DfT OLR Holdings Limited

Annual Report and Financial Statements
For the year ended 31 March 2024

Presented to Parliament
by the Secretary of State for Transport
by Command of His Majesty

July 2024

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Contents

DfT OLR Holdings Limited Company information

Non-Executive Chair	Richard George
Chief Executive Officer	Robin Gisby
Chief Financial Officer	Richard Harrison
Non-Executive Directors	Chris Gibb
	Michelle Handforth
	Sam Caughey *(resigned 1 October 2023)*
	Tim Buxton *(resigned 6 November 2023)*
	Ilona Blue *(appointed 19 September 2023; resigned 29 February 2024)*
	Ashley Ibbett *(appointed 1 October 2023)*
	Kathryn Cearns, OBE *(appointed 29 February 2024)*
Chief Accounting Officer	Bernadette Kelly
Company Secretary	Richard Harrison
Chair of Audit Committee	Claire Bullen

Chair of Remuneration Committee	Richard George
Registered Office	Waterloo General Office 4th Floor Waterloo Station London England SE1 8SW
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 29 Wellington Street Leeds England LS1 4DL

Chair’s Overview

The rail industry has faced another challenging year, hampered by continued industrial action, economic and environmental challenges, all whilst trying to rebuild a sustainable, resilient railway that is fit for today’s and tomorrow’s commuters, business and leisure passengers.

The primary purpose of the railways is to connect people and places, to keep our communities moving and economies growing. I am proud to have seen the very positive contribution to improving rail services made across DOHL’s train operators this year. In particular TransPennine Express, since it joined the Group in May 2023, has shown real progress in improving services for its customers. Positive steps have been taken to encourage passengers back to rail through all the DOHL companies as well as towards the continued modernisation of the industry.

With a total workforce of almost 17,000 colleagues, DOHL understands the importance of building and maintaining good relationships with its staff, as well as other stakeholders and the communities we serve. We are proud of our staff and the team has made strong progress in attracting and retaining a more diverse and inclusive workforce to DOHL companies and will continue to accelerate equal opportunities across the Group.

A workforce this size also requires a strong and dedicated leadership team and the leadership provided at Group and Train Operator level has been outstanding throughout the year. I would like to take this opportunity to thank all DOHL Group colleagues for their unwavering commitment and desire to drive sustained improvements in performance; to deliver a better customer experience and to ensure that every DOHL company is a great place to work.

So much of railway operations takes place out of sight of the customers and there are huge efforts made behind the scenes. The significant modernisation of the engineering functions at Northern and Southeastern are central to driving sustained improvements in performance. Progress has also been made with the procurement of new rolling stock for DOHL operators as well as simpler fares, digital ticketing and accessibility improvements.

Over the year, DOHL again underwent internal audits with the Government Internal Audit Agency (GIAA), a short review of structure with UKGI and a further Board Effectiveness Review (BER). All these produced recommendations and in response several actions have already been undertaken with others in development, with clear ownership and delivery timelines in place for the 2024/25 financial year. Following these successive reviews, changes were made to the DOHL Board and Kathryn Cearns OBE joined the Board on a permanent basis in early 2024 as senior Finance NED and Chair of Audit and Risk Committee. This followed the interim appointment of Ilona Blue for a 6 month period. This year also saw the appointment of Ashley Ibbett as the Shareholder Representative NED and the resignations of Sam Caughey and Tim Buxton as NEDs. The Board has thereby achieved a better balance between railway and non-railway experience, and has improved its gender diversity. I would like to sincerely thank all our current and former board members, for their invaluable contribution to the progressive development of DOHL.

DOHL will continue to focus on the delivery of a high performing and reliable level of service in conjunction with Network Rail. The collaborative approach that is taken across DOHL and its train companies ensures that all efforts are focussed on navigating the transition from a cost-led railway to one that delivers value for the taxpayer and is resolutely focussed on putting passengers first.

Richard George
Chair
2 July 2024

CEO's Overview

In spite of a challenging industrial relations landscape, DOHL and its Train Operators have delivered sustained improvements over the past year in both customer service and performance, as well as in the broader areas of accessibility, diversity and modernisation.

DOHL is influential in the shaping and delivery of the future train operating landscape and the railway industry. In addition to its role as an Owning Group, it continues to have the capacity and capability to take over ownership of additional Train Operators as required, whilst fulfilling its ambition for its operators to become industry leading. Alliances and joint initiatives with Network Rail and other industry partners continue to deliver positive results.

I am particularly pleased to note areas of improvement across DOHL's TOCs.

- London North Eastern Railway (LNER) continues to deliver industry leading levels of customer service and so is at the forefront of restoring revenue to pre Covid levels. LNER launched trials on behalf of the industry of Single Leg Pricing and Simpler Fares as well as industry-leading work to trial machine learning within fraud prevention. Before the onset of Covid LNER was able to pay DfT a dividend, and it has done so again in March 2024, as it drives towards being able to pay premia to the government. Employee engagement is also improving, with better recorded employee engagement scores.

- Northern (NTL) made further improvements in performance so it was able to reduce the level of short term cancellations that are so frustrating for passengers - known as P-coded cancellations. Employee engagement levels improved further with the response rate up by 50%. Passenger revenue has now recovered from the pandemic, with revenue up by 14% year on year. NTL has reported record results for both revenue and demand, including the business' busiest ever Saturday and strongest ever full week of trading.
- Southeastern's (SET) performance improved year-on-year with cancellations at a very low 2%. It became the first UK operator to introduce digital flexi season tickets and generated over £15m in efficiency savings in 2023, achieving a further £9m+ of efficiencies this year.
- TransPennine Express's (TPT) relationship with stakeholders was severely affected by the legacy of poor operational delivery prior to its transfer to DOHL. In Autumn 2023 its stakeholder satisfaction score was 47% against a target of 90%. Since transfer of ownership and under the leadership of a new Managing Director it has embarked on a plan to reset relationships and simplify and transform the business. Improvements in workforce relations and early decisions implemented in the December 2023 timetable have also delivered significant improvements in train performance and customer satisfaction. I am pleased to report that the Spring

2024 stakeholder satisfaction score had increased by almost 30% to 74% but there is more to be done to reach the target of 90%.

In the coming year, each DOHL operator will move into the next phase of the procurement of new rolling stock. The Group acknowledges the importance of this work in terms of improving the standard and reliability of rolling stock, as well as both safeguarding a vital industry and protecting jobs. DOHL will ensure that its train operators move swiftly and work diligently to make the right decisions for passengers and the taxpayer.

The accomplishments of DOHL Operators have been recognised across the year through various accolades and accreditations including winning ‘Great Place to Work’ and ‘Customer Service Excellence’ for Southeastern at the 2023 National Rail Awards as well as ‘Rail Business of the Year’ at the 2023 Rail Business Awards. Individual colleagues have also been recognised for outstanding actions at the National Rail Awards.

As we look ahead, I am confident that DOHL and its train operators will continue to deliver an improved passenger experience as we return the focus of the industry on to the customer. As responsible operators, DOHL continues to build on the existing leadership, governance and capacity to deliver the transformation and reform that is needed to create a sustainable, inclusive and reliable railway that delivers for all its stakeholders.

Robin Gisby
CEO
2 July 2024

Strategic Report

The Directors present their strategic report for the year ended 31 March 2024.

OPERATIONS REVIEW

DfT OLR Holdings Limited (DOHL) is the Government's Owning Group with responsibility for four train operating companies and a non-trading rolling stock leasing company. It is owned by and reports to the Secretary of State and maintains constant readiness to take responsibility for other train companies that transfer from the private to public sectors under Section 30 of the Railways Act 1993.

The DOHL Group has over 16,700 staff, and currently runs 16% of total UK passenger journeys and 23% of passenger miles. Its train operating companies – London North Eastern Railway (LNER), Norther Trains (NTL), SE Trains (SET) and Transpennine Trains (TPT) – taken together represent the industry overall as they cover long distance, regional and London commuter operations.

	Staff Headcount	Passenger Miles 'm	Passenger Journeys 'm
LNER	3,319	3,505	24.2
NTL	7,125	1,720	85.1
SET	4,491	2,172	128.4
TPT	1,802	1,096	23.4
Total FY 23/24	**16,737**	**8,493**	**261.1**
% of industry	**n/a**	**23%**	**16%**
Total FY 22/23	14,518	6,962	222.3
% of industry	n/a	21%	16%

DOHL Vision and Strategic Objectives

DOHL's ultimate aim is to ensure its Train Operators develop improved operations in terms of safety, financial, operational and commercial performance, and customer service, with an enhanced reputation compared with when they arrived in the Group.

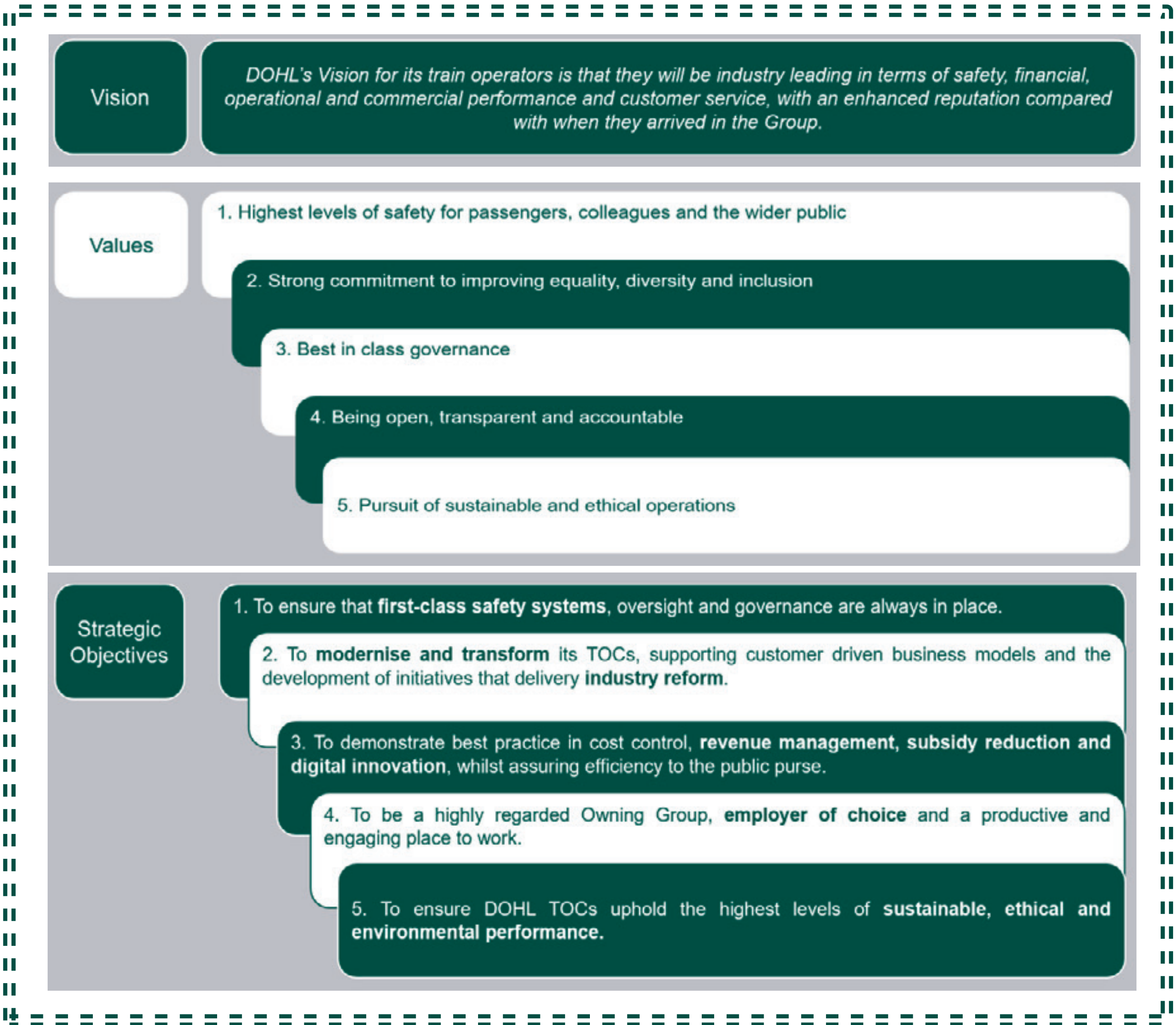
DOHL took over ownership of TransPennine Express services on 28 May 2023 and remains prepared and ready to assume responsibility for further TOCs as necessary.

Its five strategic objectives for the 2023-24 financial year were:

1. To ensure that **first-class safety systems**, oversight and governance are always in place.
2. To **modernise and transform** its TOCs, supporting good customer outcomes with customer driven

business models and the development of initiatives that deliver **industry reform.**

3. To demonstrate best practice in cost control/reduction/efficiency realisation, **revenue management, subsidy reduction and digital innovation,** whilst assuring efficiency to the public purse.
4. To be a highly regarded Owning Group, **inclusive employer of choice** and a productive and engaging place to work.
5. To ensure DOHL TOCs uphold the highest levels of **sustainable, ethical and environmental performance.**



Safety systems, Governance and Oversight

DOHL ensures that first class safety systems, oversight and governance are in place at all times. This is achieved on behalf of each TOC Board by a quarterly Safety, Health & Environment Committee ("SHEC") meeting, chaired by a DOHL non-executive director who also briefs the DOHL Board and the Department for Transport's DOHL Oversight Committee on safety matters. A second DOHL non-executive director also attends the SHEC meetings.

The SHEC meetings provide oversight in the following key areas:

- Ensuring that the senior TOC team gives safety matters appropriate priority, and discharges its obligations set out in the Safety Certificate.
- Monitoring the TOCs' safety and environmental results against their targets approved by the TOC Board, and challenge appropriately where targets are not being met.
- Encouraging cross industry safety issue awareness and collaboration, both within DOHL Group and across the national rail industry.
- Engaging the accountable TOC leaders on topical safety issues, supporting, encouraging and challenging where necessary.
- Providing assurance to TOC Boards, DOHL Board and Oversight Committee that safety, security and

environmental compliance across the DOHL group is being competently managed.

- Ensuring that the executive teams engage effectively with their workforce on safety matters, involving employees and their representatives fully in seeking ways to constantly improve safety performance.

For the transfer of any future TOCs into DOHL, the DOHL Board will continue to ensure necessary due diligence on safety matters is undertaken prior to transfer, satisfy itself that safety leadership roles are filled by people with the necessary experience and competence at the point of transfer, and implement best practice corporate safety management oversight at the earliest possible opportunity after transfer.

Safety is a priority Key Performance Indicator for DOHL and its TOCs. Further information can be found on page 30.

Train Performance

This has been a very challenging year for all four TOCs in terms of performance, with key service performance indicators of punctuality for customers (On Time, within 3 minutes, within 15 minutes and cancellations) adversely impacted by industrial action, extreme weather events, increased trespass, and challenges from infrastructure reliability. Staff have worked very hard to maintain services through these difficulties.

LNER

LNER's operational performance for the majority of the 2023/24 year has again met challenging headwinds. Whilst there were some good periods during the summer months, particularly when compared to summer 2022, LNER's ability to deliver high levels of overall performance for customers has been hampered by a number of events and factors, as highlighted above. As a result, On Time performance for the year averaged 56.6%, which is down from the 59.2% achieved the previous year. Cancellations cause extreme disruption and inconvenience for customers, and this year they have increased slightly to 4.9% from 4.6% (2022/23 year) of planned services.

NTL

NTL's performance has also been affected by ongoing industrial unrest experienced across all the rail industry, among other factors. This year's annual targets were not met, with Time to 3 minutes at all stations annual average being 79.1% against a target of 80.0%, 1.3% worse than the previous year. Cancellations of services hit customers the hardest and of the nearly 808,000 services planned to run in the year, 5.3% were cancelled against a target of 4.2%. Additionally, in 2023/24 NTL utilised the pre-plan cancellation mechanism known as 'p-code', where resourcing challenges were known and advanced warning of cancellations could be provided to customers. During the year 16,865 services were p-coded. This is never an easy decision to make due to the impact it has on customers, but it is the most appropriate way to give as much advanced notice as possible.

SET

Performance in SET's service has shown improvement year-on-year despite a number of challenges in the latter part of the year, particularly around Christmas through the impact of storms and individual issues such as the flooding of Thames Tunnel on the High-Speed network. Improvements have been seen in both track and track circuit performance year-on-year with Network Rail continuing to focus on removal of speed restrictions quickly to limit impact on the timetable. The implementation of Thermal Imaging Cameras on a range of different unit types has proven its value by providing Network Rail with early identification of problems, assisting with prevention of track and track circuit issues in particular.

TPT

TPT's 2024 moving annual average (MAA) contains around six months of operating with rest day working (where staff work on a day they are not rostered to work) and six months without. Despite this, the overall figures show a decline – especially for Time to 3. This is primarily attributed to poor Network Rail performance over the autumn. There has been an improvement in the cancellations MAA from 6.6% to 4.8% - but these improvements have been offset by increased late running, again, primarily due to Network Rail issues. Major challenges for performance throughout the year have included structural issues, including a viaduct fault at Plessey and landslips at Dewsbury and Aycliffe, with impact from these major incidents occurring over multiple weeks in October and November. This was followed by ongoing flooding and weather challenges, including the imposition of blanket emergency speed restrictions and vegetation incidents.

	LNER 2024	LNER 2023	NTL 2024	NTL 2023	SET 2024	SET 2023	TPT 2024	TPT 2023
PPM*	**79.6%**	81.7%	**80.3%**	82.4%	**86.7%**	85.5%	**83.0%**	-
Time-to-3*	**72.2%**	74.3%	**79.1%**	80.4%	**85.9%**	84.7%	**67.3%**	-
Cancellations	**4.8%**	4.4%	**5.3%**	4.2%	**2.1%**	2.8%	**4.8%**	-

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. TPT was a dormant company in FY23, before the TOC came into DOHL ownership, so performance was not measured.

Transpennine Route Upgrade (TRU)

The Transpennine Route Upgrade (TRU) between Manchester and York will allow trains to operate at up to 125mph, with investment in infrastructure upgrades and new trains. It will deliver more than £4 billion in social value and a further £4 billion in wellbeing, as well as significantly reducing carbon emissions by delivering electrification between Liverpool and York. The programme is delivered by Network Rail, with funding from the Department for Transport, and in collaboration with NTL and TPT. The project is crucial for delivering improved capacity on the network which will deliver better connectivity, more frequent, faster trains running on a greener and more reliable railway.

Since 2021 TPT has been the Delivery Partner to the TRU Programme. This role has allowed TransPennine Express to contribute to the development of an integrated programme across all aspects of timetable, rolling stock and operations. Crucially this has allowed the cost of access to be reduced considerably and offered customers an improved experience with a better planned and more integrated approach. It has also pioneered a shared approach to the specification of rolling stock to ensure this is aligned to infrastructure and wider system requirements.

The NTL TRU management team has grown over the course of the year to support the delivery of the Business Plan and reflecting the Programme moving into delivery. The team has successfully supported the opening of

Morley and Castleford Stations, a further blockade of Morley and continued weekend possessions in the Huddersfield area and Leeds-York corridor. Significant progress has been made in the financial year on NTL's introduction of ETCS digital signalling technology and capability.

Modernisation, Transformation and Reform

Over the year, DOHL TOCs have taken great strides forward in delivering various technical and digital transformations that are in turn, enhancing the passenger experience and increasing passenger demand.

LNER

This financial year saw Digital and Innovation at LNER continue to work at pace and deliver industry-leading retail and digital best in class experiences across the entire passenger journey. Over the year, more than £5 million of capital was invested in the portfolio of projects delivered within the eco-system and over 30 projects or major project phases were successfully delivered. Key projects included, but were not limited to, the implementation of 3rd Party Ticket Import, Guest Checkout, On-Click Delay Repay and the introduction of a Chat GPT Chatbot into the LNER website.

NTL

With its transformation agenda, NTL has continued the work already underway in the previous years as well as starting work on new initiatives. There are 60 live projects within the Programmes portfolio including investment in areas such as customer information screens, CCTV, accessibility improvements at stations, engineering systems, depot developments and digital trains. In 2023/24, a total of £34.3m was invested in capital projects and there is a pipeline of new projects or new phases to existing projects scheduled for the coming years.

SET

At the heart of SET's ambition to deliver a better, more reliable and sustainable railway is its transformation strategy. Significant parts of the business are changing, particularly engineering, stations and the digital customer experience. The Engineering Transformation plan seeks to make systematic improvements to the design and delivery of maintenance programmes, reducing costs and improving the efficiency of the fleet. Automated Vehicle Inspection Technology is being introduced. 2023/24 saw the launch of many new digital features, all designed to optimise digital channels and improve the passenger experience.

TPT

TransPennine Express has identified that greater digital enablement and being more data informed in decision making will be a key element in new 'ways of working' across the whole of the business, at all levels and in all disciplines. TransPennine Express currently uses a number of best-in-class analytical platforms which inform our commercial and financial analysis, and this approach is being rolled out currently into workforce planning and operational standards teams to support the delivery of stable operational performance.

DOHL Employees

Creating a productive and engaging place to work

DOHL strives to be a highly regarded Owning Group, and as part of that mission it is key to be seen as an inclusive employer of choice and a productive, engaging place to work. As such, DOHL and its TOCs apply an unrelenting focus on safety (both psychological and physical), inclusion and diversity, wellbeing and involvement to acquire, nurture and develop the very best talent available. DOHL TOC Boards fully promote their operating business purpose, vision, and values. These underpin every decision and action they take, and are designed to create value for all stakeholders.

Attracting and retaining the best talent available in the market, investing in wellbeing and skills development, and providing highly skilled jobs that are accompanied by great work experiences is critical to success, and to the transformation of the railway.

Progressing Diversity, Equity, Inclusion and Belonging

Over the last financial year, DOHL TOCs have continued to make good progress on diversifying their workforce and promoting equity, inclusion and belonging (DEIB) objectives, investing time in attending cross-industry forums such as the Diversity & Inclusion Steering Group

(DISG) and Rail Unites for Inclusion. DOHL TOCs hold memberships of several influential DEIB forums and are signatories to Charters such as Women in Rail, Women in Transport, Race at Work Charter and Investors in Diversity. All DOHL TOCs have established a wide variety of effective Employee Support Groups (ESGs) covering different aspects of diversity, with senior sponsorship in place for each.

Education and Programmes

DOHL TOCs provide Inclusive Leadership training for people managers and leaders of all levels, compliance training, and behavioural development e-learning modules. Robust equality impact assessment processes (EqIA) are also in place. Like all other public sector organisations, DOHL and its TOCs are required to assess the impact of all services, policies, and changes to existing services on equality.

Fair, Equitable and Inclusive Recruitment

DOHL TOCs currently measure different levels of EDI maturity currently and all have plans in place designed to install and achieve greater representation, reflecting the communities they serve. All DOHL TOCs are challenged to build diversity and equity into their hiring processes. Examples include blind CV/Application sifting, diverse interview and assessment panels, and the use of appropriate personality assessments. Hiring Managers are trained to spot bias in recruitment processes to account for unconscious and affinity bias.

Social mobility is the first focus for talent pipelines so they can be built with diverse candidates. In terms of diverse candidate attraction, DOHL TOCs use multiple sourcing channels and work with specialist partners or job boards to ensure an extended reach. Diverse employees are encouraged to refer their connections, and both apprenticeships and work experience programmes are targeted to underrepresented groups, including through early careers partnerships such as the Princes Trust.

Accreditations & Awards

LNER

In 2023/24 LNER received awards and recognition for its work across almost every aspect of its business, including:

- Named as a UK top employer for the fifth year in a row by the Top Employers Institute.
- An LNER colleague won the Lifesaver Award at the National Rail Awards, and LNER was also shortlisted in the Customer Service Excellence category for the London King's Cross Family House.
- The InterCity 225 fleet won the Golden Spanner award for the Most Reliable Loco-Hauled Fleet at the Modern Railways Awards
- Award for Digital Finance Project of the Year at the Public Finance Awards, for introducing Tableau into LNER's Finance reporting.

- The Marketing team won in the Travel category of the Performance Marketing World Awards.
- Won the ‘Most Effective Recovery of the Year” award at the Business Continuity Awards.
- At the launch of the Women in Transport Equity Index, LNER received Certificates of Achievement for its progress in this area.
- The Communications team received five Gold Awards at the Communicate Lens Awards.

NTL

NTL was highly commended in the Best for Inclusion’s category at the Greater Manchester Good Employment Awards and the Top Employer category in the Women in Rail Awards. It also established itself as a Level 2 Disability Confident Employer, after previously earning a gold standard Investors in People accreditation and achieving the Investors in Diversity bronze standard.

NTL became a patron of the Multicultural Apprenticeship Alliance – an organisation that strives to promote social diversity and inclusion in apprenticeships. NTL’s talented engineers were recognised for their work on the InterCity 225 fleet at Neville Hill with a prestigious Golden Spanner Award and took home the top prize in the Service Infrastructure Monitoring category at the Railway Innovation Awards.

SET

During the year SET was recognised externally with multiple accolades including winner of ‘Great Place to Work’ and ‘Customer Service Excellence’ at the 2023 National Rail Awards and named ‘Rail Business of the Year’ at the 2023 Rail Business Awards. SET staff were also recognised for outstanding actions, with a management colleague awarded for Outstanding Personal Contribution (Manager), and a frontline colleague awarded highly commended at the National Rail Awards.

At the Railway Innovation Awards, SET won an accolade for the investment and improvements to our Customer Information Screen (CIS) enhancements. The Women in Rail Awards recognised a colleague as Male Apprentice of the Year, and another colleague was awarded Highly Commended in the Internal Communications Manager of Year category of the Institute of Internal Communications. SET was rated number 68 in the prestigious ‘Top 100 Employers for Apprentices’ and granted ‘Gold Accreditation’ for Investors in People for People and Wellbeing, and Apprenticeships.

TPT

In April 2023 TPE was the first operator to be formally recognised as Carbon Literate by the Carbon Literacy Trust. In May it received a Silver Award from the Ministry of Defence recognising the support for the Armed Forces community in the workplace. Then, in June, TPT’s BTP liaison officer was presented with a ‘Partnership Working’ award for his outstanding work with TransPennine Express.

Sustainable, Ethical and Environmental Performance

Environmental Sustainability Strategies are delivered individually through each DOHL TOC. The strategies are guided through application of DOHL TOCs' ISO 14001 and IS0 50001 certified energy and environmental management systems, and strengthened through their partnerships with Network Rail, industry groups, station tenants, cleaners, and colleagues.

LNER

LNER is committed to achieving Net Zero Carbon by 2045. This year has seen the implementation of LNER's net zero roadmap. This includes a series of staged activities targeting both traction and non-traction operations aimed at reducing energy consumption, improving the efficiency of energy use, phasing out the use of fossil fuels, and reducing the carbon intensity of the remaining energy consumption. LNER has also developed an air quality improvement strategy for its stations and a noise management strategy for its operations, to minimise local environmental impacts. It has also developed a circular economy strategy, to avoid unnecessary consumption within the business, ensure assets are designed for re-use and recycling, and minimise generation of waste.

NTL

NTL's various Environmental strategies form part of the wider business Health, Safety, Security and Environment (HSSE) strategy. Environmental Strategies currently being delivered include Decarbonisation and Air Quality strategies, with further strategies aimed at Noise Management and Climate Change Adaptation under development. In addition to ISO accreditation, independent audits, internal audits and checks are completed to further identify environmental risks and opportunities for improvement. NTL supports the UK Government's ambition to remove all diesel-only trains from service by 2040 and to deliver a net-zero railway network by 2050.

SET

SET developed its first Sustainability Strategy in 2023, focused on three thematic areas of natural environment, emissions, and social sustainability. It sets out 11 goals and what SET will do to achieve them. SET believes these actions will help to transform the business and realise its purpose of working together to achieve a thriving future for the railway and for the communities it serves. SET's strategy is informed by RSSB's Sustainable Rail Blueprint. In 2023 SET also developed its Railway for Nature Plan, a Decarbonisation Roadmap and an Environmental Noise Management Strategy, all of which are now in the process of being delivered.

TPT

During the financial year, TPT has taken forward several strategic goals under its four Pillars of Sustainability, whereby activities have aligned with its business assurance arrangements, with opportunities, outcomes, and risks reported to the TransPennine Express' board. In the financial year TPT has published its endorsement of the rail industry Sustainable Rail Blueprint and its road map to net zero. Furthermore, TPT's near-term science-based targets were validated by Science Based Target initiative (SBTi) in the year, demonstrating that its scope 1 and 2 near-term targets align to the latest climate science from the IPCC.

Further information relating to the Group's carbon tCO2e and CFD reporting can be found in the Sustainability report, page 55.

KEY PERFORMANCE INDICATORS

In addition to monitoring financial performance, the Group uses a range of key performance indicators (KPIs) for its companies to assess the effectiveness of their performance against their Business Plans. External factors such as industrial action, extreme weather events, increased trespass, and challenges from infrastructure reliability continued to impact the Group's KPI results, the most important of which are in the following key areas.

Safety

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

Moving annual average (MAA)*	LNER 2024	LNER 2023	NTL 2024	NTL 2023	SET 2024	SET 2023	TPT 2024	TPT 2023
Passenger major injuries per 1 million passenger journeys	**0.24**	0.31	**0.29**	0.28	**0.01**	0.02	**0.15**	Not measured
Workforce lost time accidents per 1,000 employees	**0.38**	0.63	**0.68**	0.56	**0.61**	0.41	**2.34**	Not measured

This year saw 20 RIDDOR recorded customer incidents (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013), (2023: 26 incidents). For staff accidents there were 76 RIDDOR reportable employee accidents (2023: 70 incidents). These figures have increased slightly compared to last year. However, these figures remain considerably lower than prior to the pandemic. The Group continues to monitor and rectify common factors to ensure the level of accidents and time lost are minimal.

During the reporting year employees who were physically assaulted were 59 LNER (2023: 58), 251 NTL (2023: 191), 444 SET (2023: 394) and 26 TPT (2023: not measured). The classification for this differs to that of the police in that any physical contact is recorded as a physical assault. The highest individual causes remain related to ticket enforcement and/or dealing with customers reported to be under the influence of alcohol or drugs. The Board is very grateful for the efforts of its staff in dealing with these difficult circumstances.

The Group's approach to dealing with this risk is twofold: prevention and prosecution. Initiatives include the provision of body worn cameras for frontline conductors, gateline staff and travel safety officers. CCTV at stations and on trains is 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, particularly that of female and vulnerable colleagues and customers. Working with industry bodies and partner agencies including the Rail Delivery Group, the BTP vulnerability units, The Suzy Lamplugh Trust and The Survivor's Trust, together with associated research, the Group continues to make improvements to internal training, station environments and customer communications. Staff are empowered to recognise and report such poor behaviour.

Colleague Engagement

DOHL TOCs have continued to enhance their colleague wellbeing and engagement programmes ensuring colleagues can access support early, and several initiatives run throughout the year have contributed towards this aim.

Each DOHL TOC is challenged to have in place a colleague wellbeing strategy delivered through experienced teams of occupation health professionals who are either internal to the business, or contracted through provision from well-known industry suppliers. The strategies employed for DOHL TOCs have a holistic focus covering the three important and integrated areas of physical, financial and psychological wellbeing. All colleagues have access to Employee Assistance Programmes (EAPs) and each DOHL TOC actively promotes services that exist to support colleagues suffering financial hardship such as the Railway Benefit Fund and the Railway Mission. TOCs encourage their colleagues to engage in industry wellbeing programmes such as Rail Wellbeing Live, encourage and train line management to be tuned to and support needs of their people and foster a sense of social wellbeing.

It is important to note that DOHL TOCs engagement indices may be skewed by the ongoing industry dispute in relation to pay and workforce reform, which has had a negative impact evidenced within the employee survey sections that explore pay, terms and conditions and reward. DOHL TOCs will continue to work even harder in the design and execution of their engagement strategies to strengthen the employer-employee relationship in all other areas of the employee experience, to try and mitigate the overall result.

Employee Engagement Index 2023/24	LNER	NTL	SET	TPT
Response rate	50%	34%	33%	61%
Engagement	71%	59%	66%	70%
Engagement change from 2022/23	+9%	+7%	+2%	Not previously measured

NB: the engagement surveys at our TOCs are different and therefore any comparison of the outcome results would be misleading.

LNER has an all-company annual survey that ran in 2023 across the month of September. The sustainable engagement score of 71% has increased by 9% on the last full survey. Positive areas include good career opportunities, the strongest key driver of retention, as well as support for making a positive difference to customers, having enjoyable physical workspace and belief that LNER's values and behaviours are being demonstrated in reality.

NTL's colleague satisfaction score increased by seven percentage points to 59%; advocacy (likelihood of recommending NTL as a good place to work) increased by one percentage point to 48%. The two areas with highest dissatisfaction are around collaboration with other departments and senior leadership not being perceived to understand the issues that customer-facing colleagues face in their jobs. NTL is seeking to improve colleague engagement in several ways, following the Engage for Success model for engagement, with activity focused around six strategic enablers: strategic narrative; engaging managers; employee voice; organisation integrity; internal communications and FREDIE (Fairness, Respect, Equality, Diversity, Inclusion and Engagement).

Against a backdrop of change and continued industry wide uncertainty over the year, there were fluctuations in SET's employment engagement score. Initially there was a slight fall in the score, but it increased in January 2024, largely because of improved scores in Passenger Services. Pulse survey results show that some colleagues are finding it hard to focus beyond industrial relations issues, whilst others recognise the wider opportunities and benefits of working at SET.

TPT's Express Yourself survey took place in early March, the first time an employee engagement survey had been held since transfer to DOHL. This resulted in an overall engagement score of 70% from a 61% response rate. The Vision and Values index was at 63% while the Wellbeing Index was at 69%. This is a significant improvement from similar surveys conducted prior to Transpennine Express' transfer to DOHL and reflects the hard work in improving company culture across the Transpennine Express workforce.

Customer Advocacy

DOHL TOCs are using customer insight to create a culture of continuous improvement in the customer experience, empowering colleagues to drive change and address customer priorities.

LNER reported a Customer Satisfaction (CSAT) score of 63.7% for the Rail Year 2023/24, which is 1.3pts below target of 65%. Although this is largely in line with previous year end CSAT of 63.4% (which outperformed relative target), it is important to note that for this rail year, target increased from 63% to 65%. This change followed an internal consultation with a number of colleagues around the business, where influencing factors expected to have a positive impact on service were identified. Disrupted CSAT, which measures customer satisfaction during periods of delay of 10 minutes or more, was 41.9%, 7.1pts below target of 49.0%, however Non-Disrupted CSAT was 73.6%, 4.6pts above target of 69%.

NTL's customer metrics, Net Promoter Score (NPS) and Customer Satisfaction (CSAT) saw positive uplifts at the start of rail year 2024. However, there were steady declines into the autumn periods where service delivery and performance has been challenged by a multitude of weather events, namely the numerous storms the UK has experienced. A recent improvement in Northern's train service performance has contributed to positive uplifts in the last rail period, which will hopefully continue into the new rail year. For customers who arrived at their destination on time, CSAT reached highs of 86%, compared to a decline of over 15 percentage points if a customer is up to five minutes delayed.

At SET, customer satisfaction has increased slightly to 85% in 2024 (2023: 84%). A range of improvements and new services have been delivered to enhance SET's customer experience. These include improving the

Delay Repay offering, and the introduction of webchat as a contact channel within SET's app and on its retail webpages. Comparing the usage of webchat from its first period to the most recent, usage has grown by 360% with around 8,000 chats per period and 80% of interactions being handled by the virtual agent and only 10% being referred to a live agent to resolve.

Customer satisfaction correlates strongly with performance, and TPT has seen its Net Promoter Score increase since the beginning of the year. Starting the year at -6, TransPennine Express has gradually improved this position to +10 by the end of P11. Overall journey satisfaction has also performed well, increasing to 86% in P11. Service Quality Regime (SQR) has performed strongly throughout the year with six out of nine areas hitting benchmark on average each period. The standout measure in the SQR is Colleague Helpfulness, averaging 95.98%, and scoring 100% four times – hitting benchmark every period with the exception of one.

Stakeholder Engagement

DOHL and its TOCs recognise their responsibility to build and maintain strong and successful relationships with customers, stakeholders and partners. DOHL TOCs engage closely with stakeholders within and outside the rail industry on key rail projects on their routes, to understand and shape plans for the future, notably timetable changes and Government decisions on investment. Alongside this, each TOC has strong engagement programmes in place for all stakeholders from political representatives to local authorities and chambers of commerce. Regular communications through newsletters, meetings, forums, events and Parliamentary sessions keep stakeholders abreast of changes to services and other important updates from across the businesses.

Supplier relationships and industry partners

DOHL TOCs have set a Supplier Code of Conduct outlining how they aspire to manage long-term supplier relationships. All suppliers are required to agree to these as part of their contract with DOHL TOCs. In addition to commercial aspects, all DOHL TOCs have introduced corporate social responsibility measures, such as including social value measures in tender evaluations. Each DOHL TOC is subject to the Utilities Contract Regulations and contracts over the relevant thresholds are advertised in the government website Find a Tender (FTS).

Partnerships

LNER has worked very closely with industry partners this year, particularly Network Rail, to look at cost efficiencies, performance improvements and customer experience initiatives. Through the East Coast Partnership (ECP) Charter LNER continues to work on the objectives and initiatives that drive forward its joint activities with Network Rail. Safety and Sustainability remains a key focus area for the Partnership, building upon the collaborative work that the Heads of Safety have already started, promoting safety excellence by using cross-organisational sharing of expertise.

Partnerships play an important role in NTL's business plan and in delivering the growth which NTL is committed to. NTL is focused on working with the Department for Transport (DfT), Rail North Partnership (RNP), Network Rail and other industry partners to deliver a robust and resilient railway, transforming the end-to-end experience for customers. NTL is committed to its ambition to transform rail across the North of England and, with its industry partners, is finding more cost-effective ways of delivering it.

Southeastern and Network Rail are responding to the industry challenge to make the railway simpler, more efficient, joined up and a better choice for more people. As part of this, they are working ever more closely together to deliver a better, more reliable, and sustainable railway at a lower cost to the taxpayer and providing better value for money to customers. Whilst remaining two separate companies, Southeastern and Network Rail (Kent Route) are operating the newly-formed Kent Alliance. This features a joint leadership team and has seen the introduction of a data sharing agreement, providing greater transparency between the two organisations.

Since 2021 TPT has been the Delivery Partner to the TRU Programme. This role has allowed TransPennine Express to contribute to the development of an integrated programme across all aspects of timetable, rolling stock and operations. To implement the pace and scale of the change required, TPT is providing a clear sense of purpose and direction and an ambitious and single-minded approach, working with stakeholders in the Department for Transport (DfT), Transport for the North (TfN), Transport Scotland (TS), Rail North Partnership (RNP) and the Group to reach consensus on the delivery of the plan – providing strategic direction through to 2032.

The impact of the Group's operations on the community and the environment

DOHL Train Operating Companies, continue to support the communities where they operate through fundraising and volunteering hours. DOHL encourages all its TOCs to put passengers and local communities first and it continues to drive efforts to deliver social and economic value for the people and communities they serve.

Each DOHL TOC, through individual social value strategies measures the socio-economic benefit of their work.

- At LNER, for every £1 invested in LNER services, at least £2 is generated in Gross Value Added (GVA), with a further £0.83 pence generated in wider economic activity. LNER also unlocked over £23m of Social and Local Economic Value (SLEV) across its procurements – substantially higher than the £6mtarget set by the DfT.
- For every £1 invested in Northern, £1.24 is generated in GVA, supporting £2.50 of wider economic activity.

- At Southeastern, the Community Rail Partnerships scheme continues to expand. Notable projects include:
  - Hollingbourne and Eynesford Station renovations both attaining “Highly Commended” at the National Railway Heritage Awards in 2023 and came third in the Community Rail Network Awards in 2024.
  - Creation of a community centre at Battle Station which was officially opened on 23rd February 2024.
  - Try a Train events targeted at vulnerable groups to build confidence in independent travel.
- At TransPennine Express, the stabilisation plan is driving a growth in social, economic and environmental value, with a focus on returning TransPennine Express to pre-Covid levels of £2.1bn social value.

DOHL TOCs have strong community engagement programmes in place, engaging in a range of schemes and projects which:

- foster social inclusion
- position the railway as an enabler for often isolated groups or individuals
- support local economies
- help to build a more sustainable future

LNER made charitable donations totalling £35,367 during the year ending 31 March 2024 (2023: £25,515) to the Railway Mission Chaplaincy, Railway Mission and Conservation Volunteers. In addition, LNER provided £521,011 through the Customer and Community Investment Fund (2023: £675,641), representing a 12-month running of the scheme including for charitable projects delivered by Next Door But One, The Guide Dogs for the Blind and Place2Be.

NTL made charitable donations of £18,200 during the year ended 31 March 2024 (2023: £1,100). NTL's community team fosters relationships with charitable projects and initiatives to respond to the social challenges that it can most affect, as well as to improve the businesses long term sustainability by working to improve diversity and inclusion, and to identify, nurture and recruit talent from hard-to-reach groups.

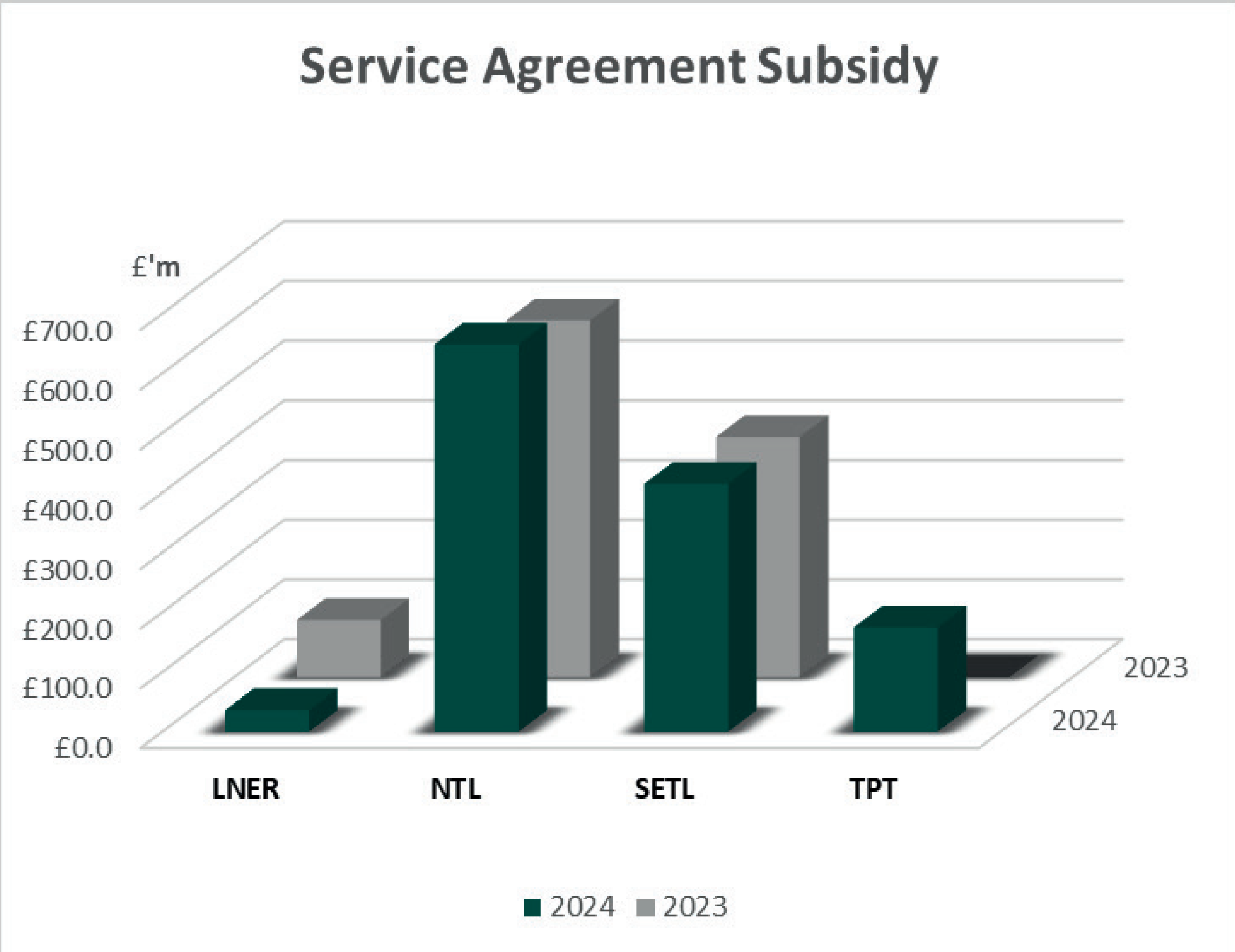
SET fosters relationships with, and supports, charitable projects and initiatives to respond to the social challenges that it can most affect. SET made charitable donation of £53,365 during the year ended 31 March 2024.

TPT made charitable donations of £2,346 during the year ended 31 March 2024 (2023: £nil). In addition, TPT provided funding to Community Rail Partnerships of £41,250, as well as a £20,000 donation to the Proud Trust Partnership and a £10,375 contribution to Meadowhall Mobility Scooter Scheme.

FINANCIAL REVIEW

Operating performance

Revenue for the financial year ending 31 March 2024 was £3,481.4m (2023: £2,857.2m) which in the main reflects ticket revenue earned from passenger services and associated income earned from catering, car parks, and commission. It additionally includes the DfT service agreement subsidy, in line with other Train Operating Companies (TOCs).



The service agreement subsidy received by LNER, £36m (2023: £96m), NTL, £648.4m (2023: £597.7m), SET, £415.0m (2023: £402.2m) and TPT, £174.5m (2023:

£nil, commenced trading 28 May 2023) decreased year on year for LNER and increased for NTL and SET. LNER's service agreement runs until 23 June 2025, NTL's until 1 March 2025, TPT's until 25 May 2025, and SET's until 13 October 2024 with an option for a further three years. Each TOC's mechanisms to calculate the service agreement subsidy/premia from/to DfT are per its service agreement.

Total operating expenditure reported in the year for continued operations was £3,476.7m (2023: £2,806.9m), comprising access charges payable to Network Rail for stations and depots, rolling stock lease costs and sublease income, staff costs and other operating costs. The profit before taxation on continued operations for the year was £29.4m (2023: £25.6m). Each TOC's mechanisms are per its service agreement.

TF19's loss before taxation from discontinued operations is £0.125m, (2023: £2.1m).

On 28 May, the operation of all TransPennine Express services transferred from First TransPennine Express Limited (TPE) to TransPennine Trains Limited (TPT) – a DOHL subsidiary. TPT was given a Service Agreement contract to operate the franchise for a period of 2 (+2) years. Funding agreements were also put in place which give TPT and DOHL access to sufficient funds for the required operations. All franchise assets and liabilities, excluding rolling stock leases and the pension scheme, were transferred to TPT at values agreed between the parties.

All First TransPennine Express Limited employees were able to transfer to TransPennine Trains Ltd under the TUPE process on their existing terms and conditions. Following the announcement, the decision was taken for the TPE Managing Director to step down, and an Interim Managing Director was seconded from NTL until a permanent successor was appointed. That Interim Managing Director was subsequently appointed permanently following a thorough recruitment process.

The transition of ownership was undertaken successfully with no disruption to passengers, suppliers and employees and no loss of financial control or commercial momentum. Effective governance functions were implemented and there was no disruption to projects.

TPT's focus has been to improve punctuality and reliability and to operate a safe and efficient railway; reset relationships; re-engage colleagues and rebuild trust with passengers and stakeholders, with significant progress made in all these areas following transition.

Following a number of stories within the national media DOHL TOCs have reviewed their reliance, both directly and indirectly on the software company, Atos. Whilst the TOCs do not have any material direct relationship with Atos, it is aware that a number of industry systems have a reliance on Atos. Contingency planning work has been co-ordinated between Network Rail and RDG on this matter.

Statement of financial position

At 31 March 2024, the Group had net assets of £156.6m (2023: £134.3m). Key movements year on year included thirteen four-week accounting periods of Right of Use (RoU) assets; depreciation £384.8m (2023: £352.9m) across the Group and repayment of lease liabilities £429.1m (2023: £384.6m) mainly in rolling stock, see note 26. With TPT commencing trading on 28th May 2023, the current year 2024 includes only ten four-week accounting periods for TPT. Lease liabilities remeasurements in the year primarily relate to extension and payment term charge in respect of rolling stock leases and payment term reduction in office lease.

Statement of cash flows

The Group has generated a net cash inflow of £87.1m (2023: £40.4m outflow) in the year, leaving a cash balance of £350.1m at 31 March 2024 (2023: £263.1m). For year ending 31 March 2024, the Company had no loans outstanding or loan repayments from or to the DfT (2023: £nil). The Group cash flows from operating activities has seen the improvement in revenue growth, higher indexation and a part year of TPT working capital (the TOC commenced trading on 28 May 2023).

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 industrial relations climate across the industry.
- The threats posed to all organisations through cyber criminality.
- Pressures on train planning and timetabling resources that could impact ability to offer operationally efficient services.
- Worsening employee engagement.

The Group is exposed to external and internal risk factors. The companies are heavily dependent on passenger numbers which are still impacted by revised travel patterns post-Covid, but also other external risk factors such as regulatory, economic, and competitor activity. Under the terms of its TOCs' Services Agreements, the Group falls under the regulation of 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.

During the year DOHL TOCs has reviewed the risk of reliance on third party suppliers and software. This risk rating has been increased following the review of reliance of the industry on Atos systems. The key mitigation is participation by DOHL TOCs in wider industry forums with RDG, Network Rail, ORR, DOHL and DfT to manage the industry's suppliers.

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, recruitment and fair remuneration 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.

Contingent Liabilities

A legal matter has been raised and the court is considering whether certain specific offences have been prosecuted in error using the Single Justice Procedure by the Group. The legal proceedings are at an early stage and at the balance sheet date there is no way to reliably estimate the value of any possible liability or the extent of any obligation arsing in respect of the Group. The Group is working proactively with legal advice to assess the extent of any possible liability or obligation arising on the Group. The costs received by the Group in respect of the impacted cases under the Single Justice Procedure have not been material to the Group.

On behalf of the Board

Robin Gisby
CEO
2 July 2024

Directors' Report

The Directors present their annual report, business review and the audited consolidated financial statements for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

DOHL's fundamental role as the DfT's Operator of Last Resort is to ensure that it is able to transfer ownership of TOCs to itself, as required by the Secretary of State. DOHL remains in a state of constant readiness to be able to fulfil its public and statutory duties in accordance with Section 30 of the Railways Act 1993. For the train operators within its control DOHL provides good governance, support and direction.

On 28 May 2023, TransPennine Express services were transferred into DOHL Group. As a result, the entity was consolidated into DOHL Group from that date.

The principal activity of LNER, NTL, SET and TPT is the provision of passenger services. TF19 sold the Class 365 trains in July 2021 and so no longer has any day-to-day operations. Its current principal activity is to seek to realise value from the liquidation of the previous lessor of those trains. The non operational subsidiary companies were formed in readiness to facilitate the ownership transfer of a TOC if it were to move into government ownership under DOHL.

Please see the Strategic Report for further detail as to how the Directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year.

Results and dividend

The Group's reported financial performance for the year ended 31 March 2024 shows a profit after tax of £22.2m (2023: £23.5m profit). 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, (2023: £nil). A dividend of £20m was received by DOHL from LNER during the financial year 2023-2024 for financial year 2022-2023 (2023: £nil relating to year 2021-2022). This has been eliminated in the group consolidation.

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 Chair	Richard George	
Chief Executive Officer; Accounting Officer for TF19	Robin Gisby	
Chief Financial Officer	Richard Harrison	
Non-Executive Directors	Chris Gibb	
	Michelle Handforth	
	Sam Caughey	resigned 1 October 2023
	Tim Buxton	resigned 6 November 2023
	Ilona Blue	appointed 19 September 2023, resigned 29 February 2024
	Ashley Ibbett	appointed 1 October 2023
	Kathryn Cearns, OBE	appointed 29 February 2024

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 2023 to 31 March 2024 was as follows:

	Attended	Invited
Richard George	14	14
Robin Gisby	14	14
Richard Harrison	13	14
Chris Gibb	14	14
Michelle Handforth	13	14
Sam Caughey	5	6
Tim Buxton	7	9
Ilona Blue	6	7
Ashley Ibbett	8	8
Kathryn Cearns, OBE	1	2

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

DOHL is focused on delivering its Vision for its train operators to be industry leading in terms of safety, financial, operational and commercial performance, and customer service, with an enhanced reputation compared with when they arrived in the Group. Meeting this Vision requires its TOCs to attract more customers to make more journeys, more often, including more customers shifting travel mode to rail, while delivering the services that our communities need. In turn, this will deliver a financially sustainable railway, a strong economy and communities, and will protect the environment.

The desirability of the Company maintaining a reputation for high standards of business conduct

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.

Political donations

There were no political donations made in the year (2023: £nil).

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, NTL, SET and TPT for the period 1 April 2023 to 31 March 2024 is summarised below. No other group companies have any significant impacts on these metrics, and DOHL's own usage is negligible.

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*	Total	Carbon* tCO_2e	Carbon tCO_2e
		2024	2023	2024	2023
Energy					
Total gas kWh	1				
LNER		3,657,277	3,688,688	669	673
NTL		16,708,375	16,212,294	3,056	3,463
SET		6,857,548	6,915,583	1,234	1,245
TPT		631,750		116	
		27,854,950	26,816,965	5,075	5,381
Traction diesel kWh	1				
LNER		4,841,519	4,930,291	13,340	13,601
NTL		500,229,534	466,467,519	131,270	150,651
SET		683,827	622,986	161	150
TPT		239,748,506		60,722	
		745,503,386	472,020,796	205,493	164,402
Total non-traction electricity kWh	2				
LNER		11,619,926	11,895,644	2,406	2,300
NTL		24,281,794	24,962,323	5,167	6,529
SET		29,459,421	29,673,255	5,987	5,738
TPT		2,411,352		499	
		67,862,493	66,531,222	14,059	14,567

	Scope	Total*	Total	Carbon* tCO_2e	Carbon tCO_2e
		2024	2023	2024	2023
Traction electricity (EC4T) kWh	2				
LNER		320,682,016	306,182,027	66,405	59,209
NTL		73,357,915	81,700,569	15,191	21,369
SET		478,901,280	494,860,291	99,168	95,696
TPT		34,563,917		7,157	
		907,685,128	882,742,887	187,921	176,274
TOTAL					
Other environmental parameters					
Total water (m^3)	3				
LNER		80,951	80,525	n/a	n/a
NTL		196,036	215,646	n/a	n/a
SET		135,510	306,501	n/a	n/a
TPT		26,983		n/a	
		439,480	602,672	n/a	n/a
Waste % recycled	3				
LNER		30%	32%	n/a	n/a
NTL		72%	72%	n/a	n/a
SET		22%	30%	n/a	n/a
TPT		55%		n/a	

	Scope	Total*	Total	Carbon* tCO_2e	Carbon tCO_2e
		2024	2023	2024	2023
Intensity ratios					
Carbon emissions per £million turnover					
LNER		n/a	n/a	96	92
NTL		n/a	n/a	145	188
SET		n/a	n/a	125	125
TPT		n/a		167	
DOHL Consolidated		n/a	n/a	125	133

* -This data includes estimates. TOC mileage claims for personal vehicles have been excluded as they are immaterial.

-TPT data from transfer to DOHL on 28 May 2023, ten periods.

Our TOCs have maintained certification to ISO14001 and ISO50001 environmental and energy management systems standards (see individual TOC financial statements for details). 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.

LNER has a target to become net zero by 2045. Its decarbonisation strategy sets out a hierarchy of activities to achieve this, focusing on energy efficiency, switching away from fossil fuels, developing on-site generation and procuring renewable power. Throughout 2023/24 LNER has been laying the groundwork for much of this activity, developing design specifications for heating system replacements and feasibility studies for on-site renewable generation. LNER has also progressed with feasibility modelling of battery train technology and has procured a new tri-mode train fleet which will incorporate battery power to minimise diesel consumption on non-electrified sections of the route. Many of these projects are long timescale in nature, so will cover multiple reporting years.

Initiatives to support NTL's Decarbonisation Strategy have been a key focus in 2023/24. Development of a Rolling Stock Strategy, tackling supplier emissions, and seeking alternative solutions to the use of gas assets at our locations have been priorities. New trains procurement, through NTL's Rolling Stock Strategy, will see its existing fleet replaced by the lowest carbon option that infrastructure and funding will allow. The approach, in the short to medium term, is to purchase diesel-electric bi-modes as tranches of NTL's legacy fleet reach their end of life and it no longer makes economic sense to maintain the fleet. This enables NTL to realise carbon reductions across differing levels of investment in infrastructure – the more electrification added to the network, the more electric miles run under the wire, reducing NTL diesel consumption and its carbon emissions.

SET is determined to take a proactive approach in tackling climate change by aiming to become a net zero organisation by 2050 or earlier, covering Scope 1, 2 and 3 emissions. To achieve this, it has conducted a comprehensive carbon footprint exercise to establish a baseline for its carbon emissions. This exercise enabled us to identify the main sources of emissions and paved the way towards developing science-based carbon reduction targets that are aligned with the latest climate science. SET will continue to work towards achieving its decarbonisation goals and will regularly review and update this strategy to ensure that it is making meaningful progress.

Following validation and publication of TPT's near-term science-based targets alongside its road map to decarbonisation, TPT plans to develop a Climate Transition Plan aligned to the Transition Plan Taskforce to effectively address the multiple challenges and opportunities presented by climate change and the transition to a low-carbon economy. By proactively identifying and managing climate-related risks and opportunities, TPT believes its weather and climate resilience can be enhanced.

Environmental Sustainability

The changing climate is shaping people's lives across the planet and the effects of climate change are complex. Its long term, global nature and the fact that it is potentially irreversible with uncertainty surrounding its progression means it is unlike any other risk that businesses are facing.

DOHL's TOCs have the potential to be significantly impacted by this. With that in mind, a DOHL-wide working group has been formed to look at the TOCs' individual and collective path towards full alignment with the Taskforce on Climate-Related Financial Disclosures (TCFD) requirements. The working group also shares learnings, collaborates on scenario planning and discusses principal risks and opportunities. Each TOC then feeds into its governance structure via the Audit and Risk Committee, which in turn advises the TOC Boards as well as DOHL's Audit and Risk Committee.

The working group has identified two key categories of risk: the physical risks that arise from climate change, and the risks inherent in a transition to a low-carbon economy. Given the nature of the TOCs' operations and the diverse geography of the route on which they operate, physical risks are of a particular concern in respect to specific weather events and longer-term shifts in the climate. The breadth and pace at which stakeholder expectations and the legal, regulatory and political focus are changing means that the transitional risks are equally prevalent.

The main themes of these risks are:

Tax Risks – either increased taxation based on the TOCs' carbon footprint or changes in taxation policy that impacts on the organisation.

Policy and Legal Risks – ranging from the TOCs' ability to report on climate related factors, increased litigation and regulation, and significant movements in insurance premiums.

Supply Chain Risks – including the price and availability of products/services in the supply chain, plus the financial impact to the supply chain of a more robust regulatory landscape in relation to climate issues.

Technology Risks – these cover the financial impact of customers moving to alternative modes of travel and the financial risks inherent with investing in lower emission technology.

Reputational Risks – risk of stakeholders' perception of TOCs due to the awareness of their approach to sustainability.

Operational Risks – likelihood of chronic or acute risks disrupting services, managed properties, people and/or critical supply chain partners.

Full descriptions of these risks, their impacts and how they are managed, including targets and KPIs, can be found in each TOC's annual report. As a small organisation, DOHL's own risks are negligible in this area, with the TOCs taking on the bulk of the Group's risks.

Rather than a pure focus on risks, DOHL's TOCs continue to build on the financial opportunities that climate change enables, from reductions in operating costs through capitalising on greater energy efficiencies, right through to attracting customers to rail on the basis of strong environmental credentials.

Going Concern

The Directors note that revenue recovery and demand are back to pre-Covid levels, and the Group's profit before interest and tax is in line with expectations. The basis for preparation for these financial statements has been on a going concern basis which the directors consider to be appropriate given that the business is central to the country, both economically and socially.

The directors consider the preparation of the financial statements on a going concern basis to be appropriate due to several specific considerations in the form of:

a. Railways Act 1993 legislation, whereby the government has duties to ensure that Franchise passenger train services operate at all times;

b. available funding facilities (as outlined below);

c. financial security of the ultimate shareholder (the directors note that the Service Agreements and Funding Agreements are underwritten by the UK Government: DOHL Group is 100% owned by the

Secretary of State for Transport and hence has a financially stable shareholder and is secure from a creditworthiness point of view: at the time of this assessment, AA rating was awarded to the United Kingdom by most credit rating agencies) and

d. there being no other current viable option other than to continue running the TOC operations from the current legal entities (whereby options reviewed are: 1. transferring operations to a private sector entity. Management believes this would take too long, circa 3 years to complete a transfer, which would fall outside of the foreseeable future; 2: transferring operations to another entity in the public sector. Management believes there is not currently another government body to transfer TOCs to (as expressed by the DfT upon DOHL enquiry); 3. ceasing operations - management believes this is not a viable option, in line with the Railways Act 1993).

The Secretary of State set up the Company in 2018 in connection with the exercise of their statutory duties. Within the Group's TOC subsidiaries, the Government is contractually bound to support each TOC for the length of the service period. Under the Service Agreements, each TOC is subject to fixed payments in the form of a franchise premium paid to, or service agreement subsidy received from, the Department for Transport. Under the terms of the Service Agreement the TOC is entitled to earn a predefined margin, and the service agreement subsidy or franchise premium is calculated to deliver that margin. It is calculated with direct reference to profits for each annual accounting period, and there is no clawback mechanism for payments received, or linkage between calculations from one annual period to the next.

In addition to this guaranteed profit margin for the Company's TOCs, a Funding Deed exists between the Company and Secretary of State whereby a loan facility of £600m has been provided to the Company. The facility term ends six months after termination of all the Service Agreements. Cashflows prepared, inclusive of the right to earn a predefined margin under the service agreements, will see the Group operate within the facility.

The directors' going concern assessment is for a period of 12 months from the approval of these financial statements to July 2025. For all four TOCs subsidiaries, the service agreements are set to end during the going concern assessment period.

LNER's service agreement is in place to 23 June 2025, NTL's service agreement is in place until 1 March 2025, SET's is until 13 October 2024, and Transpennine Trains Limited's is until 24 May 2025. In all cases, the directors anticipate that new service agreements or extensions of the current agreements will be granted, securing contractual cash flows to meet liabilities as they fall due throughout the going concern period.

However, ministers have discretion around whether to extend or renew each service agreement. Therefore, in the absence of confirmation at this stage that a new or extended service agreement will be awarded to each of the TOCs for a period beyond the going concern period, management have modelled a severe but plausible downside scenario of the service agreements ending at the end of the respective contractual periods. Having performed a cash flow assessment in the unlikely event of each of the new service agreements / extensions not being awarded, the directors are satisfied that the Group would have sufficient cash flows to meet its liabilities as they fall due for the remainder of the going concern period after the service agreement expires. The DOHL parent entity would need to provide support to Northern Trains Limited and SE Trains Limited in the event of their service agreements expiring, which would be funded through cash generated in other entities in the Group.

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 and the Group.

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 auditors

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 & Auditors General (C&AG) at the National Audit Office (NAO), shall be invited to act as the external Statutory Auditors for the Group. To date, however, NAO has not expressed a desire to audit the Group.

The financial statements on pages 93 to 194 were approved by the Board of Directors on 2 July 2024 and signed on its behalf by:

Robin Gisby
CEO
2 July 2024

Corporate Governance Report

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 the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group 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 UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are 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 also 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’ confirmations

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

- so far as the director is aware, there is no relevant audit information of which the 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 2022-23, this Corporate Governance Report is intended to provide an understanding of the Company and the 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.

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 its Vision and Values, DOHL applies the "International Framework: Good Governance in the Public Sector (CIPFA 2014) to identify 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:

- 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 through a formal Board Effectiveness Review process. These actions are all completed or on track and are reviewed at every Board meeting.

The Board of Directors

During the year, the Board consisted of the non-executive Chair, two executive directors being the Chief Executive Officer and the Chief Financial Officer, together with four further non-executive directors (2023: 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 14 occasions in the period from 1 April 2023 to 31 March 2024. Details of the Directors' attendance at each of these meetings can be found in the Directors' report on page 53.

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. During the next financial year, the Directors intend to continue to build the capacity of the Board.

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 and the Group General Counsel who, if necessary, have 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 Kathryn Cearns, OBE, a non-executive director with appropriate financial expertise. Michelle Handforth, Ashley Ibbett and Chris Gibb (all non-executive Directors) are members of the Committee. Richard George (non-executive Chair), 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 78.

Directors and their Interests

The current Directors of the DOHL Board are listed on page 50. 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 in 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 can be found on page 69.

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 2024 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 kept under review. The key risks and uncertainties of the Group are noted in the Strategic Report on page 50.

There have been no ministerial directions given, or any significant lapses of cyber security in the year.

Modern Slavery Act

DOHL supports the objectives of the Modern Slavery Act 2015 (“the Act”) of eliminating slavery and human trafficking and makes this statement pursuant to section 54(1) of the Act for the financial year ended 31 March 2024. The statement is also made to recognise the importance to approach and improve transparency and prevent slavery and human trafficking from occurring within its supply chain.

DOHL and its TOCs recognise their responsibility to manage the risk of slavery and/or human trafficking taking place within its supply chain. To maintain this, DOHL and its TOCs are committed to:

- The review of procedures regularly to comply with any legal, regulatory and best practice requirements
- Ensuring all employees, interim workers and subcontractors understand the requirements placed upon individuals and to ensure consistency to avoid potential modern slavery situations
- To make available the Modern Slavery Statement to all those in scope of its use, through the accessible DOHL communication channels.

DOHL will seek to ensure:

- DOHL’s values set the perimeters for how DOHL colleagues and contracting partners behave

- Fair and consistent treatment, creating a workplace and business environment that is open, transparent and trusted
- That DOHL policies and procedures relating to the Modern Slavery Act are in line with DOHL's culture and values.

REMUNERATION AND STAFF REPORT

The remuneration policies and practices give due weight to proper management and use and utilisation of public resources, they ensure 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.

The size of DOHL (thirteen staff in total) as an Owning Group and its levels of remuneration compare favourably with their private sector equivalents.

Directors

No pay rises were awarded in the year. The remuneration related to the financial year 1 April 2023 to 31 March 2024 is stated in the table below.

	Salary/ fees	Pension and other benefits	Year ended 31 March 2024	Year ended 31 March 2023
	£'000	£'000	£'000	£'000
Richard George	150		150	150
Robin Gisby	236		236	236
Richard Harrison	220		220	220
Chris Gibb	50		50	50
Michelle Handforth	-		-	-
Sam Caughey	-		-	-
Tim Buxton	-		-	-
Ilona Blue	17		17	-
Ashley Ibbett	-		-	-
Kathryn Cearns OBE	3		3	-
	676	**-**	**676**	656

The Executive Directors did not participate in a bonus scheme.

Employees – Equity, Diversity and Inclusion

Under DOHL ownership, DOHL TOCs are encouraged to work hard to embed Equity, Diversity, Inclusion and Belonging, and to become more inclusive and demonstrate workforce representation. As collation and analysis of EDI data improves, DOHL TOCs will set and achieve challenging targets, driving stronger representation of all groups, and making truly diverse and high performing workforces.

Diversity Pay Gaps

DOHL TOCs publish their gender pay gap as per statutory obligations, and both LNER and NTL report their ethnicity pay gap voluntarily (ahead of any statutory obligation). Overall pay gaps have slightly reduced and show movement in the right direction, with greater female representation across the businesses. Further information is available within the TOC's gender and ethnicity reports which can be found on their websites.

DOHL TOCs are constantly listening to their people and auditing what they do, to highlight issues and developing evolving strategies to address imbalances. Diversity and inclusion sits at the very heart of everything DOHL and its subsidiaries do, with all colleagues striving to achieve the diverse, inclusive, accepting, welcoming, safe space they wish everyone to experience.

Diversity Workforce Representation

Diversity index	LNER 2024	LNER 2023	NTL 2024	NTL 2023	SET 2024	SET 2023	TPT 2024	TPT 2023
Headcount	**3,319**	3,224	**7,125**	6,907	**4,491**	4,597	**1,802**	-
Diversity (male)	**56.6%**	57.5%	**80.2%**	81.0%	**79.0%**	79.0%	**75.6%**	-
Diversity (female)	**43.4%**	42.5%	**19.8%**	19.0%	**21.0%**	21.0%	**24.4%**	-
Diversity (ethnicity)	**10.2%**	9.3%	**8.2%**	6.7%	**11.0%**	9.5%	**6.7%**	-

While DOHL TOCs have made significant strides in progressing equity, diversity, and inclusion over the year, and can see modest movement towards greater representation, it is recognised that this is never a destination but an ongoing journey. DOHL businesses are steadfastly committed to continuously improving and aligning their institutional practices, performance drivers, and capabilities to remove inadvertent systemic preferences and biases. DOHL is resolute in holding itself accountable, successfully executing its goals, and accelerating its maturity, as defined by a global maturity model currently adopted in partnership with GBRTT. The aim is to pilot this model and then influence the industry to adopt its use to enable a consistent set of measures and benchmarking.

DOHL and its TOCs hold memberships and take a leading role across several industry wide bodies.

- The DOHL Group HR Director chairs the rail-wide Diversity and Inclusion Steering Group and is also a member of the Rail Sector Culture Senior Sponsor Steering Group.
- The Head of Learning and Development at Southeastern chairs the industry’s Leadership and Management Development Steering group.
- DOHL TOC representation is embedded in the following action groups: Rail Unites for Inclusion, Rail Culture Action Network and Women in Rail.
- A TransPennine Express colleague holds the chairperson position for Young Rail Professionals North West – taking the leading role in guiding and supporting the next generation of rail talent.

In its role as Chair of the Diversity and Inclusion Steering Group, in the year ahead, DOHL will work collaboratively with the Rail Delivery Group and Great British Rail Transition Team to develop a rail-wide EDI Maturity

Model, with each of DOHL TOCs being aligned to a single benchmark for improvements to diversity, equity and inclusion in the workplace.

Social Mobility

The DOHL group of employers focuses on creating great career opportunities for all through delivering Apprenticeships across several different disciplines, as well as focusing on Train Drivers through the industry's Level 3 standard.

NTL and SET both hold 'Apprenticeship Main Provider' status which enables them to increase the range of apprenticeships they can offer to colleagues, as well as provide some services to other companies within the industry. LNER holds the 'Employer Provider status' which enables it to deliver full apprenticeships for train drivers internally. TPT's apprenticeship provision is outsourced.

DOHL TOCs social mobility commitments include:

- Ensuring entry into driver and engineering roles is only by apprenticeship, with qualified drivers recruited from other TOCs only in exceptional circumstances.
- Exploring and providing as many apprenticeship routes as practicable.
- Supporting Internship Programmes such as the Princes Trust.
- Working with education partners, Job Centres and our colleagues at Network Rail, to deliver other pre-

employability programmes, including the Get into Rail SWAP scheme.

Robin Gisby
CEO
2 July 2024

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 2024 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 UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 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 2024; the Consolidated Income statement, the Consolidated Statement of 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, comprising material accounting policy information and other explanatory information.

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.

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 2024 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.

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 Railways Act 1993, 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 and tax legislations. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve financial results and management bias in significant judgements and accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board minutes;
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, including accounting for defined benefit pension schemes and the service agreement term assumption.

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.

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
London
3 July 2024

Consolidated Income statement

For the year ended 31 March 2024

	Note	2024 £000	2023 £000
Continuing operations			
Revenue			
Passenger revenue	2	**2,039,322**	1,611,353
Other revenue	2	**1,442,083**	1,245,882
Total Revenue	2	**3,481,405**	2,857,235
Other operating costs	3	**(3,476,714)**	(2,806,897)
Other Income	6	**48,465**	17,590
Operating profit		**53,156**	67,928
Finance income	7	**7,377**	1,716
Finance and similar charges	7	**(31,120)**	(44,008)
Profit before taxation		**29,413**	25,636
Tax on profit	9	**(7,120)**	(3,929)
Profit for the financial year from continuing operations		**22,293**	21,707
Discontinued operations			
Loss from Discontinued Operations	10	**(101)**	1,748
Profit for the financial year		**22,192**	23,455

The income statement has been prepared on the basis that continuing operations and discontinued operations are separately disclosed.

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own income statement. The profit after tax of the Company for the financial year was £20,862k (2023: profit of £126k).

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	2024 £000	2023 £000
Profit from continuing operations		**22,293**	21,707
Loss from discontinued operations		**(101)**	1,748
Profit for the year		**22,192**	23,455
Items that will not be reclassified to profit or loss:			
Actuarial loss on retirement benefit obligations	27	**(8)**	132
Tax on actuarial (loss)/gain on retirement benefit obligations	9	**2**	(313)
Total items that will not be reclassified to profit or loss		**(6)**	(181)
Items that may be reclassified to profit or loss:			
Change in fair value of cashflow hedges		**109**	(109)
Total items that may be reclassified to profit or loss		**109**	(109)
Total other comprehensive expense for the year		**103**	(290)
Total comprehensive income for the year		**22,295**	23,165

Consolidated Statement of Financial Position

As at 31 March 2024

	Note	2024 £000	2023 £000
ASSETS			
Non-current assets			
Intangible assets	11	**15,531**	18,428
Tangible assets	12	**739,392**	793,371
Investments	13	**-**	-
Deferred tax asset	18	**2,359**	1,085
		757,282	812,884
Current assets			
Inventories	14	**14,961**	12,941
Trade and other receivables: amounts due within one year	15	**421,883**	359,952
Cash at bank and in hand		**350,144**	263,089
		786,988	635,982
Total assets		**1,544,270**	1,448,866
LIABILITIES			
Current liabilities			
Trade and other payables	16	(713,372)	(582,086)
Lease liabilities	26	(310,744)	(350,329)
Provisions	17	(49,319)	(12,864)
		(1,073,435)	(945,279)
Non-current liabilities			
Trade and other payables	16	**(27,750)**	(35,229)
Lease liabilities	26	**(281,736)**	(316,355)

	Note	2024 £000	2023 £000
Provisions	17	(4,336)	(14,037)
Deferred tax liability	18	-	-
Retirement benefit obligation	27	(423)	(3,671)
		(314,245)	(369,292)
Total liabilities		(1,387,680)	(1,314,571)
Net assets		156,590	134,295
EQUITY			
Ordinary share capital	21	**-**	-
Capital contribution	22	**16,100**	16,100
Cashflow hedge reserve	22	**-**	(109)
Retained earnings	22	**140,490**	118,304
Total shareholders' funds		156,590	134,295

The above consolidated balance sheet should be read in conjunction with the accompanying notes. The financial statements on pages 93 to 194 were approved by the board of Directors on 2 July 2024 and were signed on its behalf by:

Robin Gisby, CEO
2 July 2024, Company number: 07141122

Company Statement of Financial Position

As at 31 March 2024

	Note	2024 £000	2023 £000
ASSETS			
Non-current assets			
Intangible assets	11	**1**	7
Tangible assets	12	**7**	5
Investments	13	**93,022**	91,589
Deferred tax asset	18	**1**	2
		93,031	91,603
Current assets			
Trade and other receivables: amounts due within one year	15	**491**	28,800
Cash at bank and in hand		**78,369**	43,738
		78,860	72,538
Total assets		**171,891**	164,141
LIABILITIES			
Current liabilities			
Trade and other payables	16	**(15,301)**	(29,846)
Total liabilities		**(15,301)**	(29,846)
Net assets		**156,590**	134,295

	Note	2024 £000	2023 £000
EQUITY			
Ordinary share capital	21	**-**	-
Capital contribution	22	**16,100**	16,100
Retained earnings		**140,490**	118,195
Total shareholders' funds		**156,590**	**134,295**

The above balance sheet for the Company should be read in conjunction with the accompanying notes. For the financial year ended 31 March 2024 the Company was entitled to exemption from a parent company presenting a separate profit and loss account under section 408 of the Companies Act 2006 relating to individual profit and loss account where group accounts are prepared.

The financial statements on pages 93 to 194 were approved by the board of Directors on 2 July 2024 and were signed on its behalf by:

Robin Gisby, CEO
2 July 2024, Company number: 07141122

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Ordinary share capital	Capital contribution	Cashflow hedge reserve	Retained earnings	Shareholders' Total funds
	£000	£000	£000	£000	£000
As at 1 April 2022	-	16,100	-	95,030	111,130
Profit for the year	-	-	-	23,455	**23,455**
Other comprehensive expense for the year	-	-	(109)	(181)	**(290)**
Total comprehensive income for the year	**-**	**-**	**(109)**	**23,274**	**23,165**
As at 1 April 2023	-	**16,100**	**(109)**	**118,304**	**134,295**
Profit for the year	-	-	-	22,192	**22,192**
Other comprehensive expense for the year	-	-	109	(6)	**103**
Total comprehensive income for the year	**-**	**-**	**109**	**22,186**	**22,295**
As at 31 March 2024	-	**16,100**	**-**	**140,490**	**156,590**

Company Statement of Changes in Equity

For the year ended 31 March 2024

	Ordinary share capital	Capital Contribution	Retained earnings	Shareholders' Total funds
	£000	£000	£000	£000
As at 1 April 2022	-	**16,100**	**95,030**	**111,130**
Profit for the year	-	-	126	**126**
Other comprehensive income for the year	-	-	23,039	**23,039**
Total comprehensive income for the year	-	-	23,165	23,165
As at 1 April 2023	**-**	**16,100**	**118,195**	**134,295**
Profit for the year	-	-	20,862	**20,862**
Other comprehensive income for the year	-	-	1,433	**1,433**
Total comprehensive income for the year	**-**	**-**	**22,295**	**22,295**
As at 31 March 2024	**-**	**16,100**	**140,490**	**156,590**

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities	24	**557,039**	389,742
Interest received		**7,202**	1,716
Corporation tax paid		**(1,362)**	(5,549)
Net cash inflow from operating activities		**562,879**	385,909
Proceeds from held for sale assets		**-**	-
Capital grants received		**11,278**	30,507
Purchase of fixed assets		**(58,002)**	(72,174)
Cash inflow/(outflow) from investing activities		**(46,724)**	(41,667)
Interest paid		**-**	-
Principal element of lease payment		**(397,980)**	(340,814)
Interest element of lease payment	26	**(31,120)**	(43,784)
Funding loan repaid to parent		**-**	-
Cash outflow from financing activities		**(429,100)**	(384,598)
Net increase/(decrease) in cash and cash equivalents		**87,055**	(40,356)
Cash and cash equivalents at beginning of year		**263,089**	303,445
Cash and cash equivalents at end of year		**350,144**	263,089

 Registered Office: Waterloo General Office, 4th Floor, Waterloo Station, London, SE1 8SW

Company Statement of Cash Flows

For the year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash inflow/(outflow) from operating activities	24	**13,915**	(48,088)
Interest received		**949**	23
Interest paid		**(22)**	(211)
Corporation tax paid		**(205)**	-
Net cash inflow/(outflow) from operating activities		**14,637**	(48,276)
Purchase of fixed assets		**(6)**	(3)
Dividend received		**20,000**	-
Cash inflow from investing activities		**19,994**	(3)
Funding loan repaid to parent		**-**	-
Cash (outflow) from financing activities		**-**	-
Net increase/(decrease) in cash and cash equivalents		**34,631**	(48,279)
Cash and cash equivalents at beginning of year		**43,738**	92,017
Cash and cash equivalents at end of year		**78,369**	43,738

Notes to the Financial Statements

For the year ended 31 March 2024

1 Material accounting policies

The Company is a private limited company limited by shares registered in England and incorporated and domiciled in the UK. The address of The Company's registered office is Waterloo General Office 4th Floor, Walker Suite, Waterloo Station, London SE1 8SW.The principal activity of DOHL as 'operator of last resort' is to ensure that passenger services can continue to operate in England if a franchise terminates early and is not immediately replaced (through Section 30 legislation). Further descriptions of the Company's principal activities are set out on page 50.

The principal accounting policies are set out below.

a) Basis of Preparation

The basis for preparation for these financial statements has been on a going concern basis which the directors consider to be appropriate given that the business is central to the country, both economically and socially.

The directors consider the preparation of the financial statements on a going concern basis to be appropriate due to several specific considerations in the form of:

a. Railways Act 1993 legislation, whereby the government has duties to ensure that Franchise passenger train services operate at all times;

b. available funding facilities (as outlined below);

c. financial security of the ultimate shareholder (the directors note that the Service Agreements and Funding Agreements are underwritten by the UK Government: DOHL Group is 100% owned by the Secretary of State for Transport and hence has a financially stable shareholder and is secure from a creditworthiness point of view: at the time of this assessment, AA rating was awarded to the United Kingdom by most credit rating agencies) and

d. there being no other current viable option other than to continue running the TOC operations from the current legal entities (whereby options reviewed are: 1. transferring operations to a private sector entity. Management believes this would take too long, circa 3 years to complete a transfer, which would fall outside of the foreseeable future; 2: transferring operations to another entity in the public sector. Management believes there is not currently another government body to transfer TOCs to (as expressed by the DfT upon DOHL enquiry); 3. ceasing operations - management believes this is not a viable option, in line with the Railways Act 1993).

DOHL is wholly owned by the Secretary of State for Transport has the contractual and other arrangements in place with the Secretary of State to perform its functions.

The Secretary of State set up the Company in 2018 in connection with the exercise of their statutory duties. Within the Group's TOC subsidiaries, the Government is contractually bound to support each TOC for the length of the service period. Under the Service Agreements, each TOC is subject to fixed payments in the form of a franchise premium paid to, or service agreement subsidy received from, the Department for Transport. Under the terms of the Service Agreement the TOC is entitled to earn a predefined margin, and the service agreement subsidy or franchise premium is calculated to deliver that margin. It is calculated with direct reference to profits for each annual accounting period, and there is no clawback mechanism for payments received, or linkage between calculations from one annual period to the next.

In addition to this guaranteed profit margin for the Company's TOCs, a Funding Deed exists between the Company and Secretary of State whereby a loan facility of £600m has been provided to the Company. The facility term ends six months after termination of all the Service Agreements. Cashflows prepared, inclusive of the right to earn a predefined margin under the service agreements, will see the Group operate within the facility.

The directors' going concern assessment is for a period of 12 months from the approval of these financial statements to July 2025. For all four TOCs subsidiaries, the service agreements are set to end during the going concern assessment period.

LNER's service agreement is in place to 23 June 2025, NTL's service agreement is in place until 1 March 2025, SET's is until 13 October 2024, and Transpennine Trains Limited's is until 24 May 2025. In all cases, the directors anticipate that new service agreements or extensions of the current agreements will be granted, securing contractual cash flows to meet liabilities as they fall due throughout the going concern period.

However, ministers have discretion around whether to extend or renew each service agreement. Therefore, in the absence of confirmation at this stage that a new or extended service agreement will be awarded to each of the TOCs for a period beyond the going concern period, management have modelled a severe but plausible downside scenario of the service agreements ending at the end of the respective contractual periods. Having performed a cash flow assessment in the unlikely event of each of the new service agreements / extensions not being awarded, the directors are satisfied that the Group would have sufficient cash flows to meet its liabilities as they fall due for the remainder of the going concern period after the service agreement expires. The DOHL parent entity would need to provide support to Northern Trains Limited and SE Trains Limited in the event of their service agreements expiring, which would be funded through cash generated in other entities in the Group.

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 and the Group.

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

The consolidated financial statements and the Company financial statements have been prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006 and have been prepared in accordance 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 and the Group has been selected. The particular policies adopted by the Company and the Group are described below. They have been applied consistently to items that are considered material to the financial statements. IFRS 17 Insurance Contracts replaces IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2024. The Company has assessed the impact the new accounting standard will have on the financial statements for the year ending 31 March 2024 and there is no expected material impact. There are no other new accounting standards or interpretations which are not yet applied but would be expected to have a material effect on the entity in the current period and on foreseeable future transactions. The financial statements have been prepared on a historical cost basis, except for the following:

- Investments in subsidiaries – measured at fair value
- Defined benefit pension plans – plan assets measured at fair value; and
- Derivative financial instruments – measured at fair value.

The 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's consolidated income statement.

b) Principles of consolidation

At the end of financial year 2024, in addition to the four TOCs and TF19, DfT OLR Holdings Limited (DOHL) maintains its ten dormant entities, wholly owned by DfT OLR Holdings Limited (parent) listed in note 13 and together, forms the "Group".

On 28th May 2023, due to operational issues, TransPennine Express services were transferred into DOHL Group. As a result, the entity was consolidated into DOHL Group from that date.

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Revenue

i) Passenger Rail Services

Passenger income represents amounts agreed as attributed to LNER, NTL, SET and TPT 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.

Tickets to travel on a train operating company's service 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. Revenue is only recognised when it is highly probable that a significant reversal will not occur.

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, SET and TPT 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.

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

system. Deferred revenue for railcards and open return tickets is calculated by management. Season ticket revenue is deferred and released to the income statement over the period of the relevant season ticket.

ii) Other revenue

Other revenue is generated in the course of the Group's ordinary activities and is derived from car park revenue, commercial property revenue, railway station access revenue, maintenance revenue, on board catering revenue, fuel sales, train leasing income and commissions receivable. 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 revenue is recognised on an accrual basis in accordance with the substance of the relevant agreements.

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.

d) Service agreement premium/subsidy

Under the service agreements, the TOCs are subject to fixed payments in the form of a franchise premium paid to, or service agreement subsidy received from, the Department for Transport. Under the terms of the service agreement the companies are entitled to earn a pre-defined margin, excluding disallowed expenses, and the service agreement subsidy or franchise premium is calculated in order to deliver this margin.

It is calculated with direct reference to profits for each annual accounting period, and there is no clawback mechanism for payments received, or linkage between calculations from one annual period to the next. As such, the unit of account is deemed to be each annual reporting period. During the annual reporting period, interim periodic payments are received from or made to the Department for Transport. The overall net amount paid or received in each annual period is recognised as income or costs within that period in full.

In annual periods where a net subsidy payment is received from the Department for Transport this is considered to be a government grant and is therefore accounted for as such. As the grant is considered to compensate for lost revenues, this is presented within the revenue section on the income statement to most closely show the substance of the arrangement, however it is not IFRS 15 revenue from a contract with a customer.

In annual periods where a net franchise premium payment is made to the Department for Transport this is considered to be an operating levy, and the payments are therefore presented within operating costs but shown as a separate line on the face of the income statement to assist with understanding of the impact of these amounts on the financial performance of the entity.

e) Performance incentive payments

Performance incentive payments/reimbursements made to or from Network Rail by the Group in respect of rail operational performance are recognised in the same period that the performance relates to and are classified within operating costs. These are adjustments to the track access charges for planned or unplanned disruption on the line and can be either reimbursement/further payments for costs and can also include an element of a notional calculation for lost revenue. Management's judgement is that the treatment is appropriate as the substance of the transaction is overall a reimbursement of track access charges and this aligns to industry practice and is set out in the operating profit note.

In the balance sheet, receivables and payables arising from each individual claim related to performance incentives are presented as other receivables, gross from amounts due to Network Rail from the group which are presented as accruals as the offsetting criteria are not met given that the Group settles these on a gross basis for individual performance incentive payments made / received.

f) Other operating income

Other operating income is represented by sub-lease rental income from sub-leasing trains (in SET and NTL), as well as subsidy in respect of the Transpennine Route Upgrade and Northumberland Line and fuel sales (in TPT). Income generated from abovementioned activities is to be recorded in other operating income.

g) 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.

h) 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.

i) Discontinued operations

Where a sale of a non-current asset is classified as held for sale and meets the criteria under IFRS 5, the sum of the post-tax profit or loss and the post-tax gain or loss of the operation is treated as a discontinued operation, presented as a single amount on the face of the Income Statement and the Statement of Comprehensive Income'.

Details of revenue, expenses, pre-tax profit or loss and related taxes can be found in note 10.

TF19 exercised its option to sell its entire Class 365 fleet, its main line of rental income, on 1 July 2021, resulting in its financial performance as a discontinued operation in the Income Statement for both 2024 and 2023. Discontinued operations are presented in the consolidated income statement and this line includes other income from TF19, which comprises compensation for dilapidations, contract settlements and a recovery from the insolvent ER365.

j) 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;

IT Software	3 - 5 years
Licence costs	The shorter of the licence or the expected life of the Service Agreement
Mobilisation costs	Expected life of the Services Agreement

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.

Work in progress assets are not amortised until they are available for use and on completion are transferred to the appropriate asset class.

The need for any impairment write-down is assessed by comparing the carrying value of the asset against the higher of fair value less costs to sell and value in use when an impairment event is identified. Detailed discounted cashflow forecasts are prepared to assess the value in use when either internal or external sources of information have indicated an impairment event.

Intangible assets acquired separately from a business combination are capitalised at cost. Amortisation of intangible assets is calculated on the straight-line method to write-off the cost of each asset over the expected life.

k) Tangible assets

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 improvements and property	3 - 10 years or lease term
Plant and equipment (excluding service agreement residual value (RV) Assets)	3 - 10 years or lease term
Plant and equipment: - service agreement (SA) RV assets	Useful Economic Life (UEL) per SA term
Right of use assets	Expected life of the Service Agreement

Where assets as part of the service agreement are classed as “RV Assets” the cost is recognised at the transfer value and depreciated over the UEL reflected in the service agreement.

Work in progress assets are not depreciated until they are available for use and on completion are transferred to the appropriate asset class.

The need for any impairment write-down is assessed by comparing the carrying value of the asset against the higher of fair value less costs to sell and value in use when an impairment event is identified. Detailed discounted cashflow forecasts are prepared to assess the value in use when either internal or external sources of information have indicated an impairment event.

l) *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 (if applicable) 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 Group's current service agreements with the DfT. They are presented as part of tangible assets in note 12.

Corresponding lease liabilities are presented and accounted for as current and non-current liabilities in note

26. The lease liability is initially measured at the present value of future lease payments, discounted using the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group will use the incremental borrowing rate. After the commencement date the Group measures its lease liabilities by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

The lease term generally comprises non-cancellable period of lease contracts plus periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. Where the expected end of the service period is amended, a reassessment of the lease liability is calculated using the present value of the lease payments payable over the earlier of the remaining service term or the remaining length of the underlying lease contract.

The lease liabilities and right of use assets are impacted by the extension of the TOC's Services Agreement, see the critical judgment note 1(t) for further details.

Where the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease. During the year, the Group has sub-leased some of their rolling stock as a lessor on a short-term basis. These have been accounted for as an operating lease and the rental income recognised in other operating income.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Cash flows from lease receipts are included within operating activities.

When a contract includes both lease and non-lease components, the Group applies IFRS 16 to allocate the consideration under the contract to each component.

Variable and fixed track access payments are deemed outside the scope of IFRS 16. Access to the track is not exclusive and the Group cannot restrict access to other operators or freight, hence do not obtain substantially all the economic benefits of use, therefore they do not meet the scope of IFRS 16 and are recognised through the consolidated income statement as incurred in operating costs.

Station and depot access charges are deemed outside the scope of IFRS 16 as it is deemed that Network Rail controls these assets and significant restrictions are in place on the operator, therefore they do not meet the scope of IFRS 16 and are recognised through the consolidated income statement as incurred in operating costs.

The Group has assessed the rolling stock arrangements and determined the service and maintenance elements represent a non-lease component. This is on the basis that the Group can benefit from use of the asset on its own and the asset is not highly dependent on, nor highly interrelated with service and maintenance agreements. The consideration is allocated between the lease and non-lease components based on relative stand-alone selling price. The service and maintenance

elements are recognised as a service arrangement and the expense is recognised as operating costs in the consolidated income statement.

The Group has elected to apply the exemption included within IFRS 16 for short term leases (lease terms of less than 12 months) and low value leases (asset values less than £5,000). The lease payments associated with these are recognised as an expense on a straight-line basis over the lease term.

Where the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

During the year, the Group has sub-leased some of their rolling stock as a lessor on a short-term basis. These have been accounted for as an operating lease and the rental income recognised in other income.

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) Investments

Fixed asset investments are carried in the Statement of Financial Position at fair value.

In the Company statement of financial position, subsidiary investments are accounted for at fair value which is determined at the reporting date. Movements in the carrying value of investments is recognised in the other comprehensive income in the Company's financial statements.

o) 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. Deferred capital grant income is presented and accounted for within current and non-current liabilities.

p) Retirement benefit obligations

The Group 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. The Group is responsible for relevant funding of their section of the RPS during the period of the service agreement, and at the end of the service agreement period the group will have no liability for any deficit existing in their Franchise Sections (other than for contributions due for any period prior to the end of the service period for each franchise section) and shall have no right to benefit from any surplus which may exist in the Franchise Sections.

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 Group in the year is in line with the latest certified schedule of contributions (SOC) which was signed in 2022, using the 2013 SOC rates. Work to agree the 2022 triennial valuation was completed in the year and the changes in rates were consulted with employees and the valuation completed prior to 31 March 2024. The 2016 and 2019 funding valuations of the RPS have not yet been signed, this is expected to be completed in the coming year.

The Group’s method by which the pension accounting reflects the franchising arrangement is the Income

Statement Franchise Adjustment Method. The accounting treatment for the terms of the Group's pension scheme is not explicitly considered by IAS 19 Employee Benefits (Revised).

Since the contributions currently committed to being paid are lower than the share of the service cost (for current and future service) that would normally be calculated under IAS 19 (Revised), the Company does not account for uncommitted contributions towards the sections Pension Obligation outside the franchise period. This reflects the legal position that a proportion of the Pension Obligation] and current year service costs will be funded in future years beyond the term of the current franchise and committed contributions.

As a result, the Company consequently makes an adjustment to both the Pension Obligation and service costs through the use of an income statement franchise adjustment. The income statement franchise adjustment reflects the extent to which third parties are expected to contribute towards the cost of the plan as a consequence of the Pension Obligation transferring at the end of the franchise, which is deemed, in the directors' view, in line with paragraphs 92-94 of IAS 19 Employee Benefits (Revised).

Under the policy described above

- The current service cost and gains and losses on settlements and curtailments are recognised in staff pension costs within operating costs in the consolidated income statement.

- Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to the consolidated statement of other comprehensive income in the period in which they arise.

The assets in the scheme are not quoted. The charges in respect of defined contribution schemes are recognised when they are due.

q) 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 Financial Statements.

DOHL (the Company) also offers a 'NEST' workplace pension scheme. Employees are auto enrolled into the scheme, although may opt out. Employees can contribute between 3% and 5% of their salaries, with DOHL contributing a fixed percentage. TF19 has no pension scheme.

r) 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 and depots, as well as administrative buildings, are based on expected costs of restoring the leased assets or facility to the required state before being returned to the lessor where the lessee is contractually obligated to do so. The dilapidations provision is presented and accounted for within current and non-current liabilities. 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.

s) Financial instruments

Financial instruments held by the Group are trade and other receivables, trade and other payables, derivative financial instruments 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. Financial instruments are initially measured at fair value and 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. IFRS7 disclosures over market risk, liquidity and capital management are shown in note 20.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Group designates certain derivatives as cash flow hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in fuel prices.

At the inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Income Statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied), the associated cumulative gain or loss is removed from the hedging reserved and is included in the initial carrying value of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is reclassified to the Income Statement in the same period or periods during which the hedged future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated, or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Income Statement immediately.

t) Critical estimates and judgements

Preparation of the financial statements, in accordance with UK-adopted international accounting standards 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 critical estimates and judgements summarised below cover those regarded by the Directors as critical to the Group's reporting in general. 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 the TOCs pension benefit obligation disclosures involve estimation uncertainty as it 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 the Directors believe that the assumptions are appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the disclosure of total defined benefit obligations.

The pension assumptions may vary due to actual changes in market conditions following the consolidated statement of financial position date, but IAS 19 requires the assumptions to be set based on the market conditions prevailing at the reporting date. The pension assumptions are also affected by judgments 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 27 provides information on the sensitivity of pension benefit obligations to changes in assumptions however there is no impact to assets or liabilities.

ii) *Pensions - judgement*

In addition to the critical estimate described above, there is also considered to be critical judgment in relation to the interpretation of IAS 19 p92-94. The interpretation applied reduces any section deficit balance and reduces any service costs that would give rise to an increase in such deficit through the use of the income statement franchise adjustment as described in the accounting policies note. This reflects the extent to which third parties are expected to contribute towards the cost of the plan as a consequence of the deficit transferring at the end of the franchise.

iii) *LNER service agreement term assumption estimate*

LNER operates as a publicly owned train company through a services agreement originally awarded on 24 June 2018 by the Secretary of State for Transport. A revised contract was agreed in June 2020 for LNER to operate trains and stations across the East Coast Main Line until 24 June 2023. The services agreement includes an optional extension of two years and in June 2022 the Secretary of State provided confirmation to the Directors that the extension would be exercised and therefore the contract will continue through to June 2025. On 2 April 2024 a Prior Information Notice (“PIN”) was issued stating that the Department for Transport seeks to obtain a direct award to the incumbent operator (LNER) at the end of the current contract, for a minimum of 24 months and a maximum of 60 months.

The judgement affects these financial statements including in respect of reporting for leases under IFRS16 and going concern as follows:

- IFRS 16 - At inception of the lease management assesses the lease term. In this assessment management considers options for extension associated with the lease and includes these in the lease term if they are reasonably certain they will be exercised. This judgment impacts the lease liabilities and right of use assets recognised on the balance sheet at inception of the lease. The change in judgement to extend the service period by two years to June 2027 leads to a reassessment adjustment of £230,796,000 for both the right of use asset (see note 11) and lease liability (see note 26). This is a reassessment rather than being treated as a lease modification due to the fact that the extension option was conveyed by the original contract terms and is now expected to be taken out to June 2027. Under this approach the incremental borrowing rate at the point of the reassessment is used.

- Going concern - The Services Agreement with the DfT ensures that the Company earns a margin of 1% at profit before tax on total revenue excluding any subsidy received. The expected service agreement extension to 2027 provides the Company with certainty and stability over its operations. Detailed cash forecasts are prepared and shared with the DfT regularly to demonstrate that LNER has sufficient liquidity to meet its liabilities as they fall due.

iv) *NTL service agreement term assumption estimate*

Northern Trains Limited operates as a publicly owned train company through a Service Agreement originally awarded on 1 March 2020 by the Secretary of State for Transport. A revised contract was agreed in February 2022 for NTL to operate trains and stations across its network until 1 March 2025. The Service Agreement includes an optional extension of two years.

The judgement affects these financial statements in respect of going concern as follows:

- IFRS 16 – At inception of the lease management assesses the lease term. In this assessment management considers options for extension associated with the lease and includes these in the lease term if they are reasonably certain they will be exercised. This judgement over whether extension options will be exercised impacts the lease liabilities and right of use assets recognised on the statement of financial position at inception of the lease. For IFRS 16 accounting purposes, management have remeasured the right of use assets and lease liabilities to end in-line with the lease end date of 31 March 2025.

- Going concern - The government is contractually bound to support Northern Trains Limited for the length of the service period which ends in March 2025, at which point the current service agreement will end. The directors anticipate that an extension option in the current service agreement will be granted to this entity, extending the current service agreement to March 2027. This assumption is supported by an ongoing lease procurement exercise to procure new rolling stock for most the entity’s rolling stock leases which expire in March 2025. The directors’ base case assumption is that the operations will remain in this entity for a period of up to at least March 2027, and the fixed payment subsidy mechanism will ensure that the entity will be able to meet its liabilities as they fall due for the full going concern period. Detailed cash forecasts are prepared and shared with the DfT regularly to demonstrate that the Company has sufficient liquidity to meet its liabilities as they fall due. The Company has access to a funding facility up to £220m available up to 6 months beyond the end of the current service agreement. The cash flow forecast, with confirmed support from the parent entity, shows that the funding facility would not need to be drawn down throughout the going concern period.

v) *SET service agreement term assumption estimate*

SE Trains Limited operates as a publicly owned train company through a services agreement originally awarded on 17 October 2021 by the Secretary of State for Transport to operate trains and stations until 17 October 2027. The core term of the service agreement is in place until 13 October 2024, with a termination clause that allows the Secretary of State to terminate the agreement after this date having provided the company with a three months' notice period. The judgement affects these financial statements in respect of reporting for leases under IFRS16 and going concern as follows:

- IFRS 16 - At inception of the lease management assesses the lease term. In this assessment management considers options for extension associated with the lease and includes these in the lease term if they are reasonably certain they will be exercised. This judgement over whether the service agreement will be extended beyond 13 October 2024 impacts the lease liabilities and right of use assets recognised on the balance sheet at inception of the lease. Management considers there is no reasonable certainty that extension will be exercised.

- Going concern - The current Southeastern Services Agreement with the DfT runs until 13th October 2024 and will then continue to 17 October 2027 at the discretion of the DfT. Whilst there is the potential for the agreement to continue until 2027, in the absence of any formal notification from the DfT we have prepared our financial statements using the end date for the core three-year contract term.

vi) *TPT service agreement term assumption estimate*

The Company operates as a publicly owned train company through a Service Agreement originally awarded on 28 May 2023 by the Secretary of State for Transport to operate trains and stations across its network until 25 May 2025. The Service Agreement includes an option for the DfT to extend by two years.

The judgement affects these financial statements in respect of going concern as follows:

- IFRS 16 - At inception of the lease management assesses the lease term. In this assessment management considers options for extension associated with the lease and includes these in the lease term if they are reasonably certain they will be exercised. This judgement over whether the service agreement will be extended beyond 25 May 2025 impacts the lease liabilities and right of use assets recognised on the balance sheet at inception of the lease. Management considers there is no reasonable certainty that the extension will be exercised.

- Going concern - The Service Agreement with the DfT ensures that the Company earns a margin of circa 1% at Profit Before Tax, excluding disallowed expenses. This provides the Company with certainty and stability over its operations. The current Service Agreement runs until 25 May 2025. Whilst there is the potential for the agreement to continue until 2027, in the absence of any formal notification from the DfT we have prepared our financial statements using the current Service Agreement end date.

vii) *Accounting for subsidiaries investment judgement*

The investments in LNER, NTL, SET and TF19 have been accounted for at fair value. The Directors consider that in any transfer of assets between TOCs historical experience evidence, that the starting point for determining the fair value is the net assets of the company at the reporting date. The Directors have considered the assets and liabilities of the investments and have determined that no adjustment to the reported net book value of each investment is necessary to reflect the fair value.

viii) *Accounting for transfer of assets - estimate and judgement*

a) *TPT*

A judgement has been taken to account for the transfer of assets from FTPE to the Company as an asset acquisition and not a business combination under IFRS 3.

The directors consider that the assets acquired from FTPE do not constitute a business, as they do not represent an “integrated set of activities” as required to be defined as a business. This judgement is primarily based on the premise that those inputs most critical to the operation of the business (rolling stock leases, the DfT service agreement, the workforce, and the pension scheme obligations) are not being acquired from the acquiree, rather they are acquired by or recognised in the Company as a result of a separate transaction with another party. Given that the franchise agreement gives the entity the rights to contract separately for inputs to the operation of the rail franchise including leases, workforce and other operating agreements with National Rail, and such rights are not acquired from the previous franchise, the Directors have made the judgement that the transfer does not meet the definition of a business combination under IFRS 3, and should be accounted for as an asset acquisition.

The transfer agreement was finalised between FTPE and the Company on 30 October 2023. The assets transferred are outlined in note 25.

Directors have made the judgement that the transfer does not meet the definition of a business combination under IFRS 3, and should be accounted for as an asset acquisition.

The transfer agreement was finalised between FTPE and the Company on 30 October 2023. The assets transferred are outlined in note 25.

ix) *Other areas of judgement and accounting estimates*

The financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer term uncertainties. Other areas of judgement and accounting estimate are:

- Performance Regimes – whilst performance incentive payments/reimbursements are recognised and presented in accordance to Note 1(e), the value of amounts due to the entities within the Group relating to periods for which claims are yet to be agreed is estimated and claims related to industrial action where Network Rail and staff of the entities within the Group take strike action on the same day are accounted for based on agreed methodology and are included in accrued income (note 15).
- Pay award – at year end there has been no agreement on pay award for the majority of the Group

employees relating to the year ended 31 March 2024. Management have accrued the best estimate of the wage award (note 16).

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 year to 31 March 2024 was £3,481.4m. The year ended 31 March 2024 includes thirteen four weekly rail periods for LNER, NTL and SETL, and eleven four weekly rail periods for TransPennine Trains Limited, which traded from 28 May 2023.

Revenue, excluding value added tax (VAT) where applicable, is comprised of:	2024	2023
	£000	£000
Passenger revenue	**2,081,372**	1,644,729
Delay Repay	**(42,050)**	(33,376)
Passenger revenue	**2,039,322**	1,611,353
DfT service agreement subsidy	**1,273,907**	1,095,860
Other Revenue	**168,176**	150,022
Total Other revenue	**1,442,083**	1,245,882
Total revenue	**3,481,405**	2,857,235

Other revenue comprises of car park income, commercial property income, railway station access income, maintenance and train rental income, fuel sales, on board catering income, commissions receivable.

The service agreement subsidy from the Department of Transport (DfT) to all four TOCs is LNER £36.0m (2023: £96m), NTL £648.4m (2023: £597.7m), SET £415.0m (2023: £402.2m) and TPT £174.5m (2023: £nil). As discussed in the DfT service agreement subsidy accounting policy, this is not IFRS 15 revenue.

3 Other Operating costs

Other operating costs is stated after charging/ (crediting):	2024 £000	2023 £000
Staff costs (note 5)	**928,365**	779,682
Other external charges	**567,195**	465,948
Depreciation (note 12)	**430,905**	386,457
Amortisation of intangible assets (note 11)	**8,912**	9,648
Depreciation of capital grant income	**(15,203)**	(13,061)
Inventories recognised as expenses	**102,252**	94,642
Fixed track access	**146,594**	125,388
Fixed depot and station access charges	**218,333**	133,186
Variable access charges	**268,475**	240,337
Other fixed access charges	**145,021**	132,980
Performance incentive (reimbursements)	**(113,099)**	(106,827)
Rolling stock costs	**559,588**	412,062
Traction electricity charge	**167,871**	113,310
Lease items excluded from IFRS 16 (note 26)	**9,684**	791
Auditors' remuneration – audit fees: DOHL company	**126**	131
Auditors' remuneration – audit fees: Subsidiaries	**1,071**	759
Auditors' remuneration – non audit services	**-**	-

Other operating costs is stated after charging/ (crediting):	2024 £000	2023 £000
– other compliance reporting	**40**	38
British Transport Police charges	**37,470**	30,930
Onerous Lease provision charge	**12,601**	-
Loss on disposal of intangible assets	**483**	165
Loss on disposal of tangible assets	**30**	331
	3,476,714	2,806,897

Rolling stock costs include credits for non-availability of rolling stock from the maintainer of £9.4m (2023: £5.5m).

The Onerous Lease provision charge relates to the Mk 5 & Class 68 rolling stock fleets. A decision was made to take those fleets out of service as at 10 December 2023. Consequently, the full cost of the remaining lease contract was recognised as at that date. The provision has been released against lease payments made. Both leases expire on 28 August 2024.

4 Directors' remuneration

	2024 £000	2023 £000
Emoluments in respect of qualifying services to the Company	**676**	664

The emoluments of the highest paid Director were £236k, relating to the year (2023: £236k), pension contribution of £nil (2023: £nil).

5 Staff costs

	2024	2023
	£000	£000
Wages and salaries	**806,762**	673,449
Social security costs	**78,773**	67,591
Other pension costs	**42,830**	38,642
	928,365	779,682

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

	2024	2023
	£000	£000
Managerial and administrative	**3,375**	1,879
Operational	**12,813**	12,622
	16,188	14,501

6 Other Income

	2024	2023
	£000	£000
Sub-lease rental income	**12,616**	17,590
Route Upgrade/development income	**34,624**	-
Release of transferred provision (note 17)	**1,100**	-
Amortisation of grant	**125**	-
Other Income	**48,465**	17,590

Route upgrade/development income includes income earnt for providing assistance to Network Rail in developing the Northumberland Line programme of works, and for compensation received from the Department of Transport for costs incurred in supporting the Transpennine Route Upgrade project. National Rail Infrastructure Limited act as the pass-through funder for this arrangement.

7 Finance income and charges

Finance income	2024 £000	2023 £000
Bank interest	**6,958**	1,716
Pensions interest	**175**	-
Other interest received	**244**	-
Total finance income	**7,377**	1,716
Finance charges	**2024 £000**	**2023 £000**
Interest on lease liabilities (IFRS 16)	**(31,120)**	(43,784)
Pension interest charge	**-**	(224)
Other interest paid	**-**	-
Total finance charges	**(31,120)**	(44,008)

8 Dividend

A dividend of £20m was received by DOHL during the financial year 2023-2024 for financial year 2022-2023 (2023: £nil relating to year 2021-2022). This has been eliminated in the group consolidation.

9 Tax on profit

a) Tax recognised in the income statement – Continued operations

	2024 £000	2023 £000
Current taxation:		
Current tax on profits for the year	**7,090**	4,949
Adjustments in respect of prior years	**2,092**	(1,000)
	9,182	3,949
Deferred tax:		
Current year	**391**	455
Origination and reversal of temporary differences	**598**	(289)
Adjustments in respect of prior years	**(3,051)**	(186)
Total deferred tax	**(2,062)**	(20)
Total tax charge reported in the income statement	**7,120**	3,929

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

	2024 £000	2023 £000
Other comprehensive income/(expense) items:		
Current tax current year (credit)	**(814)**	(886)
Deferred tax current year charge (note: 18)	**812**	1,199
Tax reported outside of the income statement	**(2)**	313

c) Factors affecting total tax charge for the current period – Continued operations

The tax assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK of 25% (2023: 19%). The tax charge is made up as follows:

	2024	2023
	£000	£000
Profit before taxation	**29,413**	25,636
Profit before taxation multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	**12,353**	4,845
Fixed asset differences	**4,894**	1,964
Expenses not deductible	**50**	342
Income not taxable for tax purposes	**(4,277)**	(2,141)
Exempt amounts	**(5,000)**	-
Remeasurement of deferred tax for changes in tax rates	**-**	41
Adjustment in respect of prior period – current tax	**2,092**	(1,134)
Adjustment in respect of prior period – deferred tax	**(3,050)**	8
Temporary not recognised in the computation	**37**	5
Other Items	**21**	(1)
Total tax charge for the year reported in the income statement	**7,120**	3,929

The standard rate of UK corporation tax is 25% and was substantively enacted on 24 May 2021. Accordingly, deferred tax has been provided at 25%, being the rate at which temporary differences are expected to reverse.

d) Tax recognised in the income statement – Discontinued operations

	2024	2023
	£000	£000
Current taxation:		
Current tax on profit/(loss) for the year	**(24)**	371
Deferred tax not recognised	**-**	-
Adjustment in respect of prior years	**-**	-
	(24)	371
Total tax (credit)/ charge reported in the income statement	(24)	371

10 Discontinued Operations

The sales of TF19’s entire fleet on 1 July 2021 resulted in its profit after interest and tax being presented as a discontinued operation for financial year 2024 and 2023.

Other income in prior year comprises compensation for dilapidations, contract settlements and a recovery from the insolvent ER365.

	2024	2023
	£000	£000
Revenue	**-**	-
Other Income	**-**	2,160
Total Income	**-**	2,160
Other operating costs*	**(125)**	(41)
Loss before taxation	**(125)**	2,119
Tax on Loss/Profit	**24**	(371)
Loss from discontinued operations	**(101)**	1,748

*Auditors' remuneration – audit fees, included in Other operating costs were £26k, (2023: £24k)

Net cash inflows from Discontinued operations	2024 £000	2023 £000
Cash inflow/(outflow) from operating activities	2,057	(555)
Cash inflow from investing activities	-	-
Cash (outflow) from financing activities	-	-
Net cash inflows from activities: Discontinued operations	**2,057**	(555)

11 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 1 April 2023	36,886	966	6,567	**44,419**
Additions	728	-	5,770	**6,498**
Transfer from WIP	7,630	-	(7,630)	**-**
Disposals	(1,923)	-	-	**(1,923)**
At 31 March 2024	**43,321**	**966**	**4,707**	**48,994**
Accumulated amortisation				
At 1 April 2023	25,405	586	-	**25,991**
Amortisation charged to the income statement	8,613	299	-	**8,912**
Disposals	(1,440)	-	-	**(1,440)**
At 31 March 2024	**32,578**	**885**	**-**	**33,463**
Net book value				
At 31 March 2023	11,481	380	6,567	18,428
At 31 March 2024	**10,743**	**81**	**4,707**	**15,531**

The Company reported no additions in 2024 (2023: £nil) in the year. The net book value at 31 March 2024 was £1k (2023: £7k).

12 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 1 April 2023	19,808	174,893	1,577,750	31,758	1,804,209
Transfer In	-	41,436	-	1,339	42,775
Remeasurement IFRS 16	-	-	244,254	-	**244,254**
Additions	1,785	2,355	81,316	46,025	**131,481**
Transfer from WIP	26	45,416		(45,442)	**-**
Reclassification	-	-	690	-	**690**
Disposals	(76)	(3,265)	(15,278)	(65)	**(18,684)**
At 31 March 2024	**21,543**	**260,835**	**1,888,732**	**33,615**	**2,204,725**

	Leasehold land and buildings	Plant and equipment	Right of Use	Work in progress	Total
	£000	£000	£000	£000	£000
Accumulated depreciation					
At 1 April 2023	5,069	61,835	943,934	-	**1,010,838**
Transfers in	-	41,436	-	-	**41,436**
Depreciation charged to the income statement	2,435	43,684	384,786	-	**430,905**
Disposals	(40)	(3,228)	(14,578)	-	**(17,846)**
At 31 March 2024	**7,464**	**143,727**	**1,314,142**	**-**	**1,465,333**
Net book value					
At 31 March 2023	14,739	113,058	633,816	31,758	**793,371**
At 31 March 2024	**14,079**	**117,108**	**574,590**	**33,615**	**739,392**

Under IFRS16, Right of Use (RoU) net book value totalled £574.6m (2023: £633.8m), of which £565.9m (2023: £627.4m) related to rolling stock leases (Note: 22). RoU assets reflects any changes to the service agreements term assumption. The remeasurement in the year primarily relates to extension and payment and payment term charge in respect of rolling stock leases and payment term reduction in office lease.

The Company had no Right of Use assets.

The Company's reported additional plant and equipment costs of £6k (2023: £3k) in the year bringing total costs at 31 March 2024 of £24k, a net book value of £7k.

The remeasurement of Right of Use assets in the year relates to the extension of the LNER service period to June 2027 from the previous end date of June 2025 (£230.8m), the extension of the assumed lease termination date for NTL (£9.7m) and to a payment term change in SET (£3.7m).

13 Investments

The Group held the following unlisted investments at 31 March 2024. 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.

Name of company	Country of registration	Class of share	No. of shares held			Proportion held
			1 Apr 2023	Additions	31 Mar 2024	
ATOC Limited	UK	Ordinary (4p)	3	1	4	20%
Rail Settlement Plan Limited	UK	Ordinary (4p)	3	1	4	20%
Rail Staff Travel Limited	UK	Ordinary (4p)	3	1	4	20%
NRES Limited	UK	Ordinary (£1)	3	1	4	20%

The Group holds an investment in associate 25.8% (2023: 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. Total equity and profits are not material and therefore have not been reflected as a separate note.

Details of investments in the Company's subsidiaries as at 31 March 2024 and as at 31 March 2023 are as follows, DOHL holds 100% ownership of each subsidiary:

Name of company	Country of registration	No. of shares held	Class of share	Fair value Company 2024 £'000	Fair value Company 2023 £'000
London North Eastern Railway Ltd**	UK	1	Ordinary (£1)	21,825	37,286
SE Trains Ltd**	UK	1	Ordinary (£1)	18,699	10,793
Train Fleet (2019) Ltd	UK	16,100,100	Ordinary (£1)	7,882	7,983
Northern Trains Ltd**	UK	1	Ordinary (£1)	42,524	35,527
Greater Western Railway Ltd*	UK	1	Ordinary (£1)	-	-
South Western Railway Ltd*	UK	1	Ordinary (£1)	-	-
Cross Country Rail Ltd*	UK	1	Ordinary (£1)	-	-
C2C Railway Ltd*	UK	1	Ordinary (£1)	-	-
Railway West Coast Ltd*	UK	1	Ordinary (£1)	-	-
GA Trains Limited Ltd*	UK	1	Ordinary (£1)	-	-
TransPennine Trains Ltd**	UK	1	Ordinary (£1)	2,092	-
Chiltern Rail Ltd*	UK	1	Ordinary (£1)	-	-
WM Trains Ltd*	UK	1	Ordinary (£1)	-	-
Midlands East Trains Ltd*	UK	1	Ordinary (£1)	-	-

Name of company	Country of registration	No. of shares held	Class of share	Fair value Company 2024 £'000	Fair value Company 2023 £'000
Thameslink Southern Great Northern Ltd*	UK	1	Ordinary (£1)	-	-
Total Investments				**93,022**	**91,589**

* Combined investment, less than £1.5k

**LNER registered address: West Offices, Station Rise, York, England, YO1 6GA

**SET registered address: Second Floor, 4 More London Riverside, London, England, SE1 2AU.

**NTL registered address: George Stephenson House, Toft Green, York, United Kingdom, YO1 6JT.

**TPT registered address: Great Minster House, 2nd Floor Franchise Resilience And Mobilisation Team, 33 Horseferry Road, London, England, SW1P 4DR.

The subsidiary investments in the Statement of Financial Position are stated at fair value. Investments' fair values are determined by reference to the net assets reported by the company at the reporting date, refer to note 1(t) for further details of the critical judgement. Therefore the fair value is under level 3 of the IFRS 13 hierarchy. The significant unobservable inputs are the reported net assets. The amount recognised in the Company income statement as a result of the change in fair value is a gain of £1.4m (2023: gain of £23.2m). The level 3 inputs reflect the assumptions that market participants would use when pricing the investments.

The registered address for all 100% owned dormant subsidiaries is Great Minster House, 2nd Floor Franchise Resilience And Mobilisation Team, 33 Horseferry Road, London, England, SW1P 4DR.

14 Inventories

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Raw materials and consumables	14,961	12,941	-	-

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 £102.3m (2023: £94.6m). A reversal of inventories write-off and costs write down is recognised as an expense and included in operating costs during the year amounted to £2.8m (2023: write off £2.9m)

15 Trade and other receivables: amounts due within one year

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade receivables:				
Rail Settlement Plan	**105,378**	65,350	**-**	-
Other trade receivables	**87,611**	72,130	**43**	55
	192,989	137,480	**43**	55
Amounts owed by group undertakings	**-**	-	**361**	-
Group relief	**-**	-	**-**	-
Value Added Tax receivable	**74,625**	65,721	**50**	28,532
Prepayments	**98,143**	94,079	**37**	17
Accrued income	**23,265**	29,427	**-**	-
Corporation tax	**2,160**	10,625	**-**	191
Other receivables	**30,701**	22,620	**-**	5
	421,883	359,952	**491**	28,800

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

Prepayments includes a highspeed (HS1) track access payment, paid for quarterly in advance £52.4m (2023: £50m).

Accrued income includes a receipt due from the DfT of £28.4m (2023: £22.5m) representing the difference between final amounts due and the forecasted amounts claimed for the DfT service agreement subsidy.

16 Trade and other payables

	Group		Company	
	2024 £000	2023 £000	2024 £000	2023 £000
Amounts falling due within one year:				
Trade payables	**183,780**	165,925	**232**	252
Amounts owed to group undertakings	**-**	455	**14,639**	28,903
Deferred season ticket income	**31,012**	25,484	**-**	-
Other taxation and social security	**19,944**	18,784	**55**	56
Other payables	**22,681**	18,588	**28**	445
Accruals	**306,286**	227,489	**338**	190
Derivative financial instruments	**-**	109	**-**	-
Deferred income	**132,507**	109,926	**-**	-
Deferred capital grant income	**16,481**	15,326	**-**	-
Corporation tax payable	**681**	-	**9**	-
	713,372	582,086	**15,301**	29,846
Amounts falling due after more than one year:				
Accruals and deferred income	**8,361**	-	-	-
Deferred capital grant income	**19,389**	35,229	-	-

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

Trade payables includes a payment due to the DfT of £34.7m (2023: £29.8m) representing the difference between final amounts due and the forecasted amounts claimed for the DfT service agreement subsidy.

Deferred revenue and deferred season ticket revenue are contract liabilities under IFRS 15. All previous contract liabilities are recognised as revenue in the year and the year end deferred revenue consists of balances created before year end.

17 Provisions

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Insurance claims (a)	**3,485**	2,800	**-**	-
Dilapidation (b)	**31,824**	18,775	**-**	-
Tribunal (c)	**5,621**	5,326	**-**	-
Onerous contracts (d)	**5,931**	-	**-**	-
Other contractual provisions (e)	**6,794**	-	**-**	-
Passenger compensation provision (f)	**-**	-	**-**	-
	53,655	26,901	**-**	-

Provision analysed as:	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Current Provisions				
Insurance claims	**3,014**	1,184	**-**	-
Dilapidations	**27,959**	6,354	**-**	-
Tribunal	**5,621**	5,326	-	-
Onerous Contract	**5,931**	-	-	-
Other Contractual Provisions	**6,794**	-	**-**	-
Passenger compensation provision	**-**	-		
	49,319	12,864	**-**	-
Non-current Provisions				
Insurance claims	**471**	1,615	**-**	-
Dilapidations	**3,865**	12,422	**-**	-
	4,336	14,037	**-**	-
	53,655	26,901	**-**	-

a) Insurance claims

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
At start of year	**2,800**	975	**-**	-
Additions	**-**	-	**-**	-
Charged to the income statement	**2,178**	2,658	**-**	-
Released in the year	**(1,332)**	(761)	**-**	-
Utilised in the year	**(161)**	(72)	**-**	-
Provision at end of year	**3,485**	2,800	**-**	-

The £3.5m (2023: £2.8m) 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.

b) Dilapidations

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
At start of year*	**21,522**	11,637	**-**	-
Provision transferred in from LSER	**119**	375	**-**	-
Provision transferred in from First TPE	**2,671**	-	**-**	-
Provision transferred in from rolling stock manufacturer	**1,877**	-	**-**	-
Charged to the income statement	**10,421**	9,102	**-**	-
Released in the year	**(871)**	-	**-**	
Utilised in the year	**(3,915)**	(2,339)	**-**	-
Provision at end of year	**31,824**	18,775	**-**	-

*£2,747k of provision was recorded as an accrual last year. Hence, this year's opening balance does not agree to last year's closing balance.

The Group provides for property and fleet dilapidations, where appropriate. The provisions are based on management's assessment of the most probable outcomes, supported where appropriate by valuations from professional external advisors. Dilapidations represent the estimated end of contract return liability on lease contracts for Rolling Stock and Property held during the year. Provisions transferred relates to SET (see Note 25).

Included within SET dilapidations is £0.1m (2023: £2.1m) which has been received in cash from the lessor. When SET entered into the new train leases with the ROSCOs, they also took on the dilapidation obligations. To compensate for this, the lessor advanced these monies which have been treated as lease incentive payments to restore the trains back to their working condition for the remainder of the life of the lease. A depot dilapidation provision was transferred in from LSER and is stated at agreed cost £5.2m (2023: £6.0m), of which £0.8m (2023: £0.1m) has been utilised.

Included within TPT dilapidations is £2.7m for property dilapidations which were transferred into the company directly from the predecessor operator. Also included is £1.9m for Rolling Stock Company (ROSCO) dilapidations, which were novated across with the Rolling Stock lease agreements and did not form part of the transfer price.

Utilisation of Dilapidations liabilities in the year occurred when agreed upon works as at transition were completed.

c) Tribunal

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
At start of year	**5,326**	-	**-**	-
Charged to the income statement	**295**	5,326	**-**	-
Provision at end of year	**5,621**	5,326	**-**	-

The Tribunal provision £5.6m (2023: £5.3m) represents the estimated liability including legal fees associated with claims against the Company for contravention of section 145B of the Trade Union and Labour Relations (Consolidation) Act 1992 relating to a pay rise implemented by LNER's predecessor franchise. This tribunal is awaiting the outcome of an Appeal which is expected during 2024/25.

d) Onerous Contracts

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
At start of year	**-**	-	-	-
Charged to the income statement	**12,601**	-	-	-
Released in the year	**-**	-	-	-
Utilised in the year	**(6,670)**	-	-	-
Provision at end of year	**5,931**	-	-	-

The Onerous Contract provision relates to the Mk 5 & Class 68 rolling stock fleets. A decision was made to take those fleets out of service as at 10 December

2023. Consequently, the full cost of the remaining lease contract was recognised as at that date. The provision has been released against lease payments made. Both leases expire on 28 August 2024.

e) Other contractual provisions

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
At start of year	-	-	-	-
Additions	6,794	-	-	-
Charged to the income statement	-	-	-	-
Released in the year	-	-	-	-
Provision at end of year	6,794	-	-	-

These provisions relate to other contractual liabilities.

f) Passenger compensation provision

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
At start of year	-	-	-	-
Transferred in	1,100	-	-	-
Charged to the income statement	-	-	-	-
Released in the year	(1,100)	-	-	-
Provision at end of year	-	-	-	-

The Passenger Compensation provision represents a provision for potential underperformance payouts, transferred across from the predecessor operator. It was released in the year.

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	
	2024	2023	2024	2023
	£000	£000	£000	£000
Fixed assets		-	**(1)**	(2)
Accelerated capital allowances	**4,273**	1,085	**-**	-
Tax credit and loss carry forward	**(549)**	(784)	**-**	-
Short-term provision	**(5,976)**	(468)	**-**	-
Defined benefit pension	**(106)**	(918)	**-**	-
Deferred tax asset	**(2,358)**	(1,085)	**(1)**	(2)

Deferred tax liabilities:	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Accelerated capital allowances	**-**	-	**-**	-
Short-term provision	**-**	-	**-**	-
Defined benefit pension	**-**	-	**-**	-
Deferred tax Liabilities	**-**	-	**-**	-
Net Deferred tax Asset	**(2,358)**	(1,085)	**(1)**	(2)

The movement in deferred tax during the year was:

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
At beginning of year	**(1,085)**	(2,265)	**(2)**	(2)
Credit to income statement	**(2,085)**	(20)	**1**	-
Other items	**-**	1	**-**	-
Charge to OCI (note 9c)	**812**	1,199	**-**	-
Deferred tax provision	**(2,358)**	(1,085)	**(1)**	(2)

Deferred tax assets and liabilities are assessed for the year using the standard effective rate of corporation tax in the UK of 25% (2023: 25%).

19 Financial instruments

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Financial assets measured at amortised cost				
Cash and cash equivalents	**350,145**	263,089	**78,369**	43,738
Trade receivables	**192,989**	137,480	**43**	55
Other debtors	**53,966**	52,047	**361**	5
Amounts owed by Group undertakings	**-**	-	**-**	-
	597,100	452,616	**78,773**	43,798

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Financial liabilities measured at amortised cost				
Trade creditors	**183,780**	165,925	**232**	252
Other liabilities (current)	**103,011**	57,045	**28**	445
Other liabilities (non-current)	**13,120**	17,708	**-**	-
Accrued expenses	**306,286**	227,489	**338**	190
Lease liabilities	**592,481**	666,684	**-**	-
Amounts owed to Group undertakings	**-**	455	**14,639**	28,903
	1,198,678	1,135,306	**15,237**	29,790

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the value measurements. There were no transfers between levels throughout the period under review.

Fair value hierarchy

- Level 1: inputs are quoted prices in active markets
- Level 2: a valuation that uses observable inputs for the asset or liability other than quoted prices in active markets; and
- Level 3: a valuation using unobservable inputs i.e., a valuation technique.

20 Financial risk management

Overview

As a result of using financial instruments, the Group and the Company is exposed to the following main risks:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Group's and Company's exposure to each of the above risks, the Group's and Company's objectives, policies and processes for measuring and managing risk, and the Group's and Company's management of capital.

Risk management framework

The Board is continually reviewing the exposure to liquidity and cash flow risk. For the year ended 31 March 2024 the Group and Company's risk management controls operated well and the Group and Company were not exposed to any significant risk in these areas.

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and other receivables (including amounts due from related parties) and cash at bank. The Group's exposure to such credit risk is monitored on an ongoing basis by the management of the respective subsidiaries and the Company. The Group's cash is placed with banks of repute.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group's and Company's maximum exposure to credit risk arising from financial assets at the reporting date was equal to the carrying value of financial assets. The Group and Company has no material credit risk exposure to commitments and guarantees.

Credit risk was managed by holding cash with large high street financial institutions with satisfactory credit ratings. Furthermore, all significant receivable balances are managed to ensure that the credit quality of the counterparty is satisfactory.

Liquidity risk

Liquidity risk is the risk that the Group and the Company is not able to meet its financial obligations as they fall due, or that it can only do so at excessive cost. Liquidity risk mainly relates to trade and other payables, including amounts due to related parties and lease liabilities. The objective of liquidity risk management is to ensure, as far as possible, that the Group and Company will always have sufficient liquidity to meet its liabilities when they fall due without incurring unacceptable losses or risking damage to the Group's reputation. Each subsidiary is also responsible for managing its liquidity risk. The Group manages its liquidity by:

- Monitoring future cash flows to ensure that requirements can be met; and
- Ensuring that there is a sufficient mixture of long-term and short-term debt finance to meet planned operations.

No financial liabilities have maturity beyond five years.

Market risk

Market risk is the risk that changes in market factors, such as equity prices, interest rates and foreign currency rates will affect the value of financial instruments and the Group's income and equity. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The activities of the Group including the Company create exposures to specific market risks that are managed through risk management frameworks appropriate for the inherent business risks.

The Group and the Company has no material exposure to equity price risk due to the insignificant value of investments.

The Group and the Company has no material exposure to interest rate risk due to the insignificant value of variable interest borrowing.

The Group and the Company has no material exposure to currency risk due to the insignificant value of financial instruments not denominated in the functional currency.

The Group has no material exposure to commodity risk due to the insignificant value of financial instruments. To mitigate against future exposure to volatile fuel prices, NTL hedged a proportion of its fuel costs in 2024/25 which provided stability in fuel costs and allowed for better financial planning and cashflow management.

Capital management

The objective of the Group's capital management is to ensure that it maintains strong capital ratios to enable it to support its business and maximise value for the Government.

The Group manages its capital structure in light of changes in economic and market conditions. The total equity attributable to the equity holder of the Group comprises capital, other distributable and non-distributable reserves and retained earnings totalling £156.6m as at 31 March 2024 (2023: £134.3m).

The Group and the Company has no financial arrangements that require maintaining certain ratios or shareholding structures.

21 Ordinary share capital

	Group and Company 2024 £	Group and Company 2022 £
Authorised and issued share capital unpaid		
Ordinary shares of £1 each	**1**	1

22 Reserves

A reconciliation of the movements in reserves is shown in the Consolidated Statement of Changes in Equity on page 100 and (the Company on page 101). The balance held in the retained earnings reserve includes the accumulated retained profits of the Group.

The capital contribution relates to £16.1m of Grant in aid from the DfT to DOHL used to acquire £16.1m of TF19 share capital. The amount represented a capital contribution as it was provided by a related party as part of its activities in acting as the owner of the Company.

To mitigate against future exposure to volatile fuel prices, NTL hedged a proportion of its fuel costs in 2024/25 which provided stability in fuel costs and allowed for better financial planning and cashflow management. Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve.

23 Capital commitments

	Group		Company	
	2024	2023	2024	2023
	£000	£000	£000	£000
Contracted	**19,364**	22,139	-	-
Authorised but not contracted	**16,909**	26,187	-	-
Total	**36,273**	48,326	-	-

Capital commitments relate to capital projects that the Group is committed to or has approved but not yet contracted as at 31 March 2024, the cost to be incurred over the remaining capital project timeline.

24 Cash flows from operating activities

a) Consolidated Cash flows from operating activities

	Note	2024	2023
		£000	£000
Profit before taxation on continued operation		**29,413**	25,636
(Loss)/profit before taxation on discontinued operation	9	**(125)**	2,119
Total Profit before taxation		**29,288**	27,755
Adjustments for:			
Depreciation and amortisation	3	**424,614**	383,044
Net loss on sale of fixed assets		**513**	496
Finance income - net	6	**(7,377)**	(1,492)
Lease interest expense	25	**31,120**	43,784
(Increase) in trade receivables		**(55,510)**	(20,390)
(Increase)/decrease in inventories		**(2,020)**	574

	Note	2024 £000	2023 £000
Decrease/(Increase) in other operating assets		**2,245**	(79,399)
Increase/(Decrease) in trade creditors		**17,855**	(76,910)
Increase in operating liabilities		**89,557**	97,991
Increase in other provisions		**26,754**	14,289
Cash flows from operating activities		**557,039**	389,742

Consolidated cash flows from operating activities during financial year 2024, comprised of a full thirteen four-week period rail year for LNER, NTL and SET. TPT commenced trading on 28th May 2023, resulting in ten four-week rail periods of cashflow from operating activities in the current year 2024.

b) Company Cash flows from operating activities

	2024 £000	2023 £000
Profit before taxation	**1,067**	159
Adjustments for:		
Depreciation and amortisation	**10**	11
(Finance income)/ Finance costs - net	**(927)**	188
Decrease/(Increase) in trade receivables	**12**	(54)
Decrease/(Increase) in other operating assets	**28,297**	(28,445)
(Decrease)/Increase in trade creditors	**(20)**	185
(Decrease) in operating liabilities	**(14,524)**	(20,132)
Working Capital - subsidiary funding inflow net	**-**	-
Cash inflow/(outflow) from operating activities	**13,915**	(48,088)

Working capital funding loans from DOHL to its subsidiary during financial year was £nil (2023: £nil). Group related parties transaction are eliminated in consolidated accounts.

25 Transfer Agreement

a) Transfer of London South Eastern Railway Limited (LSER) assets and liabilities to SET

On 17 October 2021, LSER ceased operations and the Company began operating under a Service Agreement with the Department for Transport. On that date the Franchise assets and liabilities were transferred to the Company, at values to be agreed between the parties. The valuation of fixed assets, stock and dilapidation provisions have now been agreed with LSER and the only matter that remain outstanding is LSER's claim for certain physical assets, not previously recognised on the balance sheet of LSER, the resolution of which is subject to ongoing commercial negotiation. There was no net cash consideration settled during the financial year.

A balance of £1.8m (2023: £1.0m) is still owing at the balance sheet date. The £0.8m movement is due to a revised claim made by LSER during the financial year. This remains subject to commercial negotiation which is yet to be completed but has been recognised to align the liability with the latest claim. The balance of £1.8m is included in the calculation of other creditors and comprises of agreed value yet to be settled (£0.7m) and value still subject to commercial negotiation (£1.1m).

b) Transfer of London Transpennine Express Limited (TPE) assets and liabilities to TPT

On 27 May 2023, FTPE ceased operations and the Company began operating under a Service Agreement with the Department for Transport. On the date of transfer, the Franchise assets and liabilities were transferred to the Company. The net consideration received by the Company was £14,033,431 and was settled during the year.

The table below sets out the amounts which have been recognised upon transfer.

	Year 2023/24 Transfer value £'000
Agreed value - Settled	
Tangible Fixed assets	1,339
Intangible Fixed assets	-
Inventories	553
Prepayments	2,050
Other receivables	33
Cash on hand	131
Dilapidation	(2,671)
Deferred income	(10,809)
Other payables	(4,659)
Net (liability)	**(14,033)**
Cash consideration receivable	**14,033**
Total cash settlement during the year	**14,033**

26 Leases liabilities

Lease liabilities	Rolling Stock £000	Land & Buildings £000	Plant & Machinery £000	Total £000
Balance at 1 April 2023	659,632	6,365	688	**666,684**
Transferred in	-	-	-	**-**
Additions	78,122	1,182	188	**79,492**
Remeasurement	236,762	6,940	582	**244,284**
Interest	30,949	147	24	**31,120**
Repayment of lease liabilities	(420,828)	(7,352)	(920)	**(429,100)**
Balance at 31 March 2024	**584,637**	**7,282**	**562**	**592,481**

	Rolling Stock £000	Land & Buildings £000	Plant & Machinery £000	Total £000
Current lease liabilities	305,557	4,626	562	**310,744**
Non-current lease liabilities	279,080	2,656	-	**281,736**
Total lease liabilities	**584,637**	**7,282**	**562**	**592,481**

Right of use assets	Rolling Stock £000	Land & Buildings £000	Plant & Machinery £000	Total £000
Balance at 1 April 2023	627,391	5,762	663	633,816
Transferred in	-	-	-	-
Additions	79,710	1,418	188	**81,316**
Disposals	(700)	-	-	**(700)**

 Registered Office: Waterloo General Office, 4th Floor, Waterloo Station, London, SE1 8SW

Right of use assets	Rolling Stock £000	Land & Buildings £000	Plant & Machinery £000	Total £000
Remeasurement	236,732	6,940	582	**244,254**
Reclassification	690	-	-	**690**
Depreciation for the year	(377,971)	(6,033)	(782)	**(384,786)**
Balance at 31 March 2024	**565,852**	**8,087**	**651**	**574,590**

Lease amounts recognised in operating costs:	Rolling Stock £000	Land & Buildings £000	Plant & Machinery £000	Total £000
Leases of low value assets and short leases	8,841	184	659	**9,684**
Total	**8,841**	**184**	**659**	**9,684**

Right of use assets comprise rolling stock, offices and other property leases plus depot equipment. 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 all four TOCs. The Azuma lease continues until 2046 but the expected term for LNER's service period has been used to measure the liabilities. The remeasurement in the year primarily relates to extension and payment term charge in respect of rolling stock leases and payment term reduction in office lease. Repayment in lease liabilities is equal to total cash outflow.

Maintenance and variable components of the lease are shown in operating costs.

27 Retirement benefit obligations

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

The Section is a shared cost arrangement whereby the Group is only responsible for a share of the cost. The figures reported below therefore represent only the Group's share of costs, except that the tables reconciling the Section's Defined Benefit Obligations (DBO) and assets from start to end of the year are presented before the deduction of the members' share of the defined benefit cost, or the surplus or deficit. The exception is for the income statement items to be the Group's share only in line with the income statement expense table. 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 2024 and 31 March 2023 are;

Section Pay	LNER	LNER	NTL	NTL	SET	SET	TPT*	TPT
	2024	2023	2024	2023	2024	2023	2024	2023
Category 60 Members	**11.70%**	11.70%	**13.78%**	13.70%	**10.92%**	10.92%	**11.54%**	n/a
Category 62 Members	**10.32%**	10.32%	**12.20%**	12.20%	**9.42%**	9.42%	**9.98%**	n/a
Category 64 Members	**9.90%**	0.099	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a

*Average of both Sections

These rates will change on 1 July 2024 as part of the agreement of the 31 December 2022 triennial valuation.

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 Group in the year is in line with the latest certified schedule of contributions (SOC) which was signed in 2022, using the 2013 rates. Work to agree the 2022 triennial valuation was completed in the year and the changes in rates were consulted with employees and the valuation completed prior to 31 March 2024. The 2016 and 2019 funding valuations of the RPS have not yet been signed, this is expected to be completed in the coming year.

The discounted mean term of the Section’s DBO was 18 years (2023: 19 years) at the end of the reporting year for LNER, SET and NTL. For TPT, the discounted mean term of the Section’s DBO was 20 years at the end of the reporting period (2023: not applicable). All the assets are unquoted in the financial statements.

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 a 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.
- 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.

Membership data:

	LNER	LNER	NTL	NTL	SET	SET	TPT	TPT
	2024	2023	2024	2023	2024	2023	2024	2023
Active members	**2,991**	2,974	**6,735**	6,793	**4,530**	4,633	**1,764**	n/a
Deferred members	**4,109**	4,031	**3,732**	3,302	**3,185**	2,757	**499**	n/a

	LNER	LNER	NTL	NTL	SET	SET	TPT	TPT
	2024	2023	2024	2023	2024	2023	2024	2023
Pensioner members (including dependants)	**2,431**	2,474	**4,170**	3,790	**3,705**	3,117	**96**	n/a

Asset Data:

At 31 March 2024	LNER £000	NTL £000	SET £000	TPT £000	Total £000
Growth assets	**663,755**	**1,265,114**	**959,179**	**219,202**	**3,107,250**
Property	**-**	**-**	**-**	**-**	**-**
Other assets	**121,507**	**222,843**	**169,308**	**41,285**	**554,943**
Total asset value	**785,262**	**1,487,957**	**1,128,487**	**260,487**	**3,662,193**

At 31 March 2023	LNER £000	NTL £000	SET £000	TPT £000	Total £000
Growth assets	612,908	1,157,769	887,701	-	2,658,378
Property	-	196	-	-	196
Other assets	118,716	219,148	165,938	-	503,802
Total asset value	731,624	1,377,113	1,053,639	-	3,162,376

	31 March 2024	31 March 2023
	% pa	% pa
Discount rate	**4.85**	4.75
Future price inflation (RPI measure)	**3.10**	3.25
Future price inflation (CPI measure)	**2.80**	2.90
Pension increases (CPI measure)	**2.80**	2.90
Pensionable Salary increases	**3.10**	3.25

The assumed average expectation of life in years for male and female at age 65 now and at age 65 in 20 years is as follows (before postcode based adjustments for males):

As at 31 March	LNER 2024	LNER 2023	NTL 2024	NTL 2023	SET 2024	SET 2023	TPT 2024	TPT 2023
Male currently aged 65	**20.1**	20.4	**20.0**	20.4	**20.1**	20.4	20.0	n/a
Male currently aged 45	**21.4**	21.7	**21.4**	21.7	**21.4**	21.7	21.4	n/a
Female currently aged 65	**22.4**	22.6	**22.4**	22.6	**22.4**	22.6	22.4	n/a
Female currently aged 45	**23.9**	24.2	**23.9**	24.2	**23.9**	24.2	23.9	n/a

Defined benefit asset at end of year:

	LNER	NTL	SET	TPT	Total
At 31 March 2023	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Defined benefit obligation at end of year					
Active members	**(309,301)**	**(774,207)**	**(522,101)**	**(169,100)**	**(1,774,709)**
Deferred members	**(146,210)**	**(166,666)**	**(149,357)**	**(33,598)**	**(495,831)**
Pensioner members (incl. dependants)	**(258,655)**	**(442,410)**	**(361,568)**	**(65,848)**	**(1,128,481)**
Total defined benefit obligation	**(714,166)**	**(1,383,283)**	**(1,033,026)**	**(268,546)**	**(3,399,021)**
Fair value of assets at end of year	**785,262**	**1,487,957**	**1,128,487**	**260,487**	**3,662,193**
Adjustment for the members' share of surplus	**(28,438)**	**(41,870)**	**(38,184)**	**3,224**	**(105,268)**
Surplus expected to be recovered after end of current service period (Franchise adjustment)	**(42,658)**	**(63,227)**	**(57,277)**	**4,835**	**(158,327)**
Net defined benefit liability at end of the year 31 March 2024	**-**	**(423)**	**-**	**-**	**(423)**

					Total
At 31 March 2023	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Defined benefit obligation at end of year					
Active members	(354,780)	(915,448)	(657,147)	-	(1,927,375)
Deferred members	(145,918)	(157,739)	(126,019)	-	(429,676)
Pensioner members (incl. dependants)	(183,975)	(258,867)	(250,677)	-	(693,519)
Total defined benefit obligation	(684,673)	(1,332,054)	(1,033,843)	-	(3,050,570)
Fair value of assets at end of year	731,624	1,377,113	1,053,639	-	3,162,376
Adjustment for the members' share of deficit	(18,780)	(18,023)	(7,918)	-	(44,721)
Deficit expected to be recovered after end of current service period (Franchise adjustment)	(28,171)	(30,707)	(11,878)	-	(70,756)
Net defined benefit liability at end of the year 31 March 2023	-	(3,671)	-	-	(3,671)

Reconciliation of net defined benefit obligation:

	LNER	NTL	SET	TPT	Total
	£000	£000	£000	£000	£000
Opening net defined (obligation) liability 1 April 2023	-	(3,671)	-	-	(3,671)
Employer's share of P&L expense	(8,053)	(17,233)	(12,354)	(4,244)	(41,884)
Employers' contributions	8,053	20,490	12,354	4,244	45,141
Total gain recognised in OCI	-	(8)	-	-	(8)
Closing net defined benefit obligation at 31 March 2024	**-**	**(423)**	**-**	**-**	**(423)**

Profit & Loss (P&L) for the year ended 31 March 2024:

	LNER	NTL	SET	TPT	Total
	£000	£000	£000	£000	£000
Employer's share of service costs	14,916	34,220	24,778	6,416	80,330
Franchise adjustment to service cost	(8,061)	(19,129)	(14,950)	(2,549)	(44,689)
Employer's share of administration cost	**1,198**	**2,317**	**2,526**	**377**	6,418
Total employer's share of service cost	8,053	17,408	12,354	4,244	42,059
Employer's share of net interest on net defined benefit asset	**(1,497)**	**(1,709)**	**(795)**	**(268)**	(4,269)
Interest on franchise adjustment	**1,497**	**1,534**	**795**	**268**	4,094
Employer's share of P&L expense	**8,053**	**17,233**	**12,354**	**4,244**	**41,884**

Profit & Loss (P&L) for the year ended 31 March 2023:

	LNER	NTL	SET	TPT	Total
	£000	£000	£000	£000	£000
Employer's share of service costs	26,090	63,911	43,988	-	133,989
Franchise adjustment to service cost	(19,848)	(48,084)	(33,879)	-	(101,811)
Employer's share of administration cost	1,717	2,351	2,208	-	6,276
Total employer's share of service cost	7,959	18,178	12,317	-	38,454
Employer's share of net interest on net defined benefit asset	4,051	8,210	7,043	-	19,304
Interest on franchise adjustment	(4,051)	(7,986)	(7,043)	-	(19,080)
Employer's share of P&L expense	7,959	18,402	12,317	-	38,678

Other comprehensive income (OCI):

	LNER	NTL	SET	TPT	Total
For the year ended March 2024	£000	£000	£000	£000	£000
Gain/(Loss) due to demographic assumptions	**(7,971)**	**(15,301)**	**(11,437)**	**(629)**	**(35,338)**
Gain due to financial assumptions	**(1,948)**	**(52,559)**	**23,137**	**6,193**	**(25,177)**
Loss due to DBO experience	**35,714**	**117,480**	**25,303**	**4,439**	**182,936**
Return on plan assets less than discount rate	**(25,795)**	**(49,611)**	**(37,003)**	**(10,003)**	**(122,412)**
Total gain recognised in the OCI for the year ended March 2024:	**-**	**8**	**-**	**-**	**8**

	LNER	NTL	SET	TPT	Total
For the year ended March 2023	£000	£000	£000	£000	£000
Gain due to financial assumptions	(88,691)	(405,033)	(134,683)	-	(628,407)
Loss due to DBO experience	68,569	367,563	105,131	-	541,263
Return on plan assets less than discount rate	20,122	37,338	29,552	-	87,012
Total gain recognised in the OCI for the year ended March 2023:	-	(132)	-	-	(132)

The actuarial gain or loss due to financial assumptions includes movement in the deficit expected to be recovered after the end of the current service period and/or IFIRC 14.

Reconciliation of defined benefit obligation (DBO) for the year ended 31 March 2024:

	LNER	NTL	SET	TPT	Total
	£000	£000	£000	£000	£000
Opening defined benefit obligation at 1 April 2023	684,673	1,332,054	1,033,843	-	3,050,570
Transferred defined benefit obligation	-	-	-	230,684	230,684
Service cost	14,916	34,220	24,778	6,416	80,330
Interest cost on DBO	19,200	37,361	28,973	6,139	91,673
Franchise adjustment to service cost	(8,061)	(19,129)	(14,950)	(2,549)	(44,689)
Interest on franchise adjustment	1,497	1,534	795	268	4,094
Employee contributions	5,233	13,462	8,100	2,795	29,590
Gain/(Loss) on DBO – experience	59,522	100,322	42,171	7,399	209,414
Gain/(Loss) on DBO – demographic assumptions	(13,285)	(25,502)	(19,061)	(1,048)	(58,896)
Gain/(Loss) on DBO – financial assumptions	(27,391)	(48,494)	(37,104)	25,112	(87,877)
Benefit payments	(22,138)	(42,546)	(34,519)	(6,670)	(105,873)
At end of year 31 March 2024	714,166	1,383,283	1,033,026	268,546	3,399,021

Reconciliation of value of assets for year ended March 2024:

	LNER	NTL	SET	TPT	Total
	£000	£000	£000	£000	£000
Opening value of section assets at 1 April 2023	**731,624**	**1,377,113**	**1,053,639**	**-**	**3,162,376**
Transferred value of section assets	**-**	**-**	**-**	**237,416**	**237,416**
Interest income on assets	**20,697**	**39,070**	**29,768**	**6,407**	**95,942**
Return on plan assets greater than discount rate	**42,991**	**82,684**	**61,671**	**16,671**	**204,018**
Employer's contributions	**8,053**	**20,490**	**12,354**	**4,244**	**45,141**
Employee contributions	**5,233**	**13,462**	**8,100**	**2,795**	**29,591**
Actual benefit payments	**(22,138)**	**(42,546)**	**(34,519)**	**(6,670)**	**(105,873)**
Administration costs	**(1,198)**	**(2,317)**	**(2,526)**	**(377)**	**(6,418)**
Closing value of section assets at 31 March 2024	**785,262**	**1,487,957**	**1,128,487**	**260,487**	**3,662,193**

DBO sensitivity to significant actuarial assumptions:

		Approximate change in DBO				
	Sensitivity	LNER	NTL	SET	TPT	Total
	£000	£000	£000	£000	£000	£000
Discount rate	**-0.25% p.a.**	141,800	274,540	205,900	58,700	680,940
	+0.25% p.a.	(108,500)	(210,684)	(157,500)	(44,500)	(521,184)
Price inflation (CPI measure)*	**-0.25% p.a.**	(108,500)	(210,370)	(157,400)	(44,600)	(520,870)
	+0.25% p.a.	139,600	269,800	202,600	57,900	669,900
Salary increases	**-0.25% p.a.**	(8,600)	(20,298)	(13,700)	(4,600)	(47,198)
	+0.25% p.a.	9,000	20,985	14,200	4,700	48,885
Life expectancy	**-1 year**	(21,400)	(45,648)	(31,000)	(8,600)	(106,648)
	+1 year	21,400	45,648	31,000	8,600	106,648

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

The sensitivity figures are as at 31 March 2024. Note that these scenarios do not represent upper or lower bounds on what could happen. The sensitivity ranges have been updated from those disclosed in the prior year financial statements due to the increased volatilities in assumptions values over the year.

28 Contingent Liabilities

A legal matter has been raised and the court is considering whether certain specific offences have been prosecuted in error using the Single Justice Procedure by the Group. The legal proceedings are at an early stage and at the balance sheet date there is no way to reliably estimate the value of any possible liability or the extent of any obligation arsing in respect of the Group. The Group is working proactively with legal advice to assess the extent of any possible liability or obligation arising on the Group. The costs received by the Group in respect of the impacted cases under the Single Justice Procedure have not been material to the Group.

29 Related party disclosures

DfT OLR Holdings Limited is a company wholly owned by the Secretary of State for Transport. A Funding Deed exists between the Company and Secretary of State whereby a loan facility of £600m has been provided to the Company. The facility term ends six months after all termination of all the Services Agreements. At 31 March 2024, the Company had no outstanding balances owed to or from the Secretary of State for Transport (2023: £nil).

The Company's subsidiaries, London North Eastern Railway Limited (LNER) Northern Trains Limited, SE Trains Limited (SET) and Transpennine Trains Limited (TPT), operate passenger rail franchises 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 2024 all four TOCs received a service agreement subsidy; LNER, £36m (2023: £96m), NTL, £648.4m (2023: £597.7m), SET, £415.0m (2023: £402.2m) and TPT, £174.5m (2023: £nil, commenced trading 28 May 2023). 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 2024 approximately, £534.4m (2023: £395.5m) for services was paid to NR. Capital project funding was also received, net of capital costs, of £11.6m (2023: £9.3m). As at the 31 March 2024, balances with Network Rail included receivables of £38.1m (2023: £37.7m) and payables of £74.4m (2023: £48.6m).

The Group considers its subsidiaries and Network Rail to be material related parties (and therefore those transactions are disclosed), and all other entities within the government as non-significant related parties (which are therefore not disclosed). For transactions with British Transport Police (BPT), please refer to Note 3.

30 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 its registered office, Great Minster House, 33 Horseferry Road, London, SW1P 4DR. There is no parent undertaking group which consolidates these financial statements.

31 Post balance sheet events

- A General Election has been called for 4 July 2024. At the time of signing these financial statements, the result is not known. However, the directors have assessed that the outcome cannot be assessed with certainty and indeed the subsequent impact of any outcome on the Group, and hence the basis of preparation of the financial statements remains appropriate.
- On 2 April 2024 a Prior Information Notice (“PIN”) was issued stating that the Department for Transport seeks

to obtain a direct award to the incumbent operator (LNER) at the end of the current contract, for a minimum of 24 months and a maximum of 60 months. Although this occurred post year end, the event is unadjusting (a draft copy of the PIN notice to be issued was provided by the DfT to management pre year end, and hence the extended service agreement period was factored into the assumptions used in the preparation of these statutory accounts).