928**	-
Net cash flow used in investing activities		**7,090**	(71)
Financing activities			
Repayment of loan from parent undertaking		**(8,000)**	(1,000)
Increase in loan from parent undertaking		**1,000**	-
Outflow on settlement of interest on loans		-	(269)
Principal elements of lease payments	17	**(382)**	(541)
Net cash flow used in financing activities		**(7,382)**	(1,810)
Movement in cash and cash equivalents		**(1,472)**	1,549
Cash and cash equivalents at beginning of the year		1,771	325
Exchange gain / (loss) on cash and cash equivalents		**139**	(103)
Cash and cash equivalents at end of the year		**438**	1,771

Notes to the financial statements

for the year ended 31 March 2023

1. General information

Network Rail Consulting Limited is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006.

The Company's registration number is 08071984.

The Company's registered office is situated at Waterloo General Office, Station Approach, London, United Kingdom, SE1 8SW.

The group's principal activities, details of the group's business activities and key events and changes during the year are contained within the strategic report.

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 on a historical cost basis, except for derivative instruments which are measured at fair value less cost to sell. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The Company has made an operating loss for the year ended 31 March 2023 but remained in a net asset position. The Company has a loan facility of £3,000k, with a fixed interest rate of 3.72% from Network Rail Infrastructure Limited to satisfy its future funding requirements. The facility has an expiry date of 31st July 2025. The directors have a reasonable expectation that the Company has adequate resources based on cash flow projections to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

New standards, amendments, and interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2023 that have a material impact on the Company's financial statements.

Revenue recognition

Consulting

Revenue is measured at fair value of the consideration received or receivable for services supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity. The company provides specialist consulting services to the global market on railway infrastructures. The company has a number of long-term contracts that span more than one financial period, therefore, the revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific contract and assessed on the basis of the actual service provided

Notes to the financial statements

for the year ended 31 March 2023

2. Accounting policies - continued

as a proportion of the total services to be provided. Full provision is made for all known or anticipated losses on each contract in the period in which such losses are identified.

Revenues from fixed-price contracts are recognised progressively based on a stage of completion method, whereby the percentage of revenues earned to date is estimated using an input measure, usually as the ratio of contract costs incurred to date to total estimated costs. Revenues from cost-plus contracts without stated ceilings are recognised when costs are incurred and are calculated based on billing rates as services are performed.

Tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the attributable to bringing the asset to

Notes to the financial statements

for the year ended 31 March 2023

its working condition for its intended use. Depreciation is calculated to write off the cost of the property, plant and equipment, over their expected useful lives on a straight line basis.

Depreciation policy

Fixtures and fittings: 3-4 years

Computer hardware: 4 years

2. Accounting policies (continued)

Property, plant and equipment (continued)

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

Intangible assets

Separately acquired intangible assets are stated on the balance sheet at acquisition cost less accumulated amortisation and any impairment losses. Intangible assets mainly comprise software and amortisation is recognised in the statement of comprehensive income.

Intangible assets are amortised on a straight-line basis over 4 years.

Leases

The company as lessee:

For those leases of not less than 12 months or low value, the Right Of Use (ROU) asset and Lease liability are initially measured on a present value basis.

The present value of the following lease payments is used to determine the value of the lease liability:

- fixed payments less any lease incentive receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. Remeasurement of the lease liability occurs if there is a change in the lease payments (when a corresponding adjustment is made to the ROU asset), the lease term or in the assessment of an option to purchase the underlying asset.

Notes to the financial statements

for the year ended 31 March 2023

The discount rate used to discount the lease payments is the Company's incremental borrowing rate. This is the rate that the Company would have to pay to borrow similar funds to fund a similar asset. ROU assets are initially measured at the same amount as the lease liability plus any initial direct costs.

Each ROU asset is depreciated over the shorter of its useful life and the lease term on a straight-line basis. Payments associated with short-term leases and low value leases are *recognised on a straight-line basis as an expense in profit or loss.*

2. Accounting policies (continued)

Financial risk management

The company can borrow from its intermediary parent company, Network Rail Infrastructure Limited (see Note 1). Under the terms of this loan facility, interest will be charged to the company by Network Rail Infrastructure Limited at rates consistent with an arm's length transaction.

The directors estimate that the fair value of all financial assets and liabilities approximate to their carrying value.

Credit risk

The parent company is the company's sole equity holder. Credit risk is considered minimal.

Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Trade receivables

Trade receivables are stated at their carrying value as reduced by appropriate allowances for estimated credit losses. The Company also has the contracted rights to charge interest on any trade receivables exceeding 28 days. At 31 March 2023 there are no trade receivable amounts bearing interest income (2022: £nil).

As financial assets, trade receivables are subject to specific provisioning for anticipated

Notes to the financial statements

for the year ended 31 March 2023

losses based upon the likelihood of recovery on a line-by-line basis. The company's exposure to credit risk is limited and no significant increase in credit risk has materialised.

2. Accounting policies (continued)

Trade payables

Trade payables are stated at their nominal value. At 31 March 2023 there are no trade payable amounts bearing an interest charge (2022: £nil).

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Contributed equity

Ordinary shares are classified as equity.

Value added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated Value Added Tax (VAT) in the United Kingdom and Saudi Arabia, unless the incurred amount is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Notes to the financial statements

for the year ended 31 March 2023

Credit risk

The parent company is the Company's sole equity holder. Credit risk is considered minimal.

2. Accounting policies (continued)

Foreign exchange translation

Income statements and cash flows of foreign branches are translated from their functional currency into the Company's functional currency of pounds sterling using average rates that existed during the accounting period. Foreign currency transactions are translated into the Company's functional currency (GBP), using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date).

3. Critical accounting judgements

In application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing 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 the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Company's accounting policies and key sources of uncertainty

Areas of judgement and sources of estimated uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

Revenue recognition and the assessment of the percentage of contract completion achieved

The Company recognises revenue on contracts using stage of completion accounting. This requires an estimation of the total costs to be incurred over the life of the contract, which is used when calculating the stage of completion of the project, through comparison to the cost incurred to date. This ratio of costs incurred to total costs expected to be incurred is multiplied by the total value of the contract arriving at the level of revenue to recognise as at the year end. The is judgement in forecasting the total costs of any one project.

Notes to the financial statements

for the year ended 31 March 2023

Critical accounting judgements (continued)

Work in progress and receivable valuation

Work in progress and receivables are continually reviewed for impairment and provided for where necessary. The requirement for any provision is assessed based on the age of the debt compared to agreed terms, history of default and current economic climate. There was no provision made at the balance sheet date. The vast majority of revenue derives from Transit Authorities and other public sector organisations in stable regions with governments that are financially strong, therefore, it has not been considered necessary to create an Expected Credit Loss (ECL) provision.

Contract liabilities

The group companies receive payments from customers based on a billing schedule as established in contracts. Contract Liabilities relate to payments received in advance of performance under the contract. Revenue related to Contract Liabilities is recognised as the contract progresses based on the estimated costs of meeting the future performance obligations.

Claims from Tax Authorities

The group operates in overseas tax jurisdictions where from time to time the group may receive claims from foreign tax authorities. Details of the status of current claims and the accounting judgements made appear at note 19.

4. Revenue

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Revenue		
Europe	**421**	167
Middle East	**4,108**	5,759
Australia	**1,338**	966
United States of America	**1,278**	1,126
	7,145	**8,018**

The Company has assessed its revenue recognition in accordance with IFRS15 and has deemed that it derives the majority of its revenue over time. Revenue recognised at a point in time was £nil (2022: £nil) all of which related to a single group of projects under one contract. There are no recognised contract assets, as defined by IFRS 15, that relate to recognised revenue disaggregated in the above table.

Unfulfilled performance obligations

Unfulfilled performance obligations represent the Company's remaining contractual obligations related to contracts on which work has commence as of 31 March 2023. Unfulfilled performance obligations for cost-plus / time and materials contracts have not been disclosed as the full amount of the contracted work cannot be definitively assessed.

Notes to the financial statements

for the year ended 31 March 2023

5. Net operating costs

a. Staff costs

The majority of directors received no remuneration for their services as directors in the year. Other than the directors, there were no employees of the Company in the current or prior year.

The directors of the Company are also directors or employees of other trading and holding companies within the wider Network Rail Limited group and it is not practicable to allocate all of their remuneration between their services to each company. The highest paid director of the Company was also a director of Network Rail Limited group. Details of the emoluments of directors of the Network Rail group appear within the annual report and accounts of Network Rail Limited.

The aggregate remuneration of those directors whose costs can be directly attributed to the Company were as follows:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Total emoluments	**767**	345
Post-employment benefits – contributions to defined benefit pension schemes	**35**	28

The above information duplicates the information already disclosed in the financial statements of the Company's parent, Network Rail International Limited.

b. Auditors' remuneration

The Auditors received the following remuneration:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Auditors' remuneration		
Statutory audit fee of the Company financial statements	**15**	-

Notes to the financial statements

for the year ended 31 March 2023

6. Finance costs

Finance cost comprised:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Foreign exchange losses	**187**	187
Interest from lease liabilities	**7**	10
Interest expense	**58**	299
	252	496

7. Tax charge

The tax (charge)/credit is made up as follows:

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Current tax:		
UK corporation tax at 19% (2022:19%)		
Corporation tax charge	**(24)**	(325)
Group relief	**(11)**	-
Adjustment in respect of prior years		-
Double taxation relief	**24**	325
Total current tax	**(11)**	-
Foreign tax		
Current year	**(253)**	(520)
Adjustment in respect of prior years	**(51)**	(9)
Total foreign tax	**(305)**	(529)
Deferred tax:		
Deferred tax at 25% (2022:25%)		
Current year charge	**1**	32
Recognition of previously unrecognised deferred tax assets		-
Effect of rate change		49
Adjustment in respect of prior years	**(16)**	10
Total deferred tax	**(15)**	91
Total tax charge	**(331)**	(438)

The tax charge can be reconciled to the income statement as follows:

Notes to the financial statements

for the year ended 31 March 2023

7. Tax charge (continued)

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Profit before tax	**128**	1,620
Profit multiplied by standard rate in the UK 19% (2022: 19%)	**(24)**	(308)
Adjustment in respect of prior years	**(68)**	(17)
Rate changes	**-**	49
Permanent differences	**(34)**	(22)
UK tax deduction for foreign withholding tax paid	**21**	29
Foreign withholding tax	**(233)**	(182)
Utilisation of ULT brought forward	**(24)**	-
Recognition/utilisation of previously unrecognised deferred tax	**-**	-
Unrecognised profits / (losses) in foreign subsidiaries	**-**	-
Higher tax rates on overseas earnings	**(1)**	(4)
Forex adjustment	**32**	17
Total tax charge for the year	**(331)**	(438)

UK corporation tax is calculated at 19% (2022: 19%).

Certain jurisdictions apply withholding taxes at varying rates to cash remitted outside of country. To the extent that the combination of local corporation tax and withholding taxes exceed the equivalent UK corporate tax payable on relevant profits earned from overseas, save for the impact of treating withholding tax as an allowable deduction, the taxes are treated as irrecoverable.

8. Investment in subsidiaries

Company	**Year ended 31 March 2023**	Year ended 31 March 2022 **£000**
Beginning of year	**9,249**	**9,249**
Additions in year	**-**	**-**
Disposal	(9,249)	-
End of year	**-**	**9,249**

In July 2022, the NRC Group was restructured through the introduction of a new holding company, Network Rail International Limited (NRI), above Network Rail Consulting Limited and other subsidiaries. As part of this restructure, NRC's subsidiary investments were sold to NRI at their carrying value of £9,249k, of which £7,900k was settled in cash and the balance of £1,320k being a deferred payment. The receivable arising from the deferred payment was offset against a dividend in specie paid by the Company to NRI. This dividend was subsequently reversed, thereby reinstating the receivable from NRI. It has been settled in cash in the financial year ending 31 March 2024.A loan facility from Network Rail International Limited of £3,000k has also been provided with a fixed rate of interest of 3.72%, which will expire on 31 July 2025. The facility was not utilised as at the year end and the date of signing the financial statements £2,000k had been drawn.

Notes to the financial statements

for the year ended 31 March 2023

8. Investment in subsidiaries (continued)

The Company's subsidiaries in the prior year were as follows:

Directly owned	Country of incorporation	Proportion of all classes of issued share capital owned by the Company	Principal activity
Network Rail Consulting Pty Ltd – Australia	Australia	100%	Rail consultancy services
Network Rail Consulting Inc. – USA	USA	100%	Rail consultancy services
Network Rail Consulting (Canada) Inc. – Canada	Canada	100%	Rail consultancy services

9. Trade and other receivables

	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due within one year		
Trade receivables	1,369	2,710
Prepayments	313	210
Contract assets	1,454	666
Other receivables	1,398	730
Amounts receivable from fellow subsidiaries	54	-
Amounts receivable from parent company	2,562	
Total trade and other receivables	**7,150**	4,316

Trade receivables from contracts with customers are all based on unconditional rights to consideration and are not contingent on conditional or dependent on satisfying other performance obligations. The Company's exposure to credit risk is limited and no significant increase in credit risk has materialised.

The directors consider that the carrying value of trade and other receivables approximates to their fair value. All balances are non-interest bearing.

The Company's credit risk is primarily attributable to its trade receivables and contract assets. Around 94 per cent of the Company's income is received from Transit Authorities or other Government backed bodies. The Company assesses credit worthiness to assess the potential customer's credit quality.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. Other receivables includes £1,300k prepaid taxes relating to ongoing tax assessments as set out at note 19.

Notes to the financial statements

for the year ended 31 March 2023

10. Trade and other payables

	31 March 2022 – Company £'000	31 March 2021 – Company £'000
Trade payables	**241**	342
Accruals and deferred income	**950**	1,328
Contract liabilities	**145**	-
Amounts due to related parties	**1,358**	223
Amounts payable to fellow subsidiaries	-	705
Interest on borrowings from parent company	**289**	235
Other payables	**62**	14
Total trade and other payables	**3,045**	2,847

The Company receives payments from customers based on a billing schedule as established in contracts. Contract Liabilities relate to payments received in advance of performance under the contract. Revenue related to Contract Liabilities is recognised as the contract progresses.

11. Borrowings from parent undertaking

	31 March £'000	31 March 2022 £'000
Amounts owed to parent	-	**7,000**
Total borrowings	-	**7,000**

A facility from the Company's previous parent, Network Rail Infrastructure Limited for £11,000k had a drawn down amount of £7,000k in the prior year, which was settled in the year through the capital restructure as detailed at note 7 – Investment in subsidiaries.

Notes to the financial statements

for the year ended 31 March 2023

12. Deferred tax asset

The following are the major deferred tax assets recognised by the Company and movement thereon during the current and prior years. Closing deferred tax assets relate to timing difference in the Company to the extent that it is likely that they will be recovered in the foreseeable future and is calculated at the relevant rate in the tax jurisdiction to which it relates.

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
At 1 April 2022 and 2021	**236**	**146**
(Charge) / Credit to income statement	**(14)**	**90**
At 31 March 2023 and 2022	**222**	**236**

Classification of Deferred tax asset.

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Timing Differences	**222**	236
Deferred Tax recognised on Losses Carried Forward	**-**	-
At 31 March 2023 and 2022	**222**	236

13. Funding and financial risk management

Credit risk

The Company has receivables due from its parent company, Network Rail International Limited. The parent company is the Company's sole equity holder and credit risk is considered minimal.

Foreign exchange risk

The Company is exposed to currency risks from its operating activities. The risks are monitored and managed in line with the NRC Foreign Exchange Risk Management Policy.

Notes to the financial statements

for the year ended 31 March 2023

14. Share capital

Group and Company	**31 March 2023 £'000**	31 March 2022 £'000
Allotted and fully paid:		
2,500,000 (2022: 2,500,000) ordinary shares of £1 each	**2,500**	2,500

15. Cash generated by operations

	Year ended 31 March 2023 Group £'000	Year ended 31 March 2022 Group £'000
Profit/(loss) before tax	**128**	1,620
Add: Finance costs	**252**	496
Add: Depreciation expense	**620**	416
Operating cash flow before tax and before movements in working capital	**1,000**	2,532
(Increase)/decrease in receivables	**(1,515)**	526
(Decrease) / increase in payables	**200**	640
Cash generated by operations	**(315)**	3,698

Notes to the financial statements

for the year ended 31 March 2023

16. Property, plant and equipment

	Property, plant and equipment
	£'000
Cost:	
At 1 April 2022	133
Additions	26
Disposals	-
Cost at 31 March 2023	159
Accumulated depreciation at 1 April 2022	(51)
Depreciation charge for the year	(30)
Accumulated depreciation at 31 March 2023	(81)
Net book value at 31 March 2022	82
Net book value at 31 March 2023	78

	Property, plant and equipment
	£'000
Cost:	
At 1 April 2021	62
Additions	71
Disposals	-
Cost at 31 March 2022	133
Accumulated depreciation at 1 April 2021	(34)
Depreciation charge for the year	(17)
Accumulated depreciation at 31 March 2022	(51)
Net book value at 31 March 2021	28
Net book value at 31 March 2022	82

Notes to the financial statements

for the year ended 31 March 2023

17. Right-of-Use assets and lease liabilities

This note provides information for leases where the Company is a lessee.

The Company leases various offices. Lease contracts are typically made for fixed periods of three years or shorter, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Low-value assets comprise of IT-equipment and small items of office furniture.

The recognised Right-of-Use assets to the following types as at 31 March 2022 and 31 March 2023 (in thousands):

	Property leases
	£000
Balance at 1 April 2021	38
New leases entered during the year	-
Leases renewed during the year	987
Depreciation charged for the year	(400)
Foreign exchange revaluation	-
Balance at 31 March 2022	**625**
New leases entered during the year	-
Leases renewed during the year	-
Depreciation charged for the year	(580)
Foreign exchange revaluation	31
Right-of-use asset at 31 March 2023	**76**

During the year ended 31 March 2023 a charge of £4k (2022: £4k) was recognized in relation to short-term and low value leases.

In year ended 31 March 2023, the Company paid £382k (2022: £541k) in principal elements of lease payments.

Lease liabilities included in the Statements of Financial Position at 31 March 2022 and 31 March 2023:

	Property leases
	£000
Current liabilities	75
Non-current liabilities	-
Lease liability at 31 March 2023	**75**

Notes to the financial statements

for the year ended 31 March 2023

18. Related Party Transactions

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 International Limited. Both parent companies are incorporated in United Kingdom and registered in England and Wales. The smallest group of undertakings of which the Company is a member and for which group financial statements are drawn up is Network Rail International Limited. The 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 Waterloo General Office, London, United Kingdom, SE1 8SW.

Transactions with Related Parties

Certain employees are paid through the parent company and the expense is recharged back to NRC by way of a management charge. The employee payments and management charge are made on normal commercial terms. The Company provides management services on behalf of its parent, Network Rail International Limited, to the wider group. As a result of these services £2,616k of revenue was generated from recharges to fellow subsidiaries. Finance charges of £28k (2022: £245k) on borrowings from the immediate parent are disclosed at notes 5 and 10 respectively relating to the period until the reorganisation and repayment of the debt. Other than the items disclosed at Note 4, there were no transactions with key personnel. A special dividend of £1,320k was paid in specie to Network Rail International Ltd immediately after the restructure and was subsequently reversed.

19. Contingencies

The Company has entered into a performance bond with a value of £1,629k (31 March 2022: £nil) which may have given rise to liabilities in the Company if it had not met its obligations under the terms of the bonds. No material losses were anticipated or occurred in respect of the above contingent liability.

The Company operates in overseas tax jurisdictions where from time to time the group may receive claims from foreign tax authorities. At the balance sheet date, the Company had received ongoing tax assessments with an aggregate value of £1,900k excluding any interest or penalties. Having taken advice from its professional tax advisors, they, along with the Directors, do not believe that the outcome of these matters will result in any material adverse change in the group's financial position. Accordingly, at the balance sheet no uncertain tax provision has been recognised.

20. Events occurring after the reporting period

No matter or circumstance has arisen since 31 March 2023 that has significantly affected the Company's operations, results or state of affairs. Dividends of £1,320k and £1,250k have been declared and paid after the year end.