

Company registration number: 02315380 (England and Wales)

**RAILPEN LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# RAILPEN LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	S Blckett A Burns J Chilman M Craston (Chair) G Doherty R Jones R Murray M Sullivan G Towse
<b>Company Secretary</b>	Railpen Corporate Secretary Limited
<b>Company registration number</b>	02315380
<b>Registered office</b>	100 Liverpool Street London EC2M 2AT
<b>Independent auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

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# RAILPEN LIMITED

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# **RAILPEN LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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### **Background and business model**

Railpen Limited (“Railpen” or “the Company”) is a subsidiary of Railways Pension Trustee Company Limited (“RPTCL” or “the Trustee Company”), which is the corporate trustee of the principal UK railways industry-wide pension schemes. Railpen was incorporated in 1988 and provides a full range of pension services, including pension scheme administration, fiduciary services and governance support, to pension schemes and their trustees.

The Trustee Company, in its capacity as trustee of the railways pension schemes, has provided assurances that the services of Railpen will continue to be used by the schemes for the foreseeable future. Any potential shortfall in Railpen’s current assets compared to its liabilities, would, to the extent necessary, be met from the schemes’ assets, in keeping with the trust documentation for the schemes. Having considered this confirmation of reassurance, the directors are satisfied the Company can meet its obligations as they fall due for the foreseeable future.

Railpen’s trading with the Trustee Company is conducted on a Mutual basis (the “Mutual”), while trading with third parties is conducted on a conventional arm’s length basis. Surpluses from Mutual trading do not form part of Railpen’s reserves and are shown as a separate Mutual fund on the balance sheet. A Mutual Committee was established to ensure the interests of the Trustee Company in the Mutual business are protected.

### **Purpose, strategy and culture**

Railpen is organised around its purpose, to “secure our members’ future”. This purpose is at the heart of the strategy, defining why the organisation exists and driving the strategic goals, objectives, measures and initiatives that together comprise the strategic plan.

In late 2021, there was further development and articulation of Railpen’s strategy. This resulted in the communication of a vision statement and eight strategic goals, which were launched to all Railpen employees in January 2022.

In developing the vision statement and strategic goals, Railpen considered the purpose of the Company, its strategic journey to date and reflected on how the business can better support the needs of a variety of stakeholders, notably pension scheme members, trustee directors and participating employers, as well as its employees.

The resultant eight strategic goals are made up of both ‘Foundational’ goals – focusing on people, platforms and professional relationships with key stakeholders – and, ‘Outcome’ goals – focusing on the members, employers, the development of rail pensions solutions, providing fiduciary advice and achieving desired investment outcomes. All goals work towards ensuring the Company helps secure its members’ futures.

The Company’s strategy is supported by its culture and one of the foundational strategic goals focuses on this – ‘People passionate about purpose’, which aims to retain, develop and attract talented people who are passionate about delivering its core purpose. To drive forward Railpen’s people and culture objectives, the ‘People & Culture Committee’ (“PCC”) was formed at the beginning of 2022. The PCC includes all members of the Executive Committee (“ExCom”) and brings the appropriate level of focus to people related matters and decisions across Railpen. As a result of the formation of the PCC, a new cultural change programme, ‘Belonging at Railpen’ was established. This programme includes a number of work-streams dedicated to people and culture, which will help Railpen define its employee valuation proposition (“EVP”), such as leadership development, inclusion and diversity, health, safety and wellbeing of colleagues, developing relationships with colleagues through Employee Connection forums and the development of organisational values and behaviours.

# **RAILPEN LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **Principal risks and uncertainties**

#### ***Three lines of defence***

The approach to enterprise risk management at Railpen is based upon the 'three lines of defence' model. All colleagues have a role to play in enterprise risk management and all three lines of defence work together on an ongoing basis to protect the Company's business, clients, people and brand, with specific responsibilities of each line in identifying and managing enterprise risks.

#### ***First line of defence***

Business Units and Functions own and manage day-to-day business activities, operating practices, day to day risk management and decision making.

#### ***Second line of defence***

Management functions that independently perform risk and compliance oversight. They challenge and advise the first line of defence on risk and compliance topics.

#### ***Third line of defence***

Independent assurance and reporting provided by Internal Audit on the adequacy of internal controls across all areas of the business. Their responsibilities include delivering a systematic and disciplined approach to evaluating the effectiveness of the organisation's risk management, control environment and governance processes.

#### ***Risk framework***

Railpen operates a robust and comprehensive Enterprise Risk Management framework, with linked policies and directives, for the management of risk. This is designed so that risks are effectively identified, managed, monitored, actioned and reported within the business. Risks are linked to the Company's strategy, meaning that there is clear visibility of how the management of risk helps to deliver upon Railpen's purpose and goals.

Railpen's structure, includes a second line of defence, Enterprise Risk team, which reports into the Chief Risk & Compliance Officer, a member of the ExCom. The Enterprise Risk team is made up of risk specialists, who partner with the business in providing support, challenge and oversight to business units, functions and risk owners. The team provide the various bodies in Railpen's governance framework, with the information and insight needed through reporting, for them to discharge their duties and oversee the operation of risk.

Risks are identified on an ongoing basis. This could be through risk owners in the business identifying new risks, responding to regulatory or business change or through a regular assessment of the risks that apply, including the likelihood and impact of these occurring and the measures in place to mitigate. Risks are measured through key risk indicators ("KRIs"), with regular reporting to Boards and Committees. The Company has an organisation-wide Enterprise Risk system, which captures all risks in one place, and allows for regular reporting and analysis. First line of defence risk owners are responsible for the active management of risks within their team or function.

# **RAILPEN LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### ***Risk governance***

The Board has ultimate responsibility for the ownership of enterprise risk. The Board approves the Enterprise Risk Governance Framework and key policies, sets and monitors risk appetite, and regularly assesses the strength of risk management. The Board delegates a number of its responsibilities to the Railpen Enterprise Risk Committee ("RERC"). At the RERC, further scrutiny is provided, to ensure that enterprise risks are being managed appropriately and effectively within Railpen. Railpen's governance structure is split into three levels:

Level 1: Boards and Committees: Oversee the governing parameters, which set the necessary expectations and context for enterprise risk management and related business decisions. They also provide oversight and challenge, ensuring delegated authorities are appropriate.

Level 2: Management Committees: These operate within defined frameworks and policies and are granted authority to manage enterprise risk and make related business decisions that are overseen by the Boards and Committees. They can delegate further enterprise risk management and more detailed but less material business decisions to individual teams/members.

Level 3: Business Unit and Functional Leadership: Responsible for execution of processes and bottom-up enterprise risk management.

### ***Risk appetite***

Railpen further manages its key risks, through the use of risk appetite statements and thresholds. These statements provide Railpen with the level of risk that the Company is prepared to accept for each category of risk and the strength of the control environment that is expected to be in place to facilitate this. Risk appetite is regularly reviewed by the Railpen Board and the RERC. An assessment of risk appetite against key risks (which includes KRI data, risk events, and assurance activity) is regularly reported to the Board and the RERC. A suite of indicators has been developed to measure risk culture in the business, helping to further drive performance of risk activities in the first line of defence.

### ***Principal risks***

The operational risk profile of Railpen continues to improve, as the ExCom furthers its investment and focus in governance, risk and compliance initiatives across the business. The business is subject to operational risks derived from its people, processes, technology or from external events. They require appropriate review to ensure that all key risks are captured, that the impact and likelihood of a risk crystallising is fully understood and that there are appropriate controls in place to mitigate the risk.

Through the Enterprise Risk Governance Framework, Railpen's principal risks and uncertainties have been identified. These are based on the potential to disrupt the delivery of Railpen's key strategic objectives, and where the organisation may therefore be acting outside of risk appetite tolerances if appropriate mitigations are not put in place. These principal risks are regularly reviewed by ExCom and the Board, alongside a wide suite of key risks.

# RAILPEN LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Risk and potential impact	Control/Mitigation
<p><b>People</b> Disruptions to delivering Railpen's purpose caused by people related matters.</p>	<p>Inclusion and Diversity Council in place with remit to review, oversee and challenge Railpen progress against developing an inclusive and diverse culture.</p> <p>Wellbeing Strategy in place, including regular events and training for staff, and establishment of Mental Health First Aiders throughout the business.</p> <p>Employee Net Promoter Score ("eNPS") surveys undertaken which highlight areas on which Railpen needs to focus and what to address.</p> <p>Skills matrices and succession planning in place, as well as strategies for ongoing recruitment and people planning, led by an in-house Talent Acquisition Team.</p> <p>Employee Connection Forums are in place and meet regularly, providing an opportunity for the voices of employees to be heard.</p> <p>Training and development programmes in place for staff.</p> <p>Clear objectives set for all staff through Job on a Page ("JOAP"), linked to the Railpen purpose. Regular 8-weekly performance reviews for all staff with key accountabilities, behaviours and priorities set for all colleagues.</p>
<p><b>Supplier</b> The insolvency or failure of a third party who is responsible for providing Railpen's technology infrastructure for administering the pensions of members, or other critical service.</p> <p>The failure of critical outsourcing providers and/or failure of Railpen to meet its contractual obligations could significantly disrupt Railpen's ability to operate.</p>	<p>Supplier Management Framework in place, including regular formal contract management processes undertaken for key suppliers.</p> <p>Due diligence undertaken as part of the procurement and on-boarding processes, including supplier arrangements for business continuity, disaster recovery and information/cyber security.</p> <p>Business Continuity and Disaster Recovery plans in place, with scenario analysis and testing undertaken on a regular basis.</p> <p>Relationship management structures are in place with key suppliers, underpinned by service level agreements, regular management information and incident escalation and resolution protocols.</p>
<p><b>Culture</b> An ineffective or inappropriate culture that drives behaviour at Railpen, making it difficult to execute the Company's strategy and deliver its purpose.</p>	<p>People and Culture Committee in place. The monthly meetings focus on all people related initiatives which will ultimately develop the culture Railpen aspires to.</p> <p>eNPS results and comments will highlight areas on which Railpen needs to focus and what to address.</p> <p>A programme of HR work has been approved for implementation over the coming years and is regularly reviewed to ensure it is still current.</p> <p>Employee Connection Forums are in place and meet regularly providing an opportunity for the voices of employees to be heard.</p> <p>A variety of Learning and Development programmes exist across different levels of staff (e.g. Leadership Programme and Managing the Railpen Way), designed to drive the right behaviours that are consistent with organisational values.</p>

# RAILPEN LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Risk and potential impact	Control/Mitigation
<p><b>Data management</b> Failure to maintain and secure member records and other sensitive data in line with legislative and regulatory expectations.</p>	<p>Director of Data Protection in place, who sits in the second line of defence and is involved in challenging the business on data risks, as well as providing tools, training and awareness to Railpen.</p> <p>Information security and data protection policies and procedures are in place.</p> <p>Annual staff training on data handling and information security.</p> <p>Ongoing maintenance of Railpen's ISO27001 accreditation.</p>
<p><b>IT and Information Security (including cyber)</b> Failure to safeguard information accurately and/or securely. Additionally, it also includes the risk of financial loss, disruption or damage to Railpen's reputation due to a security incident, resulting in the inability to fulfil critical business services and/or comply with regulatory obligations.</p> <p>Inefficient or ineffective technology architecture, or material service outages. The inability to deliver business critical services resulting in an adverse impact on clients, members and internal functions/units.</p>	<p>Security Operations Centre ("SOC") in place, which actively monitors all services on the Company's infrastructure as part of its security measures (including key network and boundary resources, intrusion detection and prevention systems).</p> <p>Monthly phishing campaigns are ran to train employees to recognise and report real attacks.</p> <p>Mandatory Information Security awareness training is required to be taken annually by all employees.</p> <p>Access control policy and process in place which provides prevention against unauthorised access to information.</p> <p>Deployment of complex technical IT security controls to protect the Company's information and key systems. Use of external specialists to validate the effectiveness of Railpen's controls against industry best practice.</p> <p>Robust disaster recovery and business continuity plans in place which are tested regularly.</p> <p>Change programmes and key projects underway to enhance Railpen's IT and system environment.</p> <p>Architecture and Engineering Development Standards and controls in place, forming part of the Change and Design Governance process.</p>
<p><b>Financial risk management</b> The Company's balance sheet position is impacted by its defined benefit pension liabilities (with changes to these figures impacted by actuarial assumptions such as mortality rates, life expectancy, interest costs and inflation / investment return expectations).</p> <p>Interest exposure and/or inflation risk arises on cash balances or overdraft funding requirements, which are based on variable market interest rates. This exposure fluctuates based on operating requirements.</p> <p>Credit risk is considered to be limited given the majority of customers are the railways pension schemes themselves, where the parent company acts as the Corporate Trustee.</p>	<p>A third party expert is engaged by the Company to prepare the actuarial assumptions for review by management. Benchmarking analysis is considered and assumptions are reviewed and approved by the Audit &amp; Governance Committee.</p> <p>The Company has very limited exposure to interest rate risk as it has no external debt.</p> <p>Income from third party pension schemes business is supported by the agreement of third party credit terms and exposures are set and regularly monitored.</p>



# **RAILPEN LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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#### **Financial performance**

Turnover for the year under review was £114.9m (2021 - £100.8m). The loss before tax for the financial year was £1.3m (2021 – loss of £0.8m). The loss is largely a result of the current increased level of operating costs, as Railpen progresses a number of strategic initiatives.

Cash at bank and in hand amounted to £12.2m as at 31 December 2022 (2021 - £7.2m).

The Company continues to have a strong balance sheet with net current assets amounting to £13.2m as at 31 December 2022 (2021 - £9.8m). Net assets amounted to £22.9m as at 31 December 2022 (2021 - £15.6m), and the movement is largely a result of the reduction in the defined benefit pension liability following a significant increase in the discount rate linked to increases in bond yields.

It is within the remit of the Mutual Committee to determine what proportion of the pension deficit is attributable to the Mutual business. This is in line with the provisions of the Mutual Agreement. As at 31 December 2022, the Mutual share of the pension deficit was £0.7m (2021 – £36.4m).

#### **Performance indicators**

The Board monitored the Company's performance against strategy during the year using a series of fifteen measures, as part of the Quarterly Railpen Balanced Scorecard, as well as through general oversight of business performance and delivery. The fifteen measures are across four categories: Financial, Customer, Internal and Process, and Engagement.

The directors confirm that to the best of their knowledge, based on information provided by the ExCom as at Q4 2022: twelve of the fifteen measures have met or exceeded their target (2021 – seven out of fifteen) and, three measures are not currently meeting target:

- In the Financial category, the 'Total Expense Ratio' estimate for 2022 is higher than target, primarily driven by performance fees incurred within private equity and other collective funds which outperformed expectations.
- In the Internal and Process Category, the 'Benefits Realisation: Incident Count Monthly Average' was below the 2022 annual target; however, this was an improvement on 2021, and was primarily driven by system performance issues which drove increased user incident volumes. Work is ongoing, in partnership with the system vendor, to continue to develop system enhancements to reduce the incident count.
- In the Internal and Process Category, the 'Internal Audit Actions Complete' prior to the original target date is below our target of 75%; however, does show a positive trend throughout 2022. This continues to be addressed by Internal Audit and the ExCom.

# **RAILPEN LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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In addition to the measures, the following areas are of note in relation to the continued delivery of Railpen's strategy:

- We commenced the Fund and Investment Accounting Project (FIAP) which reduces our business risk by outsourcing and streamlining our internal investment accounting processes. The first phase, Private Markets funds, was successfully delivered in November 2022 and we will have outsourced all asset classes by the end of 2023.
- We commenced work on our Investment Book of Record (IBOR) project which will enhance the data available to Railpen's investment management teams, enabling more efficient and timely decision making. The project will complete in 2024.
- We completed the Corporate Target Operating Model (CTOM) project which was undertaken to redesign our operating model in the Investment Operations, Fund & Investment Accounting and Risk & Compliance teams (including any touchpoints in and out of Finance) to ensure that they can best support our Investment Management and Fiduciary Business Units. The next phase, which is underway, is the implementation of the initiatives and activities required to deliver the future state.
- We continued the Finance Target Operating Model (FTOM) project which was delivered in February 2023. FTOM's objectives were to establish greater process ownership, increase financial controls in place across the business, invest in the Finance team, uplift capability and drive the continuous improvement agenda across Finance. It will also make it easier to integrate the new Workday Finance system which will be implemented in 2024.
- To deliver our purpose and meet our fiduciary responsibility, we have a number of initiatives to enable asset-liability risk management for sections. Additionally, following the rise in interest rates in Q4 2022 and subsequent positive impact on funding levels of a number of sections within the Railways Pension Scheme ("RPS"), a series of transactions were undertaken to de-risk investment portfolios as appropriate and lock-in the improved funding positions for maturing sections.
- As noted earlier, the 'Belonging at Railpen' program was established with a number of work streams commencing in 2022. In April, our strategic leaders gathered in York to kick off the Leadership development plan – a year long journey to develop our leadership talent. We launched 'Managing the Railpen Way' to provide our people managers with the training and tools to effectively manage their teams. We also launched our first ever apprenticeship programme in September which is an 18 month programme we are piloting in the Benefits Business Area.
- In December 2022, we also saw the highest eNPS (Employee Net Promoter Score) for Railpen as a whole in the nearly 3 years we have been running the survey. This is a reflection of how strongly many of our people would recommend Railpen as a place to work.

The Board considers this to be a positive outcome overall.

#### **Future outlook**

During 2022, a strategic review was undertaken by the Trustee Board, whose responsibility is to act fairly in the interests of members, pensioners and employers. Given the Trustee Board delegates the day-to-day running of the railways pension schemes and the management of its assets to Railpen, in response, as part of the rolling strategy process, work was initiated to explore Railpen's long-term strategy (Railpen 2030). Given this relationship, Railpen's long-term strategy will be influenced by the outcome of the Trustee Board's strategic review to ensure alignment.

Both of these initiatives are expected to develop throughout 2023, and will inform the long-term direction of Railpen. In the meantime, Railpen continues to maintain and develop rolling three year business plans to address the medium-term priorities of the business and make progress against Railpen's stated strategic goals.

# **RAILPEN LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Directors' statement of compliance with duty to promote the success of the Company (under Section 172 (1) of the Companies Act 2006)**

##### ***Long term consequences of decisions made in the year***

The interests of the members of the railways pension schemes continue to be considered as part of the decision-making process and the Company's purpose to "secure our members' future" continues to be embedded into the culture and operating model of the business. The Board consider and analyse the long-term consequences of decisions which have a material impact on the business and its stakeholders.

##### ***Employee involvement and engagement***

Regular and meaningful communication with all employees is a key focus of the leadership teams across Railpen. This is delivered through a range of channels. For example, the ExCom presents at regular employee gathering events, where key business updates and decisions are shared, with anyone able to ask questions. The Company's intranet sites are well used, with all key employee briefings and messages shared there. A weekly summary of each week's key messages is communicated to all via email.

Employees are asked how they feel about working in Railpen through a short quarterly survey. This allows local management teams to follow up with employees and deliver improvement actions.

The Employee Connection forums continue to provide all employees with the opportunity to raise issues, concerns and improvements via employee representatives. The existing trade union representation is a key part of this. Any feedback is presented to management in regular and structured conversations. Employee Connection representatives also met non-executive directors in September 2022.

In addition, Railpen recognises the importance of creating a workplace where colleagues are given the support to thrive, and offers Mental Health and Wellbeing support, learning and development opportunities and an industry leading parenthood package to support working families. The Council for Inclusion and Diversity actively supports two social mobility programmes which encourage young people from currently underrepresented backgrounds to establish their careers.

During September 2022, Railpen launched its first ever apprenticeship programme, which is being piloted in the Benefits Business Unit and provides a fantastic opportunity to attract and develop talent within its teams, as participants work towards their qualifications.

Further, the Company launched its Leadership and Management framework this year, providing development programmes designed to support managers to become the future leaders of Railpen by equipping them with the skills needed to support its cultural change journey.

There is also the opportunity for all employees to share in the success of the Company through an annual bonus scheme.

##### ***Fostering business relationships with customers and stakeholders***

Railpen maintains close relationships with its customers and suppliers and view this as an essential element of maintaining effective partnerships, mitigating risk and delivering a quality service. It achieves this both through formal contracts and articles, but also through ongoing dialogue and mutual understanding. Supplier contracts have an assigned owner and all clients an account manager, through which we ensure regular feedback is constructively provided.

Railpen operates a centralised Procurement authority under which nominated budget holders are responsible for the management of their external resources and supplier relationships, and is committed to obtaining the best Value for Money and maintaining the highest standards of efficiency and integrity in the purchase of goods and services. The Procurement Policy provides guidance and processes for colleagues in order for particular assessment and due diligence to be gathered and reviewed in advance of the appointment.

# RAILPEN LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### ***Impact of the Company's operations on the community and environment***

Railpen's purpose is to secure its members' future; however, its commitment to creating a sustainable future and a better tomorrow for the communities it touches through its investment projects, fundraising and development programmes extends far beyond members alone. The Company also proactively supports the wider community through a mix of fundraising, nationwide volunteering and provides support for charities local to its offices.

### ***The maintenance of high standards of conduct***

All employees are required to complete an initial and annual certification to confirm they have read and undertaken to comply with Railpen's Code of Conduct and must also complete a series of annual mandatory e-learning modules to demonstrate an understanding of Railpen employees' obligations and high standards expected by the regulators and the Trustee Company.

Railpen's culture and behaviours are critical. The ExCom leads the PCC focused on the development of our culture, values and behaviours.

### ***Summary of methods used by the directors to engage with stakeholders and understanding issues relevant to key decisions***

The directors utilise a full range of communication methods to engage with stakeholders. These include face to face meetings (including virtually), forums and events, written reports and materials as well as through digital content and social media.

On behalf of the board

Gabrielle Mocatta  
Authorised for  
Railpen Corporate Secretary Limited  
Company Secretary

15 June 2023

# **RAILPEN LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present their annual report and audited financial statements for the year ended 31 December 2022.

Railpen was incorporated in 1988 and provides a full range of pension services, including pension scheme administration, fiduciary services and trustee governance support, to pension schemes and their trustees. The Company's principal client, and main source of income, is the RPS. The Company complements its RPS work with other railway schemes as well as non-rail business.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Blckett	
A Burns	
J Chilman	
M Craston (Chair)	
G Doherty	
R Jones	
C Kernaghan	(Resigned 6 July 2022)
R Murray	(Appointed 15 September 2022)
M Sullivan	(Appointed 1 April 2022)
G Towse	

#### **Results and dividends**

Railpen made a loss after tax of £1.1m for the financial year (2021 – loss of £0.6m). The movement is largely a result of the current increased level of operating costs, as Railpen progresses a number of strategic initiatives. The directors do not recommend the payment of a dividend (2021 - £nil).

#### **Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The Company's policy is to consult and discuss with employees, through unions, Employee Connections forums and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

#### **Independent auditor**

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# **RAILPEN LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2022***

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### **Energy and carbon report**

The 2022 Energy and Carbon Report prepared in accordance with our regulatory greenhouse gas (“GHG”) emissions pursuant to the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 has been disclosed in the consolidated financial statements of Railtrust Holdings Limited (“RHL”), a parent undertaking, and is therefore excluded from this report.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company’s auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company’s auditor is aware of that information.

### **Going Concern**

The directors consider the going concern basis to be appropriate and these financial statements have therefore been prepared on this basis. In considering going concern, the directors have reviewed the capital liquidity and the financial position of the Company including future plans.

The reassessment was completed with reference to the Company’s revenue, expenses and capital positions. With effect from January 2021, the Company increased the income received in respect of its pension scheme administration services to the railways pension schemes, which continues to have a positive impact on the Company’s financial position. This increase is being phased-in over a 3-year period. The Company receives secure income streams from the railways pension schemes to cover the cost of managing their investments.

The Company has an external overdraft facility should this be required, and in recent years the Trustee has made funding available to complete critical projects. This confirmed the ability and intention of the immediate parent company’s ability to support the Company as a going concern. The Scheme for which Railpen acts as administrator has been separately assessed as a going concern, and furthermore, the Trustee has confirmed its intention to use Railpen as the administrator for the foreseeable future. The directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of this financial statements and therefore, have prepared the financial statements on a going concern basis.

By order of the board

Gabrielle Mocatta  
Authorised for  
Railpen Corporate Secretary Limited  
Company Secretary

15 June 2023

# **RAILPEN LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **RAILPEN LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAILPEN LIMITED**

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### **Opinion**

We have audited the financial statements of Railpen Limited (“the Company”) for the year ended 31 December 2022 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the directors’ conclusions, we considered the inherent risks to the Company’s business model and analysed how those risks might affect the Company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.



# RAILPEN LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RAILPEN LIMITED

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### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiries with management, the Railpen Internal Audit team and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee, Board, Asset Management Committee, Audit and Governance Committee, Mutual Committee and Railpen Enterprise Risk Committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.
- We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post year end closing journals.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through inspection of the Company’s regulatory and legal correspondence and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company’s authority to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection, anti-money laundering, and specific areas of regulatory capital and liquidity and certain aspects of company legislation recognizing the financial and regulated nature of the Company’s activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

# **RAILPEN LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RAILPEN LIMITED**

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### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 12 and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

# **RAILPEN LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RAILPEN LIMITED**

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A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Iryndeeep Kaur-Delay**  
**Senior Statutory Auditor**  
**For and on behalf of KPMG LLP**

Date: .....

**Chartered Accountants**  
**Statutory Auditor**

15 Canada Square  
London  
E14 5GL

# RAILPEN LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

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	Notes	2022 £000	2021 £000
<b>Turnover</b>	<b>3</b>	114,869	100,753
Staff Costs		(60,032)	(48,816)
Administrative expenses		(55,251)	(50,692)
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>	<b>4</b>	(414)	1,245
Interest receivable and similar income	<b>8</b>	32	-
Interest payable and similar expenses	<b>9</b>	(705)	(633)
Surplus attributable to Mutual fund	<b>16</b>	(245)	(1,391)
		<hr/>	<hr/>
<b>Loss on ordinary before taxation</b>		(1,332)	(779)
Income tax credit	<b>10</b>	184	226
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<u>(1,148)</u>	<u>(553)</u>

The notes on pages 21 to 37 form part of these financial statements.

# RAILPEN LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Loss for the financial year</b>	(1,148)	(553)
<b>Other comprehensive income</b>		
Actuarial gain on defined benefit pension schemes	45,120	7,377
Mutual share of net defined benefit liability	(35,715)	(3,251)
Tax relating to other comprehensive income	(895)	(7)
<b>Other comprehensive income for the year</b>	8,510	4,119
<b>Total comprehensive income for the year</b>	7,362	3,566

The notes on pages 21 to 37 form part of these financial statements.

# RAILPEN LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £000	£000	2021 £000	£000
<b>Fixed assets</b>					
Intangible assets	11		33,464		36,866
Tangible assets	12		3,025		3,683
Mutual pension asset	14		650		36,365
Investments in subsidiaries			-		-
			<u>37,139</u>		<u>76,914</u>
<b>Current assets</b>					
Debtors falling due within one year	15	29,467		24,102	
Mutual fund	16	6,589		6,834	
Cash at bank and in hand		12,159		7,241	
		<u>48,215</u>		<u>38,177</u>	
<b>Creditors: amounts falling due within one year</b>	17	(35,035)		(28,345)	
<b>Net current assets</b>			<u>13,180</u>		<u>9,832</u>
<b>Total assets less current liabilities</b>			50,319		86,746
<b>Creditors: amounts falling due after more than one year</b>	18		(26,670)		(30,709)
<b>Provisions for liabilities</b>					
Defined benefit pension liability	20	706		40,456	
		<u>706</u>	<u>(706)</u>	<u>40,456</u>	<u>(40,456)</u>
<b>Net assets</b>			<u>22,943</u>		<u>15,581</u>
<b>Capital and reserves</b>					
Called up share capital	21		-		-
Profit and loss reserves			22,943		15,581
			<u>22,943</u>		<u>15,581</u>
<b>Total equity</b>			<u>22,943</u>		<u>15,581</u>

The notes on pages 21 to 37 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 15 June 2023 and are signed on its behalf by:

J Chilman  
Director

M Craston (Chair)  
Director

Company registration number: 02315380

# RAILPEN LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
	£000	£000	£000
<b>Balance at 1 January 2021</b>	-	12,015	12,015
<b>Year ended 31 December 2021:</b>			
Loss for the financial year	-	(553)	(553)
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	7,377	7,377
Mutual share of net defined benefit liability	-	(3,251)	(3,251)
Tax relating to other comprehensive income	-	(7)	(7)
Total comprehensive income for the year	-	3,566	3,566
<b>Balance at 31 December 2021</b>	-	15,581	15,581
<b>Year ended 31 December 2022:</b>			
Loss for the financial year	-	(1,148)	(1,148)
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	45,120	45,120
Mutual share of net defined benefit liability	-	(35,715)	(35,715)
Tax relating to other comprehensive income	-	(895)	(895)
Total comprehensive income for the year	-	7,362	7,362
<b>Balance at 31 December 2022</b>	-	22,943	22,943

The notes on pages 21 to 37 form part of these financial statements.

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### Company information

Railpen is a private company limited by shares incorporated in England and Wales. The registered office address is 100 Liverpool Street, London, EC2M 2AT.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1,000 with the exception of note 21.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of RHL. These consolidated financial statements are available from its registered office address: 100 Liverpool Street, London, EC2M 2AT.

#### 1.2 Going concern

The directors consider the going concern basis to be appropriate and these financial statements have therefore been prepared on this basis. In considering going concern, the directors have reviewed the capital liquidity and the financial position of the Company including future plans.

The reassessment was completed with reference to the Company's revenue, expenses and capital positions. With effect from January 2021, the Company increased the income received in respect of its pension scheme administration services to the railways pension schemes, which continues to have a positive impact on the Company's financial position. This increase is being phased-in over a 3-year period. The Company receives secure income streams from the railways pension schemes to cover the cost of managing their investments.

The Company has an external overdraft facility should this be required, and in recent years the Trustee has made funding available to complete critical projects. This confirmed the ability and intention of the immediate parent company's ability to support the Company as a going concern. The Scheme for which Railpen acts as administrator has been separately assessed as a going concern, and furthermore, the Trustee has confirmed its intention to use Railpen as the administrator for the foreseeable future. The directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of this financial statements and therefore, have prepared the financial statements on a going concern basis.

#### 1.3 Turnover

Turnover represents amounts received and receivable for services provided in the normal course of business, net of VAT. Revenue for the services provided is recognised when those services are rendered.



# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies (Continued)

#### 1.4 Intangible fixed assets

Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful life of the asset.

Capitalised development costs	5 to 10 years
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#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	25 years
Computer systems	10 years
Office equipment	4 to 10 years

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.7 Impairment of intangible and tangible fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts.

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.9 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### 1.10 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

##### 1.11 Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

##### **Current tax**

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.13 Retirement benefits**

The defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies (Continued)

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

#### 1.15 Defined benefit plan deficit and Mutual pension asset

The Mutual allocates a fair proportion of the pension deficit attributable to the Mutual business. This is in line with the provisions of the Mutual Agreement. As at 31 December 2022, the deficit funding is included in the statement of other comprehensive income.

Under the Mutual Agreement, any pension obligations prior to the establishment of the Mutual are borne by the Mutual. In addition, actuarial movements in the pension deficit from the outset of mutuality are allocated on the basis of fair proportion.

Movements in the split of costs between the Mutual and Non-Mutual are driven by headcount. As at 31 December 2022, the Mutual share of the pension deficit was £650k (2021 – £36,365k). This reimbursement right is shown within fixed assets in accordance with FRS 102.28.

### 2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, pension increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 20.

### 3 Turnover

	2022 £000	2021 £000
Pension schemes and pooled funds income	114,614	100,521
Other income	255	232
	<u>114,869</u>	<u>100,753</u>

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 3 Turnover (Continued)

All fees charged to railways pension schemes, pooled funds and third party pension schemes are included within 'Pension schemes and pooled funds income'.

'Other income' includes income earned from non-pension services such as the provision of communications and pension system hosting services.

All income has arisen in the UK.

4 Operating (loss)/profit	2022	2021
	£000	£000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	886	798
Amortisation of intangible assets	4,704	4,419
Release of deferred income - note 19	(3,888)	(3,890)
Operating lease charges	1,305	1,390
	<u>          </u>	<u>          </u>

5 Auditor's remuneration	2022	2021
	£000	£000
Fees payable to the Company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the Company	52	45
	<u>          </u>	<u>          </u>

### 6 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2022	2021
	Number	Number
	615	554
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022	2021
	£000	£000
Wages and salaries	52,345	42,634
Social security costs	5,279	4,235
Pension costs	2,408	1,947
	<u>          </u>	<u>          </u>
	60,032	48,816
	<u>          </u>	<u>          </u>

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Directors' remuneration

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	1,035	1,650

Remuneration relates to 10 directors (2021 - 13 directors). The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2021 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Remuneration for qualifying services	481	476

The accrued pension entitlement under the Company's defined benefit scheme of the highest paid director, as at 31 December 2022 was a yearly pension of £nil (2021 - £nil) and a lump sum payment of £nil (2021 - £nil). The highest paid director has an accrued fund value within the Industry Wide defined contribution scheme ("IWDC") of £25k (2021 - £21k).

### 8 Interest receivable and similar income

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Interest income</b>		
Interest on bank deposits	32	-

### 9 Interest payable and similar expenses

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest on bank overdrafts and loans	-	17
Net interest on the net defined benefit liability	705	616
	705	633

### 10 Taxation

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(104)

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation	(Continued)	
	2022 £000	2021 £000
<b>Deferred tax</b>		
Origination and reversal of timing differences	(145)	(39)
Changes in tax rates	(39)	(45)
Adjustment in respect of prior periods	-	(38)
	<u>          </u>	<u>          </u>
Total deferred tax	(184)	(122)
	<u>          </u>	<u>          </u>
Total tax credit	(184)	(226)
	<u>          </u>	<u>          </u>

The tax credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £000	2021 £000
Loss on ordinary activities before taxation	(1,332)	(779)
	<u>          </u>	<u>          </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(253)	(148)
Tax effect of expenses that are not deductible in determining taxable profit	-	5
Change in unrecognised deferred tax assets	108	-
Adjustments in respect of prior years	-	(38)
Effect of change in corporation tax rate	(39)	(45)
	<u>          </u>	<u>          </u>
Taxation credit for the year	(184)	(226)
	<u>          </u>	<u>          </u>

In addition to the amount credited to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £000	2021 £000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	895	7
	<u>          </u>	<u>          </u>

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 11 Intangible fixed assets

	Capitalised development costs £000
<b>Cost</b>	
At 1 January 2022	48,210
Additions	1,302
	<hr/>
At 31 December 2022	49,512
	<hr/>
<b>Amortisation</b>	
At 1 January 2022	11,344
Amortisation charged for the year	4,704
	<hr/>
At 31 December 2022	16,048
	<hr/>
<b>Carrying amount</b>	
At 31 December 2022	33,464
	<hr/> <hr/>
At 31 December 2021	36,866
	<hr/> <hr/>

Additions of £1,302k made during 2022 relate to the costs capitalised in relation to the implementation of a new ERP system, Workday. The HR element of the system was made available for use from January 2022, when related amortisation commenced.

As at 31 December 2022, the Company had intangible capital commitments of £2,860k (2021 - £2,331k) in relation to Workday.

### 12 Tangible fixed assets

	Freehold buildings £000	Office equipment £000	Computer systems £000	Total £000
<b>Cost</b>				
At 1 January 2022	1,097	6,303	13,387	20,787
Additions	-	-	228	228
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	1,097	6,303	13,615	21,015
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2022	443	5,057	11,604	17,104
Depreciation charged in the year	22	436	428	886
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	465	5,493	12,032	17,990
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>				
At 31 December 2022	632	810	1,583	3,025
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2021	654	1,246	1,783	3,683
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 12 Tangible fixed assets

(Continued)

Land and buildings includes freehold land with a cost of £548k (2021 - £548k) that has not been depreciated. The directors do not consider there to be any indicators of impairment (2021 - none).

#### 13 Subsidiaries

As at 31 December 2022, the Company had three wholly owned subsidiaries registered in the UK: Railway Pensions (PE) Caledonia Limited ("Caledonia"), Railpen Corporate Director Limited and Railpen Corporate Secretary Limited.

Caledonia's principal activity is that of a general partner of Railway Pensions (PE) Scottish Limited Partnership, and it is held by Railpen for the benefit of the pooled funds. The cost and net book value of the investment as at 31 December 2022 is £10 (2021 - £10).

Railpen Corporate Director Limited is appointed as Corporate Director to RHL group entities. The cost and net book value of the investment as at 31 December 2022 is £100 (2021 - £100).

Railpen Corporate Secretary Limited was incorporated during the year and acts as Corporate Secretary. The cost and net book value of the investment as at 31 December 2022 is £1 (2021 - £nil).

Details of the Company's subsidiaries, as at 31 December 2022, are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Railway Pensions (PE) Caledonia Limited	*	Ordinary	100.00
Railpen Corporate Director Limited	**	Ordinary	100.00
Railpen Corporate Secretary Limited	**	Ordinary	100.00

Registered office addresses:

\* 13 Queens Road, Aberdeen, AB15 4YL

\*\* 100 Liverpool Street, London, EC2M 2AT

#### 14 Mutual pension asset

The Mutual pension asset represents a pension reimbursement right over the Mutual share of the pension deficit. Under the Mutual Agreement, any pension obligations prior to the establishment of the Mutual are borne by the Mutual. In addition, actuarial movements in the pension deficit from the outset of mutuality are allocated on the basis of fair proportion. As required by FRS 102.28 such arrangements are reflected on the balance sheet as a reimbursement right.

#### 15 Debtors

	2022 £000	2021 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	5,856	3,754
Corporation tax recoverable	103	287
Other debtors	1,906	1,222
Prepayments and accrued income	21,602	18,839
	<u>29,467</u>	<u>24,102</u>

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Mutual fund

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At 1 January	6,834	8,225
Transfer of profit attributable to Mutual	(245)	(1,391)
	<u>6,589</u>	<u>6,834</u>

Surpluses or deficits from Mutual trading do not form part of Railpen's reserves, and are shown as a separate fund on the balance sheet. Interest is applied to the Mutual fund at an agreed rate. There was a Mutual surplus for the financial year (2021 - Mutual surplus).

### 17 Creditors: amounts falling due within one year

	<b>2022</b>	<b>2021</b>
Notes	<b>£000</b>	<b>£000</b>
Trade creditors	1,454	866
Amounts owed to group undertakings	386	-
Taxation and social security	6,903	4,646
Deferred income	368	368
Other creditors	844	660
Accruals	25,080	21,805
	<u>35,035</u>	<u>28,345</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 18 Creditors: amounts falling due after more than one year

	<b>2022</b>	<b>2021</b>
Notes	<b>£000</b>	<b>£000</b>
Deferred income	25,673	29,561
Other creditors	997	1,148
	<u>26,670</u>	<u>30,709</u>

### 19 Deferred income

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Deferred income	26,041	29,929

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Deferred income (Continued)

Deferred income is included in the financial statements as follows:

Current liabilities	368	368
Non-current liabilities	25,673	29,561
	<u>26,041</u>	<u>29,929</u>

Deferred income relates mainly to funding provided by the Trustee in order to fund the implementation costs associated with the pensions administration platform. This funding is deferred on Railpen's balance sheet and is released to the Profit and Loss account over the expected useful life of the asset.

### 20 Retirement benefit schemes

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Charge to profit or loss in respect of defined contribution schemes	<u>153</u>	<u>181</u>

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

#### Defined benefit schemes

The Company provides pension arrangements to the majority of employees through the Railpen section of the RPS, a defined benefit scheme. The related costs are assessed in accordance with the advice of a professionally qualified actuary.

The scheme is formally valued every three years. The most recent completed actuarial valuation was conducted as at 31 December 2019. Interim figures are calculated annually for the purposes of these audited financial statements although accounting standards require different actuarial assumptions and methods to those used in the formal valuations.

Amounts relating to retirement benefits are chosen from estimated values based on assumptions that are mutually consistent but which may not be borne out in practice over the long term.

The defined benefit asset or liability is based on a valuation of the scheme assets that are not intended to be realised in the short term and which may change significantly over time. An actuarial valuation of the scheme liabilities is based on cash flow projections over very long periods, and the valuation estimate is therefore inherently uncertain.

The standard requires the discount rate to be determined by reference to market yields of high quality corporate bonds of suitable currency and term to the scheme cash flows.

The standard does not specify the approach that should be taken to extrapolate current market rates along the yield curve when there are no suitable corporate bonds of sufficient duration. As the term of the scheme's liabilities is particularly long, the balance sheet is sensitive to the extrapolation approach adopted. Under the previous model, the extrapolation was in line with the movement in the gilt yield curve. The model now adopted by the group extrapolates based on the trend observable in corporate bond yields.

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Retirement benefit schemes	(Continued)	
<i>Key assumptions</i>	2022	2021
	%	%
Discount rate	5.00	1.95
Expected rate of increase of pensions in payment	2.80	2.85
Expected rate of salary increases	2.80	2.85
Inflation assumption	3.25	3.30
	<u>          </u>	<u>          </u>
<i>Mortality assumptions</i>	2022	2021
	Years	Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	22.2	22.3
- Females	23.1	23.2
	<u>          </u>	<u>          </u>
Retiring in 20 years		
- Males	23.8	23.9
- Females	25.0	25.1
	<u>          </u>	<u>          </u>

### RPI-CPI wedge

On 4 September 2019, the UK Government announced that it would consult on the UK Statistics Authority's proposals to align RPI with CPIH by 2030. On 25 November 2020, HM Treasury and the UK Statistics Authority released their joint response in relation to the consultation on the reform of the RPI methodology. This confirmed that the RPI index will be aligned with the CPIH index from February 2030, which is similar in construction and calculation to the CPI index. To reflect this, in 2020, the Company proposed lowering the gap between RPI and CPI to 0.45% p.a. compared to the 2019 methodology of 0.70% p.a., based on a suitable weighted average of the expected gap pre and post 2030. This 0.45% margin continues to reflect the Company's best estimate of the future difference between the two indices over the term of the CPI linked liabilities and reflects a margin of 1.0% prior to 2030 and 0.1% from 2030 onwards.

### Discount rate

In recent years, the discount rate model was updated to include a wider universe of corporate bonds to derive the yield curve. A key difference was the inclusion of certain special purpose vehicle (SPV) corporate bonds that remain consistent with the requirements of FRS 102. The revised model is a standard approach developed by our external actuary and has been consistently applied for the year ended 31 December 2022.

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 20 Retirement benefit schemes

(Continued)

The amounts included in the balance sheet arising from the Company's obligations in respect of defined benefit plans are as follows:

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Present value of defined benefit obligations	107,034	179,706
Fair value of plan assets	(105,857)	(111,089)
	<hr/>	<hr/>
Deficit in scheme	1,177	68,617
Restriction on scheme assets	(471)	(27,447)
Deferred tax	-	(714)
	<hr/>	<hr/>
Total liability recognised	<u>706</u>	<u>40,456</u>

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 20 Retirement benefit schemes

(Continued)

For members of the defined benefit ("DB") scheme who are a protected person under The Railway Pensions (Protection and Designation of Schemes) Order 1994, and have a normal retirement age of 60, employer contributions are 18.8% of section pay until 30 June 2024. From 1 July 2024, the employer contribution rate in respect of these members will revert to 60% of the long-term joint contribution rate. The current long-term joint contribution rate in respect of these members had been assessed as 24.6% of section pay.

For members who joined the DB scheme before 1 July 2012, and are not a protected person under The Railway Pensions (Protection and Designation of Schemes) Order 1994, and chose to maintain a normal retirement age of 60, employer contributions are 16.1% of section pay until 30 June 2024. From 1 July 2024, the employer contribution rate in respect of these members will revert to 60% of the long-term joint contribution rate. The current long-term joint contribution rate in respect of these members had been assessed as 22.4% of section pay.

For all other DB members, the normal retirement age is 65. Employer contributions in respect of these members are 17.3% of section pay until 30 June 2024. From 1 July 2024, the employer contribution rate in respect of these members will revert to 60% of the long-term joint contribution rate. The current long-term joint contribution rate in respect of these members had been assessed as 19.4% of section pay.

As of 2014, employees may alternatively elect to join the IWDC Section of the Railways Pension Scheme. This is a defined contribution ("DC") arrangement, with employer contributions being one-and-a-half times the chosen member contribution rate. Members may contribute a minimum of 4% up to a maximum of 7% of basic pay.

The total contributions to both DB and DC schemes expected to be paid by the employer during 2022 amount to £4,416k.

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<i>Amounts recognised in the profit and loss account</i>		
Current service cost	7,507	6,055
Administration costs	309	301
Net interest on net defined benefit liability	705	616
Total costs	<u>8,521</u>	<u>6,972</u>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<i>Amounts taken to other comprehensive income</i>		
Gain on plan liabilities	(50,602)	(424)
Return on plan assets	5,482	(6,953)
Total income	<u>(45,120)</u>	<u>(7,377)</u>

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Retirement benefit schemes	(Continued)	
	<b>2022</b>	
	<b>£000</b>	
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2022	179,706	
Current service cost	12,495	
Benefits paid	(3,237)	
Actuarial gain	(85,403)	
Interest cost	3,473	
	<u>          </u>	
At 31 December 2022	107,034	
	<u>          </u>	
	<b>2022</b>	
	<b>£000</b>	
<i>The defined benefit obligations arise from plans funded as follows:</i>		
Wholly unfunded obligations	-	
Wholly or partly funded obligations	107,034	
	<u>          </u>	
	107,034	
	<u>          </u>	
	<b>2022</b>	
	<b>£000</b>	
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2022	111,089	
Interest income	2,191	
Return on plan assets (excluding amounts included in net interest)	(9,967)	
Benefits paid	(3,237)	
Contributions by the employer	3,865	
Contributions by scheme members	2,431	
Administration costs	(515)	
	<u>          </u>	
At 31 December 2022	105,857	
	<u>          </u>	
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<i>Fair value of plan assets at the reporting period end</i>		
Growth fund	88,420	81,245
Bonds	16,355	28,444
Other assets	1,082	1,400
	<u>          </u>	<u>          </u>
	105,857	111,089
	<u>          </u>	<u>          </u>

# RAILPEN LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 21 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Authorised</b>				
Ordinary shares of £1 each	102	102	102	102
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	102	102	102	102
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 22 Operating lease commitments

#### Lessee

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£000	£000
Within one year	1,069	1,306
Between two and five years	4,064	4,126
In over five years	2,602	3,608
	<u>          </u>	<u>          </u>
	7,735	9,040
	<u>          </u>	<u>          </u>

The operating lease commitments relate to office rental, computer equipment and water coolers.

### 23 Related party transactions

The transactions during the year relating to contributions to the RPS are disclosed in note 20 above. The Company has applied the exemption given in Section 33 of FRS 102 not to disclose transactions with other wholly owned subsidiaries in the group headed by RHL. During the year, the Company, in the ordinary course of business, received income of £106,348k (2021 - £93,595k) in respect of the Trustee Company controlled pension schemes and pooled funds. Of this income, £2,370k (2021 - £760k), is included within debtors at the year end. There were no other related party transactions.

### 24 Ultimate controlling party

The Company's immediate parent undertaking is RPTCL, a company registered in England and Wales. RPTCL is ultimately owned and controlled by RHL, a company also registered in England and Wales. RHL prepares the only set of group financial statements into which the results of Railpen are consolidated. Copies of the group audited financial statements are available from the Company Secretary, 100 Liverpool Street, London EC2M 2AT.

### 25 Post balance sheet events

There have been no significant events after the balance sheet date.