# Annual report and accounts 2024 to 2025

## Financial statements

## Statement of comprehensive net expenditure

### For the year ended 31 March 2025

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

| | Note | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| Revenue from contracts with customers | 5 | (40,364) | (39,782) |
| Other operating income | 6 | (457) | (982) |
| Total operating income | | (40,821) | (40,764) |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Staff costs | 3 | 31,440 | 30,731 |
| Other administration costs | 4 | 9,295 | 9,971 |
| Total operating expenditure | | 40,735 | 40,702 |
| Net operating income | | (86) | (62) |
| Finance expense | 12 | 88 | 64 |
| Net expenditure for the year | | 2 | 2 |
| Other comprehensive net expenditure | | | |
| Actuarial loss/(gain) on pension scheme liabilities | 15 | 12 | (27) |
| Total comprehensive net income for the year | | 14 | (25) |

The notes on this section form part of these accounts.

# Statement of financial position

## As at 31 March 2025

This statement presents the financial position of the department. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 7 | 2,754 | 3,188 |
| Right of use assets | 8 | 3,804 | 4,171 |
| Intangible assets | | 392 | 505 |
| Total non-current assets | | 6,950 | 7,864 |
| Current assets | | | |
| Trade and other receivables | 9 | 2,295 | 1,604 |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Cash and cash equivalents | 10 | 268 | 2,457 |
| Total current assets | | 2,563 | 4,061 |
| Total assets | | 9,513 | 11,925 |
| Current liabilities | | | |
| Lease liabilities | 12 | (1,096) | (1,103) |
| Trade and other payables | 13 | (5,255) | (7,458) |
| Provisions | 14 | (66) | - |
| Total current liabilities | | (6,417) | (8,561) |
| Non-current assets less net current liabilities | | 3,096 | 3,364 |
| Non-current liabilities | | | |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Lease liabilities | 12 | (3,997) | (4,751) |
| Provisions | 14 | (666) | (629) |
| Pension liabilities | 15 | (639) | (639) |
| Total non-current liabilities | | (5,302) | (6,019) |
| Total assets less total liabilities | | (2,206) | (2,655) |
| Taxpayers' equity | | | |
| General fund | SoCTE | (2,206) | (2,655) |
| Total taxpayers' equity | | (2,206) | (2,655) |

The notes on this section form part of these accounts.

John Larkinson
Accounting Officer
8 July 2025

# Statement of cash flows

## For the year ended 31 March 2025

The statement of cash flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Net expenditure for the year | SoCNE | (2) | (2) |
| Adjustments for non-cash transactions | 4 | 1,922 | 1,896 |
| Finance costs | 12 | 88 | 64 |
| (increase)/decrease in trade and other receivables | 9 | (691) | 2,291 |
| Adjustments for non-cash transactions for lease liabilities | 8 | 428 | 777 |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| (Decrease)/increase in trade and other payables | 13 | (2,203) | 787 |
| Less: movement in payables relating to items not passing through statement of comprehensive net expenditure | | (427) | (763) |
| Less: movement in Consolidated Fund creditor not passing through statement of comprehensive net expenditure | | 2,189 | (1,539) |
| Adjustments to previous provisions | 7, 8, 14 | 67 | (64) |
| Use of provisions | 14 | - | (31) |
| Use of provisions – by analogy pension | 15 | (43) | (41) |
| Net cash inflow from operating activities | | 1,328 | 3,375 |
| Cash flows from investing activities | | | |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Purchase of non-financial assets | | (421) | (291) |
| Adjustment – non cash | | (66) | 20 |
| Net cash outflow from investing activities | | (487) | (271) |
| Cash flow from financing activities | | | |
| Repayment of principal on lease liabilities | 12 | (1,211) | (1,131) |
| Financing from the Consolidated Fund (Supply) – current year | | - | - |
| Advances from the Contingencies Fund | | 25,000 | 25,000 |
| Repayments to the Contingencies Fund | | (25,000) | (25,000) |
| Net cash flow (outflow)/inflow from financing activities | | (1,211) | (1,131) |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund | | (370) | 1,973 |
| Payments of amounts due to the Consolidated Fund (Supply) | | - | (440) |
| Payments of amounts due to the Consolidated Fund (non-Supply) | | (2,457) | (478) |
| Amounts due to Consolidated Fund but not paid over (non-Supply) | 13 | 638 | 484 |
| Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund | | (2,189) | 1,539 |
| Cash and cash equivalents at the beginning of the period | 10 | 2,457 | 918 |

| | Note | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| Cash and cash equivalents at the end of the period | 10 | 268 | 2,457 |

The notes on this section form part of these accounts.

# Statement of changes in taxpayers' equity

### For the year ended 31 March 2025

This statement shows the movement in the year on the different reserves held by the department analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The general fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

| | Note | General fund and total reserves £000 |
|---|---|---|
| Balance at 1 April 2023 | | (797) |
| Excess cash surrenderable to the Consolidated Fund | | (1,973) |
| Net expenditure for the year | SoCNE | (2) |

| | Note | General fund and total reserves £000 |
|---|---|---|
| Actuarial gain relating to pension provision | 15 | 27 |
| Auditors' remuneration | 4 | 90 |
| Balance at 31 March 2024 | | (2,655) |
| Amounts due from the Consolidated Fund | 9 | 370 |
| Net expenditure for the year | SoCNE | (2) |
| Actuarial loss relating to pension provision | 15 | (12) |
| Auditors' remuneration | 4 | 93 |
| Balance at 31 March 2025 | | (2,206) |

The notes on this section form part of these accounts.

# Notes to the departmental resource accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context by the 2024-25 'Government Financial Reporting Manual' (FReM) issued by HM Treasury. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of ORR for the purpose of giving a true and fair view has been selected. The particular policies adopted by ORR are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

ORR does not exercise in-year budgetary control over any other public or private body. ORR is a single entity department whose entire operations are within the accounting boundary reflected in these accounts. ORR is domiciled in the United Kingdom and its principal place of business is at 25 Cabot Square, London, E14 4QZ.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment.

### 1.2 Basis of preparation

The presentational and functional currency of ORR is pounds sterling. The financial statements are presented in thousands of pounds sterling (£000).

### 1.3 Going concern

In common with other government departments, the future financing of ORR's liabilities is to be met by future grants of Supply and the application of future income, approved annually by Parliament. Parliament has authorised spending for 2025-26 in the Central Government Main Supply Estimates and there is no reason to believe that future approvals will not be granted. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these accounts.

### 1.4 New and amended standards and interpretations

IFRS 17 Insurance Contracts replaces IFRS 4 Insurance Contracts and is to be included in the FReM for mandatory implementation from 2025-26. This will not have an impact for ORR.

The 2025-26 FReM also includes changes to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 16 Property, Plant and Equipment. These are not expected to have an impact for ORR.

### 1.5 Property, plant and equipment and depreciation

Property, plant and equipment are initially recognised at cost. The minimum level for capitalisation is £5,000. The grouping of assets below the threshold has been restricted to IT and fit-out costs.

Depreciated historical cost is used as a proxy for current value as this realistically reflects consumption of the asset. Annual revaluations would not create a material difference to the carrying value of the assets.

Depreciation is provided at rates calculated to write off property, plant and equipment by equal instalments over their estimated useful lives. Lives are normally in the following ranges:

- Fitting out costs (limited to period of remaining lease) - up to 15 years
- Furniture and office equipment – 5 to 10 years
- Information technology – 3 to 5 years

Depreciation is provided in the month after purchase or on bringing the asset into use.

Right of use assets are depreciated as property, plant and equipment.

### 1.6 Leases

ORR adopted IFRS 16 Leases from 1 April 2022, as mandated by the FReM. The definition of a contract is expanded under the FReM definition to include intra-UK government agreements where non-performance may not be enforceable by law. This includes memorandum of terms of occupation (MOTO) agreements.

### Initial recognition

At the commencement of a lease (or the IFRS 16 transition date if later) ORR recognises a right of use asset, representing the right to use an underlying asset, and a lease liability, representing an obligation to make lease payments. Items with an underlying value of less than £5,000 or with a lease term of 12 months or less are excluded.

The lease liability is measured at the value of the remaining lease payments discounted either by the interest rate implicit in the lease or, when this is not readily determinable, ORR's incremental rate of borrowing. This rate is advised annually by HM Treasury for that calendar year (0.95% for 2022, 3.51% for 2023, 4.72% for 2024, 4.81% for 2025). The weighted average discount rate applied to the lease liabilities on transition to IFRS 16 was 0.95%. This reflects the HM Treasury discount rate prevailing at the time of adoption.

Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options the department is reasonably certain to exercise and any termination option ORR is reasonably certain not to exercise. The measurement of lease payments excludes any VAT payable, and irrecoverable VAT is expensed at the point it falls due.

The right of use asset is measured at the value of the lease liability date, adjusted for any lease payments made before the commencement date, any incremental costs of obtaining the lease, and any costs of removing the asset and restoring the site to the conditions required by the lease terms and conditions at the end of the lease.

### Subsequent measurement

After initial recognition the right of use asset is measured using the fair value model. ORR considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value for its leases as they are either less than five years in duration or have regular rent reviews.

Right of use assets are depreciated on a straight line basis from commencement date to the earlier of the end of the useful life of the asset and the lease term.

Lease liabilities are remeasured to reflect changes in lease payments, lease modifications or reassessments. Remeasurements are accounted for by discounting the revised cash flows at a

revised discount rate. The amount of remeasurement is recognised as an adjustment to the right of use asset.

### 1.7. Cash

Cash and cash equivalents comprise cash in hand and current balances with banks. These are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and have an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

### 1.8 Revenue from contracts with customers and other operating income

The FReM's definition of a contract under IFRS 15 Revenue from Contracts with Customers includes legislation and regulations which enable an entity to obtain revenue that is not classified as a tax by the Office of National Statistics. This definition captures the majority of ORR's income streams.

Revenue from contracts with customers relates directly to ORR's operating activities. It comprises: licence fees; concession fees (HS1); safety levies; safety-related income and grant funding for highways regulation and Transport for London funding framework advice. ORR does not have one specific performance obligation for each contract. Instead, the performance obligation represents ORR carrying out its duties throughout the year. Revenue is therefore accounted for systematically over the period that the related costs are expensed.

Other operating income comprises rental income, government grant funding in respect of the apprenticeship levy and costs awarded to ORR arising from successful prosecutions and is also accounted for systematically over the period that the related costs are expensed.

Since all rail-related costs are recovered via licence fees or the safety levy, which are invoiced based on estimated costs, any over-recovery is treated as deferred income within current liabilities, and any under-recovery is treated as accrued income within current assets. Revenue is stated net of VAT. Roads-related costs are funded by grant provided by the Department for Transport. Any unspent grant is paid over to the Consolidated Fund.

### 1.9 Pensions

ORR recognises the expected pension costs on a systematic basis over the period during which it

benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. PCSPS is accounted for as a defined contribution scheme. In respect of defined contribution schemes, ORR recognises the contributions payable for the year.

In addition, one present employee (2023-24: two) is covered by the provisions of the Railways Pension Scheme (RPS) which is contributory and funded. The scheme is treated as a defined contribution arrangement because there is insufficient information to identify ORR's share of the scheme liabilities and costs. The contributions paid in respect of these pensions is shown under staff costs in the Statement of Comprehensive Net Expenditure (SoCNE).

Past rail regulators have separate pension arrangements that are broadly analogous with the PCSPS. The arrangements provide for an unfunded defined benefit scheme. However, unlike the PCSPS, a pension liability is included in the accounts provision to meet ORR's liability for future payment.

### 1.10 Provisions

ORR provides for legal or constructive obligations where it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the combined rate set by HM Treasury.

The discount rate applied to provisions for past rail regulators' pension commitments is the Treasury's post-employment benefits rate.

### 1.11 Reserves

The general fund records elements of the accounts which are not charged to the industry, and therefore do not pass through the SoCNE. These include the effect of changes in accounting policy, actuarial gains and losses in relation to our pension provision, auditors' remuneration, cash to be returned to the Consolidated Fund and our token annual £2,000 operating expenditure for the year voted by Parliament.

### 1.12 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, contingent

liabilities and contingent assets, the department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of 'Managing Public Money'.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament is separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament. These are noted in the 'Parliamentary accountability disclosures'.

## 2. Statement of operating expenditure by operating segment

| | 2024-25 Gross expenditure £000 | 2024-25 Gross income £000 | 2024-25 Net expenditure £000 | 2023-24 Gross expenditure £000 | 2023-24 Gross income £000 | 2023- Net exper £000 |
|---|---|---|---|---|---|---|
| Economic regulation | 18,900 | (18,898) | 2 | 19,430 | (19,429) | 1 |
| Health and safety regulation | 18,711 | (18,711) | - | 17,917 | (17,917) | - |
| Highways regulation | 3,212 | (3,212) | - | 3,419 | (3,418) | 1 |
| Total | **40,823** | **(40,821)** | 2 | **40,766** | **(40,764)** | 2 |

### Short description of segments

Economic regulation: as the economic regulator of the mainline railway, ORR sets the outputs

which Network Rail must achieve.

Health and safety regulation: ORR regulates the health and safety of the entire mainline network in Britain as well as London Underground, light railways, trams and heritage.

No individual train operating company contributes more than 10% of ORR income. However, Network Rail paid £6.1 million safety levy in 2024-25 (£5.8 million in 2023-24).

Highways regulator: ORR is responsible for monitoring and enforcing the performance and efficiency of National Highways.

The analysis of services for which a fee is charged is provided for fees and charges purposes, as required by the FReM, not for IFRS 8 purposes.

## 3. Staff costs

| | Permanently employed staff £000 | 2024-25 Others £000 | Total £000 | 2023-24 Total £000 |
|---|---|---|---|---|
| Wages and salaries | 22,001 | 876 | 22,877 | 22,594 |
| Social security costs | 2,613 | 25 | 2,638 | 2,617 |
| Other pension costs | 5,925 | - | 5,925 | 5,598 |
| Total costs | 30,539 | 901 | 31,440 | 30,809 |
| Less: recoveries from outward secondments | - | - | - | (78) |

| | Permanently employed staff £000 | 2024-25 Others £000 | Total £000 | 2023-24 Total £000 |
|---|---|---|---|---|
| Total net costs | 30,539 | 901 | 31,440 | 30,731 |

Further information is provided in the staff report.

## 4. Other administration costs

| | Note | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| Non-cash items | | | |
| Depreciation | 7 and 8 | 1,611 | 1,644 |
| Amortisation | | 185 | 132 |
| Loss on disposal of property, plant and equipment | 7 | 2 | 1 |
| Loss on disposal of intangible assets | | - | 2 |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Interest charges in respect of by analogy pension scheme | 15 | 31 | 27 |
| Auditors' remuneration and expenses (note 1) | | 93 | 90 |
| Total non-cash items | | 1,922 | 1,896 |
| Provisions | | | |
| Release of dilapidations provision | | - | (15) |
| Release of other provisions | | - | (45) |
| Total provisions | | - | (60) |
| Other | | | |
| Travel and subsistence | | 1,075 | 1,095 |
| Hospitality | | 18 | 17 |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Consultancy | | 1,359 | 2,024 |
| IT and telecoms | | 1,290 | 1,641 |
| Rent | | 8 | 4 |
| Landlord service charges and rates | | 1,091 | 779 |
| Printing and stationery | | 80 | 89 |
| Recruitment and training | | 646 | 764 |
| Staff-related | | 166 | 145 |
| Building-related | | 650 | 651 |
| External services – internal audit, payroll, banking and finance | | 111 | 98 |
| External services – other | | 840 | 795 |

| | Note | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| Hire of office equipment | | 19 | 23 |
| Other costs | | 20 | 10 |
| Total other | | 7,373 | 8,135 |
| Total other administration costs | | 9,295 | 9,971 |

*Note 1: The Comptroller and Auditor General carries out the audit of ORR's financial statements. The notional cost of auditing the financial statements was £93,000 (2023-24: £90,000). No remuneration, actual or notional, was paid to the National Audit Office for non-audit work (2023-24: none).*

## 5. Revenue from contracts with customers

| | Note | 2024-25 £000 | 2023-24 £000 |
|---|---|---|---|
| Licence fees | | 19,446 | 19,625 |

| | Note | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|---|
| Less: income deferred to next year | 13 | (643) | (257) |
| Safety levy and related safety income | | 18,940 | 18,150 |
| Less: income deferred to next year | 13 | (591) | (1,154) |
| Income from roads regulation | | 3,212 | 3,419 |
| Less: income deferred to next year | 13 | - | (1) |
| Total | | **40,364** | **39,782** |

All revenue from contracts with customers relates to ORR's operating activities carried out throughout the year.

## 6. Other operating income

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Other operating income | 457 | 982 |

Other operating income consists mainly of costs awarded to ORR arising from successful safety prosecutions, costs recovered from other organisations resulting from ORR safety inspectors being engaged to work on their behalf, rental income and government grants for apprenticeship funding.

## 7. Property, plant and equipment

| | Fitting out costs<br>£000 | Furniture, office equipment and telecoms<br>£000 | Information technology<br>£000 | Total<br>£000 |
|---|---|---|---|---|
| Cost or valuation | | | | |
| At 1 April 2024 | 4,955 | 609 | 1,259 | 6,823 |
| Additions | - | 25 | 285 | 310 |

| | Fitting out costs £000 | Furniture, office equipment and telecoms £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|
| Revaluations | 48 | - | - | 48 |
| Disposals | - | - | (514) | (514) |
| At 31 March 2025 | 5,003 | 634 | 1,030 | 6,667 |
| Depreciation | | | | |
| At 1 April 2024 | 2,342 | 320 | 973 | 3,635 |
| Charged in year | 538 | 64 | 226 | 828 |
| Disposals | - | - | (512) | (512) |
| Reclassifications | - | - | (38) | (38) |
| At 31 March 2025 | 2,880 | 384 | 649 | 3,913 |

| | Fitting out costs £000 | Furniture, office equipment and telecoms £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|
| Carrying amount at 31 March 2025 | 2,123 | 250 | 381 | 2,754 |
| Carrying amount at 31 March 2024 | 2,613 | 289 | 286 | 3,188 |

| | Fitting out costs £000 | Furniture, office equipment and telecoms £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|
| Cost or valuation | | | | |
| At 1 April 2023 | 4,975 | 623 | 1,187 | 6,785 |
| Additions | - | 1 | 140 | 141 |
| Revaluations | (20) | - | - | (20) |
| Disposals | - | (15) | (68) | (83) |

| | Fitting out costs £000 | Furniture, office equipment and telecoms £000 | Information technology £000 | Total £000 |
|---|---|---|---|---|
| At 31 March 2024 | 4,955 | 609 | 1,259 | 6,823 |
| Depreciation | | | | |
| At 1 April 2023 | 1,797 | 270 | 733 | 2,800 |
| Charged in year | 545 | 65 | 307 | 917 |
| Disposals | - | (15) | (67) | (82) |
| At 31 March 2024 | 2,342 | 320 | 973 | 3,635 |
| Carrying amount at 31 March 2024 | 2,613 | 289 | 286 | 3,188 |
| Carrying amount at 31 March 2023 | 3,178 | 353 | 454 | 3,985 |

All tangible assets are owned by ORR. There was a reclassification of accumulated depreciation from PPE to Intangible Assets as a result of a disposal of historic assets which has been miscoded.

## 8. Right of use assets

| | Buildings<br>£000 | Other<br>£000 | Total<br>£000 |
|---|---|---|---|
| Cost or valuation | | | |
| At 1 April 2024 | 5,585 | 22 | 5,607 |
| Additions | 428 | - | 428 |
| Revaluations | (12) | - | (12) |
| At 31 March 2025 | 6,001 | 22 | 6,023 |
| Depreciation | | | |
| At 1 April 2024 | 1,425 | 11 | 1,436 |
| Charged in year | 775 | 8 | 783 |
| At 31 March 2025 | 2,200 | 19 | 2,219 |

| | Buildings<br>£000 | Other<br>£000 | Total<br>£000 |
|---|---|---|---|
| Carrying amount at 31 March 2025 | 3,801 | 3 | 3,804 |
| Carrying amount at 31 March 2024 | 4,160 | 11 | 4,171 |

| | Buildings<br>£000 | Other<br>£000 | Total<br>£000 |
|---|---|---|---|
| Cost or valuation | | | |
| At 1 April 2023 | 4,812 | 22 | 4,834 |
| Additions | 777 | - | 777 |
| Revaluations | (4) | - | (4) |
| At 31 March 2024 | 5,585 | 22 | 5,607 |
| Depreciation | | | |

| | Buildings<br>£000 | Other<br>£000 | Total<br>£000 |
|---|---|---|---|
| At 1 April 2023 | 705 | 4 | 709 |
| Charged in year | 720 | 7 | 727 |
| At 31 March 2024 | 1,425 | 11 | 1,436 |
| Carrying amount at 31 March 2024 | 4,160 | 11 | 4,171 |
| Carrying amount at 31 March 2023 | 4,107 | 18 | 4,125 |

A maturity analysis of lease liabilities is given within note 12 'lease liabilities'.

## 9. Trade and other receivables

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Amounts falling due within one year | | |

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Trade receivables | 853 | 438 |
| Other receivables | - | 1 |
| Staff receivables | 9 | 7 |
| Prepayments and accrued income | 1,026 | 1,003 |
| HM Revenue and Customs (VAT) receivable | 37 | 155 |
| Amounts due from the Consolidated Fund in respect of Supply | 370 | - |
| Total | 2,295 | 1,604 |

## 10. Cash and cash equivalents

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Balance at 1 April | 2,457 | 918 |
| Net change in cash balances | (2,189) | 1,539 |
| Balance at 31 March | 268 | 2,457 |

The following balances at 31 March were held at:

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Government Banking Service | 268 | 2,448 |
| Commercial banks and cash in hand | - | 9 |
| Total | 268 | 2,457 |

## 11. Reconciliation of liabilities arising from financing activities

| | 1 April 2024 £000 | Financing cash flows £000 | Non-cash Additions £000 | Non-cash Finance costs £000 | Other non-cash adjustment £000 | 31 March 2025 £000 |
|---|---|---|---|---|---|---|
| Lease liabilities | 5.854 | (1,211) | 428 | 88 | (66) | 5,093 |
| Total | 5,854 | (1,211) | 428 | 88 | (66) | 5,093 |

## 12. Lease liabilities

Analysis of expected timing of lease liability discounted cash flows

| | 2024-25 Buildings £000 | 2024-25 Other £000 | 2024-25 Total £000 | 2023-24 Buildings £000 | 2023-24 Other £000 | 2023-24 Total £000 |
|---|---|---|---|---|---|---|
| Not later than one year | 1,094 | 2 | 1,096 | 1,098 | 5 | 1,103 |
| Later than one year and not | 3,091 | - | 3,091 | 3,905 | 3 | 3,908 |

| | 2024-25 Buildings £000 | 2024-25 Other £000 | 2024-25 Total £000 | 2023-24 Buildings £000 | 2023-24 Other £000 | 2023-24 Total £000 |
|---|---|---|---|---|---|---|
| later than five years | | | | | | |
| Later than five years | 906 | - | 906 | 843 | - | 843 |
| Total | 5,091 | 2 | 5,093 | 5,846 | 8 | 5,854 |

ORR's leases are for office accommodation and ziptaps.

Amounts recognised in the statement of comprehensive net expenditure

| | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Interest expense | 88 | 64 |
| Depreciation | 783 | 727 |
| Low value and short-term leases | 19 | 23 |

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Total | 890 | 814 |

Amounts recognised in the statement of cash flows

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Interest expense | 88 | 64 |
| Repayments of principal on leases | (1,211) | (1,131) |
| Total | (1,123) | (1,067) |

## 13. Trade and other payables

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Amounts falling due within one year | | |
| Trade payables | 269 | 65 |
| Other payables | 1,270 | 1,262 |
| Other taxation and social security | 5 | 7 |
| Accruals | 1,839 | 2,255 |
| Deferred income | 1,234 | 1,412 |
| Balance of Intergovernmental Commission levy payable to the Consolidated Fund | 394 | 437 |
| Balance of DfT roads funding payable to the Consolidated Fund | 244 | 47 |
| Excess cash surrenderable to the Consolidated Fund | - | 1,973 |

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Total | 5,255 | 7,458 |

In 2024-25, there is no excess cash surrenderable to the Consolidated Fund, and instead a receivable due from the Consolidated Fund has been recognised in note 9.

## 14. Provisions for liabilities and charges

The provision for dilapidations has been established in order to satisfy the obligation to return our offices to their original condition, calculated on a cost per square foot basis and discounted from the end of the lease date.

| | 2024-25<br>Dilapidations £000 | 2024-25<br>Total £000 | 2023-24<br>Total £000 |
|---|---|---|---|
| Balance at 1 April | 629 | 629 | 728 |
| Provided for in the year | 109 | 109 | 12 |
| Provisions no longer required | (12) | (12) | (86) |
| Provisions utilised in the year | - | - | (31) |

| | 2024-25 Dilapidations £000 | 2024-25 Total £000 | 2023-24 Total £000 |
|---|---|---|---|
| Borrowing costs (unwinding of discounts) | 6 | 6 | 6 |
| Balance at 31 March | 732 | 732 | 629 |

Analysis of expected timing of discounted cash flows

| | 2024-25 Dilapidations £000 | 2024-25 Other £000 | 2024-25 Total £000 | 2023-24 Total £000 |
|---|---|---|---|---|
| Not later than one year | 66 | - | 66 | - |
| Later than one year and not later than five years | - | - | - | - |
| Later than five years | 666 | - | 666 | 629 |
| Total | 732 | - | 732 | 629 |

## 15. Pension liabilities

### Analysis of movement in scheme liability

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Net pension liability at 1 April | 639 | 680 |
| Interest cost | 31 | 27 |
| Actuarial loss/(gain) | 12 | (27) |
| Benefits paid | (43) | (41) |
| Net pension liability at 31 March | 639 | 639 |

Former rail regulators and a former ORR Chair benefit from a defined benefit pension scheme by-analogy with the PCSPS. An actuarial assessment was carried out on the scheme by the Government Actuary's Department (GAD) as at 31 March 2025. The current Chair has no pension arrangements with ORR.

The pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the employer. There is no fund, and therefore no surplus or deficit. Contributions to the pension scheme in 2025-26 are expected to be £44,100.

ORR has recognised all actuarial gains and losses immediately through the general fund.

Present value of scheme liabilities

| Liability in respect of | 2024-25 £000 | 2023-24 £000 |
|---|---|---|
| Current pensioners | 639 | 639 |
| **Total present value of scheme liabilities** | **639** | **639** |

| Liability in respect of | Value at 31/3/25 £000 | Value at 31/3/24 £000 | Value at 31/3/23 £000 | Value at 31/3/22 £000 | Value at 31/3/21 £000 |
|---|---|---|---|---|---|
| Current pensioners | 639 | 639 | 680 | 953 | 919 |
| **Total present value of scheme liabilities** | **639** | **639** | **680** | **953** | **919** |

Actuarial assumptions

Under IAS 19 employers must disclose any other material actuarial assumptions used for the assessment. The main actuarial assumptions used by the actuary are shown below:

| Liability in respect of | 2024-25 | 2023-24 |
|---|---|---|
| Gross discount rate | 5.15% | 5.10% |
| Rate of increase of pensions in payment | 2.65% | 2.55% |
| CPI inflation | 2.65% | 2.55% |

Rates are as prescribed by HM Treasury.

### Life expectancy at retirement

The life expectancies shown below illustrate the longevity assumption used for the assessment. There were no future pensioners in the scheme at 31 March 2025 or 2024.

| Current pensioners exact age | 2024-25 Men (years) | 2024-25 Women (years) | 2023-24 Men (years) | 2023-24 Women (years) |
|---|---|---|---|---|
| 60 | 26.5 | 28.5 | 26.7 | 28.2 |
| 65 | 21.9 | 23.6 | 21.9 | 23.3 |

### Cumulative amount of actuarial gains and losses

The cumulative actuarial loss for the year to 31 March 2025 amounts to £277,000 (31 March 2024: £265,000).

Sensitivity of the defined benefit obligation (DBO) to changes in the significant actuarial obligations

| Change in assumption [note 1] | | Impact on DBO (%) | Impact on DBO (£000) |
|---|---|---|---|
| Gross discount rate | +0.5% a year | (5) | (31) |
| Rate of increase in CPI | +0.5% a year | 5 | 31 |
| Life expectancy: each member assumed 1 year younger than their actual age | | 2 | 14 |

*Note 1: Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and, given the interdependencies between the assumptions, the impacts may offset to some extent.*

## 16. Financial and capital commitments

### 16.1 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Information technology | 170 | 10 |

Capital commitments in 2024-25 were for enhancements to the train driver licencing portal and the public consumption API.

### 16.2 Other financial commitments

ORR has entered into non-cancellable contracts (which are not leases, PFI contacts or other service concession arrangements), for licences for the HR and Finance system and professional advice. The payments to which the department are committed are as follows:

| | 2024-25<br>£000 | 2023-24<br>£000 |
|---|---|---|
| Not later than one year | 261 | 54 |
| Later than one year and not later than five years | 155 | 54 |
| Later than five years | - | - |

Prior year figures are restated as the disclosure was nil in the 2023-24 accounts.

## 17. Financial instruments

As the cash requirements of the department are mainly met through the licence fee, safety levy and grant, with advances from the Contingencies Fund to cover timing differences between income and expenditure, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. We are therefore exposed to little credit, liquidity or market risk. ORR is also not exposed to any significant interest rate or foreign currency risks.

### Fair values

The carrying amounts for current assets (Note 9) and current liabilities (Note 13) approximate to their fair value due to their short-term nature.

## 18. Contingent liabilities

There are no contingent liabilities at 31 March 2025 or 2024.

## 19. Related party transactions

In addition to balances due from the Consolidated Fund (see note 9) and grant funding from the Department for Transport, there have been a small number of transactions with other government departments and other central government bodies.

No Board member, key manager or other related parties has undertaken any material transactions with ORR during the year, other than remuneration. Full details of compensation for key management personnel are disclosed in the remuneration report.

## 20. Events after the reporting period

The Accounting Officer authorised the issue of these financial statements on the date of the Comptroller and Auditor General's audit certificate. The financial statements do not reflect events after this date.


- ← Previous Accountability report: Parliamentary accountability and audit report