DfT OLR Holdings Limited

Annual Report and Financial Statements

For the year ended 31 March 2021

Company Registration Number 07141122

Registered office:

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Contents

Company information

Non-Executive Chairman	Richard George
Chief Executive	Robin Gisby
Chief Financial Officer	Richard Harrison
Non-Executive Directors	David Bennett Tim Buxton Chris Gibb John Macquarrie
Company Secretary	Richard Harrison
Chair of Audit Committee	Claire Bullen
Registered Office	Albany House 8th Floor 94-98 Petty France London England SW1H 9EA
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 29 Wellington Street Leeds England LS1 4DL

The Financial year was dominated by responding to the challenges of the Coronavirus (Covid) pandemic. But I am pleased to report that DfT OLR Holdings Limited (DOHL), has continued to succeed in its primary duties and objectives in support of the railway industry. Since the start of the Covid epidemic, the Company and our subsidiaries have put the health and safety of our customers and staff to the forefront of our decision making, adhering to Government guidelines. As we move forward, our passenger services will continue to be key to the economic recovery of the regions we serve.

DOHL is a wholly owned subsidiary company of the Secretary of State for Transport. The company is known as the Public Sector Operator and is the holding company on behalf of Department for Transport (DfT) for railway operations that are moved into government ownership.

The primary objective of DOHL is to facilitate the legal transfer of ownership and then to provide good governance, guidance and direction to the companies under its control on behalf of the DfT for as long as required. DOHL operates with a pool of highly experienced railway managers to ensure that the subsidiaries operate in the best interests of their customers, their stakeholders, the Department for Transport and the taxpayer.

The statements cover financial year 1 April 2020 to 31 March 2021, the third year of operation of the Company. The year has seen the assimilation of the trading and operations of Northern Trains Limited (NTL) which became part of the Group in March 2020 just before the start of the financial year and the first Covid lockdown. London North Eastern Railway Limited (LNER) and Train Fleet (2019) Limited (TF19) have continued to operate as the other operating companies in the Group during this challenging year.

The pandemic has caused a significant decline in passenger revenues across the railway industry and consequently the financial revenue indicators for all train operating companies have been hugely adversely affected. Nevertheless, I am delighted at the improvements that have been made in both of our train operating companies. In NTL, significant progress has been made in stabilising the operations, the management, the level of customer service and the reputation of Northern Trains since the transfer to DOHL on 1 March 2020. Great efforts have been made by the new management team of NTL and these are already making a difference; its standing with stakeholders has improved enormously.

Similarly, whilst LNER's passenger revenues have fallen dramatically during the year, I continue to be impressed by the commercial flair and the resilience shown by the management team there in re-designing their customer offers to meet the Covid challenges. LNER's new Azuma trains along with their customer service and approach make LNER well positioned for a strong bounce-back post Covid.

The Class 365 fleet has continued uneventfully in the ownership of TF19 as preparations was made during the year for the anticipated onward sale under contract of the entire fleet during 2021. Govia Thameslink Railway continued to operate twenty-one units in its passenger rail service during the financial year, returning the fleet to TF19 one month post year end, before the sale of the fleet on 1 July 2021.

The Board was pleased to re-appoint both Robin Gisby, the Chief Executive Officer and Richard Harrison, the Chief Financial Officer during the year following interviews with a number of suitable and well qualified candidates. The Board is appreciative of the efforts they have made during this particularly challenging year. There have been no substantive changes to the Board Membership during the year.

The Company operation in financial terms is a small one. The finances are driven by the scale of operation of the subsidiaries under DOHL control. The CEO of DOHL as part of his duties acts as Chairman of the LNER and the NTL Boards. My duties as Chairman of DOHL also extend to being Chairman of TF19.

DOHL welcomed the Williams-Shapps Rail Review and is available and willing to support its implementation as required. Discussions continue between the private sector Train Operating Companies (TOCs) and the DfT regarding future contractual relationships which have amended terms and baselines. The Company continues to ensure it is ready for its core responsibility that is, if necessary, to manage any further rail operations should this be required.

Richard George
Chairman
21 July 2021

In its third year of operation, DOHL has continued to support and develop the three companies within its portfolio: London North Eastern Railways Limited (LNER), Northern Trains Limited (NTL) and Train Fleet (2019) Limited (TF19), while they have also managed the impact of Covid-19. It has also maintained a state of readiness in case it was asked to take on other Train Operators. More recently it has begun to reposition itself so that it can play a role in the implementation of Williams-Shapps Review.

Northern

NTL is the largest regional operator in the UK. It transferred to DOHL on 1 March 2020. Under the new leadership team it has made significant improvements in performance and customer service. Relationships with its extensive range of stakeholders are much better as a result. Doing this during Covid would not have been possible without the continued commitment of the staff. I am again very grateful for their help and support.

Furthermore, staff who were unable to work took the opportunity to help out in their local communities. We are particularly proud of Jolene Miller, a driver based in Darlington, who was awarded a British Empire Medal (BEM) in the Queen's Birthday Honours. During the first lockdown Jolene continued to work as a Driver, transporting key workers to their workplace, while also volunteering as a paramedic. Despite the challenges of juggling two jobs, she was able to spend her lockdown driving trains one week and working on hospital wards the next.

NTL is playing its part in contributing to the Government's 'levelling up' agenda, supporting immediate economic recovery and helping the region build back better and drive sustainable economic growth. In 2020 NTL generated £620m of Gross Value Added (GVA), directly employing 6,700 people and supporting 4,300 further jobs through its supply chains. In addition, 45% of its' procurement spend is retained in the North. Every £1 invested in the NTL network by the Government generates £1.24 of GVA, returns £1.84 of welfare benefit and supports £2.50 of economic activity. NTL also delivers welfare benefits of £920 million per year through benefits to both users and non-users*. We are proud that NTL supports over 20 community rail partnerships which foster social inclusion and further support local economies.

*Figures taken from Atkins/ Northern Trains Limited Socio-economic impact assessment, March 2021.

Having delivered the initial 100 day plan during 2020, NTL has invested a further c.£41.6m in legacy programmes such as upgrading staff facilities, digital trains, fleet refurbishment and engineering depots improvements. In January 2021 NTL set out a new five year strategy for the business. This recognises the vital role that NTL plays in the social enhancement of the conurbations and communities it serves and assisting in the Government's 'levelling up' agenda. It includes:

- an additional 296 jobs
- A further c.£293m on essential initiatives
    - the introduction of new forms of ticketing and fares, reflecting changes in working travel patterns
    - upgrading the rolling stock, including developments with hydrogen and battery technology
    - additional investment in modernising the business so that it can continue to serve its customers
    - security and passenger revenue enforcement teams, for the safety of our staff and fare paying customers
    - investing in training developments and facilities, uniforms, equipment and systems to ensure its staff can carry out their duties effectively.

The business is now well placed to become one of the best operators in the UK over the next few years as well as the largest.

London North Eastern Railway

From being one of the most profitable operators LNER went into receipt of DfT service agreement subsidy as soon as Covid caused the first national lockdown in May. Demand dropped by up to 90%. It responded by reducing capacity while maintaining social distancing guidelines and reducing its cost base to minimise the impact on the taxpayer.

LNER staff also helped to mitigate the impact of Covid locally when it established the LNER Reserves. In particular Penny Bond, a travel consultant at Grantham, set up "Letter to a Friend". Amongst others, more than 25 members of the LNER Reserves rallied together lending their support from Scotland to London. The idea has since benefitted more than 9,000 care home residents, with more than 64,000 pieces of post delivered including letters, puzzles and postcards. Penny also received the BEM.

As the business has moved out of lockdown it has implemented a number of customer facing initiatives including Project Horizon that enables it to offer tickets to customers further in advance than is typical for the industry.

Hitachi

While events on the 8 May 2021 saw the temporary withdrawn from service of LNER's Azuma fleet to allow for safety inspections due to faults found on similar fleets at other TOCs , many of the trains were safely brought back into service shortly after. LNER and DOHL will continue to work with Hitachi as ongoing investigations continue. At present we do not expect this issue to be fully and permanently resolved before the end of financial year 2022-2023 so we are preparing contingency plans so that we can maintain an adequate service in the meantime.

Train Fleet (2019)

During the year, the majority of TF19 fleet of Class 365 trains had operated in passenger traffic, earning rental income for the company. The remainder were in store and was available for rent. Before the end of the year the TF19 served notice to exercise its option to sell its entire train fleet in July 2021 at a predetermined price. The fleet was sold on 1 July 2021 for £92.8m and treated as an asset held for sale in the Consolidated Statement of Financial Position and its financial performance as a discontinued operations in the Consolidated Income Statements.

Covid

Both our train operating subsidiaries have managed the pandemic well, with enhanced levels of cleanliness and hygiene at the forefront of their response to protect customers and staff. It was particularly challenging to balance capacity with the evolving levels of demand, in line with changes in Government advice. Passenger numbers fell by up to 90% of their prior year numbers, and both companies have therefore provided a slimmed down service whilst also managing to take £195.9m in the year out of their cost bases to minimise the impact of subsidy on the taxpayer.

At the date of signing the financial statements demand was back to approximately 50% of normal levels as the country emerged from lockdown, albeit with leisure travel recovering faster than business and commuters. Both companies are planning for the longer-term implications of the pandemic to optimise their offering to customers and stakeholders whilst recognising the constraints on taxpayers' funds.

Williams-Shapps

As well as being ready to take on more Train Operators if required DOHL is now strengthening its resources to help implement elements of the Williams-Shapps review. Its ownership and operating structure give it the flexibility to move quickly without extensive contractual and commercial discussions. It can also provide neutral and independent advice.

Further detail on the performance of each company is in the Operations Review.

Robin Gisby
CEO
21 July 2021

The Directors present their strategic report for the year ended 31 March 2021.

OPERATIONS REVIEW

DOHL Vision and Strategic Objectives

DfT OLR Holdings Limited (DOHL) vision and values are at the core of our decision making and strategic governance of our subsidiaries, acting in conjunction as other owning groups externally and internally within the Department of Transport (DfT). Our principal ways of working with our subsidiaries includes, amongst other ways, the following:

- Providing governance and advice rather than management instruction or intervention. When required, direct intervention can and will be taken. This is achieved by encouraging co-operation between the subsidiaries in the group, rather than an authoritarian approach.
- Contributing and supporting continued strategic direction, emboldening the executive team and staff to think for themselves.
- Devolved responsibility by providing guidance and support to the executive management team, allowing them to encourage and empower managers at the lowest practical level, driving the business forward and managing operations and business matters. This provides long term decision making, based on "best for the customer, taxpayer, stakeholders and the industry".
- To seek consistency where appropriate.

DOHL Vision and Strategic Objectives during Rail Reform

Vision	*To be at the forefront of industry reform as a strategic influencer on behalf of the UK government in England, leading change and promoting 'whole system collaborative thinking' and good practice in order to propel the rail reform agenda for the taxpayer and our customers..*		
Strategic Objectives	To be at the forefront of innovation and change to propel the rail agenda	To support Government in rebuilding rail's market share and reducing subsidy	To ensure that DOHL TOCs drive innovative reform in rail

The Company will be a strategic influencer, leading the change and promoting "whole system" collaborative thinking and working. The Train Operating Companies (TOCs) will be in a better financial, operational and commercial shape when they leave DOHL than when they arrived in the group. In turn, this will help deliver a financially sustainable railway, a strong economy and communities and will protect the environment.

Fleet

During the year Northern Trains Limited (NTL) achieved the rollout completion of 101 new trains which forms 27% of its current fleet, retired all the old Pacers trains, and completed the first phase of refurbishment of 267 units which forms 71% of their existing fleet. NTL continues with its train modernisation including the continued roll out of digital enhancements on trains. To accommodate the maintenance requirements of NTL's 58 new Class 195 units, NTL has opened the expanded Newton Heath maintenance depot.

An enterprise-wide Business intelligence and Analytics platform has been implemented to support data-driven decision making. Data from the larger fleets of digitally enabled trains now flow into the platform along with other data sets from all business functions.

London North Eastern Railway Limited (LNER) commenced introduction of the new 'Azuma' trains during 2019-2020 and this year saw the remaining vehicles being fully accepted. On 8 May 2021 LNER's Azuma fleet, along with Great Western Railway's equivalent 800 series, was temporarily withdrawn from service by Hitachi following the identification of cracks in the jacking point plate under a train. The majority of vehicles were safely released back into traffic in the days following. An on-going investigation continues as to the cause of the cracks and the technical resolution. We do not expect this issue to be fully and permanently resolved before the end of financial year 2022-2023 so LNER is developing contingency plans to support its service provision, especially for the May 2022 timetable change of the East Coast Main Line.

In the meantime LNER continues to build a constructive working relationship with Hitachi, to jointly improve reliability and complete a number of modifications to the Azuma trains.

Prior to 31 March 2021, Train Fleet (2019) Limited's (TF19) served notice to exercise its option to sell its entire Class 365 fleet on 1 July 2021. The fleet were sold on the 1 July 2021. Due to a decrease in passenger demand, on 31 March 2021 the company agreed to terminate the leases with Govia Thameslink Railway (GTR) and for them to pay compensation under a deed of termination.

Customers and Communities

Putting the customer at the heart of every business decision across the Group is crucial. As a government owned company, it is vitally important our customers are receiving a continually improving experience, connecting them to the communities across our networks, offering business customers and local communities the service they need to thrive while taking consideration of the impact on the environment and ensuring that taxpayer's money is being well spent to achieve this. The Group stays aligned with customer expectations and interest through several means including, regular engagement and capturing customers and stakeholder insights.

LNER's dedicated Customer Insight team focuses on where and how to improve the customer journey by addressing and implementing change to drive modal shift. It validates customers' insights to provide supporting evidence in the development of customer experience. Initiatives include advance 'Seat Sure', working with Transport Focus, and 'LNER Perks' allowing customers to have a direct relationship with LNER and providing a customer loyalty scheme. The Customer and Community investment fund, a new initiative piloted last year continues to prosper with projects being selected by customers and colleagues. During the year LNER withdrew onboard catering in line with government Covid restrictions. Keen not to leave additional stock of food and drink to go to waste, it took the opportunity to donate suitable products to organisations, such as FareShare a network of charitable food redistributors. LNER's 'Kickstart' scheme was launched in March 2021, offering placements that provide meaningful work experience and gives an insight into railway and functional operations. Seven young people started the scheme when it commenced with more joining throughout the year.

NTL's recent socio-economic assessment work identified NTL delivering £920m in benefits to society per year, a vital contribution to the government's levelling up agenda.

At the end of last year NTL moved to a more customer centric position, with new tools and methodologies to drive its 'customer first' ambition. During the year NTL adopted a new customer feedback platform, Qualtrics. The platform allows high volume, real time feedback across multiple channels, turning insight into targeted action plans. As part of the 'Station Improvement Fund' projects, NTL deployed a new webchat functionality to support customer self-service and completed ten Accessible Hubs. To improve efficiencies and customer satisfaction, Passenger Assist and Out of Hours services were successfully brought in-house from 31 March 2020 as part of NTL's contact strategy.

Supporting the country and its workforce returning to work, projects that promote a customer safe environment and improve capacities for passengers included NTL's platform lengthening, a way forward for Digital trains with Ramsgreave and Wilpshire station now completed and the plans for Manchester station and Leeds' platforms to commence. LNER are gearing up for the introduction of extra services in its May 2022 timetable, maximising the benefits of LNER's larger Azuma fleet.

Our Employees

Our employees have again shown how vital they are to running a sustainable and reliable business. From the executive teams to the customer facing staff, all are needed to accomplish our vision. The Group recognises that, to achieve excellence, our employees' wellbeing, development, and career growth must be supported and cultivated.

Over the financial year our companies have focused on supporting colleagues' holistic health with a continual focus on mental health, involving investment in mindfulness tools such as a Headspace app and inhouse teams of clinical trained employees and health and wellbeing specialists. These initiatives were pivotal during Covid to support staff.

Staff are offered internal and external training to promote competences, this includes state-of-the art driver training simulators alongside classroom sessions and on the job learning and apprenticeships which are available across various functions.

Our Suppliers

The Group continues to take measures to ensure alignment with all key suppliers, for example using a supplier code of conduct outlining how it aspires to manage its long-term supplier relationships. This is mandatory before contracting with our businesses. Supplier performance is reviewed and monitored by business leads and procurement specialists. The Group works within the Utilities Contract Regulations (UCR). Contracts over the relevant threshold are advertised in the Official Journal of the EU (OJEU) or through an UCR compliant framework agreement such as the Crown Commercial services frameworks. Outside of this we uphold the principles of proportionality, transparency and equal treatment to ensure best value is achieved with the most suitable suppliers for any project.

In addition to the commercial aspects, Corporate Social Responsibility measures in tender evaluations have been introduced, including LNER's Social value measure, as well as auditing and monitoring suppliers from a 'Modern Slavery' perspective.

As a minimum level of assurance, we expect our suppliers to ensure they meet the provisions of the Ethical Trading Initiative (ETI) base code or similar standards and that they are monitored by independent third parties. We adopt a risk-based approach with our supply base to ensure significant direct labour contracts, such as our catering and cleaning suppliers, pay at least the national (and London) living wage to their employees and supply chain. This is specified in the commercial contracts and audited on a regular basis.

Throughout the Covid pandemic the Group has been working closely with our suppliers as they face their own challenges. Where possible we have been flexible on payment terms as each circumstance has required.

Environment

Our Environmental Sustainability Strategies are guided through application of our TOCs' ISO 14001 and IS0 50001 certified energy and environmental management systems, and strengthened through our partnerships with Network Rail, industry groups, station tenants, cleaners, and colleagues. This approach has driven us to increase our recycling segregation, achieve zero waste to landfill for our managed waste and to reduce our passenger km carbon footprint.

Further information relating to the Group's carbon tCO2e can be found in the Sustainability report, page 20

Technology in UK Rail

The Group continues to invest in delivering a great digital experience for customers and employees. This investment will ensure the business is best placed to grow market share from airline and road competition.

LNER's Digital and Innovation directorate continued to work on industry-leading retail and digital best in class experiences across the entire passenger journey. Achievements included launching a new mobile app, 'LNER Perks', its own loyalty scheme and 'Assistant', its personalised real-time messaging service. LNER was the first in the industry to introduce At Seat ordering, enabling customers to browse and order from the menu on their mobile devices and have their order delivered directly to their seat. During the year LNER achieved ISO27001 certification which deals with Information Security Management, manging information security risks and data effectively. Its team of suitably qualified professionals collaborate with all areas of the business to ensure that best practice is followed in respect of information security and that appropriate controls are in operation to address this key business risk area.

Technology underpinned many of the ambitions in the NTL 100 day plan. Throughout the year NTL commenced the introduction of a new Operating management and Rostering system which allows enhanced planning and recovery from disruption, rolled out hand-held and desktop devices to employees supporting and developing digital competences and implemented an enterprise-wide Business Intelligence and Analytics platform to support data-driven decision making. Investment to progress the upgrading of NTL's IT infrastructure and facilities such as networking and application platforms are at the forefront of NTL's technology strategy.

Going into the new year the Group is excited to work together and share ideas driving the capability to exploit digital channels to both customers and staff, smart retailing, automated Delay Repay and self-serve reservations on LNER.

KEY PERFORMANCE INDICATORS

In addition to monitoring financial performance, the Group uses a range of key performance indicators (KPIs) for the companies to assess the effectiveness of their performance in key activities. Covid continues to impact the Group's KPI results, the most important of which are in the following key areas. It should be noted that DOHL only held NTL for one month in the comparison financial year 2020.

Safety

Safety is at the heart of our approach in running the railway. We are committed to providing a safe working environment for all our colleagues and a safe end-to-end journey for all customers and for the wider public. Headline safety results include:

Moving annual average (MAA)*	**LNER 2021**	LNER 2020	**NTL 2021**	NTL* 2020*
Passenger major injuries per 1 million passenger journeys	**0.39**	0.44	**0.53**	0.00
Workforce lost time accidents per 1,000 employees	**0.25**	1.12	**0.51**	0.31
Employee physical assaults per 1,000 employees	**0.38**	2.07	**1.04**	0.79

*Northern Train Ltd 2020 figures represent 31 days actual data rather than MAA due to the TOC only commencing trading within the DOHL Group from 1 March 2020.

This year saw 15 RIDDOR recorded customer incidents (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013), (2020: 2 incidents). For staff accidents there were 39 RIDDOR reportable employee accidents (2020: 26 incidents). Last years' results are not directly comparable due to only reflecting one month of NTL incidents compared to 2021 full year which is impacted by Covid reduced services and seasonality.

During the reporting year employees who were physically assaulted were 15 LNER (2020: 80) and 80 NTL (2020: 5) The classification for this differs to that of the Police. Any physical contact is recorded as a physical assault. The highest individual causes were related to ticket enforcement and/or dealing with customers reported to be under the influence of alcohol or drugs (49% of all physical assaults, 2020: 26%).

The Group's approach to dealing with this risk is twofold: prevention and prosecution. Prevention through training of staff on conflict resolution, a clear policy on not putting yourself at risk and implementing local initiatives that focus on areas where there is increased risk of conflict. CCTV at stations and on trains are accessible to the British Transport Police (BTP) for the pursuit of evidence in such events. All physical assaults are investigated. The Group continues to have a strong relationship with the Office of Rail and Road (ORR) as the Safety Regulator of Britain's Railways.

The safety of all staff and customers is of paramount importance in particularly that of female and vulnerable colleagues and customers. Working with industry bodies including the Rail Delivery Group and the British Transport Police (BTP) vulnerability units, together with associated research we recognise the particular significance attributed to female and vulnerable individuals on the rail network. To understand this area further we work with many partner agencies. For example, NTL is working with The Suzy Lamplugh Trust and Survivor's Trust in shaping NTL's response to the Safety on Rail Scheme (SRS). In addition, stations and environments are being assessed and its currently supporting a dedicated piece of work focusing especially on Unwanted Sexual Behaviour (USB). This will empower staff to recognise and report such unwanted behaviour.

Employee Engagement

Improving employee engagement has been a significant focus of activity throughout the year with clear action plans created across teams within the business led by our engagement champions.

Employee engagement survey	Index 2021	Index* 2020*
LNER: 'Speak from Heart'	**84%**	80%
NTL: 'The Listening Post'	**58%**	n/a*

*No prior year comparison due to NTL only operating 31 days (1-31 March 2020)

LNER and NTL will be introducing a new listening platform in financial year 2021-2022, a dynamic listening and action approach utilising technology that provides an 'always-on' tool. This will enable the companies to monitor satisfaction frequently and drive agile plans for continuous improvement for our employees.

Train Performance

The Public Performance Measure (PPM) is a measure of the punctuality of passenger trains in Britain. It is the primary measure of Operational Train Performance and is the percentage of scheduled trains which successfully run their entire planned route, calling at all timetabled stations, and arrive at their terminating station 'on time' (within ten minutes for long-distance operators and five for regional and commuter operators). Along with other operators, from the start of Control Period 6 (CP6) in April 2019, the Group measures 'Time-to-3'. Unlike PPM, which measures performance only at the final destination, this measure records punctuality at each station called at along the route.

	LNER 2021	LNER 2020	NTL 2021	NTL 2020
PPM	**92.4%**	78.2%	**93.1%**	85.1%
Time-to-3	**90.0%**	63.2%	**91.1%**	83.3%

Travel guidance and restrictions during the Covid pandemic is the main contributing factor on the Groups very positive performance results. With the reduction in passenger numbers, changes to the timetables and fewer trains across the network, the dwell times at stations and train congestions in bottleneck areas have noticeably improved. We are also very grateful for the efforts our staff have made to continue to work during the pandemic and minimise the number of cancellations. The Group has used this opportunity to capture and strengthen aspects that will continue to deliver a punctual reliable passenger rail service as demand improves post Covid.

Through the 'East Coast Partnership' between LNER and Network Rail, there is now an appointed single 'Joint Head of Performance' spanning both organisations. During financial year 2020-2021, work begun on the Kings Cross upgrade. The third tunnel reopened after 40 years in April 2021, giving more flexibility to improve local service performance.

Customer Advocacy

The National Rail Passenger Survey (NRPS) is a network wide picture of passengers' satisfaction with rail travel. The survey is carried out twice a year from a representative sample of journeys. Due to Covid, NRPS surveys were suspended. The last wave of the survey was published on 2 July 2020. In the Spring 2020 survey, overall satisfaction for LNER and NTL was 91% and 77% respectively. An improvement of 1% and 5% compared to the Autumn 2019 survey – for the Autumn 2019 survey NTL was under Arriva Trains ownership.

The NRPS results are used to understand where and how to improve the customer journeys and to support customer-focussed decision making across the businesses.

FINANCIAL REVIEW

Covid

Throughout financial year 2020-2021 the Covid pandemic continued to have a detrimental impact on passenger volumes. The Group has navigated its way through the government guidelines on travel, responding when restrictions have been introduced or eased, supporting the government messages and keeping our staff and customers safe.

From a profitability and liquidity point of view however the Group is largely unaffected due to the protections under the Service agreements between both LNER and NTL with DfT. Under these agreements DfT is taking the revenue and cost risk resulting from Covid. Compensating adjustments are included in LNER's and NTL's service agreement subsidy/premium mechanism.

Williams-Shapps Plan for Rail

The recently published Williams-Shapps Plan for Rail is a positive step for the industry. The Board are engaging with DfT and other industry stakeholders to identify how DOHL can support the progression of the commitments in it. It is not expected that there will be a material impact on the financial prospects of the DOHL group in the short or medium term as a result of the plan. The Board also notes the government's intention to retain the Operator of Last Resort function and remains ready should it be required.

Operating performance

This is the first year all group companies are reporting full year results. TF19 and NTL commenced trading part way though financial year 2019-2020, 13 August 2020 and 1 March 2020, respectively. With the sales of the entire TF19 Class 365 fleet within one year post financial year end, TF19 assets are classified as held for sale in the Statement of Financial Position and as a discontinued operation with the prior year restated in the Income Statement.

Revenue for the financial year ending 31 March 2021 was £1,621.1m (2020: £913.2m) which in the main reflects ticket revenue earned from passenger services and associated income earned from catering, car parks, commission as well as the DfT service agreement subsidy, in line with other Train Operating Companies (TOCs). At the height of the pandemic, timetables were reduced to running less than 50 per cent of the train service while maintaining social distancing. Since the early part of 2021, the service increased to approximately 85 per cent for LNER and 67% of normal services for NTL. Across both TOCs leisure travel has seen the strongest recovery.

The service agreement subsidy received by NTL for the full year is £782m (2020: one month, £53.8m) and LNER £601.8m (2020: £nil) from the DfT is reported under revenue. In financial year 2019-2020, LNER, traditionally a profit-making railway, paid a service agreement premium to the DFT of £94.1m reported under Other operating costs.

The operating expenditure reported in the year was £1,574.8m (2020: £896m), comprising of; access charges payable to Network Rail for stations and depots, rolling stock lease costs, staff costs and other operating costs.

The profit before taxation for the year was £10.5m (2020: £7.8m). The Group's profit for the year ended 31 March 2021 has been bolstered by a full year of trading by Northern Trains Ltd. The service agreement subsidy for LNER and NTL has meant its margins were consistent with last year, each TOC's mechanisms are per its service agreement.

Discontinued operations 2020 loss was driven from TF19 which impaired its rolling stock fixed assets, £11m (2021: £1.9m). Tf19 has incurred a profit before taxation of £2.8m, (2020: £15.7m). At 31 March compensation payments from the lessee, were agreed as in advance of the disposal of the assets post year end, £3.3m (2020: nil).

Statement of financial position
At 31 March 2021 the Group had net assets of £248.2m (2020: £126m).

Statement of cash flows
The Group has generated a net cash outflow of £27.8m (2020: £155.3m inflow) in the year leaving a cash balance of £201.3m at 31 March 2021 (2020: £229.1m).

PRINCIPAL KEY RISKS AND UNCERTAINTIES

The Company maintains a register of strategic risks. The risks which have an impact on the Company's goals and objectives are overseen by the Executive Directors, the Audit and Risk Committee, and the Board. This focus, underpinned by close workings with the DfT and DOHL's other subsidiaries, has ensured that risks are being managed within the Board's risk appetite.

The key risks of the Company that were identified by the Board during the year were:

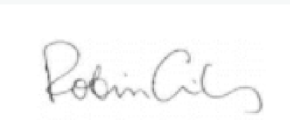
- The impact of Covid on;
    - health and mobility of employees,
    - reduced passenger demand for rail and constraints caused by social distancing,
    - viability of the Group's supply chain being threatened,
    - industry steps to recover from Covid.
- The threats posed to all organisations through cyber criminality.
- Delivery of timetable changes, due to lack of resource resilience having adverse impact on trains in service, operational efficiency, and reputation.

The Group is exposed to external and internal risk factors. The companies are heavily dependent on passenger numbers which are impacted by the Covid recovery but also other external risk factors such as regulatory, economic, and competitor activity. Under the terms of the Services Agreement, the Group falls under the regulation of the Department for Transport, and the Office of Rail and Road. Laws and regulations are subject to alteration and amendment and the costs of compliance with new legislation and regulations may have an adverse impact on the Group's financial performance. To mitigate the risk from such changes the Group proactively engages with both Government and railway groups.

Internal risks include failure of internal controls and industrial disputes. The Group operates established formal and robust internal processes to ensure systems and controls are operating effectively, and that the quality and integrity of information provided to it is reliable, enabling Directors to monitor and challenge the performance of the Group, and make informed decisions. The Group also has an established Internal Audit programme within each TOC which has been developed through a risk based analysis of our operations. Our Internal Audit teams aim to be at the forefront of strategic and technological developments throughout the business and deal with emerging risks as they arise so that, as a business, we can respond to these as effectively as possible.

The retention and recruitment of key personnel is essential to ensure the Group has the correct level of expertise and industry knowledge. To mitigate this risk, the Group undertakes efficiency and effectiveness reviews to optimise organisational design and secure a sound base for development of future workforce capability.

By order of the Board



Robin Gisby
CEO
21 July 2021

The Directors present their annual report, business review and the audited consolidated financial statements for the year ended 31 March 2021.

History and background

DOHL ("the Company") is a non-departmental government entity which was incorporated on 30th January 2010 by the Secretary of State for Transport. Its principal activity is the management and support of train companies and rolling stock that are returned to temporary public ownership. At the beginning of 1 April 2020, DOHL had two wholly owned Train Operating Companies (TOCs), London North Eastern Railway Limited (LNER) and Northern Trains Limited (NTL) and a rolling stock rental company, Train Fleet Limited (2019) (TF19).

The Company is wholly owned by the Secretary of State for Transport. In additions to the two TOCs and TF19, the Company also owns a number of other companies although none had any significant trading activity.

Trading entities within the Group are LNER, NTL and TF19. A full list of subsidiaries is shown in note 13 of the financial statements.

PRINCIPAL ACTIVITIES

The principal activity of DOHL is as a holding company on behalf of DfT for franchised train operations that are moved into government ownership in accordance with Section 30 of the Railways Act 1993. DOHL facilitates the ownership transfer and then provides good governance, support and direction to the operating companies under its control whilst in the Secretary of State for Transport's ownership.

The principal activity of London North Eastern Railway Limited and Northern Trains Limited is the provision of passenger services. Train Fleet (2019) Limited principal activity is the rental of trains, passenger train rolling stock.

The non operational subsidiary companies were formed in readiness to facilitates the ownership transfer of a TOC if it were to move into government ownership under DOHL's the role as the "Operator of Last Resort".

Results and dividend

The Group's reported financial performance for the year ended 31 March 2021 shows a profit after tax of £9.3m (2020: £9m loss). During 2019-2020 an impairment on TF19 Class 365 fleet resulted in a £11m loss in that entity. The financial performance is reported in these financial statements split between continued and discontinued operations.

The Directors do not propose a dividend for the year, (2020: £nil). The Company did not receive any dividends during the year (2020: £40m received from LNER).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed below:

Non-Executive Chairman	Richard George	
Chief Executive; Accounting Officer for Train Fleet (2019) Ltd	Robin Gisby	
Executive Finance Director	Richard Harrison	
Non-Executive Directors	David Bennett	appointed 22 June 2016, resigned 04 June 2021
	Tim Buxton	
	Chris Gibb	
	John Macquarrie	appointed 04 June 2021

Company Secretary

The Company Secretary in office during the year and up to the date of signing the financial statements:

Richard Harrison

Directors' attendance at board meetings

The Directors' attendance at Board meetings from 1 March 2020 to 31 March 2021 was as follows:

	Attended	Invited
Richard George	12	12
Robin Gisby	12	12
Richard Harrison	12	12
Tim Buxton	12	12
Dave Bennett	11	12
Chris Gibb	12	12

Code of Conduct

A DOHL Board Operating Framework is in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance. There is a code of practice for all DOHL Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies and with the rules relating to the use of public funds and conflicts of interest. A code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies.

Together they ensure there is no misuse of information gained in the course of their public service for personal gain or for political profit, nor the opportunity to use public service to promote their private interests or those of connected persons or organisations. Directors must comply with the Board's rules on acceptance of gifts and hospitality, business appointments and to act in good faith and in the best interests of the Group.

Procedures are regularly reviewed to comply with any legal, regulatory and best practice requirements. They apply and are briefed to all employees and interim workers, regardless of seniority or function to ensure an understanding of the requirements placed upon individuals. Any departure from the applicable code can result in disciplinary actions.

Conflict of interest

Procedures are in place to ensure Directors comply with their duties in relation to conflicts of interest. Board Directors are obliged to provide details of any direct or indirect interests that conflict with, or may conflict with, the Company's interests. At the start of every Board meeting the Chair asks for any interests to be declared.

Employees' wellbeing

We want to create an environment where our people are engaged and have the opportunity to reach their full potential. To do this it is important we are aware of and care for our teams' wellbeing. A key part of this is supporting and engaging colleagues on their physical and mental health, including an in-house team of clinical employees and health and wellbeing specialists. This has been a key focus especially during the Covid pandemic.

Employee engagement is measured by annual engagement surveys and periodic Net Advocacy Score (NAS), allowing the teams to take immediate action and monitor when interventions are working. In the new year, our TOCs will be introducing a listening platform, utilising new technology to assist in understanding what our employees have to say.

Recognising the value serving personnel, reservists, veterans and military families bring to the business, LNER signed up to an Armed Forces Covenant. This leads to supporting employees who choose to be members of the Reserve forces and being flexible to accommodate their deployment and training needs.

All our team members have access to an Employee Assistance Programme (EAP) which provides information, advice, training and services to help them deal with events and issues in their work and personal lives, such as legal advice to help with family health issues.

Customer, Stakeholders and Business partners relationships

To enrich business relationships with key business partners (e.g. Network Rail) and suppliers to create value, drive economic growth and deliver a trusted and reliable service for our customers is a key principle. The Group keeps the business aligned with customer expectations through several means, from regularly capturing customer and stakeholder insight to having dedicated customer insight teams and community partnerships.

Guided by dedicated customer insight teams and using the latest survey tools, our train companies capture and monitor their customers Net Advocacy Score. These insights are used to develop and maintain a culture of continuous improvement addressing and implementing changes that have a positive impact on the customer journey, drive modal shift and ensure that the voice of the customer is embedded within and at the heart of every business decision.

The Group's regular engagement with stakeholders in the community, promotes the channels and flow of communications, enabling the Group to work alongside the community and understand where best we can add value. From political representatives to local authorities and Chambers of Commerce, our TOCs continue to run a calendar of regular engagement sessions. These include the Rail North Committee, the Consortium of East Coast Main Line Authorities (ECMA), a cross-party group of councils, Combined Authorities and Scottish Regional Transport Partnerships. 'LNER Future Labs' programme works with start-ups and Small and Medium sized Enterprises (SMEs) to help solve business challenges and stimulate innovative thinking to keep ahead of the industry. The joint 'Analytics Community' encompassing NTL's and LNER's Tableau and Alteryx users in now live, bringing synergies across the Group.

The Group's relationship with Network Rail (NR) continues to strengthen, including the East Coast Partnership which will oversee the £1.2bm East Coast Upgrade programme of Network Rail infrastructure improvements on LNER's routes. The Partnership permits opportunity to align objectives. It also promotes lessons learned to be passed onto NTL and NR's North West, North and East and East Coast routes. Collaboration can be seen at the Railway Efficiency Board which includes representatives from train operators including NTL and Network Rails North West & Central region working as one team to implement ways to be more efficient while improving service for the benefit of the customers.

Political donations

There were no political donations made in the year.

Community Engagement

A total of £24,950 of charitable donations was made across the Group (not including Customer and Community funds). In addition to charitable donations the Group has shown support to their community by being involved in charitable projects such as:

- Life in Colour, a mental health and wellbeing project which produced a video to be shown in schools to generate conversations about mental health.
- HenPower offers older people accessible and creative activities. The aim is to improve older people's lives by reducing social isolation, anxiety and depression.
- As part of their Social Enterprise programme 'Our Time' women artists, residents of HMP, were commissioned to create pieces of wall art during Covid lockdown while being in their room for 23 out of 24 hours. The programme is funded by the Michael Varah Memorial fund, a charity that creates projects to support vulnerable and marginalised people.
- Campaign Against Living Miserably (CALM), LNER's charity partner and their work to prevent suicide.
- Over 7,000 volunteering hours by employees across the Group

Sustainability Reporting

By delivering our strategic objectives we will deliver value for money to our key stakeholders in a safe environment where people feel valued and where we can promote sustainable growth without compromising the ability of future generations to meet their needs.

Being a responsible business underpins the Group's business values, which include managing our impact on the environment. In accordance with the Limited Liability Partnerships (Energy and Carbon Report) Regulations SI 2018/1155, the performance for LNER and NTL's for the period 1 April 2020 to the 31 March 2021 is summarised below. The prior year comparison reflects NTL's 31 days of trading 1 to 31 March 2020. No other group companies have any significant impacts on these metrics.

Data has been collected and emission calculated in accordance with the Green House Gas Protocol Corporate Accounting and Reporting Standard (GHG scope 1-3 emissions).

	Scope	**Total* 2021**	**Carbon tCO2e 2021**	Total* 2020	Carbon tCO2e 2020
Energy					
Total gas kwh	1				
LNER		**4,541,151**	**944**	4,117,459	855
NTL		**10,875,373**	**2,260**	1,351,916	249
		15,416,524	**3,204**	5,469,375	1,104
Traction diesel (litres)	1				
LNER		**3,277,347**	**11,111**	21,019,909	70,977
NTL		**38,559,724**	**130,729**	3,799,731	12,882
		41,837,071	**141,840**	24,819,640	83,859
Total non-traction electricity kwh	2				
LNER		**9,943,554**	**2,865**	13,167,026	4,161
NTL		**22,335,956**	**6,436**	2,322,081	734
		32,279,510	**9,301**	15,489,107	4,895

	Scope	**Total* 2020**	**Carbon tCO2e 2020**	Total* 2020	Carbon tCO2e 2020
Traction electricity (EC4T) kwh	2				
LNER		**274,627,256**	**79,128**	331,512,123	104,751
NTL		**127,017,103**	**36,597**	10,206,794	2,941
		401,644,359	**115,725**	341,718,917	107,692
Mileage claims personal vehicles (miles)	3				
LNER		**24,590**	**8****	17,940	6**
NTL		**303,539**	**85****	3,439	1**
		328,129	**93****	21,379	7**
Other environmental parameters					
Total water (m3)	3				
LNER		**84,121**	**n/a**	108,693	n/a
NTL		**226,936**	**n/a**	26,471	n/a
		311,057	**n/a**	135,164	n/a
Waste % recycled	3				
LNER		**67%**	**n/a**	51%	n/a
NTL		**77%**	**n/a**	71%	n/a
Intensity ratios					
Carbon emissions per £million turnover					
LNER		**n/a**	**127**	n/a	216
NTL		**n/a**	**199**	n/a	224

*This data includes estimates,

** Carbon conversion has been calculated from the primary unit in which the data was collected.

Our TOCs have maintained certification to ISO14001 and ISO50001 environmental and energy management systems standards. We are aware of the environmental risks posed by both the maintenance and operation of our trains and these sites and activities are regularly audited.

Whilst the Covid pandemic has actually had a helpful impact to the TOCs energy and environment performance, several initiatives were introduced and other events amplified the improvement.

- Modern electric and bi-mode Azuma replaced LNER's old diesel High Speed Trains (HST), resulting in diesel consumption dramatically dropping.
- The tragic Stonehaven derailment which led to prolonged cancellation of LNER's Edinburgh/Aberdeen northbound services (between 12 August to 2 November), also contributed to the reduction in diesel.
- LNER's replacement of diesel generator units with batteries.
- NTL's completion of their LED light installation programme across its network.
- Various energy saving initiatives at NTL's engineering locations, such as energy sub-metering to identify high energy consuming areas.
- LNER's discontinuous electrification studies and drivers and traffic advisory systems to optimise train movement.
- NTL's water logger installation programme, identifying consumption issues as and when they happen and subsequently addressing the fault in a timely manner.
- NTL's standardised waste management approach across its engineering depots to improve.
- The closure of tenant outlets meant stations' and customers' waste reduce and the separation of food and glass recycling improved.
- Installed water refill points at NTL stations to reduce plastic bottles waste.

Gas consumption increased in the year at managed locations linked to the requirement to have windows opened to provided additional Covid ventilation during the cold winter.

Going forward, LNER continues with its solar PV feasibility study at Darlington Station and agreed a renewable electricity and gas supply for its managed locations. Northern plans include pollution prevention, focusing on engineering depot locations to ascertain the integrity of assets and to put in place plans to ensure pollution risk is adequately controlled.

Going Concern

Whilst the Directors note that since the onset of Covid revenue has declined across the two passenger rail subsidiaries, because of restrictions on travel, the Group's profit before interest and tax is in line with expectations. The directors believe the Group is a Going Concern for the following reasons.

Within our subsidiaries, both LNER and NTL have Services Agreement with the DfT where the contracted subsidy/premium payments from / to the DfT reflect the revenue and costs in the business. Under these agreement DfT is taking the revenue and cost risk resulting from Covid and guarantees a specified profit margin in accordance with the service agreement. LNER's service agreement runs until 24 June 2023, NTL's service agreement is to be extended to at least 1 March 2024.

DOHL is wholly owned by the Secretary of State for Transport and is underwritten by the financial security of the UK government. The Secretary of State has set up the Company in connection with the exercise of his statutory duties. In addition to the guaranteed profit margin under the service agreement for the Company's TOCs, a Funding Deed exists between the Company and Secretary of State whereby a loan facility of £500m has been provided to the Company. The facility term ends six months after all termination of all the Services Agreements. The TF19 portion of the facility, £160m will end six months after the Class 365 units are sold. At the year end the Company has drawn down £102.1m.

The rail industry plays a critical part in the recovery of the country from the Covid pandemic, economically and socially. Statements from the Government such as "The continued operation of both passenger and freight transport is critically important to our resilience as a country" at the onset of the pandemic and other similar subsequent statements underline the importance of rail to the UK recovery.

Train Fleet (2019) Limited had a net liability at 31 March 2021 of £0.4m (2020: £0.8m net liability). TF19's options to sell the fleet of trains was exercised prior to of signing these accounts and the sale of the fleet took place on 1 July 2020. The repayment of the loan to DOHL has also taken place since the financial year end. TF19 has access to additional financial resources from its parent company if required. After the sale TF19 has net cash with no debt. This position is expected to continue.

Through the Oversight Committee and other communications, the Directors remain in ongoing dialogue with representatives from the Department for Transport about the future of the Company.

Accordingly, the financial statements have been prepared on the going concern basis.

Indemnification of Directors and Officers

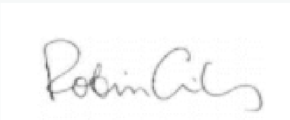
The Company maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against the Directors of the Group. The Company has indemnified each of the Company's directors and other officers of the Group against certain liabilities that may be incurred as a result of their offices.

Directors' statement of disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' Report confirm that insofar as the Directors are aware, there is no relevant audit information (as defined in section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and they have taken all the steps required of them as directors in order to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

In accordance with DOHL's Framework Agreement, the Comptroller & Auditor General (C&AG) at the National Audit Office, shall be invited to act as the external Statutory Auditor for the Group. In the event the C&AG declines, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act.

The financial statements on pages 33 to 70 were approved by the Board of Directors on 20 July 2021 and signed on its behalf by



Robin Gisby
CEO
21 July 2021

STATEMENT OF DIRECTORS' AND ACCOUNTING OFFICERS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 group and company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS).

In addition to company law and IFRSs, the Directors and Accounting officer must adhere to the reporting requirements set out in the Government Financial Reporting Manual 2020-21 (FReM) as issued by HM Treasury, to the extent that the FReM is consistent 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 group and company and of the profit or loss of the group and 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 applicable 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 group and company will continue in business.

The Directors and Accounting Officer are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' and Accounting Officer's confirmations

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

- so far as the director is aware, there is no relevant audit information of which the group's and 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 group's and company's auditors are aware of that information

CORPORATE GOVERNANCE

In alignment with the Government Financial Reporting Manual 2020-21, the Company ensures a governance statement is in place. This Corporate Governance Report is intended to provide an understanding of the Company and Group's governance procedures and demonstrate how the Company and Group seek to adhere to the principles of good corporate governance where appropriate for their size and operation. The Governance statement with reference and guidance from the "International Framework: Good Governance in the Public Sector" (CIPFA 2014). was applied to the Company and Group during the financial year and will continue to be relevant for the forthcoming financial year.

DOHL's vision is to provide strong, independent governance, leadership and guidance to its subsidiaries. It also aims to be a key strategic influencer promoting "whole system" working in the rail industry through the period of Industry Reform.

In addition to a more detailed statement of Vision and Values, the Governance Statement sets out the principles by which the Company, its officers and employees should conduct business. These principles were endorsed at the Board and will be re-affirmed or amended on an annual basis.

The Governance Statement addresses seven core principles.

- Visible demonstration of ethical values
- Open stakeholder engagement
- Defining Outcomes that are economically, socially and environmentally sustainable
- Clear interventions when required
- Development of people and an open culture
- Strong Internal controls and Risk Management
- Transparency and Accountability

The Board has assessed its strengths and weaknesses in these areas and set itself improvement actions. In future external input will be sought to gain best practice from other organisations

The Board of Directors

During the year, the Board consisted of the Non-Executive Chairman, two Executive Directors being the Chief Executive Officer and the Chief Financial Officer together with three further Non-Executive Directors. The Board usually meets every four weeks and is responsible for monitoring the operational and financial performance of the Company and its subsidiary companies, reviewing progress against the Company's budgets and setting and reviewing its business plans.

The Board of the Company met on twelve occasions in the period from 1 April 2020 to 31 March 2021. Details of the Directors' attendance at each of these meetings can be found in the Directors' report on page 18.

The Directors are satisfied that the current Board has the breadth of business, financial and operational experience necessary to effectively manage an organisation of the size and type of the Company.

Information and Board development

The Board receives detailed briefing papers and reports on the business to be conducted at each meeting in advance of the meeting. These papers are provided in advance to allow appropriate time for members of the board to review and challenge the data used in the papers and reports discussed at each meeting. Each briefing paper and report are prepared by the appropriate individual who is responsible for the relevant area of the business.

All Directors have access to the advice and services of the Company Secretary who, if necessary, has access to external legal advice. Board and other meetings are attended by specialist external company secretarial support. Each Director can, if necessary, seek independent professional advice at the Company's expense in the furtherance of their duties.

Directors receive induction training on appointment to the Board, which is tailored to their individual needs and experience, and are offered further specialist advice as they may require. Information is provided to Directors on their responsibilities, regulations and legal obligations.

As part of development of the Company, members of the Board have met and continue to meet a range of key officials from within the Department for Transport and broader stakeholders.

Framework Agreement and Oversight Committee

A Framework Agreement exists between the Company and the Department for Transport which sets out the broad framework within which the Company will operate. The document does not though create legally valid, binding and enforceable obligations on the parties. The Company's responsibilities include providing stewardship and oversight of and managing the mobilisation of the Company and any other operating company established in connection with the Secretary of State for Transport exercising their duties under Section 30 of the Railways Act.

As part of the requirements of the Framework Agreement, an Oversight Committee meeting is held normally on a four weekly basis and chaired by a senior representative from the DfT.

Audit and Risk Committee

The Audit and Risk Committee is chaired by Claire Bullen an independent individual with appropriate expertise. Richard George (non-executive Chair) Tim Buxton and Chris Gibb (all non-executive Directors) are members of the Committee, and Robin Gisby (Chief Executive Officer) and Richard Harrison (Chief Financial Officer) also attend meetings of this Committee when appropriate.

Under its terms of reference, the committee keeps under review the Company's internal and external financial statements and reports to ensure that they reflect best practice.

The committee ensures that the internal audit function has appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards, and that it has adequate standing within the Company. It considers audit reports on the Company from the internal auditors and reviews and monitors management's responsiveness to the findings and recommendations.

The committee is responsible for making recommendations to the Board in respect of the appointment and re-appointment of the Company's external auditors and recommends to the Board the audit fee to be paid to the external auditors.

Remuneration Committee

The Group Remuneration Committee is chaired by Richard George and includes the Non-Executive Directors. The Executive Directors attend as required. Details of the committee's activities along with the Remuneration and staff report can be found on page 27.

Directors and their Interests

The current Directors of the DOHL Board are listed on page 18. A Register of Directors' Interests is maintained by the Company Secretary through whom public inspection can be arranged. None of the Directors have any interests, such as shares in the companies within the Group.

Financial reporting

The Directors have a commitment to best practice in the Company's financial reporting and systems. A statement of the Directors' and Accounting Officers' Responsibilities in respect of the financial statements may be found on page 24.

Directors' and Officers' liability insurance

The Company has Directors' and Officers' liability insurance cover in place as permitted by the Companies Act 2006.

Financial Risk Management

The Board is continually reviewing the exposure to liquidity and cash flow risk. For the year ended 31 March 2021 the Company's risk management controls operated well and the Company was not exposed to any significant risk in these areas.

Internal controls and risk management

The Board is also responsible for maintaining a sound system of internal control that supports the achievement of the Group's goals and objectives. Internal Controls and governance have been reviewed by the Government Internal Audit Agency during the year and will continue to be reviewed. The key risks and uncertainties of the Group are noted in the Strategic Report on page 15 and the Board is satisfied that these are being satisfactorily managed. There have been no ministerial directions given, or any significant lapses of protective security in the year.

REMUNERATION AND STAFF REPORT

The remuneration policies and practices give due weight to proper management and use and utilisation of public resources, it ensures greater alignment between risk and individual reward, discourage excessive risk taking and short-termism, encourage more effective risk management and support positive behaviours and strong and appropriate conduct culture within the company.

Directors

The remuneration related to the financial year 1 April 2020 to 31 March 2021 is as follows.:

	Salary/fees	**Pension and other benefits**	**Year ended 31 March 2021**	Period ended 31 March 2020
	£'000	**£'000**	**£'000**	£'000
Robin Gisby	206	-	**206**	195
Richard Harrison	187	-	**187**	175
Richard George	187	-	**187**	173
Tim Buxton	78	-	**78**	129
David Bennett	-	-	**-**	-
Chris Gibb	60	-	**60**	7
	718	**-**	**718**	**679**

The Directors do not participate in a bonus incentive scheme.

Employees

A culture of inclusion is important to the Group and we continue to work hard to address any discrepancies and ensure we have a diverse workforce reflective of the customers and communities we serve. The Group works to promote an environment of equal opportunity and one free from discrimination in which no employee receives less favourable treatment. We are committed to; improving gender balance, BAME diversity, our ethnicity demographic and reducing any gender pay gap within our workforce. We are also committed to the development of our people. Some of the steps towards improving these key areas include;

- Inspiring the next generation by raising awareness of the career opportunities available through our partnerships with schools.
- Developing talent by creating opportunities for new roles and upskilling our existing workforce through our Apprenticeship Programme.
- Working collaboratively with our Inclusion Network and Trade Union colleagues to make our polices and ways of working more inclusive to create a great place to work.
- Introducing technology and processes to remove both conscious and unconscious bias from the recruitment processes.

We continue to strive to build a diverse organisation.

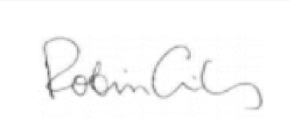
Diversity index	**LNER 2021**	LNER 2020	**NTL 2021**	NTL 2020	**DOHL 2021**	DOHL 2020
Headcount	**3,215**	3,226	**6,759**	6,348	**10**	7
Diversity (male)	**58.0%**	58.0%	**81.4%**	82.5%	**70.0%**	57.1%
Diversity (female)	**42.0%**	42.0%	**18.6%**	17.5%	**30.0%**	42.9%
Diversity BAME*	**8.6%**	7.9%	**4.7%**	4.4%	**30.0%**	42.9%

*Representation for colleagues that identify as Black, Asian, and Minority Ethnic (BAME)

Driving an inclusive culture comes from the top. LNER has introduced an Executive Director sponsoring initiative. These Executive sponsors will be sponsoring each diversity strand, working within a reverse mentoring relationship to build awareness of genuine barriers that exist and using their influence to make changes. In the year NTL was awarded the silver Investors in People award, while LNER achieved the bronze Inclusive Employers' Standard.

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, the Group provides continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

DOHL's subsidiaries work together to share best practice, knowledge and benefits from the synergies of the Group.



Robin Gisby
CEO
21 July 2021

Independent auditors' report to the members of DfT OLR Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, DfT OLR Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2021 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 and Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and the Company Statement of Financial Position as at 31 March 2021; the Consolidated Income statement and Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity 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 group 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 group's and 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 group's and 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.

Independent auditors' report to the members of DfT OLR Holdings Limited (continued)

Reporting on other information (continued)

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 2021 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 group and company and their 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' and accounting officers' 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 group's and 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 group or 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 to the members of DfT OLR Holdings Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, breaches of health and safety regulations under the Health and Safety at Work etc. Act 1974 and non-compliance with tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 manual journal entries to manipulate financial performance and management bias in determining significant accounting estimates. Audit procedures performed by the engagement team included:

- Review of minutes, claims register and claims provision in respect of actual and potential claims and enquiry of management regarding any unprovided claims;
- Obtaining supporting evidence for the significant assumptions and judgements made by management, particularly in respect of pensions accounting and measurement of lease liabilities;
- Identifying and testing journal entries on a sample basis, in particular those used to recognise revenue;
- Tests of details on a sample basis over operating expenses and tax computations; and
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

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 company financial statements are not in agreement with the accounting records and returns.

Independent auditors' report to the members of DfT OLR Holdings Limited (continued)

Companies Act 2006 exception reporting (continued)

We have no exceptions to report arising from this responsibility.

Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
21 July 2021

	Note	2021 £000	Restated 2020 £000
Continuing operations			
Revenue			
Passenger revenue	2	**180,211**	799,782
Other revenue	2	**1,440,887**	113,371
Total Revenue		**1,621,098**	913,153
Other operating costs	3	**(1,574,826)**	(895,952)
Operating profit		**46,272**	17,201
Finance income	6	**2,068**	885
Finance and similar charges	6	**(37,839)**	(10,296)
Profit before taxation		**10,501**	7,790
Tax on profit	8	**(3,310)**	(1,077)
Profit for the financial year from continuing operations		**7,191**	6,713
Discontinued operations			
Profit/(Loss) from Discontinued Operations	9	**2,132**	(15,723)
Profit/(Loss) for the financial year		**9,323**	(9,010)

The income statement has been prepared on the bases that continuing operations and discontinued operations are separately disclosed. The sale of Train Fleet (2019) Class 365 fleet on 1 July 2021 has resulted in the entity's financial performance presented as a discontinued operation. The prior year is restated to differentiate between the two operations.

As permitted by Section 408 of the Companies Act 2006, The Company has not presented its own income statement. The profit of the Company for the financial year was £1,631,000 (2020: loss of £36,000) before dividends.

The accompanying notes form an integral part of this income statement.

Consolidated Statement of Other Comprehensive Income

For the year ended 31 March 2021

	Note	**2021** **£000**	Restated 2020 £000
Profit from continuing operations		**7,191**	6,713
Profit/(Loss) from discontinued operations		**2,132**	(15,723)
Profit/(Loss) for the year		**9,323**	(9,010)
Items that will not be reclassified to profit or (loss):			
Actuarial gain on retirement benefit obligations	23	**139,360**	24,528
Deferred tax defined benefit pension on actuarial in the current year	8	**(26,478)**	(4,661)
Total items that will not be reclassified to profit		**112,882**	19,867
Total comprehensive profit for the year		**122,205**	10,857

DfT OLR Holdings Limited, company number 07141122
Consolidated Statement of Financial Position
As at 31 March 2021

	Note	**2021** £000	Restated 2020 £000
ASSETS			
Non-current assets			
Intangible assets	10	**25,020**	23,466
Tangible assets	11	**637,078**	636,861
Investments	13	**-**	-
Retirement benefit asset (net)	23	**184,004**	80,737
		846,102	741,064
Current assets			
Inventories	14	**7,518**	8,716
Trade and other receivables: amounts due within one year	15	**68,514**	114,149
Assets held for sale	12	**92,800**	-
Cash at bank and in hand		**201,286**	229,126
		370,118	351,991
Total assets		**1,216,220**	1,093,055
LIABILITIES			
Current liabilities			
Trade and other payables	16	**(571,280)**	(645,887)
Non-current liabilities			
Trade and other payables	16	**(361,078)**	(305,229)
Provisions for liabilities	17	**(35,700)**	(15,982)
		(396,778)	(321,211)
Total liabilities		**(968,058)**	(967,098)
Net assets		**248,162**	125,957
EQUITY			
Ordinary share capital	19	**-**	-
Capital contribution	20	**73,853**	73,853
Retained earnings	20	**174,309**	52,104
Total shareholders' funds		**248,162**	125,957

The accompanying notes form an integral part of this statement of financial position. The financial statements on pages 33 to 70 were approved by the board of Directors on 20 July 2021 and were signed on its behalf by:

Robin Gisby

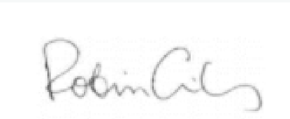
CEO

21 July 2021

DfT OLR Holdings Limited, company number 07141122
Company Statement of Financial Position
As at 31 March 2021

	Note	**2021**	2020
		£000	£000
ASSETS			
Non-current assets			
Intangible assets	9	**10**	-
Tangible assets	10	**7**	13
Investments	11	**207,015**	85,994
		207,032	86,007
Current assets			
Trade and other receivables: amounts due within one year	15	**103,961**	134,484
Cash at bank and in hand		**55,348**	102,541
		159,309	237,025
Total assets		**366,341**	232,032
LIABILITIES			
Current liabilities			
Trade and other payables	16	**(117,733)**	(197,075)
Total liabilities		**(117,733)**	(197,075)
Net assets		**248,608**	125,957
EQUITY			
Ordinary share capital	17	**-**	-
Capital contribution	18	**16,100**	16,100
Retained earnings		**232,508**	109,857
Total shareholders' funds		**248,608**	125,957

The accompanying notes form an integral part of this statement of financial position. The financial statements on pages 33 to 70 were approved by the board of Directors on 20 July 2021 and were signed on its behalf by:



Robin Gisby

CEO

21 July 2020

Consolidated Statement of Cash Flows

As at 31 March 2021

	Note	2021 £000	Restated 2020 £000
Profit before taxation on continued operation		10,501	7,790
Profit/(Loss) before taxation on discontinued operation	9	2,805	(15,723)
Total Profit/(Loss) before taxation		**13,306**	(7,933)
Adjustments for:			
Depreciation and amortisation	3	**250,335**	117,461
Loss on sale of fixed assets		**156**	2,087
Pension valuation adjustments		**37,961**	11,663
Impairment on fixed assets		**4,736**	11,865
Finance income	6	**(2,014)**	(885)
Interest expense (IFRS16)	22	**37,785**	10,296
Corporation tax paid		**(12,121)**	(9,650)
Interest received		**30**	102
(Increase) in trade and other receivables		**(2,626)**	(13,850)
(Increase) in inventories		**(1,198)**	(6,574)
Increase in trade and other payables		**22,150**	113,499
Capital grants received		**5,727**	1,629
Cash inflow from operating activities		**354,227**	229,710
Proceeds from the sale of fixed assets		**2**	10
Purchase of fixed assets		**(64,834)**	(166,230)
Cash outflow from investing activities		**(64,832)**	(166,220)
Interest paid		**(45)**	-
Payment of lease liabilities	22	**(247,190)**	(96,272)
Funding loan received by parent		**-**	172,074
Funding loan repaid to parent		**(70,000)**	(68)
Grant in aid	20	**-**	16,100
Cash (outflow)/inflow from financing activities		**(317,235)**	91,834
Net cash (outflow)/generated from activities		**(27,840)**	155,324
Net (decrease)/increase in cash and cash equivalents		**(27,840)**	155,324
Cash and cash equivalents at beginning of year		**229,126**	73,802
Cash and cash equivalents at end of year		**201,286**	229,126

The comparative year 2020, has been restated to correct a misclassification of LNER invoices received before the year end but relating to services provided subsequent to the year end (note: 1)

Company Statement of Cash Flows

As at 31 March 2021

	Note	2021 £000	2020 £000
Profit/(Loss) before taxation		**2,027**	(49)
Adjustments for:			
Depreciation and amortisation		**8**	7
Finance income		**(1,940)**	(419)
Corporation tax paid		**(535)**	-
Interest received		**1,940**	1,473
(Increase) in trade and other receivables		**(24,836)**	(12,347)
(Decrease)/Increase in trade and other payables		**(9,340)**	20,250
Working Capital - subsidiary funding inflow/(outflow)		**55,495**	(157,765)
Cash inflow/(outflow) from operating activities		**22,819**	(148,850)
Dividend received	7	**-**	40,000
Purchase of fixed assets		**(12)**	(3)
Purchase of ordinary shares	20	**-**	(16,100)
Cash (outflow)/inflow from investing activities		**(12)**	23,897
Interest Paid		**-**	(1,055)
Funding loan received by parent		**-**	172,074
Funding loan repaid to parent		**(70,000)**	(68)
Grant in aid	20	**-**	16,100
Cash (outflow)/inflow from financing activities		**(70,000)**	187,051
Net cash generated from activities		**(47,193)**	62,098
Net (decrease)/increase in cash and cash equivalents		**(47,193)**	62,098
Cash and cash equivalents at beginning of year		**102,541**	40,443
Cash and cash equivalents at end of year		**55,348**	102,541

	Ordinary share capital	Capital contribution	Retained earnings	Total shareholder funds
	£000	£000	£000	£000
As at 31 March 2019	**-**	**26,681**	**41,247**	**67,928**
Loss for the year	-	-	(9,010)	(9,010)
Other comprehensive income for the year	-	-	19,867	19,867
Total comprehensive profit for the year	-	-	10,857	10,857
Grant in aid (note: 20)	-	16,100	-	16,100
Net defined benefit asset transferred in	-	39,154	-	39,154
Deferred tax on defined benefit pension transferred in	-	(8,082)	-	(8,082)
As at 31 March 2020	**-**	**73,853**	**52,104**	**125,957**
Profit for the year	-	-	9,323	**9,323**
Other comprehensive income for the year	-	-	112,882	**112,882**
Total comprehensive profit for the year	**-**	**-**	**122,205**	**122,205**
As at 31 March 2021	**-**	**73,853**	**174,309**	**248,162**

Company Statement of Changes in Equity

As at 31 March 2021

	Ordinary share capital	Capital Contribution	Retained earnings	Total shareholder funds
	£000	£000	£000	£000
As at 31 March 2019	**-**	**-**	**67,928**	**67,928**
Loss for the year	-	-	(36)	(36)
Other comprehensive income for the year	-	-	41,965	41,965
Total comprehensive profit for the year	-	-	41,929	41,929
Grant in aid (note: 20)	-	16,100	-	16,100
As at 31 March 2020	**-**	**16,100**	**109,857**	**125,957**
Profit for the year	-	**-**	1,631	**1,631**
Other comprehensive income for the year	-	**-**	121,020	**121,020**
Total comprehensive profit for the year	**-**	**-**	**122,651**	**122,651**
As at 31 March 2021	**-**	**16,100**	**232,508**	**248,608**

1 Accounting policies

The Company is a private limited company limited by shares and registered in England. The address of The Company's registered office is shown on page 3 and a description of the Company's principal activities are set out on page 16.

The principal accounting policies are set out below.

a) Basis of Preparation

Whilst the Directors note that since the onset of Covid revenue has declined across the two passenger rail subsidiaries, because of restrictions on travel, the Group's profit before interest and tax is in line with expectations. The directors believe the Group is a Going Concern for the following reasons.

Within our subsidiaries, both LNER and NTL have Services Agreement with the DfT where the contracted subsidy/premium payments from / to the DfT reflect the revenue and costs in the business. Under these agreement DfT is taking the revenue and cost risk resulting from Covid and guarantees a specified profit margin in accordance with the service agreement. LNER's service agreement runs until 24 June 2023, NTL's service agreement is to be extended to at least 1 March 2024.

DOHL is wholly owned by the Secretary of State for Transport and is underwritten by the financial security of the UK government. The Secretary of State has set up the Company in connection with the exercise of his statutory duties. In addition to the guaranteed profit margin under the service agreement for the Company's TOCs, a Funding Deed exists between the Company and Secretary of State whereby a loan facility of £500m has been provided to the Company. The facility term ends six months after all termination of all the Services Agreements. The TF19 portion of the facility, £160m will end six months after the Class 365 units are sold. At the year end the Company has drawn down £102.1m.

The rail industry plays a critical part in the recovery of the country from the Covid pandemic, economically and socially. Statements from the Government such as "The continued operation of both passenger and freight transport is critically important to our resilience as a country" at the onset of the pandemic and other similar subsequent statements underline the importance of rail to the UK recovery.

Train Fleet (2019) Limited had a net liability at 31 March 2021 of £0.4m (2020: £0.8m net liability). TF19's options to sell the fleet of trains was exercised prior to of signing these accounts and the sale of the fleet took place on 1 July 2020. The repayment of the loan to DOHL has also taken place since the financial year end. TF19 has access to additional financial resources from its parent company if required. After the sale TF19 has net cash with no debt. This position is expected to continue.

Through the Oversight Committee and other communications, the Directors remain in ongoing dialogue with representatives from the Department for Transport about the future of the Company.

Accordingly, the financial statements have been prepared on the going concern basis.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS) and the Government Financial Reporting Manual 2020-21 (FReM). The Company has adopted and interpreted the FReM, as issued by HM Treasury, to the extent that the FReM is consistent with the requirements of the Companies Act 2006

Where there is a choice of accounting policy, the one judged to be most appropriate to the particular circumstances of the Company for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Company are described below. They have been applied consistently to items that are considered material to the accounts. The

1 Accounting policies (continued)

Company has taken advantage of the exemption available under section 408 of Chapter 4 of Part 15 of the Companies Act to omit the Company's individual profit and loss account and only report the group profit and loss account.

b) Business Combinations

During the Financial year 2020-2021 DfT OLR Holdings Limited (DOHL) seven additional companies were incorporated, which as at the 31 March remained dormant.

- Railway West Coast Limited
- GA Trains Limited
- Transpennine Trains Limited
- Chiltern Rail Limited
- WM Trains Limited
- Midlands East Trains Limited
- Thameslink Southern Great Northern Limited

All seven entities are wholly owned by DfT OLR Holding limited (parent) and together with the other entities listed in note 13, and DfT OLR Holdings Limited, forms the "Group". The consolidated accounts are prepared using the business combinations, purchase method. Measuring the aggregated costs and allocations of the Group assets, liabilities are based on their aggregated fair values.

c) Revenue

i) Passenger Rail Services

Passenger income represents amounts agreed as attributed to LNER and NTL by the income allocation systems of the Rail Settlement Plan Limited (RSP), mainly in respect of passenger receipts. Income is attributed based principally on models of certain aspects of passengers' travel patterns and, to a lesser extent, from allocations agreed for specific revenue flows. The attributed share of season ticket income can involve some estimation for example revenue is deferred within creditors and released to the income statement over the year of the relevant season ticket.

Tickets to travel on a train operating company's services can be sold by other train operating companies as well as other travel retailers. Furthermore, certain tickets for train travel can be sold which provide the holder with a choice of train operators to travel with. In light of those factors, passenger income includes amounts receivable from individuals or groups of individuals to travel on UK rail services that is attributed to train operating companies by the RSP. RSP administers the income allocation system within the UK rail industry and allocates revenue to operators principally on agreed models of route usage.

Procedures exist to allow operators to challenge the appropriateness of revenue allocation where the revenue allocated to LNER and NTL is subsequently adjusted, the effect of the adjustment is recognised in the income statement in the period in which we are made aware of it. Where an adjustment results in additional revenue being attributed to LNER and NTL, the additional revenue is recognised when the amount of revenue can be reliably estimated and it is highly probable that the economic benefits will flow to LNER or NTL.

Delay Repay customer compensation, which is compensation paid to customers who have experienced a delay of more than 30 minutes for LNER and 15 minutes for NTL on their journey, is treated as a reduction in passenger income rather than as an operating cost in line with IFRS 15 Revenue from Contracts with Customers.

Other revenue income is generated in the course of the Company's ordinary activities and is derived from ticket commissions, car park income, station trading income, catering sales, depot and station access payments and the provision

2 Accounting policies (continued)

of goods or services to other train operating companies and excludes VAT. Revenue is recognised when a customer obtains control of goods or services and has the ability to direct the use and obtain the benefits from the goods or services.

Revenue from services is recognised on the basis of agreed rates and is recognised over time over the period the services are rendered. Commission income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Deferred revenue is generated when passengers purchase tickets for travel in future financial periods. This is then released in the same financial period as the travel. The value of the deferred income is reported through the income allocation system detail.

ii) Train Rental

Revenue recognised from the rental income received from the operating leasing of the Train Fleet (2019) Limited's fleet of trains is credited to the income statement on a straight-line basis over the period of the lease.

d) Fixed service payments

Where a service agreement is in place with the Department for Transport (DfT), 'Fixed service payments' are either received from or made to the DfT and are recognised on an accrual basis. Where a service agreement subsidy is stated in the service agreement from the DfT, income is recognised in revenue. Service agreement premium payments are recognised as a cost in the business. In line with their service agreement, for financial year 2020-2021, LNER and NTL received a service agreement subsidy.

e) Performance incentive payments

Performance incentive payments received from or made to Network Rail by the rail subsidiaries in respect of rail operational performance are recognised in the same period that the performance relates to and are classified as operating costs.
Accrued income is generated from performance payments made to LNER and NTL by Network Rail which is then settled in a future period. The income is generated when Network Rail take possession of the track to do maintenance work or due to on the day disruption caused by an entity other than LNER or NTL.

f) Taxation

Tax, current and deferred is calculated using tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

Corporation tax is provided on taxable profits or losses at the current rate applicable. Tax charges and credits are accounted for through the same primary statement as the related pre-tax item.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities using the tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date.

g) Deferred tax

Deferred tax is recognised in respect of all material temporary differences that have originated, but not reversed, by the Statement of Financial Position date. Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse.

Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

1 Accounting policies (continued)

h) Discontinued operations

Where a sale of a non-current asset is classified as held for sale and meets the criteria under IFRS 5.32, the sum of the post-tax profit or loss and the post-tax gain or loss of the company's is treated as a discontinued operation, presented as a single amount on the face of the Income Statement and the Statement of Other Comprehensive Income'. Details of revenue, expenses, pre-tax profit or loss and related taxes can be found in note: 9.

During the financial year 2020 – 2021, TF19 served notice to exercise its option to sale its entire Class 365 fleet, TF19 main line of rental income. The units were sold on 1 July 2021, resulting in the company's Property, Plant and Equipment (PPE) being classified as an asset held for sale and its financial performance as a discontinued operation in the Income Statement.

i) Intangible assets

Intangible assets across the Group are shown at their original historic cost net of amortisation and any provision for impairment. Cost includes the original purchase price of the assets and costs attributable to bringing the asset to its working condition for its intended use.

Amortisation of intangible assets is calculated on the straight-line method to write-off the cost of each asset over their expected useful economic lives as follows;

Mobilisation costs	life of service agreement
Software	3 years

Mobilisation costs have been capitalised and amortised over the expected life of the service agreement. These comprise rebranding, marketing, recruitment, media, uniform, system and professional services costs. Amortisation is charged on a straight-line basis over the life of the service agreement and is recorded in operating costs in the Income Statement. Intangible assets acquired separately from a business combination are capitalised at cost.

The need for any impairment write-down is assessed by comparing the carrying value of the asset against the higher of net realisable value and value in use. Where there is no value in use, the asset is valued using depreciated replacement cost.

Assets in the course of construction are not amortised until they are available for use and on completion are transferred to the appropriate asset class. As part of their net assets/liabilities, subsidiaries intangible assets are recognised under investments in the Company's statement of financial position.

j) Tangible assets

i) Assets excluding Train Fleet (2019) Limited Rolling Stock

Tangible assets are stated at historic cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost less estimated residual value of fixed assets over their expected useful economic lives as follows:

Leasehold land and buildings	3 - 10 years or lease term
Plant and equipment	3 - 10 years or lease term

1 Accounting policies (continued)

ii) Train Rental Rolling Stock

Tangible assets are shown at their historic cost less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis to write off the cost or valuation less estimated residual value of fixed assets over their expected useful economic lives as follows:

Plant and equipment	1 - 25 years or expected useful life where known

Assets in the course of construction are not depreciated until they are available for use and on completion are transferred to the appropriate asset class.

As part of their net assets/liabilities, subsidiaries tangible assets are recognised under investments in the Company's statement of financial position. Net assets/liabilities are measured at fair value.

k) Right of use assets

Right of use assets comprise rolling stock, offices and other property leases plus depot equipment. At the lease commencement the Group recognises both a right of use asset and a lease liability.

Right of use assets are initially measured at a cost which includes:

- the initial measurement of the lease liability using the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group will use their incremental borrowing rate;
- the lease payments made before or after commencement, less the lease incentives received;
- an estimate of the costs incurred upon disassembling and eliminating the underlying asset, including restoring the underlying asset to the condition required by the terms of the lease.

After the commencement date the Group measures its right of use assets using a cost model. Right of use assets are depreciated over the shorter of the lease term and the expected period of the company's current service agreement with the DfT. They are presented as part of tangible assets in note 11. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Corresponding lease liabilities are presented and accounted for as current and non-current liabilities in note 22. After the commencement date the Group measures its right of use liabilities by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect new measurements or changes in the lease.

l) Assets held for sale

Where the sale of a non-current asset is highly probable and the transfer/sale of the asset is expected to be completed within one year at the financial year end, the assets will be classified as an asset held for sale on the face of the Statement of Financial Position.

The asset held for sale is recognised under current assets and measured at the lower of carrying amount and fair value less costs to sell (or on the disposal) of the asset. Immediately prior to classifying an asset or disposal group as held for sale, an impairment is considered and measured. Any impairment is recognised in accordance with the applicable IFRSs and the Group policy.

1 Accounting policies (continued)

During the financial year 2020 – 2021, TF19 served notice to exercise its option to sale its entire Class 365 fleet, TF19 main line of rental income. The units were sold on 1 July 2021, resulting in the company's Property, Plant and Equipment (PPE) being classified as an asset held for sale.

m) Inventories
Inventories are valued at the lower of cost and net realisable value on a weighted average cost basis. Cost comprises direct costs and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Where necessary a provision is made for obsolete, slow moving and defective inventory.

n) Grants
Capital grants are credited to deferred grant income and released to operating cost within the Income Statement over the estimated useful economic lives of the related assets to depreciation. Deferred capital grant income is presented and accounted for within current and non-current liabilities.

o) Retirement benefit obligations
LNER and NTL contributes to a defined benefit pension scheme within the Railway Pension Scheme (RPS) on behalf of their enrolled employees. The RPS is a shared cost scheme, which means that costs are formally shared 60% employer and 40% employee. Full details are provided in note 23.

Both LNER and NTL are responsible for relevant funding of their section of the RPS during the period of the service agreement. In contrast to the pension schemes operated by most businesses.

The trustees complete a full actuarial valuation triennially, separately for each section of the RPS, but the obligation is updated annually by independent actuaries using the projected unit credit method for financial reporting purposes. The level of contributions paid by the companies are in line with the latest certified schedule of contributions which was signed in 2013. The 2016 and 2019 funding valuations of the RPS have not yet been signed.

The current service cost and gains and losses on settlements and curtailments are recognised in staff pension costs within operating costs in the Income Statement.

Past service costs are included in operating costs where the benefits have vested, otherwise they are amortised on a straight-line basis over the vesting period. The expected return on assets of funded defined benefit schemes and the interest on pension scheme liabilities comprise the finance element of the pension cost and are included in interest costs. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to the statement of other comprehensive income in the period in which they arise. The charges in respect of defined contribution schemes are recognised when they are due.

p) Accounting for participation in Railways pension scheme

DOHL contributes to a defined contribution scheme as part of the British Rail (BR) Section in the RPS. DOHL is not responsible for relevant funding and management of the BR section of the RPS, its share of the BR Section's net deficit is not identifiable and therefore contributions are accounted as a defined contribution scheme. Employer's contributions are recognised in staff pension costs within operating costs in the Income Statement as they fall due. Actuarial movements on assets of funded defined benefit schemes and the interest on pension scheme liabilities are recognised in the Department for Transport Annual Report and Accounts financial statements.

1 Accounting policies (continued)

DOHL also offers a ‘NEST’ workplace pension scheme. Employees are auto enrolled into the scheme, although may opt out. Employees can contribute either, 3% to 5% of their salaries, with DOHL contributing a fixed percentage. TF19 has no pension scheme.

As disclosed in note 23, both LNER and NTL apply a “current service period adjustment” to the amounts recorded in the Statement of Financial Position for the RPS. This represents the remaining element of the service operator's 60% share of the IAS 19 deficit or surplus after determining the amount of any deficits the subsidiaries are required to fund (or surplus it is entitled to recover) over the remaining service period.

This adjustment can give rise to a net pension asset, representing the expected excess of the Income Statement expense under IAS 19 for service cost and net interest over the contributions payable over the remainder of the service agreement. The economic benefit of the asset is expected to be realised through the lower cash contributions over the remaining period of the service agreement, and therefore upon the expiry of the service period, there will be no pension asset (or liability) remaining. This judgement is consistent with the industry wide accounting treatment for the RPS that was agreed on adoption of IFRS in 2005.

The Group has no legal or constructive obligation to pay further contributions into a defined contribution scheme if the fund has insufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The franchise pension scheme asset/liability is recognised as the net total of the present value obligations under the scheme minus the fair value of scheme’s assets at the reporting date.

The pension scheme asset calculated at the transfer date of LNER and NTL is shown as a capital contribution directly from Virgin Trains East Coast Limited (for LNER) and Arriva Rail North Limited (for NTL) in the Consolidated Statement of Changes in Equity on page 39 as the pensions were transferred as part of their service agreement with the DfT. The DfT is a related party and the transfer of the scheme has therefore been accounted for as a capital contribution in equity

q) Provisions

Provisions for current obligations and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are split between those falling due within one year and those falling greater than one year.

A dilapidations provision held in relation to legacy rolling stock are based on expected costs of restoring the leased assets to the required state before being returned to the lessor.

The amount of any provision is re-assessed at each Statement of Financial Position date. Any increase or decrease required to the amount of the provision is charged or credited to the income statement.

r) Investments

i. Fixed asset investments are carried in the Statement of Financial Position at fair value. All the fixed assets investments are subject to an impairment review at any time if events or changes in circumstances indicate that their carrying value may not be recoverable.

1 Accounting policies (continued)

ii. Subsidiary investments are accounted for at fair value based on the net asset position at 31 March 2021. Where the subsidiary has a net liability at 31 March 2021, the value of the investment is valued at nil with the value recognised in the Oher Comprehensive Income in the Company's financial statements.

s) Financial instruments

Financial instruments held by the Group are trade and other receivables, trade and other payables and cash. Trade receivables are recognised initially at the amount of consideration that is unconditional. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

t) Derivative financial instruments and hedging

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Any gains or losses arising from revaluing derivatives designated as cash flow hedges are recognised through the statement of comprehensive income or the income statement depending on the effectiveness. The effective portion of the gain or loss is recognised through the statement of comprehensive income while the ineffective portion is recognised in the income statement. By the financial year end date, the Group did not have any hedges in place.

u) Critical estimates and judgements

Preparation of the financial statements, in accordance with Financial Reporting Standards and the FReM requires Directors to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual outcomes could differ from those estimated. The Directors believe that the accounting policies and estimation techniques discussed below represent those that require the greatest exercise of judgement. The Directors have used their best judgement in determining the estimates and assumptions used in these areas, but a different set of judgements could result in material changes to the Group's reported financial performance and/or financial position.

The estimates and judgements summarised below cover those regarded by the Directors as critical to the Group's reporting.

i.Pensions - estimate

The determination of LNER's and NTL's pension benefit obligation and expense for defined benefit pension schemes is dependent on the selection by the Directors of certain assumptions used by actuaries in calculating such amounts. Those assumptions include the discount rate, the annual rate of increase in future salary levels and mortality rates. The Directors'

assumptions are based on actual historical experience and external data. While we believe that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the pension obligation and future expense.

1 Accounting policies (continued)

The pension assumptions may vary due to actual changes in market conditions following the Statement of Financial Position date, but IAS 19 requires the assumptions to be set based on the market conditions prevailing at the Statement of Financial Position date. The pension assumptions are also affected by judgements the Directors are required to make on matters that cannot be directly observed from market prices such as life expectancies, future pay increases, harder to value assets and the criteria for bonds to be included in the population from which the discount rate is determined. Note 23 provides information on the sensitivity of pension benefit obligations to changes in assumptions.

ii.LNER service agreement term assumption - estimate

An assumption of 3-year service agreement continuing until 24 June 2023 was used in the prior year financial statements and during the year to 31 March 2021, based on an agreed direct award from 27 June 2020. This judgement affects these financial statements in respect of pension accounting, intangible assets, going concern and reporting for leases under IFRS16.

iii.NTL service agreement term assumption - estimate

An assumption of a 2 year Services Agreement was used in the comparative period financial statements. This was based on the current Services Agreement, which runs to 1 March 2022. On 1 March 2021, the Department for Transport (DfT) issued a Prior Information Notice (PIN) advising that they are seeking to obtain a Direct Award for up to 5 years with a fixed period of 2 years running from the end of the current Services Agreement to 1 March 2024. From the date of issue of the PIN, an assumption of a 2 year extension to 1 March 2024 has been used as a revised best estimate of the service period. This affects these financial statements in respect of intangible amortisation, pension accounting, reporting for leases under IFRS 16 and going concern as follows :

- Intangible assets are amortised to the end of the services period, therefore the impact of the extended services period was to extend the amortisation period of the intangible assets from 2 years to 4 years, with effect from 1 March 2021. This has had the impact of reducing the amortisation expense by £12,000 in the year ended 31 March 2021.

- IFRS 16 Right of Use asset and lease liability – right of use assets are depreciated over the shorter of the lease term and the expected end of the service period. A lease liability is recognised for the minimum lease payments over the duration of the shorter of the lease term and expected end of the service period. The impact of the extended services period was to increase the expected period that NTL would have the leases from 1 March 2022 to 1 March 2024. The change in judgement leads to a remeasurement adjustment for both the right of use asset (see note 9) and lease liability (see note 19), rather than as a lease modification due to the fact that the extension option was conveyed by the original contract terms and is now deemed to be reasonably certain to be taken out to 1 March 2024. Under this approach the incremental borrowing rate is reassessed at the point of the remeasurement, which was 1 March 2021.

- Retirement benefit accounting – NTL recognises a pension surplus as, for the period of the services agreement, NTL are projected to pay a lower level of contributions than is needed to fund the section of the scheme. The extension of the service period to March 2024 means that NTL benefits from the lower level of service contributions compared to future service costs for a longer period, which increases the pension asset. This is recognised as Other Comprehensive Income through the Statement of Changes in Equity.

- Going concern - The Services Agreement with the DfT includes a subsidy which ensures NTL earns a margin of 1% at Profit before tax on total revenue. The issuance of the PIN with an expected service agreement extension to 2024 provides the company with certainty and stability over its operations.

1 Accounting policies (continued)

iv.Accounting for subsidiaries investment - judgement

The investments in LNER, NTL and TF19 has been accounted for at fair value based on the net asset position at 31 March 2021. DOHL believes the assets it has acquired cannot independently generate cash flows and therefore using net assets/liability as the fair value is considered the most appropriate method.

v.Accounting for transfer of assets - judgement

Where there has been a purchase and transfer of ownership by means of a business transfer agreement, the assets and liabilities are measured and recognised in the entities at fair value, accounted for as an asset acquisition. The assets acquired do not constitute a business, as they do not represent an "integrated set of activities" as required to be defined as a business. This is due to reliance on other assets in the rail network, not owned by company, that are required in order for the assets acquired to operate fully, and to generate cash flows.

vi.Measurement of lease liabilities and right of use assets – judgement & estimate

The application of IFRS 16 requires the Group entities to make judgements that affect the measurement of right of use assets and lease liabilities (note 22). These include assessing whether a contract includes a lease, determining variable lease components, contract term and appropriate discount rate used to measure lease liabilities.

Items outside the scope of IFRS 16 include contracts with Network Rail for access to the railway (track access) infrastructure and access charges for stations, short term leases which include rolling stock handed back during the year, low value leases and maintenance and variable lease components for rolling stock retained during the year.

The lease term generally comprises the non-cancellable period of lease contracts plus periods covered by an option to extend the lease if the company is reasonably certain to exercise that option. Longer lease terms have been reassessed to the practical end of the current service period as per the service agreement term assumption (note 1, t) ii- iii) being the period of use for the companies, which is an estimate.

Costs to restore underlying assets to the condition required by the terms of the lease are estimated.

v) Restatement of 2020 Comparatives

The comparatives have been restated to correct a misclassification of LNER invoices received before the year end but relating to services provided subsequent to the year end. The adjustment has no impact on the net assets, or profits for the year. The impact of the adjustment is to reduce prepayments by £24.5m, increase accrued income by £0.7m, increase accruals by £1.8m and reduce trade payables by £25.6m. The correction to the opening consolidation of Statement of Financial Position at the beginning of the comparative period would have been to reduce prepayments by £6.7m and reduce trade payables by £6.7m.

During the financial year 2020 – 2021, TF19 served notice to exercise its option to sale its entire Class 365 fleet, TF19 main line of rental income. The fleet were sold on 1 July 2021 for £92.8m, resulting in the company's Property, Plant and Equipment (PPE) being classified as an asset held for sale and its financial performance as discontinued operation in the Income statement with the comparative restated.

2 Revenue

All revenue originates in the United Kingdom.

The Directors consider that the whole of the activities of the Group constitute a single class of business consisting of passenger, train rental and other related other revenue as disclosed in the income statement. Revenue during the comparison year to 31 March 2020 includes one rail period on Northern Trains Limited (traded from 1 March 2020).

Revenue, excluding value added tax (VAT) where applicable, is comprised of:

	2021	Restated 2020
	£000	£000
Passenger revenue	**181,554**	821,630
Delay Repay	**(1,343)**	(21,848)
Passenger revenue	**180,211**	799,782
DfT service agreement subsidy	**1,383,834**	53,778
Other Revenue	**57,053**	59,593
Total revenue	**1,621,098**	913,153

Other revenue comprises of car park income, commercial property income, railway station access income, maintenance income, fuel sales, on board catering income and commissions receivable and a service agreement subsidy from the Department of Transport (DfT) to both TOCs, LNER £601.8m (2020: nil) and NTL £782m (2020: £53.8m). In the previous year LNER had paid a service agreement premium to the DFT reported in other operating costs of £94.1m.

3 Operating profit

	2021	Restated 2020
Operating profit is stated after charging/(crediting):	**£000**	**£000**
DfT service agreement premium	**-**	94,137
Staff Costs (note 5)	**529,349**	203,580
Depreciation (note 10)	**232,991**	92,867
Amortisation of intangible assets (note 9)	**9,682**	14,382
Inventories recognised as expenses	**34,143**	12,811
Fixed track, depot and station access charges	**75,789**	59,246
Rolling stock maintenance costs	**240,970**	120,291
Lease items excluded from IFRS 16 (note: 22)	**906**	167
Other Fixed and Variable Access Charges	**153,654**	47,339
Auditors' remuneration – audit fees: DOHL company	**25**	22
Auditors' remuneration – audit fees: Subsidy	**298**	199
Auditors' remuneration – non audit services		
- other compliance reporting	**7**	133
PPE Impairment expense	**2,805**	831

Prior year has been restated to reflect the treatment of TF19's discontinued operations. Further details on the loss from discontinued operations can be found in note: 9

4 Directors' remuneration

	2021	Restated 2020
	£000	£000
Emoluments in respect of qualifying services to the Company	**718**	679

The emoluments of the highest paid Director were £206,000, relating to the year (2020: £195,000). There was no pension contribution (2020: £nil).

5 Staff costs

	2021	Restated 2020
	£000	£000
Wages and salaries	**418,880**	162,035
Social security costs	**42,524**	15,588
Other pension costs	**67,944**	25,957
	529,348	203,580

The average monthly number of full-time equivalent employees (including Directors) during the year was as follows:

	2021	Restated 2020
Managerial and administrative	**1,014**	989
Operational	**8,592**	8,417
	9,606	9,406

6 Finance income and charges

	2021	Restated 2020
	£000	£000
Finance income		
Bank interest	**19**	102
Pension interest benefit	**2,038**	783
Other interest received	**11**	-
Total finance income	**2,068**	885

	2021	Restated 2020
	£000	£000
Finance charges		
Interest on lease liabilities (IFRS 16)	**(37,785)**	(10,296)
Pension interest charge	**(9)**	-
Other interest paid	**(45)**	-
Total finance charges	**(37,839)**	(10,296)

7 Dividend

No dividend was paid or received by DOHL during the financial year 2020-2021 for financial year 2019-2020 (2020: £40m received by DOHL from LNER relating to year 2018-2019).

8 Tax on profit

The prior year numbers below have been restated due to TF19 being recognised as a discontinued operation in financial year 2020-2021.

a) Tax recognised in the income statement

	2021	Restated 2020
	£000	£000
Current taxation:		
Current tax on profits for the year	**9,557**	5,972
Adjustment in respect of prior years	**607**	(1,454)
	10,164	4,518
Deferred tax:		
Current year	**(6,147)**	(3,309)
Effect of changes in tax rates	**-**	64
Adjustment in respect of prior years	**(707)**	(196)
Total deferred tax	**(6,854)**	(3,441)
Total tax charge reported in the income statement	**3,310**	1,077

b) Tax relating to items charged or credited outside of the income statement

	2021	Restated 2020
	£000	£000
Equity items:		
Deferred tax current year charge	**-**	8,082
Other comprehensive income items:		
Deferred tax current year charge (note: 18)	**26,478**	4,661
Tax reported outside of the income statement	**26,478**	12,743

c) Factors affecting total tax charge for the current period

The tax assessed for the year is higher (2020: lower) than the standard effective rate of corporation tax in the UK of 19% (2020: 19%). The tax charge is made up as follows:

	2021	Restated 2020
	£000	£000
Profit before taxation	**10,501**	7,790
Profit/(Loss) multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**2,328**	1,639
Fixed asset differences	**591**	353
Expenses not deductible	**492**	671
Tax rate changes	**-**	64
Deferred tax not recognised	**(1)**	-
Adjustment in respect of prior period – current tax	**607**	(1,454)
Adjustment in respect of prior period – deferred tax	**(707)**	(196)
Total tax charge for the year reported in the income statement	**3,310**	1,077

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. The 2016 Finance Act introduced a UK corporation tax rate of 17% from 1 April 2020. The 2020 UK Budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The rate reduction reversal was substantively enacted on 17 March 2020 by way of a special resolution. Accordingly, deferred tax has been provided at 19%, being the rate at which temporary differences are expected to reverse.

The 2021 UK Budget announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. This change was not substantively enacted at the balance sheet date and hence it has not been reflected in the measurement of deferred tax balances at the period end. If the Group's deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax liability of £45,968k

9 Discontinued Operations

The sales of TF19 entire fleet on 1 July 2021 resulted in its loss after interest and tax being presented as a discontinued operations for financial year 2020-2021, with prior year restated. A PPE impairment expense is recognised in the results of £1.9m (2020: £11.9m). On 31 March, the company agreed to terminate the leases for its trains with its customer, compensation payments by the lessee were agreed as in advance of the disposal of the assets post year end are included in other income, £3.3m (2020: nil)

	2021	Restated 2020
	£000	£000
Revenue	**10,950**	6,387
Other Income	**3,424**	-
Total Income	**14,374**	6,387
Other operating costs*	**(11,570)**	(22,110)
Profit/(Loss) before taxation	**2,804**	(15,723)
Tax on Profit/(Loss)	**(673)**	-
Profit/(Loss) from discontinued operations	**2,132**	(15,723)

*Auditors' remuneration – audit fees, included in Other operating costs were £27k, (2020: £24k)

Net cash generated from Discontinued operations

	2021	2020
	£000	£000
Cash inflow from operating activities	9,386	6,253
Cash outflow from investing activities	-	(123,639)
Cash (outflow)/inflow from financing activities	(6,644)	122,138
Net cash generated from activities: Discontinued operations	**2,742**	4,752

10 Intangible assets

The table below reflects the costs and accumulated of the Group's intangible assets in the statement of financial position.

	Software costs	**Mobilisation costs**	**Work in progress**	**Total**
	£000	**£000**	**£000**	**£000**
Cost				
At beginning of year	31,436	9,545	4,810	**45,791**
Additions	10	244	11,055	**11,309**
Transfer from WIP	10,887	-	(10,887)	**-**
Disposals	(517)	(9,474)	-	**(9,991)**
At end of year	**41,816**	**315**	**4,978**	**47,109**
Accumulated amortisation				
At beginning of year	12,852	9,474	-	**22,326**
Amortisation charged to the income statement	9,607	75	-	**9,682**
Disposals	(445)	(9,474)	-	**(9,919)**
At end of year	**22,014**	**75**	**-**	**22,089**

	Software costs	Mobilisation costs	Work in progress	Total
	£000	£000	£000	£000
Net book value				
At beginning of year	18,585	71	4,810	**23,465**
At end of year	**19,802**	**240**	**4,978**	**25,020**

Mobilisation assets reflect the change in NTL service agreement term assumption from 1 March 2022 to 1 March 2024.

The Company reported additions to software costs of £10k (2020: nil) in the year, bringing costs at 31 March 2021 to £10k. The net book value at 31 March 2021 was £10k (2020: nil).

11 Tangible assets

The table below reflects the costs and accumulated of the Group's tangible assets in the statement of financial position.

	Leasehold land and buildings	Plant and equipment	Right of Use	Work in progress	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	6,501	153,259	577,660	15,555	**752,975**
Remeasurement IFRS 16	-	-	192,705	-	**192,705**
Additions	-	3	98,572	48,958	**147,533**
Transfer from WIP	5,020	31,718	-	(36,738)	**-**
Transfer to Assets held for sale	-	(123,639)	-	-	**(123,639)**
Disposals	(73)	(388)	(2,047)	-	**(2,508)**
At end of year	**11,448**	**60,953**	**866,890**	**27,775**	**967,066**

	Leasehold land and buildings	Plant and equipment	Right of Use	Work in progress	Total
	£000	£000	£000	£000	£000
Accumulated depreciation					
At beginning of year	1,110	26,346	88,658	-	**116,114**
Impairment	-	1,931	2,805	-	**4,736**
Depreciation charged to the income statement	931	18,343	221,379	-	**240,653**
Transfer to Assets held for sale	-	(30,839)	-	-	**(30,839)**
Disposals	(22)	(352)	(302)	-	**(676)**
	2,019	**15,429**	**312,540**	**-**	**329,988**

	Leasehold land and buildings	Plant and equipment	Right of Use	Work in progress	Total
	£000	£000	£000	£000	£000
Net book value					
At beginning of year	5,391	126,913	489,002	15,555	**636,861**
At end of year	**9,429**	**45,524**	**554,350**	**27,775**	**637,078**

TF19 entire fleet was sold on 1 July 2021, resulting in the company's Property, Plant and Equipment (PPE) being impaired by £1.9m and the net book value transferred to assets held for sale.

Under IFRS16, Right of Use (RoU) net book value totalled £554.4m (2020: £489.0m), of which £545.1m (2020: £475.3m) related to rolling stock leases (note: 22). RoU assets reflect the change in NTL service agreement term assumption from 1 March 2022 to 1 March 2024. The Company had no Right of Use assets.

The Company's reported additional plant and equipment costs of £3k (2020: £3k) in the year bringing total costs at 31 March 2021 of £26k, a net book value of £7k.

12 Assets held for sale

The table below reflects assets held for sale measured at the lower of carrying amount and fair value less costs to sell (or on the disposal) in the Statement of Financial Position.

	Plant and equipment	Total
	£000	£000
At beginning of year	-	**-**
Transfer from non-current assets	92,800	**92,800**
At end of year	**92,800**	**92,800**

TF19 served notice to exercise its option to sale its entire Class 365 fleet, TF19's main line of rental income. The fleet was sold on 1 July 2021 for £92.8m

13 Investments

The Group held the following unlisted investments at 31 March 2021. The principal activity of the below are companies is to provide a range of services to all UK passenger rail operators, each of which has an equal share in the companies.

			No. of shares held			
Name of company	**Country of registration**	**Class of share**	**31 Mar 2020**	**Additions**	**31 Mar 2021**	**Proportion held**
ATOC Limited	UK	Ordinary (4p)	2	-	2	10%
Rail Settlement Plan Limited	UK	Ordinary (4p)	2	-	2	10%
Rail Staff Travel Limited	UK	Ordinary (4p)	2	-	2	10%
NRES Limited	UK	Ordinary (£1)	2	-	2	10%

The Group holds an investment of 25.8% of the ordinary share capital in West Yorkshire Ticketing Company Limited which is incorporated in the UK and is owned by a number of operators. The company coordinates and manages the ticketing scheme by selling and promoting transport tickets on behalf of the West Yorkshire Combined Authority.

Details of investments in the Company's subsidiaries as at 31 March 2021 are as follows:

Name of company (2020: Ltd name)	Country of registration	No. of shares held	Class of share	% held	Fair Value Company 2021 £'000	Fair Value Company 2020 £'000
London North Eastern Railway Ltd**	UK	1	Ordinary (£1)	100%	68,220	52,300
SE Trains Ltd	UK	1	Ordinary (£1)	100%	-	(8)
Train Fleet (2019) Ltd***	UK	16,100,100	Ordinary (£1)	100%	-	(826)
Northern Train Ltd	UK	1	Ordinary (£1)	100%	138,795	34,528
Greater Western Railway Ltd (DfT OLR4)*	UK	1	Ordinary (£1)	100%	-	-
South Western Railway Ltd (DfT OLR5)*	UK	1	Ordinary (£1)	100%	-	-
Cross Country Rail Ltd (DfT OLR6)*	UK	1	Ordinary (£1)	100%	-	-
C2C Railway Ltd (DfT OLR7)*	UK	1	Ordinary (£1)	100%	-	-
Railway West Coast Ltd*	UK	1	Ordinary (£1)	100%	-	
GA Trains Limited Ltd*	UK	1	Ordinary (£1)	100%	-	
Transpennine Trains Ltd*	UK	1	Ordinary (£1)	100%	-	
Chiltern Rail Ltd*	UK	1	Ordinary (£1)	100%	-	
WM Trains Ltd*	UK	1	Ordinary (£1)	100%	-	
Midlands East Trains Ltd*	UK	1	Ordinary (£1)	100%	-	
Thameslink Southern Great Northern Ltd*	UK	1	Ordinary (£1)	100%	-	
Total Investments					**207,015**	85,994

The subsidiary investments in the Statement of Financial Position are stated at fair value.

* Combined investment, less than £1.5k

The registered address for all 100% owned subsidiaries, excluding London North Eastern Ltd (LNER) and Train Fleet (2019) Ltd (TF19) is Albany House, Floor 8, 94-98 Petty France, London, England, SW1H 9EA.

**LNER registered address: East Coast House 25, Skeldergate, York, England, YO1 6DH

***TF19 registered address: Great Minster House, 33 Horseferry Road, London, United Kingdom, SW1P 4DR.

The subsidiary company SE Trains Limited, company number 03266762 is taking advantage of exemption from audit under section 479A of the Companies Act 2006 for the year ended 31 March 2021.

14 Inventories

	Group		Company	
	2021	Restated 2020	**2021**	2020
	£000	£000	**£000**	£000
Raw materials and consumables	**7,518**	8,716	**-**	-

There is no material difference between the replacement value of inventories and their cost.

The cost of stock recognised as an expense and included in operating costs during the period amounted to £34.1m (2020: £12.8m).

15 Trade and other receivables

	Group		Company	
		Restated		
	2021	2020	**2021**	2020
Amounts falling due within one year:	**£000**	£000	**£000**	£000
Trade receivables:				
Rail Settlement Plan	**7,729**	14,395	**-**	-
Other trade receivables	**18,228**	15,057	**-**	190
	25,957	29,452	**-**	190
Amounts owed by group undertakings	**265**	4,383	**103,778**	117,629
Group relief	**-**	-	**-**	7
Value Added Tax receivable	**14,279**	20,871	**15**	16,623
Prepayments	**21,132**	27,616	**13**	18
Accrued income	**6,455**	26,189	**-**	-
Corporation tax	**-**	-	**137**	-
Other receivables	**426**	5,638	**18**	17
	68,514	114,149	**103,961**	134,484

Amounts due from group undertakings are unsecured and repayable on demand.

The comparative year 2020, has been restated to correct a misclassification of LNER invoices received before the year end but relating to services provided subsequent to the year end (note: 1),u)

16 Trade and other payables

	Group		Company	
	2021	Restated 2020	**2021**	2020
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Trade payables	**79,173**	117,795	**84**	23
Amounts owed to group undertakings	**76**	172,074	**15,484**	196,562
Deferred season ticket income	**1,140**	10,170	**-**	-
Other taxation and social security	**10,799**	10,874	**45**	23
Other payables	**113,297**	11,242	**102,075**	7
Accruals	**124,311**	116,484	**45**	459
Deferred income	**22,373**	6,181	**-**	-
Corporation tax payable	**1,190**	2,466	**-**	1
IFRS 16 Lease Liability	**218,921**	198,601	**-**	-
	571,280	645,887	**117,733**	197,075
Amounts falling due after more than one year:				
Accruals and deferred income	**5,419**	11,123	-	-
IFRS 16 Lease Liability (note: 22)	**355,659**	294,106	-	-
	361,078	305,229	-	-

Amounts owed to group undertakings within one year and are repayable on demand and interest free.

The comparative year 2020, has been restated to correct a misclassification of LNER invoices received before the year end but relating to services provided subsequent to the year end (note: 1)

17 Provisions

	Group		Company	
	2021	Restated 2020	**2021**	2020
	£000	£000	**£000**	£000
Insurance claims (a)	**762**	671	**-**	-
Deferred tax (note: 18)	**34,938**	15,311	**-**	-
	35,700	15,982	**-**	-

a) Insurance claims

	Group		Company	
	2021	Restated 2020	**2021**	2020
	£000	£000	**£000**	£000
At start of year	**671**	237	**-**	-
Charged to the income statement	**299**	550	**-**	-
Unused amounts reversed	**(90)**	(107)	**-**	-
Utilised in year	**(118)**	(9)	**-**	-
Provision at end of year	**762**	671	**-**	-

The £762k (2020: £671k) provision relates to customer and employee claims against the Group's passenger rail service subsidiaries for compensation for injuries occurring whilst on the subsidiaries' property. Payments are expected to be made in respect of these claims as they are settled, which is typically within 5 years of origination, but the nature of the settlement process makes the timing of these payments uncertain. Estimates of claim values are based on actuarial reviews and prior claims history.

18 Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxes relate to the same fiscal authority. The amounts are as follows:

Deferred tax asset:	Group		Company	
	2021	Restated 2020	**2021**	2020
	£000	£000	**£000**	£000
Fixed assets	**-**	(25)	**(2)**	(1)
Short-term provision	**(558)**	(4)	**-**	-
Deferred tax asset	**(558)**	(29)	**(2)**	(1)

Deferred tax liabilities:	Group		Company	
	2021	Restated 2020	**2021**	2020
	£000	£000	**£000**	£000
Fixed assets	**533**	-	**-**	-
Defined benefit pension	**34,961**	15,340	**-**	-
Deferred tax Liabilities	**35,494**	15,340	**-**	-
Net Deferred tax Liability/(Asset)	**34,936**	15,311	**(2)**	(1)

The movement in deferred tax during the year was:

	Group		Company	
	2021	Restated 2020	**2021**	2020
	£000	£000	**£000**	£000
At beginning of year	**15,311**	6,009	**-**	-
Charge to income statement	**(6,147)**	(3,245)	**(1)**	(1)
Prior charge to income statement	**(707)**	(196)		
Charge to equity (note 8b)	**-**	8,082	**-**	-
Charge to OCI (note 8b)	**26,478**	4,661	**-**	-
Deferred tax provision	**34,936**	15,311	**(1)**	(1)

Deferred tax assets and liabilities are assessed for the year using the standard effective rate of corporation tax in the UK of 19% (2020: 19%). The deferred tax provision remeasured (noted: 8) at 25% is £45,968k.

19 Called up share capital

	Group and Company	Group and Company
	2021	2020
	£	£
Issued share capital unpaid		
Ordinary shares of £1 each	**1**	1

20 Reserves

A reconciliation of the movements in reserves is shown in the Consolidated Statement of Changes in Equity on page 39 and (the Company on page 40). The balance held in the retained earnings reserve includes the accumulated retained profits of the Group.

The capital contribution includes both LNER's and NTL's defined benefit pension asset at the start of ownership and associated deferred tax. It also includes £16.1m of Grant in aid from the DfT to DOHL used to acquire £16.1m of TF19 share capital.

21 Capital commitments

	Group		Company	
	2021	Restated 2020	**2021**	2020
	£000	£000	**£000**	£000
Contracted	**26,596**	22,997	**-**	**-**
Authorised but not contracted	**16,669**	22,410	**-**	**-**
Total	**43,265**	45,407	**-**	**-**

Capital commitments relate to capital projects that the Group is committed to or has approved but not yet contracted as at 31 March 2021, the cost to be incurred over the remaining capital project timeline.

22 Lease liabilities

	Rolling Stock £000	Land & Buildings £000	Plant & Machinery £000	Total £000
Lease liabilities				
Balance at 31 March 2020	476,926	14,696	1,086	**492,708**
New Leases	98,571	-	-	**98,571**
Remeasurement	192,252	582	(128)	**192,706**
Interest	37,645	131	9	**37,785**
Repayment of lease liabilities	(240,224)	(6,439)	(527)	**(247,190)**
Balance at 31 March 2021	**565,170**	**8,970**	**440**	**574,580**

	Rolling Stock £000	Land & Buildings £000	Plant & Machinery £000	Total £000
Current lease liabilities	213,708	4,963	250	**218,921**
Non-current lease liabilities	351,462	4,007	190	**355,659**
Total lease liabilities	**565,170**	**8,970**	**440**	**574,580**
Right of use assets				
Balance at 31 March 2020	475,303	12,690	1,009	**489,002**
Additions	98,572	-	-	**98,572**
Disposals	(1,742)	(3)	-	**(1,745)**
Remeasurement	192,252	581	(128)	**192,705**
Impairment	(2,805)	-	-	**(2,805)**
Depreciation for the year	(216,498)	(4,491)	(390)	**(221,379)**
Balance at 31 March 2021	**545,081**	**8,778**	**491**	**554,350**

	Rolling Stock £000	Land & Buildings £000	Plant & Machinery £000	Total £000
Lease amounts recognised in operating costs:				
Leases of low value assets	699	-	207	**906**
Total	**669**	**-**	**207**	**906**

Right of use assets comprise rolling stock, offices and other property leases plus depot equipment.

23 Retirement benefit obligations

Included in rolling stock right of use assets are the new LNER's Azuma fleet in addition to part of the legacy fleet retained at year end for both LNER and NTL. The Azuma lease continues until 2046 while NTL includes rolling stock leases which continue until 2025. The term for the company's service period has been used to measure the liabilities, being the period of use of the right of use assets. Maintenance and variable components of the lease are shown in operating costs.

The Company's subsidiary, LNER and NTL operates a final salary pension scheme and is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the Scheme.

The Sections are a shared cost arrangement whereby the subsidiaries are only responsible for a share of the cost. The figures reported below therefore represent only the company's share of the cost, except that the tables reconciling the Section's Defined Benefit Obligations (DBO) and assets from the start to the end of the year are presented before the deduction of the members' share of the defined benefit cost, or the surplus or deficit. This is for simplicity of presentation and for consistency with the DBO and assets quoted in the table showing the pension scheme liability or asset at the end of the year.

The Section is open to new members.

Employer contributions for the period ended 31 March 2021 are;

Section Pay	**LNER**	**NTL**	LNER	NTL
	2021	**2021**	2020	2020
Category 60 Members	**11.70%**	**13.7%**	11.58%	13.8%
Category 62 Members	**10.32%**	**12.2%**	10.08%	12.2%
Category 64 Members	**9.90%**	**n/a**	9.54%	n/a

The trustees complete a full actuarial valuation triennially, separately for each section of the RPS, but the obligation is updated annually by independent actuaries using the projected unit credit method for financial reporting purposes. The level of contributions paid by the companies are in line with the latest certified schedule of contributions which was signed in 2013. The 2016 and 2019 funding valuations of the RPS have not yet been signed.

As a result of a lower level of contributions being paid in line with the 2013 valuation, the surplus has increased from LNER and NTL assets as at 31 March 2021.

The discounted mean term of the Section's DBO was 22 years for LNER and NTL at the end of the reporting period (2020: LNER 23 years and NTL 24 years).

The Group is exposed to a number of risks relating to the Section, including assumptions not being borne out in practice. It should be noted that due to the nature of the franchise adjustment, the Group is effectively shielded from these risks relating to the Section in the short-term. Some of the most significant risks are as follows, although the list is not exhaustive:

Asset volatility: There is the risk that a fall in asset values is not matched by a corresponding reduction in the value placed on the Section's DBO. The Section holds a proportion of growth assets, which are expected to outperform corporate and government bond yields in the long-term but gives exposure to volatility and risk in the short-term. This should be noted in the context of the impact of Covid at 31 March 2021.

23 Retirement benefit obligations (continued)

- Change in bond yields: A decrease in corporate bond yields will increase the value placed on the Section's DBO, although this will be partially offset by an increase in the value of the Section's corporate bond holdings.
- Inflation risk: The majority of the Section's DBO is linked to inflation, where higher inflation will lead to a higher value being placed on the DBO. Some of the Section's assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), meaning that an increase in inflation will generally increase the deficit.
- Life expectancy: An increase in life expectancy will lead to an increased value being placed on the Section DBO. Future mortality rates cannot be predicted with certainty.
- Contribution rate: The Scheme Rules give the Scheme Actuary the power to set the contribution rates for LNER and NTL if no agreement can be reached between the Trustee and the company.

Membership data:

	LNER	LNER	**NTL**	NTL
	2021	2020	**2021**	2020
Active members	**2,956**	2,996	**6,516**	6,188
Deferred members	**3,938**	3,922	**3,229**	3,140
Pensioner members (including dependants)	**2,099**	1,999	**3,612**	3,308

Asset Data:

	LNER	**NTL**	**Total**
At 31 March 2021	**£000**	**£000**	**£000**
Growth assets	**610,138**	**1,220,667**	**1,830,805**
Government bonds	**20,144**	**-**	**20,144**
Non-Government bonds	**47,004**	**-**	**47,004**
Property	**-**	**5,200**	**5,200**
Other assets	**3,702**	**9,374**	**13,076**
Total asset value	**680,988**	**1,235,241**	**1,916,229**

	LNER	NTL	Total
At 31 March 2020	£000	£000	£000
Growth assets	512,088	1,001,232	1,513,320
Government bonds	16,822	-	16,822
Non-Government bonds	39,251	-	39,251
Other assets	2,373	16,362	18,735
Total asset value	**570,534**	**1,017,594**	**1,588,128**

23 Retirement benefit obligations (continued)

Summary of assumptions:

	31 March 2021	31 March 2020
	% pa	% pa
Discount rate	**2.05**	2.20
Future price inflation (RPI measure)	**3.20**	2.50
Future price inflation (CPI measure)	**2.90**	1.80
Pension increases (CPI measure)	**2.90**	1.80
Pensionable Salary increases	**3.20**	2.50

The assumed average expectation of life in years at age 65 is as follows (before postcode-based adjustments for males):

	LNER	LNER	**NTL**	NTL
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020
Male currently aged 65	**20.4**	20.8	**20.4**	20.9
Male currently aged 45	**21.8**	22.2	**21.8**	22.3
Female currently aged 65	**22.7**	22.3	**22.7**	22.8
Female currently aged 45	**24.2**	24.0	**24.2**	24.4

Defined benefit asset at end of year:

	LNER	**NTL**	**Total**
At 31 March 2021	**£000**	**£000**	**£000**
Defined benefit obligation at end of year			
Active members	**(539,615)**	**(1,272,722)**	**(1,812,337)**
Deferred members	**(240,191)**	**(242,265)**	**(482,456)**
Pensioner members (incl. dependants)	**(268,028)**	**(431,771)**	**(699,799)**
Total defined benefit obligation	**(1,047,834)**	**(1,946,758)**	**(2,994,592)**
Fair value of assets at end of year	**680,988**	**1,235,241**	**1,916,229**
Adjustment for the members' share of deficit	**146,738**	**284,607**	**431,345**
Deficit expected to be recovered after end of current service period (Franchise adjustment)	**269,145**	**561,877**	**831,022**
Net defined benefit asset at end of the year 31 March 2021	**49,037**	**134,967**	**184,004**

23 Retirement benefit obligations (continued)

	LNER	NTL	Total
At 31 March 2020	£000	£000	£000
Defined benefit obligation at end of year			
Active members	(443,532)	(1,057,910)	(1,501,442)
Deferred members	(196,591)	(173,435)	(370,026)
Pensioner members (incl. dependants)	(219,777)	(269,604)	(489,381)
Total defined benefit obligation	(859,900)	(1,500,949)	(2,360,849)
Fair value of assets at end of year	570,534	1,017,594	1,588,128
Adjustment for the members' share of deficit	115,746	193,342	309,088
Deficit expected to be recovered after end of current service period (Franchise adjustment)	214,924	329,446	544,370
Net defined benefit asset at end of the year 31 March 2020	**41,304**	**39,433**	**80,737**

Reconciliation of net defined benefit asset:

At March 2021	**LNER**	**NTL**	**Total**
	£000	**£000**	**£000**
Opening net defined benefit asset at 1 April 2020	**41,304**	**39,433**	**80,737**
Employer's share of P&L expense	**(19,482)**	**(46,076)**	**(65,558)**
Employers' contributions	**7,808**	**21,657**	**29,465**
Total gain recognised in OCI	**19,407**	**119,953**	**139,360**
Closing net defined benefit asset at 31 March 2021	**49,037**	**134,967**	**184,004**

Profit & Loss (P&L) at 31 March 2021:

	LNER	**NTL**	**Total**
	£000	**£000**	**£000**
Employer's share of service costs	**18,641**	**43,844**	**62,485**
Employer's share of administration cost	**1,758**	**3,130**	**4,888**
Past service cost adjustment	**55**	**168**	**223**
Total employer's share of service cost	**20,454**	**47,142**	**67,596**
Employer's share of net interest on net defined benefit asset	**3,756**	**6,182**	**9,938**
Interest on current service period adjustment	**(4,728)**	**(7,248)**	**(11,976)**
Employer's share of P&L expense	**19,482**	**46,076**	**65,558**

23 Retirement benefit obligations (continued)

Other comprehensive income (OCI) at March 2021:

	LNER	NTL	Total
	£000	£000	£000
(Loss) due to liability experience	(34,647)	(12,168)	(46,815)
Gain due to liability assumption changes	129,207	233,435	362,642
Return on plan assets (less) than discount rate	(64,474)	(116,037)	(180,511)
(Loss) on change in franchise adjustment	(49,493)	(225,183)	(274,676)
Total gain recognised in the OCI	(19,407)	(119,953)	(139,360)

Reconciliation of defined benefit obligation (DBO) at 31 March 2021:

	LNER	NTL	Total
	£000	£000	£000
Opening defined benefit obligation at 1 April 2020	859,900	1,500,949	2,360,849
Service cost	30,903	72,787	103,690
Interest cost on DBO	18,705	32,705	51,410
Section amendment	92	-	92
Past service cost – GMP equalisation (Transfers out)	-	280	280
Gain/(Loss) on DBO – experience	(57,746)	(20,289)	(78,035)
Gain/(Loss) on DBO – demographic assumptions	(11,655)	(29,602)	(41,257)
Gain/(Loss) on DBO – financial assumptions	227,001	418,662	645,663
Benefit payments	(19,366)	(28,734)	(48,100)
At end of year 31 March 2021	1,047,834	1,946,758	2,994,592

Reconciliation of value of assets at March 2021:

	LNER	NTL	Total
	£000	£000	£000
Opening value of section assets at 1 April 2020	570,534	1,017,594	1,588,128
Interest income on assets	12,445	22,402	34,847
Return on plan assets greater than discount rate	107,457	193,397	300,854
Employer's contributions	7,808	21,657	29,465
Employee contributions	5,040	14,142	19,182
Actual benefit payments	(19,366)	(28,734)	(48,100)
Administration costs	(2,930)	(5,217)	(8,147)
Closing value of section assets at 31 March 2021	680,988	1,235,241	1,916,229

23 Retirement benefit obligations (continued)

DBO sensitivity to significant actuarial assumptions:

	Sensitivity	Approximate change in DBO		
		LNER	NTL	Total
	£000	£000	£000	£000
Discount rate	**-0.25% p.a.**	+62,600	+115,542	+178,142
	+0.25% p.a.	-57,700	-106,686	-164,386
Price inflation (CPI measure) *	**-0.25% p.a.**	-56,100	-103,474	-159,574
	+0.25% p.a.	+59,300	111,400	+170,700
Salary increases	**-0.25% p.a.**	-17,200	-38,202	-55,402
	+0.25% p.a.	+19,000	39,599	+57,499
Life expectancy	**-1 year**	-47,200	-85,565	-132,765
	+1 year	+47,200	+85,565	132,765

*Including consistent increases to RPI, salary growth and RPI/CPI related pension increase assumptions, where applicable.

The sensitivity figures are as at 31 March 2021. In addition, the sensitivity figures are based on indicative calculations and therefore may not be sufficiently accurate for use in any actuarial calculations whose results are intended for disclosure in the Group's accounts.

24 Related party disclosures

DfT OLR Holdings Limited is a company wholly owned by the Secretary of State for Transport. At the 31 March 2021, the Company had an outstanding debtor balance owed to the Secretary of State for Transport of £102.1m (2020: £172.1m) including a funding loan. During the year DOHL reduced the outstanding loan by a further £70m.

The Company's subsidiaries, London North Eastern Railway Limited (LNER) and Northern Trains Limited, operates rail franchise under licence under a services agreement with the Department for Transport. Under the services agreement both companies are required to make a or receive a 'Fixed service payment' to or from the Department for Transport. For the year to 31 March 2021, LNER received a service agreement subsidy, £601.8m (2020: £94.1m service agreement payment). NTL's service agreement subsidy for the year came to £782m (2020: £53.8m).

Capital project funding of £0.6m was received by LNER during the year from the Department for Transport (2020: £1m) for the installation of Passenger Information Screens and flexible season ticket project. The other DOHL companies had £nil funding (2020: £nil).

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Network Rail is one of Group's main industry stakeholders, owned by the Secretary of State for Transport. Transactions between them and the Group are at arm lengths and are not classed as related party transactions. During the financial year 2020-2021 approximately, £268.5m (2020: £122.2m) for services was paid to NR. Capital project funding was also received, net of capital costs, of £15.2m (2020: £0.5m). As at the 31 March 2021, balances with Network Rail included receivables of £1m (2020: £14.5m) and payables of £64.2m (2020: £49m).

25 Ultimate parent undertakings

The immediate and ultimate parent undertaking and controlling party is the Secretary of State for Transport. The financial statements of the Secretary of State for Transport can be obtained from Great Minster House, 33 Horseferry Road, London, SW1 P4DR.

26 Post balance sheet event

During the financial year 2020 – 2021, TF19 served notice to exercise its option to sale its entire Class 365 fleet, TF19 main line of rental revenue. The fleet was sold on 1 July 2021 for £92.8m, resulting in the company's Property, Plant and Equipment (PPE) being classified as an asset held for sale in the Consolidated Statement of Financial Position and as a discontinued operation with comparative year restated in the Consolidated Income Statement.).

After the year end date NTL signed a settlement with XYZ Rail in relation to the construction of the Newton Heath maintenance facility and wheel lathe, following a mediation hearing. A liability had previously been recognised for this claim, and due to the post year end settlement agreement, the amount recognised as at 31 March 2021 was amended to £2.5m to reflect the final agreement.

The Williams-Shapps plan for rail was published on 20 May 2021, setting out the government's plan to transform the railway in Great Britain. It details plans to deliver an efficient, financially sustainable railway that meets the needs of passengers by replacing franchising, accelerating innovation and integrating the railways.